Arabian Centres Company (ACC) Prospectus

A closed joint stock company established under commercial registration no. 1010209177 dated 7/4/1426H (corresponding to 15 May 2005G) issued on 08/01/1439H (corresponding to 28/09/2017G), pursuant to ministerial resolution no. Q/322, dated 15/10/1438H (corresponding to 09 July 2017G).

Offering of 95,000,000 Shares representing 20.0% of ACC's share capital following the Offering (representing 21.3% of the Company's share capital before the Offering) and allocation of additional Shares to apply the Price Stabilization Mechanism, comprising a maximum of fourteen million two hundred and fifty thousand (14,250,000) Shares (equivalent to fifteen percent (15%) of the Offer Shares (as defined below)) through a public offering at an Offer Price of SAR [•] per Share.

المراكز العربية
Arabian Centres

Offering Period: one day, taking place on 04/09/1440H (corresponding to 09/05/2019G)

This Red Herring prospectus will be made available to Institutional Investors participating in the Book-building process, and does not include the Offer Price.
The final version of this Prospectus which will include the Offer Price shall be published after the completion of the Book-building process and the determination of the Offer Price.

Arabian Centres Company (hereinafter referred to as the "**Company**") is a closed joint stock company established under commercial registration no. 1010209177 dated 07/04/1426H (corresponding to 15 May 2005G) issued on 08/01/1439H (corresponding to 28/09/2017G), pursuant to ministerial resolution no. Q/322, dated 15/10/1438H (corresponding to 09 July 2017G). The current share capital of the Company is four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000), divided into four hundred and forty-five million 445,000,000 ordinary shares with a fully paid-up nominal value of SAR 10 per share (the "**Shares**").

The Company was established as a limited liability company under commercial registration no. 1010209177 dated 07/04/1426H (corresponding to 15 May 2005G) issued in Riyadh, with a capital of one million Saudi Riyals (SAR 1,000,000) divided into one thousand (1,000) Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) each.

Pursuant to a Shareholders' resolution dated 27/05/1436H (corresponding to 17 March 2015G), the Company's capital was increased to four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four million four hundred and fifty thousand (4,450,000) Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per Share through the capitalization of two billion two hundred and fifty-seven million one hundred and eighty-three thousand eight hundred and twenty five Saudi Riyals (SAR 2,257,183,825) from the Shareholders' current account as at 28 February 2015G, and the capitalization of two billion one hundred and ninety-one million eight hundred and sixteen thousand one hundred and seventy-five Saudi Royals (SAR 2,191,816,175) from the retained earnings account. Pursuant to the Shareholders' resolution dated 18/09/1438H (corresponding to 13 June 2017G), the par value of the Shares was reduced from one thousand Saudi Riyals (SAR 1,000) per Share to ten Saudi Riyals (SAR 10) per Share as a result of which the Company's capital became four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty-five million (445,000,000) Shares with a par value of SAR 10 per Share. On 08/01/1439H (corresponding to 28 September 2017G), the Company was converted into a closed joint stock company, with a capital of SAR 4,450,000,000, divided into 445,000,000 ordinary shares with a fully paid-up nominal value of SAR 10 per Share.

Pursuant to a Shareholders' resolution dated 14/07/1440H (corresponding to 21/03/2019G), the General Assembly approved the increase of the Company's capital from four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty five million (445,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share to four billion seven hundred and fifty million Saudi Riyals (SAR 4,750,000,000) divided into four hundred and seventy five million (475,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share and the offering of thirty million (30,000,000) new Shares (the "**New Shares**") by way of an initial public offering.

The initial public offering (the "**Offering**") of ninety five million (95,000,000) Shares consists of: (i) the sale of sixty five million (65,000,000) existing Shares (the "**Sale Shares**"); and (ii) the issue of thirty million (30,000,000) New Shares. The Sale Shares and the New Shares are collectively referred to as the "**Offer Shares**" (each being an "**Offer Shares**"). The Offering price will be [•] Saudi Riyals ([•]) per Offer Share (the "**Offer Price**"), which represents a fully paid nominal value of ten Saudi Riyals (SAR 10) per fully paid Share. On a post-Offering basis, the Sale Shares and the New Shares will, on completion of the Offering, represent thirteen point seven percent (13.7%) and six point three percent (6.3%) of the issued share capital of the Company (respectively) which, in aggregate, represents twenty percent (20.0%) of the issued share capital of the Company. The Offering shall be restricted to the following two groups of investors:

Tranche (A): Institutional Investors: This tranche comprises parties entitled to participate in the book-building process in accordance with the CMA Instructions on Book-Building and Allocation of Shares in Initial Public Offerings (the "**Book-Building Instructions**"), and includes Government entities and Government owned companies, public and private investment funds, persons authorized by the Capital Market Authority of the Kingdom of Saudi Arabia ("**Authorized Persons**") and certain clients of Authorized Persons, Qualified Persons, Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements and GCC Corporate Investors as described further below (collectively, the "**Institutional Investors**" and each an "**Institutional Investor**") (for further details, please see Section 1 ("**Definitions and Abbreviations**")). The number of Offer Shares to be initially allocated to Institutional Investors actually involved in the book-building process is ninety five million (95,000,000) Offer Shares, representing one hundred percent (100%) of the Offer Shares. The final allocation will be made after the end of the Individual Investors' subscription period. The Joint Bookrunners have the right, in the event that there is sufficient demand by Individual Investors (as defined below), to reduce the number of Offer Shares allocated to Institutional Investors to eighty five million five hundred thousand (85,500,000) Shares, representing ninety percent (90%) of the Offer Shares. The Offer Shares will be allocated to Tranche (A) by the Joint Financial Advisors in coordination with the Company.

Tranche (B): Individual Investors: This tranche includes Saudi natural persons, including divorced or widowed Saudi women who have minor children by a non-Saudi husband, as they may subscribe to the Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, and GCC natural investors (collectively, the "**Individual Investors**" and each an "**Individual Investor**"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of nine million five hundred thousand (9,500,000) Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full to the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them.

The Offer will be made to certain Institutional Investors who are either (i) based outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act of 1993, as amended (the "**Securities Act**"); or (ii) based within the United States and qualify as qualified institutional buyers, as defined in, and in reliance on, Rule 144A under the Securities Act.

The Shares have not been, and will not be, registered under the Securities Act or under any U.S. state securities laws. The Shares being offered through this prospectus may not be offered or sold within the United States, save that such Shares may be offered and sold only in transactions that are exempt from, or not subject to, registration under the Securities Act and the securities laws of any other jurisdiction other than the Kingdom. The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful.

The Sale Shares are being sold by the shareholders whose names appear on page xxix (collectively, the "**Selling Shareholders**") and who collectively own the entirety of the Shares before the Offering. Upon completion of the Offering, the Selling Shareholders shall own approximately eighty percent (80%) of the Shares and will consequently retain a controlling interest in the Company. The proceeds from the Offering, after deduction of offering expenses ("**Net Proceeds from the Offering**"), will be distributed as follows: SAR [•] million will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering; and (ii) approximately SAR 1 billion will be distributed to the Company and will be used (a) to reduce the indebtedness owed by the Company under the Re-financing for an amount of approximately SAR 500 million, and (b) to satisfy the Company's scheduled debt repayments for an amount of approximately SAR 500 million to be paid in two instalments in Q3 FY2020G and in Q1 2021G (for further details, please see Section 8 ("**Use of Proceeds**")). The Offering is fully underwritten by the Underwriters (for further details, please see Section 14 ("**Underwriting**")). Each Substantial Shareholder will be subject to a restriction period ("**Lock-up Period**") of six months as at the date trading starts on the Saudi Stock Exchange (the "**Exchange**" or the "**Tadawul**") during which they will be prohibited from selling their Shares, as indicated on page [•]. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares. Substantial Shareholders are those Shareholders who own 5% or more of the Shares currently in issue and comprise Fawaz Abdulaziz Fahad Alhokair, Salman Abdulaziz Fahad Alhokair, Abdul Majeed Abdulaziz Alhokair, Al Farida Al Oula Company, Al Farida Al Thania Company, Al Farida Al Thalitha Company and FAS Real Estate Company. Details of their ownership percentages are set out in Table 1-2 (Substantial Shareholders and their Ownership Percentages in the Company) in the Summary of the Offering at page xvi.

The Offering will remain open for a period of one day, taking place on 04/09/1440H (corresponding to 09/05/2019G) (the "**Offering Period**"). Purchase of the Offer Shares can be made through electronic channels offered by the receiving agents (the "**Receiving Agents**") listed on page [•] during the Offering Period (for further details, please see Section 19 ("**Subscription Terms and Conditions**")). Institutional Investors can subscribe to the Offer Shares through the Joint Bookrunners (defined in Section 1 ("**Definitions and Abbreviations**")) during the book running process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of [•] [•] Offer Shares. The maximum number of Offer Shares that can be subscribed to is [•][([•])]per investor. The minimum number of allocated shares will be [•][([•]) Offer Shares per Individual Investor, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds [•] ([•]), the Company will not guarantee the minimum allocation of Offer Shares per Individual Investor, and the Offer Shares will be allocated equally between all Individual Investors. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the relevant Receiving Agent. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by [•] [•]H (corresponding to [•]G) (for further details, please see "**Key Dates and Subscription Procedures**" on page [•] and Section 19 ("**Subscription Terms and Conditions**")).

In connection with the Offering, Goldman Sachs Saudi Arabia, as Stabilizing Manager, may (but will be under no obligation to), to the extent permitted by the Instructions on the Price Stabilization Mechanism for Initial Public Offerings issued by the CMA, over-allot Shares and effect stabilization transactions with a view to supporting the market price of the Shares to be equal to at least (or higher than) the Offer Price. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on the Exchange and may be undertaken within trading hours during the period commencing on the date of the commencement of dealings of the Shares on the Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilizing Manager to effect stabilizing transactions and there is no assurance that stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice. The Stabilizing Manager shall disclose any allocation of over-allotments made and/or price stabilization processes to be made in connection with the Offering, as required by the Regulations governing the Price Stabilization Mechanism issued by the CMA.

For the purposes of allowing the Stabilizing Manager to cover short positions resulting from any over-allotments, the Over-allotment Shareholder will grant the Stabilizing Manager an option (the "**Over-allotment Option**"), pursuant to which the Stabilizing Manager may purchase for additional Shares up to a maximum of (14,250,000) Shares, representing 15 percent of the total number of Shares comprised in the Offering (the "**Over-allotment Shares**") at the Offer Price. The Over-allotment Option will be exercisable in whole or in part upon notice by the Stabilizing Manager, at any time on or before the 30th calendar day after the commencement of dealings of the Shares on the Exchange. Any Overallotment made available pursuant to the Over-allotment Option will rank pari passu in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offering and will form a single class for all purposes with the other Shares.

The Company has one class of Ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (a "**Shareholder**"), regardless of number of Shares held, has the right to attend and vote at general assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared and paid by the Company as at the date of this prospectus ("**Prospectus**") and for subsequent fiscal years (for more information, please see Section 13 ("**Legal Information**") and Section 7 ("**Dividend Distribution Policy**")). Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. Applications have been submitted by the Company to (i) the CMA for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All relevant regulatory and corporate approvals required from the CMA and the Exchange to conduct the Offering have been granted, including approvals pertaining to the publication of this Prospectus and all supporting documents have been submitted to the CMA. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please see "**Key Dates and Subscription Procedures**" on page xxiv.

Following the registration and listing of the Shares on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to invest indirectly to acquire an economic benefit in the Shares by entering into Swap Agreements (including through P-Notes) with Authorized Persons to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. It should be noted that the Authorized Persons will be the legal owners of the Shares subject to the Swap Agreements.

Investment in Offer Shares involves certain risks and uncertainties. For a discussion of certain factors to be considered in connection with an investment in the Offer Shares, please see "**Important Notice**" on page [•] and Section 2 ("**Risk Factors**"), which should be carefully considered prior to making a decision to invest in the Offer Shares.

Lead Coordinator and Lead Manager

sambacapital سامباكابيتال

Joint Financial Advisors and Joint Bookrunners

sambacapital سامباكابيتال | Morgan Stanley | الأهلي كابيتال NCB Capital | Goldman Sachs

Joint Bookrunners

EFGHERMES | citi | Emirates NBD | CREDIT SUISSE

Foreign Joint Bookrunner (residing outside the Kingdom)

NATIXIS BEYOND BANKING

Lead Underwriter

sambacapital سامباكابيتال

Underwriters

Morgan Stanley | الأهلي كابيتال NCB Capital

Receiving Banks

samba سامبا | الأهلي NCB

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

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa [cma.org.sa]) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

This Prospectus is dated [•]H (corresponding to [•]G).

IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares investors, either institutional or individual, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager, the Receiving Agents or by visiting the websites of the Company (www.arabiancentres.com) the CMA (www.cma.org.sa) or the Joint Financial Advisors (www.sambacapital.com, www.morganstanleysaudiarabia.com, www.alahlicapital.com and www.goldmansachs.com/worldwide/saudi-arabia/).

In respect to the Offering, the Company appointed Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia, NCB Capital Company and Goldman Sachs Saudi Arabia as joint financial advisors (the "**Joint Financial Advisors**"), and appointed the Joint Financial Advisors and each of Citigroup Saudi Arabia, EFG Hermes KSA, Emirates NBD Capital KSA, Natixis and Credit Suisse Saudi Arabia as joint bookrunners (the "**Joint Bookrunners**"). The Company also appointed Samba Capital & Investment Management Company as lead manager (the "**Lead Manager**") and lead coordinator.

This Prospectus includes information provided in compliance with the OSCOs, in addition to the Listing Rules issued by Tadawul. The Directors, whose names appear on page viii, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would render any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While neither the Company, the Joint Financial Advisors, the Joint Bookrunners, nor any of the Company's other advisors, whose names appear on pages vi, vii and viii of this Prospectus (the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please see Section 2 ("**Risk Factors**")). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and the prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Institutional Investors: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, and includes Government entities and Government owned companies, public and private investment

funds, Authorized Persons and certain clients of Authorized Persons, Qualified Persons, Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements and GCC Corporate Investors as described further below (see Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Investors: this includes Saudi Arabian natural persons, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe to Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, in addition to GCC Natural Persons.

A subscription for the Offer Shares made by a person in the name of his divorced wife shall be deemed invalid, and any applicant who violates this rule shall be prosecuted. If any Subscriber subscribes to shares twice, the second subscription shall be considered void and only the first subscription will be considered.

It is expressly prohibited to distribute this Prospectus or to sell the Offer shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements and GCC Corporate Investors, in each case subject to the applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Investor and Institutional Investor should read this entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Shares of the Company. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information in Section 3 ("**Market Overview**") is derived from: (i) unless otherwise indicated, the market study report dated 28 February 2019G and prepared by Jones Lang LaSalle Saudi Arabia Co. for Real Estate Valuation (the "**Market Research Consultant**") for the benefit of the Company in relation to the real estate and retail sector in the Kingdom (the "**Market Study**"); and (ii) statistics, data and other information relating to the real estate and retail sectors in the Kingdom, including market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus (together, the "**Company Market Data**"). The Company Market Data is based on multiple third-party sources that the Company considers to be reputable and reliable.

The Directors believe that the Company Market Data and the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Research Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Market Research Consultant was established in 1783G and is an international professional advisory services company headquartered in Chicago, USA, with a listing on the New York Stock Exchange. The Market Research Consultant provides professional advisory services to major international companies in the real estate industry, including the valuation of real estate assets. The head office in the Kingdom of Saudi Arabia is located in Riyadh. The Market Research Consultant and its affiliates currently employ more than 80,000 staff members globally.

It should be noted that the Market Research Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company or its subsidiaries. As at the date of this Prospectus, the Market Research Consultant has given and not withdrawn its written consent for the use of its name, the information, and market research supplied by it to the Company in the manner and format set out in this Prospectus.

FINANCIAL AND STATISTICAL INFORMATION

The following financial statements are attached to this Prospectus:

(i) the statutory audited consolidated financial statements of the Company for the financial years ended 31 March 2016G (**"FY16G"**) and 31 March 2017G ("**FY17G**"), together with the notes thereto, as described in their report attached to this Prospectus;

(ii) the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G (representing the last statutory financial statements for the Company as a Limited Liability Company), together with the notes thereto, as described in their report attached to this Prospectus;

(iii) the statutory audited consolidated financial statements for the period from 28 September 2017G to 31 March 2018G (representing the first statutory financial statements for the Company as a Closed Joint Stock Company), together with the notes thereto, as described in their report attached to this Prospectus;

(iv) the special purpose consolidated financial statements for the financial year ended 31 March 2018G ("**FY18G**") together with the notes thereto;

each prepared in accordance with the accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants ("**SOCPA**") ("**Saudi GAAP**") and audited by Ernst & Young & Co. (Public Accountants) ("**EY**") as stated in their respective report included herein;

(v) the consolidated financial statements for FY2018G ("**FY18G (IFRS-KSA) Financial Statements**"), together with the notes thereto, prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom and other standards and pronouncements that are endorsed by SOCPA ("**IFRS-KSA**") and audited by EY as stated in their report included herein; and

(vi) the consolidated interim financial statements for the nine month period ended 31 December 2018G ("**9MFY19G**"), in addition to the notes thereto, prepared in accordance with IFRS-KSA and audited by KPMG Al Fozan & Partners (Certified Public Accountants) ("**KPMG**") as stated in their report included herein.

The special purpose financial statements for FY2018G have been prepared in accordance with Saudi GAAP following the conversion of the Company from a Limited Liability Company to a Closed Joint Stock Company from 28 September 2017G.

The FY18G (IFRS-KSA) Financial Statements are the first consolidated financial statements of the Company prepared in accordance with IFRS-KSA.

The above financial statements are contained in Section 21 ("**Consolidated Financial Statements and Auditors' Reports**"). The Company publishes its financial statements in Saudi Riyals.

The data for FY17G and FY18G (except as otherwise noted) has been extracted from the special purpose audited financial statements for FY18G prepared in accordance with Saudi GAAP, and the data for FY16G has been extracted from the audited consolidated financial statements for FY17G. The data for 9MFY18G and 9MFY19G has been extracted from the consolidated interim financial statements for 9MFY19G prepared in accordance with IFRS-KSA. The data for the year ended 31 March 2018G has been extracted from the consolidated financial statements for the year ended 31 March 2018G prepared in accordance with IFRS-KSA except for the reclassifications made recently in the 9MFY19G consolidated interim financial statements for the nine month period ended 31 December 2018G prepared in accordance with IFRS-KSA in order to conform with the presentation of the consolidated interim financial statements for 9MFY19G (refer to Table 6-66-1 in this Prospectus). There are certain significant differences between Saudi GAAP and IFRS-KSA, and periods presented under IFRS-KSA are not comparable to periods presented under Saudi GAAP (see Section 6.10 ("**SAUDI GAAP/IFRS-KSA Reconciliation for the year ended 31 March 2018G**")).

Certain financial figures included in this Prospectus have been reclassified to conform to the classification in the special purpose financial statements for FY18G and differ from the figures reported in the Company's statutory audited consolidated financial statements for FY16G and for FY17G (the "**FY17G Financial Statements**"). These include: (i) the reclassification of utilities revenue from cost of revenue to revenue; (ii) the reclassification of write-off of investment properties from indirect costs to direct costs; (iii) the reclassification of certain advances made to a contractor-related party from non-current assets to current assets; and (iv) the reclassification of initial direct costs for operating leases under investment property from a separate line item in the balance sheet. For more information, including a reconciliation of the FY16G reclassified figures to the figures reported in the FY17G Financial Statements, see the footnotes to the table of selected financial information included under "**Summary of Financial Information**", below.

The Company uses certain measures to assess the operational and financial performance of its business that are unaudited supplemental measures that are not required by, or presented in accordance with, Saudi GAAP or IFRS-KSA. These non-GAAP financial measures include EBITDA, EBITDAR, EBITDA margin, recurring net income, net rental revenue, funds from operations, and average yearly/period efficiency rate. Management uses such measures to measure operating performance and as a basis for strategic planning and forecasting. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-GAAP measures may not be comparable to other similarly titled measures used by other companies (including companies filing financial and other documents with the United States Securities and Exchange Commission) and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under Saudi GAAP or IFRS-KSA. For a reconciliation of EBITDA, EBITDAR and EBITDA margins to the Financial Statements, see the footnotes to the table of selected financial information included under "**Summary of Financial Information**", below. For a reconciliation of recurring net income to the Financial Statements, see Table 6-19 and Table 6-65. For a reconciliation of net rental revenue to the Financial Statements, see Table 6-2 and Table 6-54. For a reconciliation of funds from operations to the Financial Statements, see Table 6-1-2 and Table 6-53-2.

The financial and statistical information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof.

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" means Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please

see Section 2 ("**Risk Factors**")). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

(i) there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or

(ii) significant additional issues have arisen whose inclusion in this Prospectus would have been necessary.

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

REAL ESTATE MARKET VALUES

All real estate market values (the **"Market Values"**) in respect of the Subject Properties were estimated as at 31 December 2018G and are contained in the report dated 28/2/2019G (the "**Real Estate Valuation Report**") (attached in Annex I **"Real Estate Valuation Report - JLL"** to this Prospectus) prepared by Jones Lang LaSalle (the **"External Valuer"**). For the avoidance of doubt, the Real Estate Valuation Report relates only to the sum of the individual real estate assets comprising the Subject Properties (as defined below) and not the combined aggregate value of the Company's portfolio taken as a whole, nor does it value all the Properties.

The Real Estate Valuation Report is included as Appendix I (**"JLL Valuation Report"**) to this Prospectus. The Market Value of the Subject Properties as assessed by the External Valuer is the estimated amount for which such asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion. The External Valuer valued 22 properties and development projects at various stages of development. The Subject Properties were valued as at 31 December 2018G. Each Subject Property has been valued on the basis of individual Market Value in accordance with the RICS Valuation – Professional Standards (July 2017G) and in line with Taqeem Regulations. The RICS Valuation – Professional Standards (July 2017G) is an internationally accepted basis of valuation. The valuations and a complete discussion of the valuation methodology and other assumptions, methodologies and qualifications are contained in the Real Estate Valuation Report and elsewhere in this Prospectus. See "**Appendix I: JLL Valuation Report"**.

The Market Value in respect of the shopping mall "Jeddah Park" was estimated separately as at 11 March 2019G and is contained in the report dated 28 March 2019G (the **"Jeddah Park Valuation Report"**) prepared by the External Valuer. The reason for preparing a separate report is based on the fact that the Company entered into a new lease agreement for Jeddah Park after the preparation of the Real Estate Valuation Report. The Jeddah Park Valuation Report is included as Appendix II to this Prospectus. The Market Value of Jeddah Park as assessed by the External Valuer is the estimated amount for which such asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion. Jeddah Park has been valued on the basis of Market Value in accordance with the RICS Valuation – Professional Standards (July 2017G) and in line with Taqeem Regulations. This is an internationally accepted basis of valuation. The valuation and a complete discussion of the valuation methodology and other assumptions, methodologies and qualifications are contained in the Jeddah Park Valuation Report and elsewhere in this Prospectus. See **"Appendix II: Jeddah Park Valuation Report"**.

CORPORATE DIRECTORY

Table 1-1: Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Fawaz Abdulaziz Fahad Alhokair	Chairman of the Board	Saudi	Non-Executive	19 June 2017G	10.00%	8.00%	23.33%(1)	18.67%
2	Salman Abdulaziz Fahad Alhokair	Vice-Chairman and Managing Director	Saudi	Executive	19 June 2017G	10.00%	8.00%	23.33%(2)	18.67%
3	Kamel Badih Al Qalam	Director	American	Non-Executive	19 June 2017G	-	-	-	-
4	Abdulrahman Abdulaziz Abdullah Al Tuwaijri	Director	Saudi	Independent	19 June 2017G	-	-	-	-
5	Mohamed Abdullah Ibrahim Al Khorayef	Director	Saudi	Independent	19 June 2017G	-	-	-	-
6	Bernard Higgins	Director	British	Independent	6 December 2017G	-	-	-	-
7	Vacant	Director							
8	Vacant	Director							
9	Vacant	Director							

Source: Company information

(1) Fawaz Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Oula, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(2) Salman Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thania, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

The current Secretary of the Board of Directors is Abdurraheem Kaldine who does not hold any Shares in the Company.

THE COMPANY'S ADDRESS, REPRESENTATIVES AND BOARD OF DIRECTORS' SECRETARY

Address

Arabian Centres Company
Northern Ring Road, Al Nakheel District
P.O. Box 341904
Riyadh 11333
Kingdom of Saudi Arabia
Unified Telephone: 920000262
Tel: +966 11 825 2222
Fax: +966 11 825 2323
Website: www.arabiancentres.com
Email: info@arabiancentres.com

Company Representatives

Kamel Badih Qalam
King Abdulaziz Road, King Abdulaziz District
P.O. Box 341904
Riyadh 11333
Kingdom of Saudi Arabia
Unified Telephone: +966 11 825 2211
Tel: +966 11 825 2211
Fax: +966 11 825 2323
Website: www.arabiancentres.com
Email: kamel@alhokair.com.sa

Jabri Maali
Northern Ring Road, Al Nakheel District
P.O. Box 341904
Riyadh 11333
Kingdom of Saudi Arabia
Unified Telephone: 920000262
Tel: +966 11 825 2222
Fax: +966 11 825 2323
Website: www.arabiancentres.com
Email: jabri.maali@arabiancentres.com

Board Secretary

Abdurraheem Kaldine
Northern Ring Road, Al Nakheel District
P.O. Box 341904
Riyadh 11333
Kingdom of Saudi Arabia
Unified Telephone: 920000262
Tel: +966 11 825 2222
Fax: +966 11 825 2323
Website: www.arabiancentres.com
Email: info@arabiancentres.com

Stock Exchange

The Saudi Stock Exchange (Tadawul)
Abraj Al Tawuniya, North Tower
700 King Fahad Road
P.O. Box 60612
Riyadh 11555
Kingdom of Saudi Arabia
Tel:+ 966 (11) 218 9999
Fax:+ 966 (11) 218 1220
Website: www.tadawul.com.sa
Email: webinfo@tadawul.com.sa

Lead Manager, Lead Coordinator, Joint Financial Advisor, Joint Bookrunner and Lead Underwriter

Samba Capital & Investment Management Company
Kingdom Tower Building 14th Floor
Al Orouba Road, Al 'Olayya District
P.O. Box 220007, Riyadh 11311
Kingdom of Saudi Arabia
Unified Telephone: 8001245599
Tel: +966 11 414 9888
Fax: +966 11 211 7799
Website: www.sambacapital.com
Email: ipo@sambacapital.com

Joint Financial Advisor, Joint Bookrunner and Underwriter

Morgan Stanley Saudi Arabia
Al Rashid Tower 10th Floor
King Saud Street
P.O. Box 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 11 218 7000
Fax: +966 11 218 7003
Website: www.morganstanleysaudiarabia.com
Email: Ineqsy@morganstanley.com

Joint Financial Advisor, Joint Bookrunner and Underwriter

NCB Capital Company
Regional Building of the National Commercial Bank
Tower B
King Saud Road
NCB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 11 874 7106
Fax: +966 12 606 2693
Website: www.alahlicapital.com
Email: ncbc.cm@alahlicapital.com

Joint Financial Advisor and Joint Bookrunner

Goldman Sachs Saudi Arabia
25 Floor, Kingdom Tower
P.O. Box 52969
Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 11 279 4800
Fax: +966 11 279 4807
Website:www.goldmansachs.com/worldwide/saudi-arabia/
Email: gssainfo@gs.com

Joint Bookrunner

EFG Hermes KSA
Sky Towers
Northern Tower, 3rd Floor, King Fahad Street
Olaya, Riyadh
Kingdom of Saudi Arabia
Tel: +966 11 293 8048
Fax: +966 11 293 8032
Website: www.efghermes.com
Email: EFG_Hermes_IPO@efg-hermes.com

Joint Bookrunner

Citigroup Saudi Arabia
20th Floor, Kingdom Tower
P.O. Box 9023
Riyadh 11613
Kingdom of Saudi Arabia
Tel: +966 11 2246140
Website: www.citibank.com/icg/sa/emea/saudi-arabia/
Email: Info.csa@Citi.com

Joint Bookrunner

Emirates NBD Capital KSA
King Fahd Road, Al Mohammadiyah
PO Box 341777, Riyadh 11333
Kingdom of Saudi Arabia
Tel: +966 11 299 3900
Fax: +966 11 299 3955
Website: www.emiratesnbdcapital.com.sa/esa/
Email: info@emiratesnbdcapital.com.sa

Foreign Joint Bookrunner (residing outside the Kingdom)

Natixis
30, Avenue Pierre Mendès-France
75013 - Paris – France
Tel: +33 1 58555199
Website: www.natixis.com
Email: project.mustang@natixis.com

Joint Bookrunner

Credit Suisse Saudi Arabia
Al Jumaiah Center, 2nd Floor
King Fahad Road – Hay El Mhamadiyah
P.O. Box 5000
Riyadh 12361-6858
Kingdom of Saudi Arabia
Tel: +966 1 203 9700
Fax: +966 1 203 9791
Website: www.credit-suisse.com/sa/en.html
Email: contact.saudi@credit-suisse.com

Legal Advisor to the Company

Abdulaziz Al Ajlan and Partners, lawyers and legal advisors
Al Olayan Building, Tower 2, Floor 3
Al Ahsa Street, Al Malaz
P.O. Box: 69103
Riyadh 11547
Kingdom of Saudi Arabia
Tel: +966 11 265 8900
Fax: + 966 11 265 8999
Website: www.bakermckenzie.com/en/locations/emea/saudi-arabia
Email: legal.advisors@legal-advisors.com

Legal Advisor for the Offer outside the Kingdom

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom
Tel: +44 20 7919 1000
Fax: +44 20 7919 1999
Website: www.bakermckenzie.com
Email: legaladvisors@bakermckenzie.com

Financial Due Diligence Advisor

PricewaterhouseCoopers
Kingdom Tower Floor 21
Al Orouba Road, Al 'Olayya District
PO Box 13933
Riyadh 11414
Kingdom of Saudi Arabia
Tel.: +966 (11) 211 0400
Fax: +966 (11) 211 0401
Website: www.pwc.com/middle-east
E-Mail: khalid.madhar@pwc.com

Market Research Consultant and External Real Estate Valuer

Jones Lang LaSalle Saudi Arabia Co. for Real Estate Valuation
Tawuniya Towers, 17th Floor, South Tower
King Fahd Road
P.O. Box: 13547
Riyadh 11414
Kingdom of Saudi Arabia
Tel .: +966 11 218 0303
Fax: +966 11 218 0308
Website: www.jll-mena.com
Email: Simon.brand@eu.jll.com

Independent Auditors (for the financial years ended 31 March 2016G, 2017G and 2018G)

Ernst & Young & Co. (Public Accountants)
Al Faisaliah Office Tower
P.O. Box: 2732
Riyadh 11461
Kingdom of Saudi Arabia
Tel: +966 11 273 4740
Fax: +966 11 273 4730
Website: www.ey.com
E-mail: Riyadh@sa.ey.com

Independent Auditors (for the nine month period ended 31 December 2018G)

KPMG Al Fozan & Partners (Certified Public Accountants)
KPMG Tower
Salaheddin Al-Ayoubi Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Tel: + 966 (11) 874 8500
Fax: + 966 (11) 874 8600
Website: www.kpmg.com.sa
Email: marketingsa@kpmg.com

Stabilizing Manager

Goldman Sachs Saudi Arabia
25 Floor, Kingdom Tower
P.O. Box 52969
Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 11 279 4800
Fax: +966 11 279 4807
Website: www.goldmansachs.com/worldwide/saudi-arabia/
Email: gssainfo@gs.com

Note: *All the above-mentioned Advisors and certified accountants have given and have not withdrawn their written consent, until the date hereof, to the publication of their names, logos and statements in the context in which they appear in this Prospectus, and do not themselves, their employees, or any of their relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus.*

Receiving Agents

SAMBA Financial Group
King Abdulaziz Road
PO Box 833, Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966 11 477 4770
Fax: +966 11 479 7979
Website: www.samba.com
E-mail: customercare@samba.com

The National Commercial Bank
King Abdulaziz Road
PO Box 3555, Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966 12 649 3333
Fax: +966 12 643 7426
Website: www.alahli.com
E-Mail: contactus@alahli.com

Main Banks of the Company

As at the date of this Prospectus, the Company has commercial relations with the following banks:

National Commercial Bank
King Abulaziz Road
PO Box 3555, Jeddah 21481
Kingdom of Saudi Arabia
Tel.: +966 12 649 3333
Fax: +966 12 643 7426
Website: www.alahli.com
E-Mail: contactus@alahli.com

SAMBA Financial Group
King Abdulaziz Road
PO Box 833, Riyadh 11421
Kingdom of Saudi Arabia
Tel.: +966 11 477 4770
Fax: +966 11 479 9402
Website: www.samba.com
E-mail: customercare@samba.com

Al Rajhi Bank
Olaya Road
PO Box: 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel.: +966 11 609 8888
Fax: +966 11 609 8881
Website: www.alrajhibank.com.sa
E-Mail: contactcenter1@alrajhibank.com.sa

Arab National Bank
King Faisal Street
PO Box 9802, Riyadh 11423
Kingdom of Saudi Arabia
Tel.: +966 11 402 9000
Fax: +966 11 404 7535
Website: www.anb.com.sa
E-Mail: info@anb.com.sa

SUMMARY OF THE OFFERING

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read all the information contained in this Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the **"Important Notice"** on page i and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in the Offer Shares.

Company Name, Description and Incorporation	Arabian Centres Company was established as a limited liability company under commercial registration no. 1010209177 dated 7/4/1426H (corresponding to 15 May 2005G) issued in Riyadh, with a capital of SAR 1,000,000 divided into 1,000 ordinary Shares with a nominal value of 1,000 Saudi Riyals each. Pursuant to a Shareholders' resolution dated 27/5/1436H (corresponding to 17 March 2015G), the Company's capital was increased from SAR 1,000,000 Saudi Riyals to SAR 4,450,000,000 divided into 4,450,000 ordinary Shares with a nominal value of SAR 1,000 per share through the capitalization of SAR 2,257,183,825 from the Shareholders' current account as at 28 February 2015G, and the capitalization of SAR 2,191,816,175 from the retained earnings account. Pursuant to the Shareholders' resolution dated 18/9/1438H (corresponding to 13 June 2017G), the par value of the Shares was reduced from one thousand Saudi Riyals (SAR 1,000) per Share to ten Saudi Riyals (SAR 10) per Share as a result of which the Company's capital became four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty-five million (445,000,000) ordinary Shares with a par value of SAR 10 per share.
Company's Activities	In accordance with the Bylaws, the Company's activities consist of the following: 1. Buying land for the construction of buildings and commercial use thereof through sales or leasing for the benefit of the Company. 2. General contracting works for buildings, including construction, repair, demolition, restoration, maintenance and excavation works for public, residential and commercial buildings, educational, recreational and health facilities. 3. Maintenance, operation and management of malls, commercial and residential complexes. 4. Management, operation and development of land, residential complexes and neighborhoods. 5. Construction of residential buildings, as well as the maintenance and operation thereof. 6. Advertising, publicity and digital advertising.

Number of Shares held by Substantial Shareholders Pre and Post Offering	The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders. **Table 1-2: Overview of Shareholders of the Company Pre-Offering and Post-Offering**

Shareholder's Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	Direct Ownership	No. of Shares	Par Value (SAR)	Direct Ownership
Fawaz Abdulaziz Alhokair	44,500,000	445,000,000	10.0%	38,000,000	380,000,000	8.0%
Salman Abdulaziz Alhokair	44,500,000	445,000,000	10.0%	38,000,000	380,000,000	8.0%
Abdul Majeed Abdulaziz Alhokair	44,500,000	445,000,000	10.0%	38,000,000	380,000,000	8.0%
Al Farida Al Oula Company	22,250,000	222,500,000	5.0%	19,000,000	190,000,000	4.0%
Al Farida Al Thania Company	22,250,000	222,500,000	5.0%	19,000,000	190,000,000	4.0%
Al Farida Al Thalitha Company	22,250,000	222,500,000	5.0%	19,000,000	190,000,000	4.0%
FAS Real Estate Company	231,400,000	2,314,000,000	52.0%	197,600,000	1,976,000,000	41.6%
Total	431,650,000	4,316,500,000	97.0%	368,600,000	3,686,000,000	77.6%

Company's Capital (as at the date of this Prospectus)	SAR 4,450,000,000 (the Company's capital will increase to SAR 4,750,000,000 following the Offering).
Total Number of Issued Shares (as at the date this Prospectus)	445,000,000 ordinary Shares (the Shares will increase to 475,000,000 following the Offering).
Offering	Initial public offering of 95,000,000 ordinary Shares, representing 20.0% of the Company's share capital following the Offering, which consists of: (a) the sale of 65,000,000 existing Shares (the "**Sale Shares**"); and (b) the issue of 30,000,000 new Shares (the "**New Shares**"), through public offering at an Offer Price of SAR [●] per Share, with a fully paid nominal value of SAR 10 per Share.
Total Number of Offer Shares	95,000,000 fully paid ordinary Shares.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 20.0% of the Company's share capital after the Offering, and represent 21.3% of the Company's share capital before the Offering.
Offer Price	SAR [●] per Share.

Total value of Offer Shares	SAR [●].
Use of Proceeds	The Net Proceeds from the Offering amounting to approximately SAR [●] (after deducting the Offering expenses estimated at SAR [●]), will be distributed as follows: (i) SAR [●] million will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering; and (ii) approximately SAR 1 billion will be distributed to the Company and will be used within one year from the Offering (a) to reduce the indebtedness owed by the Company under the Re-financing for an amount of approximately SAR 500 million, and (b) to satisfy the Company's scheduled debt repayments for an amount of approximately SAR 500 million to be paid in two instalments in Q3 2020G and Q1 2021G (for further details, please see Section 8 ("**Use of Proceeds**")).
Number of Shares Underwritten	95,000,000 ordinary Shares.
Total Underwritten Offering Amount	SAR [●].
Categories of Targeted Investors	Subscription to the Offer Shares is restricted to the following two groups of investors: **Tranche (A) Institutional Investors**: This tranche comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions, and includes Government entities and Government owned companies, public and private investment funds, Authorized Persons and certain clients of Authorized Persons, Qualified Persons, Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements (including through P-Notes) and GCC Corporate Investors (collectively, the **"Institutional Investors"** and each an **"Institutional Investor"**) (for further details, please see Section 1 ("**Definitions and Abbreviations**")). **Tranche (B) Individual Investors**: This tranche includes Saudi natural persons, including divorced or widowed Saudi women who have minor children by a non-Saudi husband, as they may subscribe to the Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, and GCC natural investors. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription accepted.
Total Offer Shares available for each Targeted Investor Category	
Number of Shares offered to Institutional Investors	95,000,000 Shares representing 100% of the total number of Offer Shares. If there is sufficient demand by Individual Investors, the Joint Bookrunners shall have the right to reduce the allocated Offer Shares to Institutional Investors to 85,500,000 Offer Shares, as a minimum, representing 90% of the total Offer Shares.
Number of Shares offered to Individual Investors	A maximum of 9,500,000 Offer Shares representing 10% of the total Offer Shares.

Subscription Method for each Targeted Investor Category	
Subscription method for Institutional Investors	Institutional Investors as identified in Section 1 ("**Definitions and Abbreviations**") may apply for subscription. The Joint Bookrunners will provide Bid Forms to the Institutional Investors during the book-building process. After provisional allocation, the Lead Manager will provide Institutional Subscription Application Forms to the Institutional Investors and such forms should be completed in accordance with the instructions set out in Section 19, "**Subscription Terms and Instructions**".
Subscription method for Individual Investors	Individual Investors who have participated in a recent offering may subscribe through the internet, telephone banking or automated teller machine (ATM) of the Receiving Agents which offers some or all of these services to their customers provided that: (i) the Subscriber has a bank account at one of the Receiving Agents, and (ii) no changes have been made to the investor's personal information since they participated in the last offering.
Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors:	
Minimum Number of Offer Shares to be Applied for by Individual Investors	10 Shares.
Minimum Number of Offer Shares to be Applied for by Institutional Investors	100,000 Shares.
Minimum Subscription Amount by each Category of Targeted Investors:	
Minimum Subscription Amount for Individual Investors	SAR [●].
Minimum Subscription Amount for Institutional Investors	SAR [●].
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors:	
Maximum Number of Offer Shares to be Applied for by Individual Investors	23,749,999 Shares.
Maximum Number of Offer Shares to be Applied for by Institutional Investors	23,749,999 Shares.

Maximum Subscription Amount by each of the Category of Targeted Investors:	
Maximum Subscription Amount for Individual Investors	SAR [●].
Maximum Subscription Amount for Institutional Investors	SAR [●].
Stabilization and Over-allotment Option	
Stabilization and Over-allotment Option	In connection with the Offering, Goldman Sachs Saudi Arabia, as Stabilizing Manager, may (but will be under no obligation to), to the extent permitted by the Instructions on the Price Stabilization Mechanism for Initial Public Offerings issued by the CMA, over-allot Shares and effect stabilization transactions with a view to supporting the market price of the Shares to be equal to at least (or higher than) the Offer Price. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on the Exchange and may be undertaken within trading hours, which will be during the period commencing on the date of the commencement of dealings of the Shares on the Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilizing Manager to effect stabilizing transactions and there is no assurance that stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilizing Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilization transactions conducted in relation to the Offering, in accordance with the Instructions on the Price Stabilization Mechanism for Initial Public Offerings issued by the CMA. For the purposes of allowing the Stabilizing Manager to cover short positions resulting from any over-allotments, the Over-allotment Shareholder will grant the Stabilizing Manager an option (the "**Over-allotment Option**"), pursuant to which the Stabilizing Manager may purchase additional Shares up to a maximum of 14,250,000 Shares, representing 15 percent of the total number of Shares comprised in the Offering (the "**Over-allotment Shares**") at the Offer Price. The Overallotment Option will be exercisable in whole or in part upon notice by the Stabilizing Manager, at any time on or before the 30th calendar day after the commencement of dealings of the Shares on the Exchange. Any Overallotment made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Shares, including for all dividends and other distributions declared, made or paid on the Shares, will be purchased on the same terms and conditions as the Shares being sold in the Offering and will form a single class with the other Shares.
Allocation and Refund Method for each Category of Targeted Investors:	
Allocation of Offer Shares to Institutional Investors	Final allocation of the Offer Shares to Institutional Investors shall be made through the Joint Bookrunners after the completion of the Individual Investors subscription process, and as deemed appropriate by the Joint Financial Advisors in coordination with the Company. The number of Offer Shares to be initially allocated to Institutional Investors is 95,000,000 Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Joint Bookrunners have the right to reduce the number of Shares allocated to Institutional Investors to a minimum of 85,500,000 ordinary Shares, representing 90% of the total Offer Shares.

Allocation of Offer Shares to Individual Investors	A maximum of 9,500,000 Offer Shares representing 10% of the Offer Shares will be allocated to Individual Investors, with the minimum allocation per Individual Investor amounting to 10 Offer Shares, and the maximum allocation per Individual Investor amounting to 23,749,999 shares. Remaining Offer Shares (if any) will be allocated on a pro rata basis. If there are more than 950,000 Individual Investors, the minimum of 10 shares per subscriber cannot be guaranteed. In the event the number of Individual Investors exceeds 950,000 Individual Investors, shares will be allocated as proposed by the Company and the Lead Manager, and the surplus will be refunded without withholding any charge or commission by the Receiving Agents.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without withholding any charge or commission by the Lead Manager or the Receiving Agents. Announcement of the final allotment and refund of excess subscription monies, if any, will be made no later than [●]H (corresponding to [●]G) (for further details, please see "**Key Dates and Subscription Procedures**") on page (xxiv) and Section 19 ("**Subscription Terms and Conditions**").
Offering Period	The Offering will be open for one day, taking place on [●]H (corresponding to [●]G).
Distribution of Dividends	The Offer Shares will be entitled to receive any dividends declared and paid by the Company as at the date of this Prospectus and for subsequent fiscal years (for further details, please see Section 7 ("**Dividend Distribution Policy**")).
Voting Rights	The Company has one class of Shares (ordinary shares), which does not carry any preferential voting rights. Each Share entitles the holder to one vote at the General Assembly. A Shareholder may authorize another Shareholder that is not a Member of the Board of Directors to attend the General Assembly on its behalf. (For further details, see section 13.13, "**Description of Shares**").
Share Restrictions (Lock-up Period)	The Substantial Shareholders shall be subject to a Lock-up Period of six months from the date on which trading of Company Shares commences on the Exchange, during which they shall be prohibited from disposing their Shares. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares.
Listing of Shares	Prior to the Offering, there has been no public market for the Shares in the KSA or elsewhere. An application has been made to the CMA for the registration and offering of the Shares in accordance with the OSCOs, and the Company has made an application to the Exchange (Tadawul) to list its Shares in accordance with the Listing Rules. All relevant approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares (for further details, please see "**Key Dates and Subscription Procedures**" on page (xxiv).
Risk Factors	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (i) risks related to the Company's operations; (ii) risks related to the Company's real estate; (iii) risks related to the market, industry and regulatory environment; and (iv) risks related to the Offer Shares. These risks are described in Section 2, "**Risk Factors**", and should be considered carefully prior to making a decision to invest in the Offer Shares.
Offering Expenses	The expenses and costs associated with the Offering are estimated at around SAR 180 million. These costs shall include the fees of the Joint Financial Advisors, Stabilizing Manager, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other relevant expenses. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro rata basis.

Joint Financial Advisor, Lead Coordinator, Lead Manager, Joint Bookrunner and Lead Underwriter	Samba Capital & Investment Management Company Kingdom Tower Building 14th Floor Al Orouba Road, Al 'Olayya District P.O. Box 220007, Riyadh 11311 Kingdom of Saudi Arabia Unified Telephone: 8001245599 Tel: +966 11 414 9888 Fax: +966 11 211 7799 Website: www.sambacapital.com Email: ipo@sambacapital.com
Joint Financial Advisor, Joint Bookrunner and Underwriter	Morgan Stanley Saudi Arabia Al Rashid Tower 10th Floor King Saud Street P.O. Box 66633, Riyadh 11586 Kingdom of Saudi Arabia Tel: +966 11 218 7000 Fax: +966 11 218 7003 Website: www.morganstanleysaudiarabia.com Email: Ineqsy@morganstanley.com
Joint Financial Advisor, Joint Bookrunner and Underwriter	NCB Capital Company Regional Building of the National Commercial Bank Tower B King Saud Road NCB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 11 874 7106 Fax: +966 12 606 2693 Website: www.alahlicapital.com Email: ncbc.cm@alahlicapital.com
Joint Financial Advisor, Joint Bookrunner and Stabilizing Manager	Goldman Sachs Saudi Arabia 25 Floor, Kingdom Tower P.O. Box 52969 Riyadh 11573 Kingdom of Saudi Arabia Tel: +966 11 279 4800 Fax: +966 11 279 4807 Website: www.goldmansachs.com/worldwide/saudi-arabia/ Email: gssainfo@gs.com
Joint Bookrunner	EFG Hermes KSA Sky Towers Northern Tower, 3rd Floor, King Fahad Street Olaya, Riyadh Kingdom of Saudi Arabia Tel: +966 11 293 8048 Fax: +966 11 293 8032 Website: www.efghermes.com Email: EFG_Hermes_IPO@efg-hermes.com
Joint Bookrunner	Citigroup Saudi Arabia 20th Floor, Kingdom Tower P.O. Box 9023 Riyadh 11613 Kingdom of Saudi Arabia Tel: +966 11 2246140 Website: www.citigroup.com Email: Info.csa@Citi.com

Joint Bookrunner	Emirates NBD Capital KSA King Fahd Road, Al Mohammadiyah PO Box 341777, Riyadh 11333 Kingdom of Saudi Arabia Tel: +966 11 299 3900 Fax: +966 11 299 3955 Website: www.emiratesnbdcapital.com.sa/esa/ Email: info@emiratesnbdcapital.com.sa
Foreign Joint Bookrunner (residing outside the Kingdom)	Natixis 30, Avenue Pierre Mendès-France 75013 - Paris – France Tel: +33 1 58555199 Website: www.natixis.com Email: project.mustang@natixis.com
Joint Bookrunner	Credit Suisse Saudi Arabia Al Jumaiah Center, 2nd Floor King Fahad Road – Hay El Mhamadiyah P.O. Box 5000 Riyadh 12361-6858 Kingdom of Saudi Arabia Tel: +966 1 203 9700 Fax: +966 1 203 9791 Website: www.credit-suisse.com/sa/en.html Email: contact.saudi@credit-suisse.com

Note:
*The "**Important Notice**" on page i and Section 2 ("**Risk Factors**") should be considered carefully prior to making a decision to invest in the Offer Shares.*

KEY DATES AND SUBSCRIPTION PROCEDURES

Table 1-3: Expected Offering Timetable

Expected Offering Timetable	Date
Bidding and bookbuilding period for Institutional Investors	Subscription will commence on 22/08/1440H (corresponding to 28/04/2019G), and will continue for (10) days up to and including 02/09/1440H (corresponding to 07/05/2019G).
Subscription Period for Individual Investors	Offering Period: one day, taking place on 04/09/1440H (corresponding to 09/05/2019G)
Deadline for submission of Institutional Subscription Application Forms by Institutional Investors based on the provisional allocation of Offer Shares	07/09/1440H (corresponding to12/05/2019G).
Deadline for submission of Retail Subscription Applicationsand payment of subscription monies by Individual Investors	04/09/1440H (corresponding to 09/05/2019G).
Deadline for payment of subscription money by Institutional Investors based on their provisionally allocated shares	07/09/1440H (corresponding to12/05/2019G).
Announcement of final Offer Shares allotment	09/09/1440H (corresponding to 14/05/2019G).
Refund of excess subscription monies (if any)	09/09/1440H (corresponding to 14/05/2019G).
Expected Exchange trading commencement date	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Tadawul website (www.tadawul.com.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in national daily newspapers, on the Tadawul website (www.tadawul.com.sa), the Company's website (www.arabiancentres.com) and the websites of the Joint Financial Advisors (www.sambacapital.com, www.morganstanleysaudiarabia.com, www.alahlicapital.com and www.goldmansachs.com/worldwide/saudi-arabia/).

HOW TO APPLY FOR OFFER SHARES

The Offering shall be restricted to the following two groups of investors:

Tranche (A): Institutional Investors: This tranche comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (collectively, the **"Institutional Investors**") (for further details, please see Section 1 (**"Definitions and Abbreviations**")). The Institutional Investors can obtain the Bid Forms from the Lead Manager and Joint Bookrunners during the book-building process period and the Institutional Subscription Application Forms after provisional allocation. The Lead Manager and Joint Bookrunners will offer the Shares to Institutional Investors only during the book-building process, and initial subscriptions for shares provisionally allocated to Institutional Investors are to be completed immediately after the Offering Period, which includes Individual Investors, in accordance with the terms and instructions set out in the Institutional Subscription Application Forms. Signed Institutional Subscription Application Forms must be submitted to the Joint Bookrunners and represent a legally binding agreement between the Selling Shareholder, the Company and the relevant investor.

Tranche (B): Individual Investors: This tranche includes Saudi natural persons, including divorced or widowed Saudi women who have minor children by a non-Saudi husband, as they may subscribe to the Offer Shares in their name(s) for their own benefit, provided she submits proof of her marital status and motherhood, and GCC natural investors. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then offenders shall be subject to penalties under the law.

Individual Investors can subscribe through the internet, telephone banking or automated teller machines (ATMs) of any of the Receiving Agents that provide some or all of these services to Individual Investors who have recently participated in previous initial public offerings, provided that the following requirements are satisfied:

(a) The Individual Investor must have a bank account at the Receiving Agent which offers such services.

(b) No changes have been made to the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since he/she last participated in an initial public offering.

The Company reserves the right to decline any subscription application, in whole or in part, if any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription shall be considered void and only the first subscription accepted. The Retail Subscription Application cannot be amended or withdrawn once submitted. The Retail Subscription Application shall, upon submission, represent a binding agreement between the applicant and the Selling Shareholders (for more information, please see Section 19, "**Subscription Terms and Instructions**").

Excess subscription monies, if any, will be refunded to the prime Subscriber's account held with the Receiving Agent from which the subscription value was debited, without any commissions or withholding by the Lead Manager or Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the **"Important Notice**" on page i and Section 2 (**"Risk Factors**"), respectively, prior to making any investment decision in the Offer Shares.

OVERVIEW OF ARABIAN CENTRES COMPANY

1.1 Overview of the Company and its Business Activities

The Company is the leading owner and operator of shopping malls in Saudi Arabia by total GLA as at 31 December 2018G, according to the Market Study. The Company's core operating portfolio comprises 19 Malls, which are located strategically throughout Saudi Arabia and appeal to a broad socio-economic spectrum to optimize market coverage. As at 31 December 2018G, the Company's Malls had a total GLA of 1.079 million square meters, 4,100 occupied retail units and an average GLA occupancy rate of 92.8%. Between 2014G and 2018G, the Company's total GLA increased at a CAGR of 8% from 790,000 square meters to 1.075 million square meters. The Company's Malls generated footfall of more than 108.5 million for the financial year ended 31 March 2018G and increased from 75 million to 109 million at a CAGR of 9.7% in the period between 2014G and 2018G.

The Company operates some of the most iconic malls in the Kingdom, including Mall of Arabia (Jeddah) and Mall of Dhahran, two of the Company's landmark Super-Regional Malls, and Nakheel Mall (Riyadh), which was recognized at the Arab Luxury World Forum in 2017G as being consumers' favorite shopping mall in Riyadh and received a number of awards from the International Council of Shopping Centers. The Company generated total revenue of SAR 1,914.5 million, SAR 2,123.8 million and SAR 2,159.4 million for the financial years ended 31 March 2016G, 2017G and 2018G, respectively, and SAR 1,620.0 million for the nine months ended 31 December 2018G. As at 31 December 2018G, the valuation of the Subject Properties (representing 22 Properties) was SAR 19,087.5 million, according to the Real Estate Valuation Report (see "**Appendix I: JLL Valuation Report**"). In addition, as at 11 March 2019G, the real estate valuation of Jeddah Park was SAR 1,228.0 million, according to the Jeddah Park Valuation Report (see "**Appendix II: Jeddah Park Valuation Report**").

Management believes the Company develops and operates unique and leading malls which serve the retail market in Saudi Arabia and delivers the largest pipeline of top-quality, large shopping malls in Saudi Arabia. The Company has cutting edge capabilities in mall development, design, leasing, management and marketing. . In addition, the Company's strong tenant relationships allow it to pre-lease a significant portion of the GLA for new malls and achieve average first year occupancy of 70% to 75%. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants and its Malls are home to more than 1,000 international, regional and local retail brands, including Zara, Debenhams, Coach, H&M, Virgin Megastores, Panda and IKEA. The Company has strong relationships with more than 30 large, strategic Key Account Tenants, each of which holds retail unit leases in multiple Malls. The Company's tenant mix is diversified with dining, entertainment, lifestyle and leisure offerings in order to enhance the overall tenant mix, attract footfall and maximize returns on its Mall portfolio.

The Company's business model leverages the popularity of shopping malls as a leisure destination in the Kingdom. In particular, Management recognizes that malls are increasingly becoming a "lifestyle destination", with mid and higher-end dining and beverage options and a variety of entertainment offerings together being key "lifestyle" features and important drivers of footfall. Management continues to seek opportunities to introduce new retail and entertainment concepts across its Mall portfolio, wherever feasible. It seeks to maximize the appeal of its Malls by creating high quality retail environments which Management believes have become the "destination of choice" for visitors and retailers alike. The Company seeks to create unique designs for each of its Malls with an optimal mix of shopping, dining, entertainment and leisure activities, including the introduction of cinemas in four of its Malls by the end of 2019G. Management believes that the Company is the "go to" shopping mall owner and operator in the Kingdom and that the Company's Malls are generally distinguished by the high level of service throughout the entire "customer journey", through a welcoming environment and a superior level of service for visitors.

The Company's Malls are strategically located in ten cities across Saudi Arabia, including Riyadh, Jeddah and Dhahran, which together represent approximately 60% of the total population of Saudi Arabia. The Company's target visitor demographics for its Malls are generally positioned between the mid to mid-high market segments to appeal to the broadest portion of the Saudi retail market. The Company's Malls portfolio comprises three Super-Regional Malls, being Mall of Arabia in Jeddah, Salaam Mall in Jeddah and Mall of

Dhahran in Dhahran, ten Regional Malls, and six Community Malls, each of which is designed and positioned to optimize its appeal to the surrounding community. According to the Market Study, the Company is the largest shopping mall owner and operator in Saudi Arabia by total GLA and held a 14% market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Makkah) as at 31 December 2018G, compared with the 6.1% market share by GLA of its next largest competitor. In addition, as at 31 December 2018G, the Company held market shares by GLA of the shopping malls/centers market in Jeddah, Dammam Metropolitan Area and Riyadh of 28%, 17% and 11%, respectively, according to the Market Study.

Management believes a significant competitive advantage of the Company's business model is its close and longstanding relationships with certain key related parties, including Alhokair Fashion Retail and Food and Entertainment Company. Alhokair Fashion Retail typically pre-leases between 20-25% of the GLA for each new mall of the Company, which Management believes attracts key External Tenants As at 31 December 2018G, the Company had entered into 872 leases with Alhokair Fashion Retail and 180 leases with Food and Entertainment Company (for further details, please review Section 13.6 ("**Transactions and Contracts with Related Parties**")). The Company also benefits strategically from its relationship with FARE, a specialist mall design and construction company in Saudi Arabia and a related party of the Company. FARE has over 15 years of experience in Saudi Arabia's retail market and it has developed and constructed 23 shopping malls internationally across Saudi Arabia, Egypt and Italy, including 16 of the Company's existing Malls, as a result of which it has gained significant experience and expertise in mall design and construction. In addition, Management believes the Company's scale of operations provides advantages in lease contract negotiations and in pursuing expansion opportunities.

Management believes that the Company provides potential investors with quality exposure linked to the attractive SAR 400 billion Saudi Arabia retail sector as of January 2019G, which is the largest in the GCC and accounted for 10% of Saudi's non-oil GDP in Q3 2018G (source: the Market Study). The market is driven by a cultural preference in Saudi Arabia towards shopping as a key leisure activity for families. In addition to being the largest retail market in the GCC and a leading retail destination in MENA, the Saudi Arabian market benefits from a number of socio-economic factors. Saudi Arabia has a relatively young and growing population, with 1.8% population growth from 2017G to 2018G and with 52% of the population under the age of 30 years old in 2018G, according to the Market Study. The metropolitan areas of Saudi Arabia also have relatively high levels of disposable income, coupled with a significant increase in the number of Hajj and Umrah visitors in Makkah and Madinah in the Western region of the Kingdom. In terms of supply, as at 31 December 2018G the penetration of shopping centers in square meters per capita is the lowest in the GCC (save for Bahrain and Kuwait) at approximately 0.4 square meters on average in the Kingdom's four main cities (compared with 1.3 square meters in Dubai, 0.6 square meters in Oman, and 1.1 square meters in Abu Dhabi city), according to the Market Study.

A key asset management objective for the Company is to enhance occupancy and lease rates across its entire portfolio. Lease rate enhancement is addressed by efficiently managing tenant lease maturities, through a combination of renewing lease contracts at higher rental rates and reconfiguring the leased space upon lease maturity. This involves various approaches, such as repositioning GLA to move "higher up" in the rental hierarchy (that is, some retail spaces attract higher rents per square meter than others), introducing stronger Anchor Tenants and supporting retailers, or implementing varying degrees of refurbishment.

The Company intends to create an additional 172,500 square meters of GLA by the end of Q4 2019G through the completion of three new malls currently under construction (University Boulevard Mall, Khaleej Mall and Nakheel Mall (Dammam)) plus the Phase 1 of Nakheel Mall (Riyadh) extension (and excluding Jeddah Park), currently under development by the Company. As at 31 December 2018G, the real estate valuation of these three new malls under construction was SAR 2,382.0 million, according to JLL. In addition, the Company entered into the Head Lease for Jeddah Park on 4 March 2019G, which is a new mall located in Jeddah and currently under construction by a developer other than FARE. Jeddah Park is expected to commence operations by Q2 2020G and is expected to increase the Company's GLA by 128,740 square meters.

The Company has five additional sites it plans to develop as four new malls plus Phase 2 of Nakheel Mall (Riyadh) extension over the medium term, with an expected additional cumulative GLA of over 355,000 square meters. As at 31 December 2018G, these five sites had a combined book value (comprising land and other costs incurred as at that date), based on the audited consolidated balance sheet of the Company as at 31 December 2018G, of SAR 3,859.6 million.

1.2 Vision and Mission of the Company

1.2.1 Vision

The Company's vision is to remain the leading owner, developer and operator of shopping malls throughout Saudi Arabia while generating sustainable value for shareholders and providing service excellence to both tenants and visitors.

1.2.2 Mission

The Company's mission is to create lifestyle destinations that enhance the quality of life of citizens and become the strategic partner of tenants looking to expand their footprint across the Kingdom.

1.3 Competitive Advantages, Strengths and Strategies of the Company

1.3.1 Competitive Advantages and Strengths of the Company

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

- ***Market leadership position in Saudi Arabia, underpinned by significant scale and high-quality assets:*** the Company is the largest shopping mall developer, owner and operator in Saudi Arabia by total GLA, according to the Market Study. Since opening its first shopping mall in Riyadh in 2002G, the Company has cemented its position as the market leading developer and operator of high quality retail space in the Kingdom. As at 31 December 2018G, the Company had a presence in key urban areas across Saudi Arabia, including the top 10 cities that together represent approximately 60% of the total population of Saudi Arabia, with 19 Malls. The Company's Malls have a total GLA of 1.079 million square meters, which increased from 790,000 square meters to 1.075 million square meters at a CAGR of 8% between 2014G and 2018G. The Company remains unmatched in terms of both size (by total GLA) and geographical coverage. In the major cities of the Kingdom, the Company held market shares by GLA of the shopping malls/centers market in Jeddah, Dammam Metropolitan Area and Riyadh of 28%, 17% and 11%, respectively.

- ***Attractive industry backdrop driven by favorable local demographic and lifestyle trends:*** Saudi Arabia is a leading retail destination in MENA. According to the Market Study, the size of this market is approximately double the size of the market in the United Arab Emirates with a value of approximately SAR 400 billion as of January 2019G, representing 65.3% of total retail sales in the GCC, with store-based retailing accounting for approximately 34% of total household consumer spending in the Kingdom as at 31 December 2018G. The Saudi retail market CAGR grew 3.6% from 2014G to 2018G, according to the Market Study, with projected CAGR of 5% between 2019G and 2021G. In addition, the Market Study notes that Saudi Arabia has the lowest level of retail GLA in terms of square meters per capita in the GCC (other than Bahrain and Kuwait) with an average of only 0.4 square meters per capita for the Kingdom's four main cities as at 31 December 2018G.

- ***Strategic relationships with retail and construction groups providing significant competitive advantages in increasing footfall and in the development and management of the Company's Malls:*** Management believes the Company benefits from significant competitive advantages from its close and longstanding relationships with its key related parties, including Alhokair Fashion Retail, a leading franchise retailer in Saudi Arabia and publicly listed company (ticker symbol 4240 on the Saudi Stock Exchange), Food and Entertainment Company, a large restaurant franchise owner and operator and food service company supplying global brands, and FARE (a related party given that the Controlling Shareholders own a controlling share in FARE), a specialist mall design and construction company in Saudi Arabia.

- ***Strong mall development business:*** Management believes that the Company's mall development capabilities are a key competitive advantage, which have helped to enable the Company to become the largest mall developer, owner and operator in Saudi Arabia. The Company has successfully developed 16 further Malls (excluding Tala Mall in Riyadh, Salaam Mall in Jeddah and Salma Mall in Hail, where the mall buildings have been leased by the Company) since the opening of its first Mall, Sahara Plaza, in 2002G. In doing so, the Company has demonstrated its ability to accurately assess changing market requirements which are important for identifying and securing attractive sites for its Malls.

- ***Track record of delivering strong operational growth and robust financial performance:*** Management has delivered strong operational growth over the years through the development of new Malls and the enhancement and improvement of existing Malls. Management has adopted a disciplined approach to growth, with a focus on value creation and financial performance. Management has a strong track record of delivering consistent growth across key financial performance and operating metrics, with Company revenues having grown from SAR 1,914.5 million for the year ended 31 March 2016G to SAR 2,159.4 million for the year ended 31 March 2018G (representing a CAGR of 6.2%).

- ***A strong balance sheet providing financial flexibility to fund future growth and dividends:*** Management believes the Company's financial strength and flexibility provide it with an advantage over many of the Company's competitors. The Company benefits from strong cash generation, with net cash flow from operating activities of SAR 198.1 million for the nine month period ended 31 December 2018G. Management believes that these factors will allow the Company to fully fund its upcoming expansion initiatives and to re-invest its profits to generate future growth while also paying dividends.

- ***Experienced management team, supported by knowledgeable and committed shareholders:*** the Company has a highly experienced management team with more than 100 years of combined experience in the commercial real estate and retail industries. Management believes that its Controlling Shareholders (which are also its founding shareholders) are the pioneers of the retail industry in Saudi Arabia. The Controlling Shareholders have supported the Company and Management through their experience in the retail market and the real estate sector. The Company is expected to continue to benefit from their extensive experience and understanding of the market.

1.3.2 The Company's Strategies

The Company's principal strategies to grow its business comprise the following:

- ***Consolidate leadership position in the Saudi retail sector by expanding Mall portfolio:*** the Company aims to continue its successful track record of mall expansion, which will involve growing its Mall portfolio by three principal means: (1) rollout of new malls, (2) new retail concepts, and (3) expansion of existing Malls. The Company's current plan centers on expanding the Company's Malls portfolio by three new malls, which are currently under construction, plus one extension to an existing mall, to increase its total from 19 Malls as at 31 December 2018G to 22 Malls by the end of Q4 2019G, with an increase in total GLA from 1.079 million square meters to 1.251 million square meters (excluding Jeddah Park). In addition, the Company entered in a Head Lease on 4 March 2019G for Jeddah Park, which is a new mall located in Jeddah and is currently under construction by a developer other than FARE. Jeddah Park is expected to commence operations by Q2 2020G and is expected to result in an increase in the Company's GLA by 128,740 square meters. As at 31 December 2018G, the Company also had five sites which it intends to develop into four new malls, plus Phase 2 of Nakheel Mall (Riyadh) extension, within the next four years. Going forward, the Company will continue to seek opportunities, where such opportunities are feasible, to create new GLA within its Mall portfolio.

- ***Maximize returns from existing portfolio:*** the Company maintains a strong focus on active asset management and intends to continue to build upon its track record of actively managing its Mall portfolio. To achieve this, Management has introduced a number of key initiatives which include: (1)

enhancing occupancy and efficiency rates; (2) optimizing lease rates; (3) optimizing category and tenant mix; (4) boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services; and (5) other business efficiency initiatives.

- ***Maintain and strengthen tenant relationships:*** the Company intends to continue to refine the value proposition offered to its Key Account Tenants and other tenants, including the opportunity to secure an expanding distribution footprint across Saudi Arabia as the geographic coverage of the Company's Mall portfolio increases, as well as through exposure to consumers through consistently high footfall and visitor traffic.
- ***Enhance visitor experience and strengthen brand awareness:*** Management aims to cement the Company's position as the "destination of choice" for tenants and visitors alike through various strategies which Management believes will ultimately drive visitor footfall. These strategies include: (1) positioning Malls to appeal to their target demographic within their respective catchment areas; (2) upgrading the category mix to offer an integrated experience, with additional dining and entertainment offerings and providing convenient and attractive Mall facilities; (3) upgrading the tenant and brand mix and introducing new concepts across the Kingdom, including but not limited to cinemas; (4) being a leader in the digital space and offering visitors a convenient and connected experience while enhancing visitor engagement and personalizing the mall experience; and (5) providing convenient and attractive Mall facilities and services.

1.4 Corporate Overview of the Company and Evolution of its Capital

The Company was established as a limited liability company and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010209177, dated 07/04/1426H (corresponding to 15 May 2005G) with its head office located in Riyadh, West Al Nakheel District, Northern Ring Road, P.O. Box 341904, Postal Code 11333, Kingdom of Saudi Arabia. It was established with a capital of SAR 1,000,000 divided into 1,000 shares with a nominal value of SAR 1,000 per share for each fully paid-up share.

On 11/2/1427H (corresponding to 11 March 2006G), Alhokair Fashion Retail, Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair transferred the entirety of their shares in the Company to Saudi FAS Holding and Fawaz Abdulaziz Alhokair and Partners Holding Company.

On 9/3/1429H (corresponding to 16 March 2008G), Saudi FAS Holding and Fawaz Abdulaziz Alhokair and Partners Holding Company transferred the entirety of their shares in the Company to FAS Real Estate Company and SAAF Al Alamiya Company.

On 27/5/1436H (corresponding to 17 March 2015G), FAS Real Estate Company transferred 150 shares in the Company to Fawaz Abdulaziz Alhokair, 150 shares to Salman Abdulaziz Alhokair, and 130 shares to Abdul Majeed Abdulaziz Alhokair, and SAAF Al Alamiya Company transferred 20 shares to Abdul Majeed Abdulaziz Alhokair.

On 27/5/1436H (corresponding to 17 March 2015G), the Company's share capital was also increased from SAR 1,000,000 to SAR 4,450,000,000 divided into 4,450,000 ordinary shares with a nominal value of SAR 1,000 per Share, through:

- capitalizing SAR 2,257,183,825 from the shareholders' current account (as at 28 February 2015G); and
- capitalizing SAR 2,191,816,175 from the retained earnings account consisting of SAR 1,275,172,345 in earnings retained on 31 March 2014G and SAR 916,643,830 in earnings retained on 28 February 2015G.

On 18/9/1438H (corresponding to 13 June 2017G), the par value of the Shares was reduced from SAR 1,000 per Share to SAR 10 per Share as a result of which Company's capital became SAR 4,450,000,000 divided into 45,000,000 fully paid-up Shares with a par value of SAR 10 per Share.

On 18/9/1438H (corresponding to 13 June 2017G), Fawaz Abdulaziz Alhokair transferred 22,250,000 Shares in the Company to Al Farida Al Oula Company, Salman Abdulaziz Alhokair transferred 22,250,000 shares in the Company to Al Farida Al Thania Company, and Abdul Majeed Abdulaziz Alhokair transferred 22,250,000 shares in the Company to Al Farida Al Thalitha Company.

On 08/01/1439H (corresponding to 28 September 2017G), the Company was converted into a closed joint stock company, with a capital of SAR 4,450,000,000, divided into 445,000,000 ordinary shares with a nominal value of SAR 10 per share.

1.5 Key Developments of the Company since Establishment

The following table shows the Company's key developments from 2002G, the opening of its first Mall, up to the date of this Prospectus.

Table 1-4: Key developments since opening the first Mall (Sahara Plaza) in 2002G

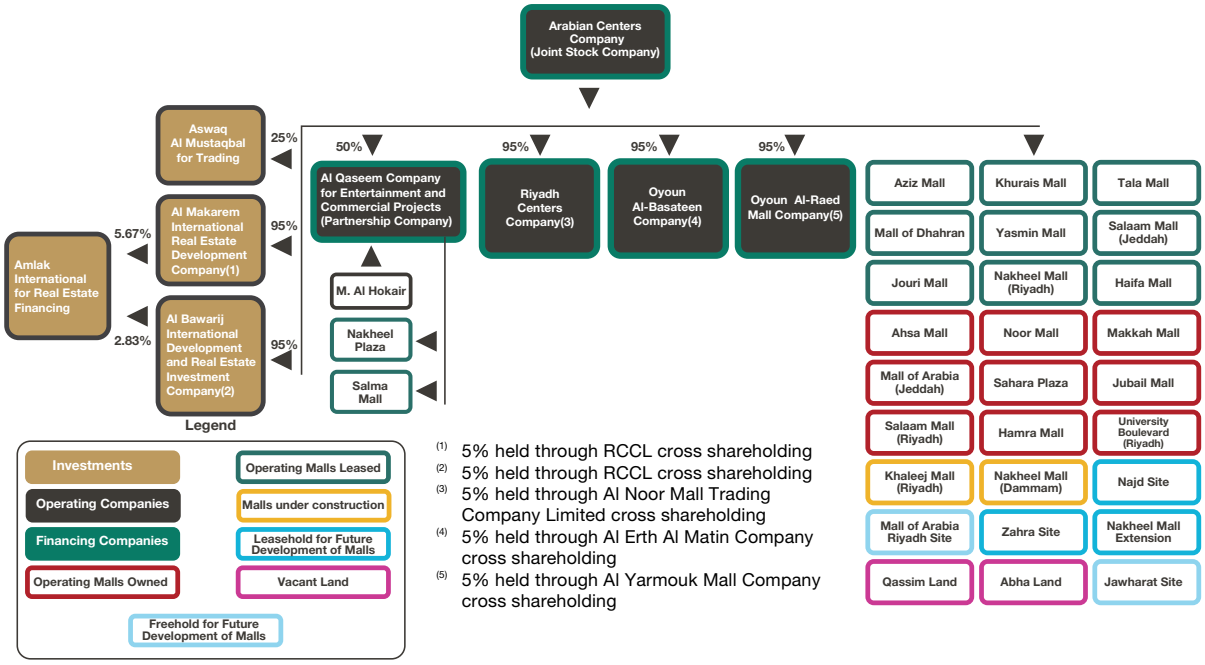
2002G	Opening of Sahara Plaza
2004G	Opening of Nakheel Plaza in Qassim and Khurais Mall in Riyadh Total GLA reaches over 100,000 m²
2005G	Company was established as a limited liability company with a capital of one million (1,000,000) SAR. Opening of Aziz Mall in Jeddah, Salaam Mall in Riyadh and Mall of Dhahran in Dhahran
2006G	Total footfall reaches over 20,000,000
2008G	Opening of Mall of Arabia in Jeddah and Noor Mall in Madinah Total GLA reaches over 500,000 m² Total footfall reaches over 30,000,000
2009G	Opening of Mall of Dhahran extension
2010G	Opening of Ahsa Mall in Hofuf Total footfall reaches over 50,000,000
2011G	Opening of Haifaa Mall in Jeddah and Makkah Mall In Makkah Total GLA reaches over 600,000 m² Total footfall reaches over 60,000,000
2012G	Opening of Salaam Mall in Jeddah Received Saudi Excellence in Tourism Awards 2012 for Mall of Dhahran Received Gold Award for 2012 Middle East and North Africa Shopping Centre Awards from International Council for Shopping Centres
2013G	Received Guinness World Record for the largest soft play area in the world achieved by Billy Beez at Mall of Dhahran Total GLA reaches over 800,000 m² Received Best Special Shopping Experience award for Mall of Dhahran, Saudi Excellence in Tourism Awards
2014G	Opening of Tala Mall in Riyadh, Nakheel Mall in Riyadh and Salma Mall in Hail Total footfall reaches over 88,000,000
2015G	Opening of Jubail Mall in Jubail and Jouri Mall in Taif Received Gold Award at the 2015 Middle East and North Africa Shopping Centre Awards Total footfall reaches over 90,000,000 Company's capital was increased to four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four million four hundred and fifty thousand (4,450,000) Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per Share
2016G	Opening of Yasmeen Mall in Jeddah and Al Hamra Mall in Riyadh Total GLA reaches over 1,000,000 m² Total footfall reaches over 96,000,000

2017G	Par value of Shares was reduced from one thousand Saudi Riyals (SAR 1,000) per Share to ten Saudi Riyals (SAR 10) per Share as a result of which the Company's capital became four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty-five million (445,000,000) Shares with a par value of SAR 10 per Share Company converted from a limited liability company into a closed joint stock company with a capital of SAR 4,450,000,000, divided into 445,000,000 ordinary shares with a fully paid-up nominal value of SAR 10 per Share
2018G	Total footfall reaches over 108,000,000 General Assembly approved the increase of the Company's capital from four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty five million (445,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share to four billion seven hundred and fifty million Saudi Riyals (SAR 4,750,000,000) divided into four hundred and seventy five million (475,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share

1.6 Overview of the Structure of the Company and its Operating Subsidiaries

The following structure chart provides a diagrammatic overview of the Company and its Operating Subsidiaries as at the date of this Prospectus.

Figure 1-1: Company structure chart as at the date of this Prospectus



Note that the Company has a number of Dormant Subsidiaries which were previously established for the purpose of holding properties, including Al Erth Al Matin Company, Al Yarmouk Mall Company and Al Noor Mall Trading Company Limited. These dormant subsidiaries do not own or lease any property, do not have any assets, liabilities, revenues or profits and do not otherwise carry out activities

The following table summarizes the ownership structure of Company's Operating Subsidiaries:

Table 1-5: Summary of key information of the Company's Operating Subsidiaries

No.	Subsidiary	CR Number	Capital (SAR)	Company's Direct Ownership	Company's Indirect Ownership
1.	RCCL	1010223393	500,000	95%	5%
2.	Al Qaseem Company for Entertainment and Commercial Projects (Partnership Company)	1131017545	500,000	50%	0%
3.	Oyoun Al Basateen Trading Company	1010431098	100,000	95%	5%
4.	Oyoun Al Raed Mall Trading Company	1010413282	100,000	95%	5%
5.	Al Bawarij International Development and Real Estate Investment Company	1010245774	500,000	95%	5%
6.	Al Makarem International Real Estate Development Company	1010245770	500,000	95%	5%

Note: the Company has a number of Dormant Subsidiaries (for further details, please see Appendix III: Dormant Subsidiaries)

The following table summarizes the ownership structure of the Company pre- and post-offering:

Table 1-6: Direct Ownership of the Company Pre-Offering and Post-Offering

Shareholder's Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	%	No. of Shares	Par Value (SAR)	%
Fawaz Abdulaziz Alhokair	44,500,000	445,000,000	10%	38,000,000	380,000,000	8%
Salman Abdulaziz Alhokair	44,500,000	445,000,000	10%	38,000,000	380,000,000	8%
Abdul Majeed Abdulaziz Alhokair	44,500,000	445,000,000	10%	38,000,000	380,000,000	8%
Al Farida Al Oula Company	22,250,000	222,500,000	5%	19,000,000	190,000,000	4%
Al Farida Al Thania Company	22,250,000	222,500,000	5%	19,000,000	190,000,000	4%
Al Farida Al Thalitha Company	22,250,000	222,500,000	5%	19,000,000	190,000,000	4%
FAS Real Estate Company	231,400,000	2,314,000,000	52%	197,600,000	1,976,000,000	41.6%
SAAF Al Alamiya Company	13,350,000	133,500,000	3%	11,400,000	114,000,000	2.4%
Public	-	-	-	95,000,000	950,000,000	20.0%
Total	**445,000,000**	**4,450,000,000**	**100%**	**475,000,000**	**4,750,000,000**	**100%**

Source: Company information

MARKET OVERVIEW

1.7 Socio-Economic Overview of Saudi Arabia

Saudi Arabia is by far the largest and most populous country in the Gulf region. The KSA is the powerhouse of the regional economy and is the only regional representative in the G20 group of leading global economies. It also has the largest population in the GCC (accounting for over 60% of the region's population), which has increased from 6.2 million in 1970G to over 33 million in 2018G.

With around 36% of the population aged below 20 and around 34% aged between 20 and 40 years, the Kingdom's young population is expected to continue to drive urbanization. The majority of the population is already comprised of city dwellers, and Saudi Arabia contains four of the largest cities by land area in the GCC region, which are Riyadh, Jeddah, Dammam Metropolitan Area (DMA) and Makkah.

Saudi Arabia's tourism sector is heavily reliant on religious tourists due to the presence of the two Holy Mosques (in Makkah and Madinah). This ensures sustainable demand for religious pilgrimages from the world's more than 1.8 billion Muslims.

The Saudi government's Vision 2030, which plans to wean the economy off oil through diversification, includes developing a leisure sector. The Saudi General Entertainment Authority (GEA) has been mandated with facilitating the development of new entertainment options in the country that are tailored to the needs of the Saudi population. Additionally, increased female participation (feminization) in the retail sector bodes positively for the retail sector as a whole.

1.8 Retail Market Overview

Saudi Arabia's demographic structure is extremely conducive to retail spending. With an estimated population of 33 million as at 2018G, the Kingdom offers a sizeable consumer base for retailers. More importantly, Saudi Arabia has a young population, whose working-age group benefits from a large and growing level of disposable income, and an increasing preference for better quality and diversified products.

The country's retail sector, at approximately SAR 400 billion in retail sales as of January 2019G (as estimated by the Market Study), is the largest in the GCC.

The major cities in Saudi Arabia (Riyadh, Jeddah, Dammam and Makkah) collectively represent 45% of the country's population as at 2016G, 54% of the country's employed labor force as at 2016G and a significant portfolio of retail GLA in Saudi Arabia. The retail landscape in urban areas across Saudi Arabia has been undergoing significant changes over the past five years, with a shift from standalone street shops to an increased number of malls. Store based retailing continues to dominate the Saudi market. According to the Market Study, store based retailing contributed 97% of total retailing in 2018G.

There are a number of important differences that set the Saudi retail market apart from other regional and global retail markets, which include, as at the date of this Prospectus, the relatively low participation rate of females in the workforce. In addition, the impact of recent reforms in the Kingdom, including the issuance of driving licenses to women and the introduction of cinemas, will be measurable only in the medium term. The net result is that the Saudi retail sector is currently underdeveloped compared to other markets of similar size and importance, creating opportunities to participate in its growth and maturity.

The development of retail malls has changed and enriched the retail experience of residents as well as tourists into the country. The influx of malls has been positive, adding air conditioned comfort during adverse summer weather conditions. Retail malls have also developed as a major focus of entertainment and leisure activities and place of social gathering.

Retail sales in Saudi Arabia grew at a CAGR of 3.6% between 2014G and 2018G and represented 65.3% of total GCC retail sales in 2018G. The growing young population, increased urbanization and the transformation in the retail markets with respect to westernized consumption patterns being adopted underpinned this growth. Furthermore, the number of pilgrims visiting the holy cities of Makkah and Madinah continued to act as a catalyst for supporting retail sales growth in the country.

The stock of space within retail malls in the four main cities in Saudi has increased from 5.0 million sq m in 2014G to 6.0 million sq m as of year-end 2018G.

There is currently around 0.4 sq m of mall-based retail space per capita in the four major cities of Saudi Arabia. This is much lower than the international benchmark of 1.1 sq m per capita, identified by the International Council of Shopping Centres (ICSC) and is far below the 1.3 sq m per capita in Dubai (the leading retail center in the region).

In line with global trends, Saudi Arabia is expected to see an increase in the number of retail malls developed over the next 5 years. The areas that are currently under supplied within the major cities are likely to see additional large super-regional and regional malls. In contrast, the supply in more saturated areas will likely focus on community and neighborhood facilities to cater for a more local catchment. The Company is the largest shopping mall owner and operator in Saudi Arabia by total GLA, with a 14% market share as of end 2018G.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with the statutory audited consolidated financial statements of the Company for FY16G and FY17G, the special purpose consolidated financial statements for FY18G, each as prepared in accordance with Saudi GAAP and audited by EY, as stated in their reports included herein, and with the audited consolidated interim financial statements for 9MFY19G, which were prepared in accordance with IFRS-KSA and audited by KPMG Al Fozan & Partners (Certified Public Accountants). Such statements and notes thereto are each included in Section 21 ("**Consolidated Financial Statements and Auditors' Reports**").

SAR (in thousands)	FY16G Audited[1]	FY17G Audited[1]	FY18G Special Purpose Audited[1]	9MFY18G Audited[2]	9MFY19G Audited[2]
Consolidated Income Statement/Profit or Loss Data					
Revenue	1,914,500[3]	2,123,774	2,159,410	1,600,717	1,619,986
Cost of revenue	(444,733)[3]	(543,226)	(530,729)	(401,539)	(405,564)
Depreciation of investment properties	(180,543)	(221,582)	(267,494)	(203,893)	(191,149)
Write-off of investment properties	(8,443)[3]	(45,942)	-	-	-
Gross profit	**1,280,781**	**1,313,023**	**1,361,187**	**995,285**	**1,023,272**
General and administration expenses	(137,380)	(158,637)	(265,741)	(209,458)	(178,266)
Advertising and marketing expenses[4]	(23,899)	(19,123)	(13,444)	(10,654)	(4,947)
Income from main operations	**1,119,502**	**1,135,263**	**1,082,001**	**775,173**	**840,059**
Share in net income of an associate/equity accounted investee	8,648	8,822	9,651	9,651	8,117
Finance charges	(105,800)	(179,121)	(288,661)	(222,481)	(361,806)
Other income, net	10,613	12,026	12,454	10,384	506
Income before Zakat	1,032,963	976,989	815,446	572,727	486,875
Zakat	(32,999)	(27,154)	(32,684)	(25,442)	61,788
Net income/Profit for the year/period	**999,964[5]**	**949,835**	**782,762**	**547,285**	**548,663**
Net income attributable to:					
Shareholders of the Parent Company	981,125[5]	931,731	770,873	537,619	538,400
Non-controlling interests	18,839[5]	18,104	11,888	9,666	10,263
Operating income per share	2.52	2.55	2.43	1.74	1.89
Net income per share attributable to shareholders of the Parent Company	2.20	2.09	1.73	1.21	1.21
Consolidated Financial Position Data					
Current assets	900,031[6]	830,492	894,072	992,248	1,586,267
Noncurrent assets	9,395,148[6]	11,075,673	10,986,685	11,482,344	11,370,695
Total assets	**10,295,178**	**11,906,164**	**11,880,757**	**12,474,592**	**12,956,962**
Current liabilities	1,553,969	1,205,443	1,570,573	1,528,998	1,486,890
Noncurrent liabilities	4,075,180	5,818,975	5,402,785	6,040,642	6,636,205
Total liabilities	**5,629,148**	**7,024,417**	**6,973,357**	**7,569,640**	**8,123,095**
Total equity	4,666,030	4,881,747	4,907,400	4,904,952	4,833,867
Total liabilities and equity	**10,295,178**	**11,906,164**	**11,880,757**	**12,474,592**	**12,956,962**
Consolidated Cash Flow Data					
Net cash from (used in) operating activities	984,733	1,092,163	1,244,247	799,193	198,103
Net cash used in investing activities	(793,939)	(2,270,649)	(535,610)	(382,856)	(538,274)
Net cash (used in) from financing activities	(278,173)	1,093,869	(786,504)	(558,563)	413,046

SAR (in thousands)	FY16G[1]	FY17G[1]	FY18G Special Purpose[1]	9MFY18G[2]	9MFY19G[2]
Key Financial and Performance Indicators					
Period-end number of malls	17	19	19	19	19
Period-end number of freehold malls	7	8	8	8	8
Period-end number of malls under headleases	10	11	11	11	11
Total available GLA (sqm.)	965,191	1,069,914	1,074,530	1,079,327	1,078,821
Period-end occupied GLA (sqm.)	900,503	971,429	994,990	1,014,540	1,016,307
Occupancy at period-end	93.3%	90.8%	92.6%	92.8%	94.2%
Weighted average occupied GLA (sqm.)	873,029	938,482	1,002,063	997,662	1,001,606
Average yearly occupancy rate	90.5%	87.7%	93.3%	92.4%	92.8%
Footfall	90,000,000+	96,000,000+	108,000,000+	82,000,000+	81,000,000+
Revenue growth rate	9.6%	10.9%	1.7%	2.4%	1.2%
Gross profit margin	66.9%	61.8%	63.0%	62.2%	63.2%
Net income margin	51.2%	43.9%	35.7%	33.6%	33.2%
Return on assets[7]	9.7%	8.0%	6.6%	4.3%	4.2%
Return on equity[8]	21.4%	19.5%	16.0%	11.0%	11.1%
Total liabilities/total assets	54.7%	59.0%	58.7%	60.7%	62.7%
Total liabilities/total shareholders' equity	120.6%	143.9%	142.1%	154.3%	168.0%
Dividend pay-out ratio[9]	90.3%	77.2%	96.7%	96.1%	116.6%
EBITDA[10]	**1,332,169**	**1,398,578**	**1,402,126**	**1,020,325**	**1,064,309**
EBITDAR[10]	**1,515,705**	**1,608,176**	**1,597,102**	**1,164,806**	**1,235,749**

(1) Financial information in the table above for FY16G, FY17G and FY18G has been extracted from the Company's audited financial statements for the financial years ended 31 March 2017G and 2018G prepared in accordance with Saudi GAAP.

(2) Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's audited consolidated interim financial statements prepared in accordance with IFRS-KSA. There are certain significant differences between Saudi GAAP and IFRS-KSA, and periods presented under IFRS-KSA are not comparable to periods presented under Saudi GAAP.

(3) Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus.

In addition, in line with the classifications basis for the years ended 31 March 2018G and 31 March 2017G, write-off of investment properties was reclassified as a direct cost (and thus part of gross profit) rather than as indirect cost (below gross profit). For consistency purposes, SAR 8.4 million of write-off of investment properties for FY16G was reclassified as a direct cost in this Prospectus.

The following table shows a reconciliation of the reclassified figures with the reported figures for 31 March 2016G in the Company's FY17G Financial Statements:

SAR (in thousands)	FY16G (reported)	Adjustments	FY16G (reclassified)
Consolidated Income Statement Data			
Revenue	1,852,214	62,287	1,914,500
Cost of revenue	(382,446)	(62,287)	(444,733)
Depreciation of investment properties	(180,543)		(180,543)
Write-off of investment properties	-	(8,443)	(8,443)
Gross profit	**1,289,225**	**(8,443)**	**1,280,781**
General and administration expenses	(137,380)		(137,380)
Advertisement and promotion expenses	(23,899)		(23,899)
Income from main operations	**1,127,945**	**(8,443)**	**1,119,502**
Share in net income of an associate	8,648		8,648
Write-off of investment properties	(8,443)	8,443	-
Finance charges	(105,800)		(105,800)
Other income, net	10,613		10,613
Income before Zakat	1,032,963		1,032,963
Zakat	(32,999)		(32,999)

SAR (in thousands)	FY16G (reported)	Adjustments	FY16G (reclassified)
Net income	**999,964**		**999,964**

(4) This line item was disclosed as "Advertisement and promotion" in the Company's audited financial statements for the financial years ended 31 March 2017G and 2018G.

(5) Presented in this Prospectus in line with the presentation of the FY18G Financial Statements.

(6) In this Prospectus, in line with the classifications basis at 31 March 2018G, SAR 223.2 million of advances made to a contractor-related party at 31 March 2016G were reclassified from non-current portion to current portion; and SAR 249.8 million of initial direct costs for operating leases at 31 March 2016G were reclassified under investment properties from a separate line item on the balance sheet as at 31 March 2018G. The following table shows a reconciliation of the reclassified figures presented in this Prospectus with the reported figures for 31 March 2016G in the Company's FY17G Financial Statements:

SAR (in thousands)	At 31 March 2016G (reported)	Adjustments	At 31 March 2016G (reclassified)
Assets			
Current assets			
Cash and bank balances	242,834		242,834
Accounts receivable, net	169,568		169,568
Amounts due from related parties	160,244		160,244
Advances to a contractor, related party	-	223,221	223,221
Prepayments and other current assets	104,164		104,164
Total current assets	**676,810**	**223,221**	**900,031**
Non-current assets			
Advances to a contractor, related party	643,943	(223,221)	420,722
Amounts due from related parties	364,445		364,445
Prepaid rent	176,654		176,654
Initial direct costs for operating leases	249,800	(249,800)	-
Investment in an associate	36,197		36,197
Available for sale investments	234,454		234,454
Investment properties	7,851,989	249,800	8,101,789
Property and equipment	60,887		60,887
Total non-current assets	**9,618,368**	**223,221**	**9,395,148**
Total assets	**10,295,178**		**10,295,178**

(7) Return on assets is defined as net income divided by total assets.

(8) Return on equity is defined as net income divided by total equity.

(9) Dividend payout ratio is defined as the amount of dividends paid to shareholders relative to the amount of total net income.

(10) EBITDA is defined as earnings before interest, tax/zakat, depreciation and amortization. EBITDAR is defined as earnings before interest, tax/zakat, depreciation, amortization and rent / leasing costs. The Company uses certain measures to assess the operational and financial performance of its business that are unaudited supplemental measures that are not required by, or presented in accordance with, Saudi GAAP or IFRS-KSA. These non-GAAP financial measures include EBITDA and EBITDAR. Management uses such measures to measure operating performance and as a basis for strategic planning and forecasting. Management believes that these and similar measures are used widely by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-GAAP measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under Saudi GAAP or IFRS-KSA. In addition, the Company defines EBITDA and EBITDAR differently from, and the Company's definitions thereof may not be comparable to, similarly titled measures used by companies filing financial and other documents with the United States Securities and Exchange Commission.

The following table shows how the Company reconciles its net income to its EBITDA and EBITDAR:

SAR (in thousands)	FY16G	FY17G	FY18G Special Purpose	9MFY18G	9MFY19G
Net income for the year*	**999,964**	**949,835**	**782,762**	**547,285**	**548,663**
Financial charges**	105,800	179,121	288,661	222,481	361,806
Zakat	32,999	27,154	32,684	25,442	(61,788)
Depreciation of investment properties	180,543	221,582	267,494	203,893	191,149
Depreciation of property and equipment	12,863	20,886	30,525	21,224	24,479
EBITDA	**1,332,169**	**1,398,578**	**1,402,126**	**1,020,325**	**1,064,309**
Rent expense – Cost of revenue	183,536	209,598	194,976	144,481	171,440
EBITDAR	**1,515,705**	**1,608,176**	**1,597,102**	**1,164,806**	**1,235,749**

** Presented in this Prospectus in line with the presentation of the FY18G Financial Statements. This line item in the 9MFY18G Financial Statements is "Profit for the period".*

*** Presented in this Prospectus in line with the presentation of the FY18G Financial Statements. This line item in the 9MFY18G Financial Statements is "Finance cost".*

There are certain significant differences between Saudi GAAP and IFRS-KSA, and periods presented under IFRS-KSA are not comparable to periods presented under Saudi GAAP.

SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

1. Risks Related to the Company's Operations

1. *The impact of the levels of visitor traffic and spending on the Company's business*
2. *The Company's Malls reliance on Key Account Tenants*
3. *The impact of the financial condition of the Company's tenants on the Company's business*
4. *The impact of increasing operating expenses on the Company's business*
5. *The impact of delays in rent collection on the Company's working capital*
6. *Risks associated with the Company's renewal of its existing leases and entry into new leases with new tenants*
7. *The Company's dependence upon Related Party Transactions*
8. *Risks associated with the terms of the Company's Related Party Transactions*
9. *The impact of the competitive industry in which the Company operates*
10. *Risks associated with the Company's expansion strategy*
11. *Risks associated with the development of new malls and projects*
12. *The Company's reliance upon mall design and construction services from FARE*
13. *Risks associated with the Company's use of third party contractors*
14. *Risks associated with the Company's turnover rental arrangements with certain of its tenants*
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1. DEFINITIONS AND ABBREVIATIONS

Admission	Admission of the Shares to listing and the admission of the Offer Shares to trading on the Tadawul in accordance with the OSCOs and the Listing Rules.
Advisors	Company Advisors in relation to the Offering, whose names appear on pages xii and xiii of this Prospectus.
Alhokair Fashion Retail	Fawaz A. Alhokair & Co. and its subsidiaries (operating under the trading name "Alhokair Fashion Retail"), listed on the Exchange under ticker symbol 4240 and an Associated Company, engaged in, among other things, fashion retail franchising (for more information, please refer to section 5.5.4 "**Related Party Transactions Policy**").
Amana	A municipality within the Kingdom of Saudi Arabia.
Anchor Tenant	Any tenant of the Company which leases a retail unit which occupies more than 1,000 square meters of GLA of any one Mall.
Associated Company	Any company, entity or person which is a member of the Fawaz Alhokair Group excluding the Company and its Subsidiaries.
Audit Committee	The Board of Directors' audit committee.
Authorized Person	A person authorized by the CMA to carry out securities business.
Bid Form	The bid form to be used by Participating Entities to bid for the Offer Shares during the book-building process. This term includes, when applicable, the appended bid form used if the price range is changed.
Board of Directors or **Board**	The Company's board of directors.
Book-Building Instructions	Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 4-4-2018 dated 23/4/1439H (corresponding to 10/1/2018G).
Bridge Brand	Premium brands comprising affordable luxury items.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in Saudi Arabia.
Bylaws	The Company's Bylaws, set out in Section 13.12 ("**Summary of the Bylaws**").
CAGR	Compound Annual Growth Rate.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H (corresponding to 31 July 2003G), and its amendments.
Chairman	The chairman of the Board of Directors.
Chief Executive Officer	The Company's chief executive officer.
Chief Financial Officer	The Company's chief financial officer.
CMA	The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.
Committees	The Audit Committee and the Nomination and Remuneration Committee.
Community Mall	Any mall that has a GLA of at least 10,000 square meters but less than 37,000 square meters, based on the ICSC definition.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G).
Company	Arabian Centres Company together with its consolidated Subsidiaries (unless the context requires otherwise).

Controlling Shareholders	The ultimate controlling shareholders of the Company jointly owning (directly or indirectly) more than 51% of the issued share capital of the Company, being Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) (pursuant to the Companies Law) as amended by Resolution No 3-45-2018 dated 7/8/1439H (corresponding to 23 April 2018G).
Corporate Guarantors	Collectively: Saudi FAS Holding Company; FAS Real Estate Company; SAAF Al Alamiya Company; RCCL; Al Farida Al Oula Company; Al Farida Al Thania Company; and Al Farida Al Thalitha Company, each of which has provided a guarantee in respect of the Re-financing Facilities.
Council of Ministers	The council of ministers of Saudi Arabia.
Current Shareholders	Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair, Abdul Majeed Abdulaziz Alhokair, Al Farida Al Oula Company, Al Farida Al Thania Company, Al Farida Al Thalitha Company, FAS Real Estate Company and SAAF Al Alamiya Company.
Dammam Metropolitan Area	The area comprising the cities of Dammam, Dhahran and Al Khobar, which have merged into what is referred to as the Dammam Metropolitan Area.
Directors	Members of the Board of Directors.
Dormant Subsidiaries	Subsidiaries of the Company which do not own or lease any property, do not have any assets, liabilities, revenues or profits and do not otherwise carry out activities. For more information please refer to Appendix II: "**Dormant Subsidiaries**".
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBITDAR	Earnings before interest, tax, depreciation, amortization and rent / leasing costs.
Eid	Eid Al Fitr and / or Eid Al Adha.
Exchange	The Saudi Arabian Stock Exchange (Tadawul).
External Tenant	Any tenant of the Company which is not an Internal Tenant.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
EY	Ernst & Young & Co. (Public Accountants).
FARE	Fawaz Alhokair Real Estate Company, an Associated Company, engaged in the construction of malls (for more information, please refer to section 5.5.4 "**Related Party Transactions Policy**").
FAS Energy	FAS Energy Trading Company, an Associated Company, engaged in renewable energy development (for more information, please refer to section 5.5.4 "**Related Party Transactions Policy**").
Fawaz Alhokair Group	The group of companies (including the Company, Alhokair Fashion Retail, FARE, FAS Energy and TNS, among others) owned and controlled collectively, directly or indirectly, by Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair.
Financial Institutions	Banks and financial services companies.

Financial Statements	Audited consolidated financial statements for (i) the fiscal years ended 31 March 2016G, 2017G and the special purpose audited financial statements for 2018G, together with accompanying notes, which have been prepared in accordance with Saudi GAAP; and (ii) the fiscal year ended 31 March 2018G and the nine month period ended 31 December 2018G, together with the accompanying notes, which have been prepared in accordance with IFRS-KSA. Also referred to herein as the "**Audited Financial Statements**".
FY16G	The period commencing 1 April 2015G and ended 31 March 2016G.
FY17G	The period commencing 1 April 2016G and ended 31 March 2017G.
FY18G	The period commencing 1 April 2017G and ended 31 March 2018G.
Financiers	The lenders under the Re-financing Facilities.
F&B	Food & Beverage sector.
Food and Entertainment Company	Food and Entertainment Trading Company, an Associated Company, engaged in the operation of food service outlets through international franchises (for more information, please refer to section 5.5.4 "**Related Party Transactions Policy**").
Foreign Investors	Non-GCC individuals living outside the Kingdom and non-GCC institutions registered outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into Swap Agreements (including through P-Notes) with Authorized Persons to purchase Shares listed on the Exchange.
G	Gregorian.
GAZT	General Authority of Zakat and Tax.
GCC	Gulf Cooperation Council.
GCC Corporate Investor	Any company in which the majority of its share capital is owned by nationals of GCC countries or governments having the nationality of a GCC country in accordance with the definition contained in the Resolution of the Supreme Council of the Gulf Cooperation Council issued at its fifteenth session and approved by Council of Ministers Resolution No. (16) dated 20/01/1418H, as well as GCC funds established in one of the GCC countries whose units are offered in a public offering to investors from those countries in which the majority of the fund's capital is owned by citizens of the GCC countries or their governments.
GDP	Gross Domestic Product (the broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time).
GDP per capita	GDP per capita is a measure of average income per person in a country (calculated by dividing the GDP by the population).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly. "General Assembly" shall mean any Company general assembly.
General Entertainment Authority	The Saudi General Entertainment Authority.
GLA	Gross leasable area.
GOSI	General Organization of Social Insurance in Saudi Arabia.

Government or Saudi Government	Government of Saudi Arabia, with "Governmental" interpreted accordingly.
Group	Arabian Centres Company and its Subsidiaries.
H	Hijri.
Head Lease	Head lease agreements entered into with the Company or its Operating Subsidiaries as a tenant in respect of certain of its Malls, as set out in Section 13.5.1 "Head Leases" of this Prospectus.
ICSC	International Council of Shopping Centers.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board.
IFRS-KSA	IFRS as endorsed by SOCPA, comprising IFRS with additional requirements and disclosures added by SOCPA and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
Individual Investors	Saudi Arabian natural persons, including any Saudi female divorcee or widow from a marriage to a non-Saudi who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor Saudi children.
Institutional Investors	Means: (a) public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book-Building Instructions; (b) persons authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules (c) clients of a person authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; (d) any other legal person that may open an investment account in the Kingdom and an account with the Depository Center. Except for non-resident foreign investors, other than Qualified Foreign Investors as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in compliance with the CMA Circular No. 6/05158, dated 11/8/1435H (corresponding to 9/6/2014G), issued pursuant to the CMA Board Resolution No. 9-28-2014, dated 20/7/1435H (corresponding to 19/5/2014G), as amended; (e) Government entities and any supranational authority recognized by the CMA, the Exchange or any other exchange recognized by the CMA or the Depository Center; (f) companies owned by the Government, directly or through a portfolio manager

Institutional Investors	(g) GCC companies and GCC funds if the terms and conditions of the fund permit it; (h) Qualified Foreign Investors; and (i) an ultimate beneficiary of legal personality in a swap agreement with an Authorized Person under the terms and conditions of the swap agreements.
Institutional Subscription Application Form	The subscription application form to be filled by Institutional Investors in order to subscribe for the Offer Shares.
Internal Tenant	Any of Alhokair Fashion Retail, Food and Entertainment Company and its subsidiaries, Billy Games Company, Kids Space Company, Coffee Centres Trading Co., Saudi Global Academy, each of which leases GLA in one or more of the Company's Malls and is a Related Party.
Investment Funds Regulations	Investment Funds Regulations issued by the board of the CMA pursuant to its Resolution Number 1/219/2006, dated 3/12/1427H (corresponding to 24/12/2006G), amended by the board of the CMA pursuant to its Resolution Number 1/61/2016 dated 16/8/1437H (corresponding to 23/5/2016G).
ISO	International Organization of Standardization.
IT	Information technology.
Jeddah Park Valuation Report	The valuation report in respect of Jeddah Park, prepared as of 11 March 2019G by JLL, dated 28 March 2019G.
Joint Bookrunners	Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia, NCB Capital Company, Goldman Sachs Saudi Arabia, EFG Hermes KSA, Citigroup Saudi Arabia, Emirates NBD Capital KSA, Natixis and Credit Suisse Saudi Arabia.
Joint Financial Advisors	Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia, NCB Capital Company and Goldman Sachs Saudi Arabia.
JLL	Jones Lang LaSalle Saudi Arabia Co. for Real Estate Valuation, the Market Research Consultant and the External Valuer.
Junior Anchor Tenant	Any tenant of the Company which leases a retail unit which occupies between 500 and 1,000 square meters of GLA of any one Mall.
Key Account Tenant	Any tenant of the Company which generates at least SAR 10 million for each financial year.
KPMG	KPMG Al Fozan & Partners (Certified Public Accountants).
KSA, the Kingdom, Saudi Arabia or Saudi	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Arabian Labor Law issued under Royal Decree No. M/51 dated 23/8/1426H (corresponding to 27/9/2005G), as amended.
Lead Coordinator	Samba Capital & Investment Management Company.
Lead Manager	Samba Capital & Investment Management Company.
Leased Land	Land leased by the Company, set out in Section 13.5.1 "Head Leases" of this Prospectus.
Line Store Tenant	Any tenant of the Company which leases a retail unit which occupies less than 500 square meters of GLA of any one Mall.
Listing	Listing of the Company's Shares on the Saudi Stock Exchange in accordance with the Listing Rules.

Listing Rules	The Listing Rules of Tadawul issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) as amended pursuant to resolution number 1-115-2018 dated 13/12/1440H (corresponding 22/10/2018G).
Lock-up Period	The six-month period during which the Substantial Shareholders may not dispose of any of their Shares from the date on which trading of the Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares.
Mall or **Malls**	All or any one of the Company's existing 19 operating malls as at the date of this Prospectus (and which, in the case of Nakheel Plaza (Qassim), is deemed to include Nakheel Plaza Extension in Qassim (save as expressly stated otherwise in Section 6.6.7.4 ("**Other Properties**") of this Prospectus)).
Management	The executive directors and Senior Executives of the Company.
Market Research Consultant	Jones Lang LaSalle Saudi Arabia Co. for Real Estate Valuation or JLL.
MENA	Middle East and North Africa.
Ministry of Labor and Social Development	The Ministry of Labor and Social Development in Saudi Arabia.
MOCI	Ministry of Commerce and Investment in Saudi Arabia.
MOMRA	Ministry of Municipal and Rural Affairs in Saudi Arabia.
National Transformation Program	A program developed to help fulfill "Saudi Arabia's Vision 2030" and to identify the challenges faced by government bodies in the economic and development sectors.
New Shares	30,000,000 new Shares to be allotted and issued by the Company in connection with the Offering.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors.
Offer Price	SAR [•] per Share.
Offer Shares	95,000,000 Shares comprising the New Shares and the Sale Shares.
Offering	The initial public offering of the Offer Shares.
Official Gazette	Um Al Qura, the official gazette of the Government of Saudi Arabia.
Operating Subsidiaries	The Company's subsidiaries which currently own Properties, owned Properties immediately prior to the Re-financing or currently hold investments, being: RCCL; Al Qaseem Company for Entertainment and Commercial Projects (Partnership Company); Oyoun Al Basateen Trading Company; Oyoun Al Raed Mall Trading Company; Al Bawarij International Development and Real Estate Investment Company and Al Makarem International Real Estate Development Company. For more information please refer to section 4.6.3 "**Overview of the Operating Subsidiaries**".
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017G) based on the Capital Market Law. as amended by resolution number 3-45-2018 dated 7/8/1439H (corresponding to 23 April 2018G).

Over-allotment	A process by which a number of additional shares is allocated to the shares offered for subscription. Such shares are borrowed from the lending-shareholders and sold to the public during the initial public offering at the subscription price, in accordance with the over-allotment agreement.
Over-allotment Option	The grant of a purchase option by the Over-allotment Shareholder to the Stabilizing Manager of the Over-allotment Shares.
Over-allotment Shareholder	FAS Real Estate Company.
Over-allotment Shares	The additional Shares of up to a maximum of 14,250,000 Shares, representing 15 percent of the total number of Shares comprised in the Offering, granted by the Over-allotment Shareholder to the Stabilizing Manager in connection with the Over-allotment Option.
Parent Company	Arabian Centres Company
Participating Entities	Entities involved in the book-building process from amongst the Institutional Investors.
Personal Guarantors	Fawaz Abdulaziz Al Hokair; Salman Abdulaziz Al Hokair; and Abdul Majeed Abdulaziz Al Hokair, each of whom has provided a guarantee in respect of the Re-financing Facilities.
P-Notes	Participatory notes issued to Foreign Investors pursuant to arrangements under Swap Agreements.
Properties	The Company's portfolio of properties and development projects, which consists of the following: (a) the 19 Malls as set out in Table 4-23 ("**Overview of Malls**") (and which, in the case of Nakheel Plaza (Qassim), is deemed to include Nakheel Plaza Extension in Qassim); (b) the three new malls under construction, Phase 1 of Nakheel Mall (Riyadh) extension and Jeddah Park, as set out in Section 4.9.1 ("**Malls Under Construction**"); (c) the five sites for future development (including Phase 2 of Nakheel Mall (Riyadh) extension) as set out in Section 4.9.2 ("**Lands for future development**"); and (d) the vacant lands with no current plans for development, being Qassim Land and Abha Land.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 30/12/2012G), as amended.

Public	Persons not listed below: (a) affiliates of the Company; (b) major shareholders of the Company; (c) directors and senior executives of the Company; (d) directors and senior executives of the affiliates of the Company; (e) directors and senior executives of the major shareholders in the Company; (f) any relatives of the persons referred to in ((a), (b), (c) or (d)) above; (g) any company controlled by any person referred to in ((a), (b), (c), (d), (e) or (f)) above; and (h) persons working together and, collectively, holding 5% or more of the share call to be listed.
QFI or **Qualified Foreign Investor**	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to an authorized person to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Ramadan	The Holy month of Ramadan.
RCCL	Riyadh Centres Company Limited, a subsidiary of the Company.
Real Estate Valuation Report	The valuation report in respect of the Subject Properties, prepared as of 31 December 2018G by JLL, dated 28/2/2019G.
Receiving Agents	National Commercial Bank, Banque Saudi Fransi, Al-Rajhi Bank, Arab National Bank, Bank AlBilad, Bank AlJazira, Riyad Bank, SAMBA Financial Group, The Saudi British Bank, The Saudi Investment Bank and Alinma Bank.
Re-financing	The Company's refinancing of its existing debt facility arrangements through a new SAR 7.205 billion 10 year term loan facility.
Re-financing Facilities	The re-financing agreements in connection with the Re-financing include: ● a murabaha facility of approximately SAR 1,433,350,000 (the "**Murabaha Facility**"); and ● an ijara facility of approximately SAR 5,771,500,000 (the "**Ijara Facility**").
Regional Mall	Any mall with a GLA of at least 37,000 square meters but less than 74,000 square meters, based on the ICSC definition.
Regulation S	Regulation S under the Securities Act issued by the United States of America in 1933 (and any amendments thereto).
Related Party Transactions	Transactions entered into between the Company and its Related Parties (including Internal Tenants) as set out in Section 13.6 ("**Transactions and Contracts with Related Parties**").

Related Party(ies)	In this Prospectus and pursuant to the Glossary of defined terms used in the regulations and rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended pursuant to the CMA Board Resolution No. 1-7-2018, dated 1/5/1439H (corresponding to 18/1/2018G), a "related party" includes any of the following: (a) affiliates of the Company; (b) Substantial Shareholders; (c) Directors and Senior Executives; (d) members of the boards of directors and senior executives of an affiliate of the Company; (e) members of the boards of directors and senior executives of Substantial Shareholders; (f) any relatives of the persons described in paragraphs (a), (b), (c), (d), and (e); or (g) any company controlled by any person described in paragraphs (a), (b), (c), (d), (e) and (f). In paragraph (g), "control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate: (i) holding 30% or more of the voting rights in a company; or (ii) having the right to appoint 30% of more of the members of the governing body, and a "controller" shall be construed accordingly.
Relatives	A "relative" includes any of the following: (a) Fathers, mothers, grandfathers, grandmothers and ancestors thereof; (b) children, grandchildren and descendants thereof; (c) brothers, sisters and half-siblings; and (d) husbands and wives.
Retail Subscription Application	The subscription application submitted through one of the following electronic channels: the internet, telephone banking or automated teller machine (ATM) at any branch of the Receiving Agents which offers some or all of these services to their customers.
Rules for Qualified Foreign Financial Institutions Investment in Listed Securities	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the CMA's Board pursuant to Resolution No. 1-42-2015 dated 15/07/1437H (corresponding to 04/05/2015G) by Resolution No. 1-3-2018 dated 22/4/1439H (corresponding to 9/1/2018G) issued by the CMA's Board.
Sale Shares	65,000,000 existing Shares of the Company to be sold by the Selling Shareholders in connection with the Offering.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
Saudization	Saudization requirements applicable in Saudi Arabia with respect to the labor market.

Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Secretary	The secretary of the Board of Directors.
Securities Act	The United States Securities Act of 1933, as amended.
Security Properties and each a Security Property	Abha Land, Ahsa Land, Noor Mall, Makkah Mall. Nakheel Mall (Dammam), Hamra Mall, Jubail Mall, Khaleej Mall, Mall of Arabia (Jeddah), Qassim Land, Sahara Plaza, Salaam Mall (Riyadh), Mall of Arabia (Riyadh) and Jawharat Site.
Selling Shareholders	The Shareholders whose names and ownership percentages are set out in Table 1-6 ("**Direct Ownership of the Company Pre-Offering and Post-Offering**") who will sell some of their Shares in the Offering.
Senior Executives	Members of the Company's senior management whose names are set out in Table 5-5 ("**Senior Management Details**").
Shareholder	Any holder of Shares in the Company.
Shares	Any fully paid ordinary share of the Company with a nominal value of SAR 10 per share in the capital of the Company in issue from time to time.
Saudi GAAP	Generally accepted accounting principles in the KSA as issued by SOCPA.
SOCPA	Saudi Organization for Certified Public Accountants.
Stabilizing Manager	Goldman Sachs Saudi Arabia
Stock Lending Agreement	The stock lending agreement entered into between the Stock Lending Shareholder and the Stabilizing Manager in connection with the Offering.
Stock Lending Shareholder	FAS Real Estate Company.
Subject Properties	The Company's portfolio of properties and development projects valued by JLL in its Valuation Report dated 28 February 2019G, which consists of the following existing Malls in operation and new malls under construction as at 31 December 2018G (being the date of the valuation in the Valuation Report): ● Khurais Mall ● Salaam Mall ● Sahara Plaza ● Tala Mall ● Nakheel Mall (Riyadh) ● Nakheel Plaza (including Nakheel Plaza Extension) (Qassim) ● Salma Mall ● Aziz Mall ● Haifa Mall (Jeddah) ● Mall of Arabia (Jeddah) ● Salaam Mall (Jeddah) ● Mall of Dhahran ● Ahsa Mall

Subject Properties	● Makkah Mall ● Jubail Mall ● Jouri Mall ● Noor Mall ● Hamra Mall ● Yasmin Mall ● Khaleej Mall (Riyadh) ● Nakheel Mall (Dammam) ● University Boulevard but excluding the following new malls, extensions and sites which were neither operational nor under construction as at 31 December 2018G: (1) Najd Site; (2) Zahra Site; (3) Jeddah Park; (4) Nakheel Mall Riyadh Extensions Phase 1 and Phase 2; and (5) the landbank properties (Mall of Arabia, Riyadh Site, Jawharat Site, Abha Land and Qassim Land).
Subscriber	Any Participating Entity who subscribes for any of the Offer Shares.
Subsidiaries	The Company's Operating Subsidiaries and Dormant Subsidiaries (as defined above).
Substantial Shareholder	A person who owns 5% or more of the Company's share capital.
Super-Regional Mall	Any mall with a GLA of at least 74,000 square meters, based on the ICSC definition.
Tadawul	The Saudi Stock Exchange (Tadawul).
Taqeem Regulations	The regulations governing valuation activities in the Kingdom of Saudi Arabia pursuant to the Accredited Valuers Law issued by Royal Decree No. M/43 dated 9/7/1433H and the Implementing Regulations for the Real Estate Valuation Sector issued by Ministerial Decision No. 531 dated 3/6/1435H as subsequently amended by Ministerial Decision No. 6039 dated 2/2/1439H.
TNS	Tadarees Najd Securities for Special Civil Security Services Establishment, a member of the Fawaz Alhokair Group (but not a Subsidiary) engaged in security services.
Ultimate Parent Company	Saudi FAS Holding Company.
Underwriter(s)	Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia and NCB Capital Company.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
USD or US Dollar	United States Dollar, the lawful currency of the United States of America.
Valuation Report	The valuation report in relation to the Subject Properties as at 31 December 2018G dated 28/2/2019G and prepared by JLL.
VAT	Value Added Tax (also known as the goods and services tax).
Vice President of Operations	The Company's vice president of operations.
Vision 2030	Vision 2030 issued in 2016G by the Saudi government.
Zakat	A form of alms-giving treated in Islam as a religious obligation or tax.
Zakat Certificates	Zakat certificates issued by GAZT.

2. RISK FACTORS

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

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

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

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

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

The risks and uncertainties described below are presented in an order that does not reflect their importance or anticipated effect on the Company. Additional unknown risks and uncertainties or those deemed immaterial now may have the impact or consequences described in this Prospectus. The risks set out in this section 2 do not purport to be: (a) a complete or composite list of all risks which may affect the Company or in any case its operations, activities, assets or markets in which it operates; and/or (b) an explanation of all the risks involved in investing in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 The impact of the levels of visitor traffic and spending on the Company's business

The Company's revenues depend on rental income from tenants whose ability to pay rent, and in some cases the level of rent they pay, in each case depends, in turn, on the level of their sales to visitors. Accordingly, the Company's Malls are subject to the inherent risks relating to the retail sector. Retail sales are subject to rapid and occasionally unpredictable changes in the behavior of visitors to the Company's Malls, which may be influenced by general economic conditions, including levels of income, general confidence in the economy and changes in consumer preferences and demographics. In addition, fluctuations in economic factors beyond the Company's control, such as the availability of credit for consumers, prevailing interest rates, unemployment rates, salary levels and tax rates, cost of utilities, or partial or full removal of subsidies provided by the Saudi Arabian government, may affect visitor spending and demand for products and services sold by the Company's tenants. If the Company or its tenants misjudge or fail to respond to market changes, the Company's rental income and financial performance will be negatively affected.

Developments affecting the areas in which the Company's Malls are situated may also affect footfall and visitor spending, including demographic changes as well as changes that affect easy access by visitors. The vast majority of visitors depend on private cars or taxis to reach the Company's Malls. Maintenance or infrastructure works carried out on the roads or surrounding areas leading to the Company's Malls are beyond the Company's control, and may lead to a negative impact on the number of visitors to the Company's Malls. In addition, any changes in the demographic composition of visitors living near to or around specific Malls, including changes in average income levels and brand preferences among visitors, may adversely affect footfall and visitor spending.

New and longer-term retail trends may also adversely impact the Company's business and results of operations. For instance, the adoption of e-commerce within Saudi Arabia is currently growing significantly and therefore, over time, visitor spending may become increasingly allocated to on-line and mobile applications as well as other alternative retail channels. A shift in spending towards e-commerce and other alternative retail channels may lead to a decline in visitor traffic in the Company's Malls, which would result in, among other things, a decline in footfall and visitor spending at the Company's Malls, and, in turn, a decline in demand by tenants for retail space at the Company's Malls.

In addition, shopping malls in Saudi Arabia are becoming increasingly popular family destinations. This reflects both the appeal of shopping malls, with diverse shopping, eating and entertainment options within an air conditioned environment, as well as relatively limited alternative entertainment options due to a number of local factors, including climate and cultural preferences within Saudi Arabia. To the extent that reforms within Saudi Arabia result in the introduction of new and competing forms of entertainment, the Company's Malls may gradually experience reduced footfall as a result of potential changes in the preferences of, and/or the substitution by, the population of Saudi Arabia in favor of competing forms of entertainment instead of the Company's Malls.

Any decline in visitor traffic or spending as a result of any of the foregoing factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.2 The Company's reliance on Key Account Tenants

The Company's revenues are heavily dependent on certain Key Account Tenants. The Company's Key Account Tenants are considered strategic partners and are generally significant retail groups with large portfolios of well-known brands which lease multiple retail units across several of the Company's Malls. Key Account Tenants include Alhokair Fashion Retail, Landmark Arabia Company, Apparel Trading Company, Kamal Othman Jamjoom Trading Company and Farouk Contracting And Trading Co. The Company's revenues from its top five Key Account Tenants represented approximately 39.1%, 37.0% and 37.5% of the Company's total revenue for the financial years ended 31 March 2016G, 31 March 2017G and 31 March 2018G, respectively, and 36.3% for the nine months ended 31 December 2018G. In addition, the Company's revenues from its top 10 Key Account Tenants represented approximately 46.2%, 44.8% and 46.0% of the Company's total revenue for the financial years ended 31 March 2016G, 31 March 2017G and 31 March 2018G, respectively, and 45.4% for the nine months ended 31 December 2018G. The Company's revenues from Key Account Tenants represents a significant portion of the Company's total revenues and the Company is expected to continue to remain dependent to a material extent on the continuing relationships with its Key Account Tenants and the renewal of their leases they entered into with the Company (for more information, see Section 4.8.3 ("**Tenants of the Company**")).

Because of the relative scale of these Key Account Tenants vis-a-vis other tenants and the high concentration of the Company's revenues among such Key Account Tenants, the loss of one or more of them could have a material negative impact on the Company's operations. Such Key Account Tenants could choose to divert all or a portion of their business with the Company to one or more of the Company's competitors, demand pricing concessions for the commercial spaces in the Company's Malls, or require the Company to provide additional services that would increase the Company's costs. These Key Account Tenants may also experience financial difficulties or be subject to business restructurings or changes in strategy. Any of these factors could negatively affect their ability or willingness to continue to lease spaces in the Company's Malls.

In addition to the loss of revenue, the closure of the retail units of any of Key Account Tenant could also have an adverse effect on retail sales of other retail units operating in the Company's Malls (which may lead to the closure of such retail units) or result in a reduction in the footfall in the Company's Malls. Accordingly, the loss of any Key Account Tenant would adversely and materially affect the Company's business, financial condition, results of operations and prospects.

2.1.3 The impact of the financial condition of the Company's tenants on the Company's business

The financial condition of the tenants of the Company (including Key Account Tenants and Anchor Tenants) may deteriorate in the future due to a number of factors. These include increased competition from other retailers as well as from alternative retail options such as those accessible via the internet and other forms of pressure on their business models. Over the past two years, the economic conditions in the retail market in Saudi Arabia have been challenging, which has led to a reduction in revenue growth for certain of the Company's tenants. In particular, tenants in retail have been negatively affected and Alhokair Fashion Retail, one of the Company's largest Key Account Tenants by revenue, experienced a decline in revenues in FY2018G as compared with FY2017G. In addition, the Company may experience challenges in collecting rent from its tenants. This may result in, among other things, the provision of (or request by tenants for) rental discounts from the Company, and/or the non-payment by tenants of rent due to the Company, which would lead to a reduction in revenues of the Company.

In addition, the revenue generated by certain tenants, especially those in the fashion retail sector, is subject to seasonal variations. In general, footfall and sales are highest during public holidays and occasions (for example, prior to **Eid Al-Fitr**) and lowest from after the Hajj until December. Tenants may not anticipate the extent of future seasonal changes in footfall and sales and their revenues may not always exceed their operating costs, which could result in financial distress (for more information please see Section 2.3.3 ("**Compliance by the Company with Saudization and other Labor Law Requirements**")).

Any of these factors could negatively affect the ability of these tenants to maintain their operations, meet their financial obligations both to the Company and to their lenders and suppliers, or avoid bankruptcy and/or liquidation. To the extent that negative changes in the financial condition of tenants have a negative impact on the overall performance of the Company's Malls, these risks would adversely and materially affect the Company's business, results of operations, cash flow, financial condition and prospects.

2.1.4 The impact of increasing operating expenses on the Company's business

The Company usually enters into medium to long-term lease contracts with its tenants with typical lease terms ranging between three and five years for most categories of tenants, other than Anchor Tenants, which typically have lease terms of approximately 10 to 15 years. These contracts usually include rent escalation provisions over the term of the lease and a right of the Company to pass on certain service charges to tenants. The Company determines rental rate increases in view of several considerations that include, but are not limited to, the Company's estimates of market rental prices, the importance of the tenant's brand, the competitive position of the tenant in the market, and the negotiating positions of the Company and the tenant.

There is no guarantee that the rent escalation rates or provisions enabling the Company to pass on certain service charges in the Company's lease contracts will be sufficient to compensate the Company for increases in operating costs or inflation rates, or that such increases will correspond to growth rates in rental values in the market. Furthermore, in a more challenging market environment, and particularly with highly-sought after tenants, the Company may not be able to include or apply these contractual rent escalation provisions at all and instead may need to offer discounts to its tenants to retain them in its Malls.

The Company's operating expenditure could increase as a result of a number of factors, including but not limited to an increase in costs of outsourcing services to independent contractors, labor costs, fuel and utility costs, repair and maintenance costs and insurance premiums. The price of fuel and utilities has increased significantly in recent years (see Risk Factor 2.3.4 ("**The impact of prices for energy, electricity,**

water and related services may negatively impact the Company's operating expenses")). In addition, any further increase in Saudization requirements of the Company's workforce may lead to an increase in the Company's operational expenditure, which the Company may not be able to pass to its tenants through higher rental prices or otherwise (see Risk Factor 2.3.3 ("**Compliance by the Company with Saudization and other Labor Law Requirements**")). Any increases in the Company's operating costs will also reduce its cash flow, profit margin and funds available for upkeep of its existing Malls and future developments.

Where the Company's agreed rent under lease contracts entered into with its Tenants are insufficient to compensate it for increases in operating costs or inflation rate increases and the Company is unable to renegotiate with its tenants to increase their rent levels before expiration of the term of these contracts, the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

2.1.5 The impact of delays in rent collection on the Company's working capital

The Company ordinarily collects rent in advance of the relevant rental period. Rent collected in advance is used by the Company as a means to finance its short-term operational and working capital requirements. There can be no assurance that rental income can be collected as and when it falls due. As at 31 December 2018G, approximately 6.2% of the Company's total rental revenue for the financial year ended 31 March 2018G remained overdue and unpaid.

Delayed rental payments could result in a material reduction in the Company's rental revenue and negatively affect the cash flow of the Company. In such circumstances, the Company may not be able to find an alternative source to finance its on-going business requirements for its daily operations, capital expenditure, paying loans and settling its other operating expenses, or will have to obtain additional financing from banks, resulting in higher financing costs and leverage. In addition, delays in collecting rent could increase the Company's accounts receivable, which in turn could negatively affect the Company's working capital. Any material adverse impact on the working capital of the Company and the inability of the Company to secure alternative funding sources, or having to pay additional financing costs, would result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

2.1.6 Risks associated with the Company's renewal of its existing leases and entry into new leases with new tenants

The Company's ability to sustain its revenue depends in part on its ability to renew tenancy agreements with its existing tenants and/or to re-lease any vacant space to new tenants. For most of the Company's tenants other than Anchor Tenants, the Company's tenancy agreements have lease periods that are typically three to five years in duration (leases of Anchor Tenants are typically for 10 to 15 years), without the unilateral right of renewal by either party. Usually the Company seeks to renegotiate with its tenants approximately six months prior to the expiry of the existing lease periods to agree a new tenancy agreement on new terms and for a new lease period.

There can be no assurance that the Company's existing tenants (including its Key Account Tenants and/or Anchor Tenants) will continue to lease commercial space from the Company upon the expiry of their existing leases or that the appeal of the Company's Malls to existing or new tenants will remain the same in the future. In addition, the Company may be unable to renew its leases with tenants on terms that are as (or more) favorable than the Company's existing lease terms. Where tenant leases are not renewed, the Company's tenants may also delay vacating their stores and handing over such stores to the Company or to new tenants upon expiry or termination of their leases.

If the Company is unable to renew or re-lease its commercial space to existing tenants and new tenants, respectively, on favorable terms (or at all), as a result of, among other things, a reduction in the appeal of the Company's Malls, this would lead to a loss of revenue for the Company and would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

2.1.7 The Company's dependence upon Related Party Transactions

A central feature of the Company's business model is its close ongoing business relationships with a variety of related parties. In particular, the Company has entered into a large number of contracts with related parties for the design and construction of its Malls, the leasing of commercial space to Internal Tenants and the provision of certain maintenance services for the operation of its Malls. All contracts entered into between the Company and related parties following the adoption of the Related Party Transactions Policy are subject to the parameters of such policy (For more information please see Section 5.5.4 ("**Related Party Transactions Policy**")). The Company's future success is dependent upon a number of these related party contracts, the expiry or termination of which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company leases commercial space to several related parties, including Alhokair Fashion Retail, Saudi Global Academy for Training, Food and Entertainment Company, Coffee Centers Trading Company, Kids Space Company (the operator of the KidZania centres in Saudi Arabia), Billy Games Company (the operator of the Billy Beez centres in Saudi Arabia) and FAS Energy. For further information please see Section 13.6.1 ("**Related Party Tenant Leases**"). Alhokair Fashion Retail is a publicly listed company (ticker symbol 4240 on the Exchange) in which the Controlling Shareholders own (directly or indirectly) a controlling interest in its ordinary shares. It currently operates approximately 1,800 stores across over 160 shopping locations in 13 countries, occupying over 540,000 square meters of retail space. As at 31 December 2018G, the Company had entered into 872 leases with Alhokair Fashion Retail and 180 leases with Food and Entertainment Company, the two most significant Internal Tenants by revenue. The revenue generated from Internal Tenants for the years ended 31 March 2016G, 2017G and 2018G and for the nine month period ended 31 December 2018G represented 25.7%, 23.2%, 24.7% and 23.4% of the Company's total revenue for those periods, respectively. In addition, Alhokair Fashion Retail has within the last five years pre-leased between 20-25% of the GLA of each new mall opened by the Company. If the Company is unable to maintain the same level of pre-leasing by Internal Tenants, including by Alhokair Fashion Retail and Food and Entertainment Company, on favorable terms (or at all) in the future, this would lead to a loss of revenue for the Company and would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

The Company also has a close relationship with FARE, a specialist mall design and construction company in Saudi Arabia owned (directly or indirectly) by the Controlling Shareholders. As at the date of this Prospectus, the Company has in place eight design and construction contracts with FARE relating to the three Malls under construction, plus Phase 1 of Nakheel Mall (Riyadh) extension, and to the four malls for future development (in addition to Phase 2 of Nakheel Mall (Riyadh) extension). FARE was also responsible for the design and construction of 16 of the Company's existing Malls. Such construction contracts are awarded by the Company to FARE and no other proposals (from other parties) are sought, which exposes the Company to a significant dependency on FARE to develop and construct its new malls, as well as the risk of paying above prevailing market rates for FARE's services. Any termination of the Company's relationship with FARE may have a material negative impact on the Company, and/or any new design and construction company for the Company may not be as experienced or adept in mall design and construction as FARE, which could lead to a reduction in the popularity of the Company's new malls and/or the reputation of the Company's Malls. This would, in turn, have a negative and material impact on the Company's business, results of operations, financial condition and prospects.

2.1.8 Risks associated with the terms of the Company's Related Party Transactions

Related party transactions are regulated by relevant Saudi laws and regulations regarding the entering into of such transactions. A number of terms under certain of the Company's historical contracts with Related Parties (which represented 26.1% of the total of the Company's contracts, and represented 23.4% of the total of the Company's contracts value, in each case as at 31 December 2018G) fall outside of arm's length parameters. These contracts include construction contracts with FARE, which do not include requirements for FARE (as the contractor) to provide security for the advance payment (10% of the contract value) or a performance bond (usually given at the commencement of works for 10% of the contract value), as well as

a special level of rental discount provided to Internal Tenants in excess of discounts provided to External Tenants in the past. Such rental discounts (excluding kiosks and warehouses) for Internal Tenants amounted to an average of 20.1%, 27.3%, 32.0% and 18.2% of gross rental revenue for the financial years ended 31 March 2016G, 2017G and 2018G and for the nine month period ended 31 December 2018G, respectively, compared to rental discounts for External Tenants for the same periods, which amounted to an average of 2.6%, 1.9%, 7.7% and 5.2% of gross rental revenue, respectively.

In the case of FARE, Alkohair Fashion Retail and Food and Entertainment Company, being the Related Parties with which the Company undertakes the most material Related Parties Transactions, such transactions are entered into based upon the principles set out in the related Framework Agreement(s) (see Section **5.5.4 ("Related Party Transactions Policy")**). The Company enters into Related Party Transactions with other Related Parties on the same basis although as the Framework Agreement(s) do not apply to such other Related Parties (as the relevant Related Parties Transactions entered into with such parties are not material), there can be no contractual guarantee that the Company will enter into such agreements on arm's length terms in the future. To the extent that the Company enters into contracts with any Related Parties which are not on arm's-length terms and/or in the event such transactions transfer undue benefits to related parties of the Company, this could negatively affect the Company's costs and revenues which would, in turn, adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Furthermore, there can be no guarantee that the Company will be able to renew its contracts with related parties. Under Article 71 of the Companies Law those related party agreements in which any Director is deemed to have an interest (which includes each of those described in this Risk Factor 2.1.7 ("**The Company's dependence upon Related Party Transactions**") will need to be approved by the General Assembly. It is also required that any Director and/or shareholder of the Company, who is deemed to have an interest (such as a shareholder who has a representative director on the board), cannot participate in the approval process for such Related Party Transaction(s). Given the scope of the voting restrictions applicable to the General Assembly approvals pursuant to Article 71 of the Companies Law as interpreted by the Company, no current Shareholder would be permitted to vote on the relevant resolutions at the General Assembly, see Section 5.5.5 ("**Corporate Governance Compliance**"). Accordingly, General Assembly approval will be sought at the first General Assembly following completion of the Offering, see Section 17 (**"The Company's Post-Listing Undertakings**"). There is a risk that the Company's Board or the General Assembly of the Company or any of its group companies may not agree on the approval of these contracts in which case the Director who is deemed to be interested in the transaction must resign, or take steps to ensure that he/she is no longer deemed to be interested (for example by terminating the relevant contract or disposing of the rights creating the interest). Due to the Company's significant reliance on such contracts, their termination would have a negative and material impact on the profitability of the Company and consequently on its business, results of operations, financial condition and prospects. For a summary of Company's transaction with related parties, see Section 13.6 ("**Transactions and Contracts with Related Parties**").

2.1.9 The impact of the competitive industry in which the Company operates

The commercial retail leasing industry in Saudi Arabia is intensely competitive, and the Company expects such competition to increase and intensify in the future. The Company faces significant competition in various aspects of its business. There is strong competition for prime properties that would be suitable for shopping centers from both existing mall operators and potential new entrants, especially from those offering new competing forms of entertainment (including cinemas). The Company also directly competes with other mall operators for tenants and to attract visitors to its Malls.

Competition is largely based on the amenities offered by malls, brand name, reputation and leasing rates. Existing or future competitors may have greater brand recognition or financial or operational resources. Competitors may also adapt more quickly to evolving industry trends, changing market requirements or changing visitor tastes, including, for example, a shift towards lifestyle centers. They may also improve their competitive position by increasing the supply of commercial leasing space, as well as introducing new malls with greater amenities, which could reduce footfall or demand for the Company's Malls or force the Company to develop or redevelop its Malls with similar amenities. Current and potential new competitors may increase

their advertising expenditures and promotional activities or seek to undercut the Company with respect to rental rates under their tenant leases. In addition, the Company's competitors could potentially introduce new and competing forms of entertainment into either their existing malls or create alternative concepts as a result of ongoing social reforms within Saudi Arabia, which could improve their competitive position vis-a-vis the Company. As a result, it would sometimes be difficult for the Company to successfully compete with its competitors. In addition, large reductions in rents adopted by the Company's competitors would adversely affect the Company's ability to compete.

The Company may not be able to compete effectively in the future. There can be no guarantee that the Company will be able to effectively compete with present and future competitors, and the changes in the competitive environment could cause its rent rates and margins to drop or cause the Company to lose its market share, and this, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.10 Risks associated with the Company's expansion strategy

The Company's future performance depends on its ability to implement its expansion plans and growth strategies. Under its current strategy, the Company intends to increase the number of malls it owns and operates in Saudi Arabia (for more information about the Company's strategy, see Section **4.3.2, "The Company's Strategies**"). However, there can be no assurance the Company will be successful in this regard. The successful implementation of the Company's plans will depend on several factors including, most importantly, the following:

- the Company's ability to identify suitable sites for new malls and to rent (if owned under head leases) and develop such sites under terms and conditions favorable to the Company;
- the availability of sufficient financing on acceptable terms;
- the Company's ability to complete the design and construction of new malls on time and on budget;
- the Company's ability to attract tenants to its new malls and to achieve the expected occupancy rates and rental revenues within the timeframes set out in its business plan;
- the Company's ability to successfully manage its expansion and ongoing operations in its new malls, including monitoring new operations, controlling costs and maintaining effective quality and service controls; and
- favorable economic, regulatory, and market conditions, which are outside of the Company's control. There is a significant time lag between the commencement of a new site development and its completion, exposing the Company to changes in local market conditions including oversupply and/or a reduction in demand for retail space.

As a result of any of the above factors, the Company's revenues may not grow at the same rate as in the past and/or the Company may incur the cost of the leased lands (as may be applicable) and other costs without benefiting from the expected revenues of new malls. Accordingly, the Company's results of operations may be negatively affected if any of these factors significantly delay, prevent or hinder the Company from opening new malls.

Moreover, there can be no assurance that any new mall will be profitable or will achieve its projected investment returns. Opening new malls could also adversely affect the sales in stores located in the Company's current Malls in the same city or area.

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

2.1.11 Risks associated with the development of new malls and projects

The Company's business model depends on the sound design, development and maintenance of its Malls. Any defects or deficiencies in the design or development of malls, such as defects in building materials, flaws and/or safety issues, may affect the operational performance of those malls and could lead to repair works and additional costs for the Company. Any undetected material structural deficiencies in the Company's Malls could result in visitor casualties or injuries and negative publicity, and would require structural repair work and significant additional costs for the Company. Such failures may also lead to lawsuits being filed against the Company as well as increases in the Company's buildings insurance premiums. In addition, the Company may not be able to pre-lease or lease new commercial space in its newly developed malls to existing or new tenants. Any of these factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company is currently in the process of constructing three new malls plus Phase 1 of Nakheel Mall (Riyadh) extension. The successful completion of these and the development of other new malls are subject to the risks inherent in real estate development, which include:

- delays in construction and cost overruns whether due to variations to original design plans or for any other reason;
- a shortage and/or increase in the cost of construction and building materials, equipment or labor as a result of rising commodity prices or inflation or otherwise;
- unforeseen engineering problems, defective materials or defective building and construction methods;
- default by or financial difficulties faced by contractors and other third party service and goods providers;
- disputes between counterparties to a construction or a construction related contract;
- work stoppages, strikes and accidents;
- delays in receiving any approvals from government agencies; and
- insufficient funds to progress construction, which in turn could lead to delays in the completion of the relevant project.

Such delays in development and/or construction of some Malls have in the past resulted in the Company giving discounts to some of its Key Account Tenants and/or Anchor Tenants. In addition, in expanding and developing malls the Company may not correctly plan for, anticipate or develop sufficient supporting infrastructure or parking facilities, which may adversely affect the Company's ability to continue to develop and construct new malls and recoup its investment in their growth in a timely manner.

In addition to the new malls that the Company is currently developing, the Company expects to undertake further development of new other malls and/or expansion initiatives in the future. Any of these future development initiatives may be subject to additional risks and uncertainties, depending on the scale and complexity of the relevant project. There can be no assurance that any or all of the Company's current or future development projects are completed within the anticipated timeframe and budget.

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

2.1.12 The Company's reliance upon mall design and construction services from FARE

The Company's business is reliant upon the specialist mall design and construction services of a single mall design and construction supplier, FARE, which is a related party of the Company. Out of the Company's 19 Malls, FARE has designed and constructed 16 Malls and the remaining three Malls (being Tala Mall in Riyadh,

Salaam Mall in Jeddah and Salma Mall in Hail) were acquired separately by the Company, having been previously constructed by another developer. FARE is currently the sole design and construction supplier for all new projects of the Company under construction or development other than Jeddah Park. The Company's procurement procedures with respect to mall design and construction suppliers are, and have historically been, limited to inviting FARE to tender in response to requests for proposals. The Company's business is therefore highly dependent on the continued services of FARE for the specialist design and construction of its new malls. The possible loss of FARE as a supplier of the Company may present significant challenges to the Company, including the risk that the Company may not be able to find or appoint a suitable replacement supplier in a timely fashion, and/or work with an alternative supplier that has the same level of insight or awareness of the Arabian Centres brand and design and construction preferences compared to FARE. Any such loss would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.13 Risks associated with the Company's use of third party contractors

For all of its Malls, the Company employs third party contractors (including Related Parties, such as Etqan Facilities Management Company) to carry out various repair and maintenance works, including internal decoration, landscaping, maintenance of air conditioning systems, energy services, electrical and mechanical engineering and lift installation. There can be no guarantee that the Company's third party contractors will always provide satisfactory services that meet the standards expected by the Company or that other professional advisors or service providers that are not within the control of either the Company and/or its Board fail to perform their duties under contract. Moreover, the Company is exposed to the risk of actions resulting from third party contractors' actions causing damage or injury to members of the public, tenants and/or employees of the Company, in which the Company may be held liable in such situations and subject to a claim for compensation. In addition, the Company may not be able to engage third party contractors with the right experience in the places in which it operates. The Company's contractors may engage in risky undertakings, encounter financial or other difficulties, or prioritize other projects and divert resources away from the Company's Malls, any of the foregoing may adversely affect the Company's Mall operations and management and additionally could cause injuries to visitors or tenants. Any of these factors would have a negative impact on the Company's reputation and adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.14 Risks associated with the Company's turnover rental arrangements with certain of its tenants

The Company's lease contracts with certain of its tenants contain provisions under which the amount of rent payable is the higher of (i) a minimum fixed level of rent and (ii) a percentage of the tenant's annual sales. As at the date of this Prospectus, more than 90% of the Company's lease contracts with its tenants include such provisions. Turnover rent accounted for 1.5%, 0.7% and 0.5% of the Company's gross rental revenue for the financial years ended 31 March 2016G, 2017G and 2018G, respectively, and 0.2% for the nine-month period ended 31 December 2018G. These low percentages are attributable to the fact that the Company does not yet have the procedures and processes in place to collect all the necessary data regarding the annual sales from such tenants (for more information, please see Section 4.3.2.2 "**Maximize returns from existing portfolio**"). As of the date of this Prospectus, the Company is overhauling the relevant procedures and processes in relation to the collection of such data and management expects to apply the relevant contractual provisions gradually in the future.

Given the nature of these rental arrangements, the Company's revenues generated by leasing the commercial space in its Malls may be subject to unforeseen fluctuations, including as a result of seasonal variations in spending and/or visitor behavioral changes, which could affect footfall. Such variations in revenue may make the Company's business planning and its ability to predict its future income streams more difficult to assess. Moreover, the Company may not be able to budget effectively with respect to its operating costs.

In addition, the Company's administrative procedures and/or IT infrastructure may be inadequate to accurately identify or record the annual sales of its tenants to facilitate proper adherence to these rental arrangements. In particular, given that the Company recognizes turnover rent based on audited turnover

reports from tenants, certain internal controls with respect to the monitoring of tenants sales will need to be introduced by the Company. As at the date of this Prospectus, the Company is exploring options with respect to the design and implementation of these internal controls. Moreover, currently the timing of income recognition is based on the tenant's contractual period instead of the Company's financial year and accordingly, the Company's recognition of turnover rental income is distorted to the extent that rental income may not be recorded in the correct accounting period.

As a result of the foregoing, the Company may be unable to accurately anticipate its future revenues and/or budget effectively with respect to its operating costs or accurately record revenue, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.15 Risks associated with the Company's future revenue growth

The Company plans to expand its existing portfolio of Malls within the next five years and currently has three new malls under construction in addition to Phase 1 of Nakheel Mall (Riyadh) extension. This makes it relatively difficult to evaluate the Company's future revenue growth prospects. From the financial year ended 31 March 2016G to the financial year ended 31 March 2018G, the Company's revenues grew from SAR 1,914.5 million to SAR 2,123.8 million, primarily attributable to the opening of four new malls during this period. In the future, the Company's revenues may not grow as rapidly.

The Company may not be successful in its efforts to increase its revenue growth and its past revenue growth should not be considered indicative of its future growth. In addition, the Company may not be able to address the risks and difficulties that it may encounter in a rapidly changing and competitive market. If the demand for commercial leasing space in Saudi Arabia does not develop as the Company expects, or if the Company fails to address the needs of its tenants and visitors, this would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.16 Regulatory risks, including in relation to the maintenance of permits, licenses and approvals necessary for the Company's business

The Company is required to obtain and maintain the necessary regulatory permits, licenses and approvals from relevant government authorities for its business operations and activities. These permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company and its Operating Subsidiaries and branches issued by the MOCI, mall trading licenses issued by various municipalities, Saudization certificate and Amana (Building) Completion Certificates, in each case relating to the business operations of the Company and its Operating Subsidiaries. As at the date of this Prospectus, the Zakat Certificates for the Company and its Operating Subsidiaries and the Zakat Certificate for Al Qaseem Company for Entertainment and Commercial Projects have expired, although the Company is working towards the renewal of these certificates. See Section 13.4 ("**Government Consents, Licenses and Certificates**") for further information.

In order to undertake and complete a new property development, the Company must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development process. These include but are not limited to construction permits, Amana (Building) Completion Certificates and Trading Licenses. Each approval is dependent on the satisfaction of certain conditions. In particular, Amana (Building) Completion Certificates are required in respect of new property developments to indicate whether an asset has been built in accordance with the requirements set out in the relevant building permit. Assets constructed in violation of the conditions or parameters in a building permit may be subject to a range of penalties including fines or, in more extreme cases, closure or demolition.

As at the date of this Prospectus, the Company has been issued with Amana (Building) Completion Certificates in respect of nine (9) Malls (out of a total of 19 Malls), and is in the process of obtaining these certificates for its remaining Malls. There can be no assurance that the Company will not encounter problems in obtaining the required Amana (Building) Completion Certificates or other government approvals or in fulfilling the conditions required for obtaining the approvals, or that it will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or

the particular processes with respect to the granting of approvals. Amana (Building) Completion Certificates are issued to ensure that the building plans conform to what has been implemented on the ground. In the absence of such a certificate, there can be no guarantee that the Company complied with building permit requirements, which include Civil Defense requirements.

In addition, the operation of malls requires the issuance of certain trading licenses from the relevant municipality. The conditions for licensing of malls as set by MOMRA in Saudi Arabia (to which the various Amana and municipalities report) are that malls may not operate without obtaining the necessary trading license from the relevant municipality. As at the date of this Prospectus, the Company has obtained trading licenses for each of its Malls. However, certain of these trading licenses do not explicitly state that they are licenses to operate and manage a mall. To the extent that there is ambiguity in the form and/or terms of the licenses obtained by the Company, there is a possibility that the Company may operate outside the scope of such licenses. Furthermore, the construction permit of Najd Site expired prior to the date of this Prospectus. There can be no guarantee that such construction permit will be renewed in a timely manner or at all. Failure by the Company to maintain, or to operate subject to the terms of, such trading licenses, or to renew the Najd Site construction permit, would adversely and materially affect the Company's business, results of operations, financial conditions and prospects.

Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which might adversely affect the Company's performance.

If the Company or any of its Operating Subsidiaries and branches thereof fails to obtain or renew a license necessary for its operations, including the Zakat Certificates which have expired, or if any of their licenses expire or are suspended, renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially. This would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.17 Maintaining the reputation of the "Arabian Centres" brand

The Company believes that its success depends in part on its ability to maintain the image of the Arabian Centres brand and its reputation for providing high quality Malls for both its tenants and visitors. Quality and health and safety issues (or any accidents at the Company's Malls), actual or perceived, even when false or unfounded, could damage the reputation of the Arabian Centres brand. This could lead to negative publicity for the Company and/or may cause tenants and/or visitors to switch to competitors resulting in a loss of footfall and demand from tenants, in turn leading to a decline in the Company's market share and a decrease in GLA.

In addition, adverse publicity relating to activities by the Company's Board, shareholders, Management, tenants, related parties, suppliers, employees, contractors or agents, such as customer service mishaps or non-compliance with laws and regulations, could tarnish the reputation of the Company and reduce the value of the Arabian Centres brand. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond. Damage to the reputation of the Company and its name could reduce rental demand from potential tenants, and this would adversely and materially affect the Company's business, results of operations, financial conditions and prospects.

2.1.18 Protecting certain trademarks on which the Company relies

The Company has registered all trademarks in Saudi Arabia on which it relies, of which it has 35. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

If the Company is forced to defend its trademarks, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms acceptable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.19 Operational risks and unexpected interruptions to the Company's business

The Company's success depends significantly on the continuous, trouble-free operation of its Malls. The operation of the Company's Malls is prone to a number of risks, including severe weather conditions, physical damage to buildings, power failures, breakdowns, failure or substandard performance of equipment, the possibility of work stoppages, criminal incidents, civil unrest, natural disasters, fires and explosions, and other potential hazards associated with operating the Malls. For example, various accidents have resulted in injuries to some visitors and one fatality has occurred at one of its Malls which involved the death of an employee from the Company's maintenance team in 2017G. There is no guarantee that other similar incidents will not occur in the future. Given the high number of visitors who visit the Company's Malls on a daily basis, such an event could have serious consequences, including fatalities. Similarly, although the Company's leisure and entertainment facilities also comply with currently applicable health and safety standards, there can be no assurance that the customers of these facilities will not engage in inappropriate behavior, endangering their safety and the safety of others. The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business.

If there were a significant interruption of operations at one or more of the Malls, the Company might not be able to meet its obligations, incur liabilities, and revenues and profitability would be affected, which would adversely and materially affect the Company's business, results of operation, financial condition and prospects.

2.1.20 Risks associated with renovation and redevelopment of the Company's Malls

The Company's existing Malls require ongoing renovation, expansion, improvement and/or redevelopment to maintain an attractive appeal to, and continued demand from, the Company's tenants and visitors. As the shopping malls market in Saudi Arabia evolves, tenants and/or visitors may develop different expectations, tastes and preferences. These may include, for example, the expectation of new amenities (including cinemas), as well as innovative mall design and a more diverse array of entertainment and dining options. The Company's existing Malls, some of which were completed over 15 years prior to the date of this Prospectus, may not be adaptable to meet such expectations, and any significant investment in renovation or improvement of the Company's older Malls may not be successful given the nature of their design and construction. In addition, even where such renovations are implemented, the Company's existing Malls may not be able to compete effectively with newer, more diversified malls provided by the Company's competitors due to the structural limitations in certain Malls preventing the Company from introducing new entertainment options (including cinemas) into such Malls. Any such renovations in the Malls may also cause disruptions to the Company's existing retail units leased to its tenants and/or result in a temporary or partial loss of revenue by the Company while renovation works are carried out.

If the Company is unable to renovate and improve its existing Malls to satisfy changing tenant and visitor preferences, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.21 Conflicts of interest of the Current Shareholders and Directors

Some of the Current Shareholders and Directors of the Company conduct businesses within the domain of real estate development and investment in commercial centers, which could be similar to the Company's business or competing with it, directly or indirectly, which could lead to a conflict of interest between the work of that main shareholder or director and the Company's business. Currently, the Board members Fawaz Abdulaziz Fahad Alhokair, Salman Abdulaziz Fahad Alhokair and Kamel Badih Al Qalam are also on the board of related companies (which conduct competing or similar businesses to the Company's) such

as Egyptian Centers For Real Estate Development, Falcon Malls Company, Saudi FAS Holding Company, FARE or Alhokair Fashion Retail (for more information about Directors participating in companies that perform activities similar or competing with those of the Company through their membership on the Board or participation in the capital thereof, see Section **5.6 "Conflict of Interest"**). Participation of Directors in competing businesses is subject to the approval of the General Assembly under Article 46 of the Corporate Governance Regulations and Article 72 of the Companies Law. It is also required that any Director, who is deemed to participate in a competing business, cannot participate in the approval process for such participation. Given the scope of the voting restrictions applicable to the General Assembly approvals pursuant to Article 46 of the Corporate Governance Regulations which has been interpreted broadly by the Company, none of the existing Shareholders would be permitted to vote on the relevant resolution at the General Assembly, see Section **5.6 ("Conflict of Interest"**). Accordingly, General Assembly approval to approve the participation of Directors in competing businesses will be sought at the first General Assembly following completion of the Offering, see Section **17 ("The Company's Post-Listing Undertakings")**. One of the potential risks is that the Board of Directors or the General Assembly may not approve the participation of Directors in competing businesses. In such case, the Director who has an interest in such businesses shall either resign or take measures to ensure that he or she no longer has any interest (for example, terminating the said agreement or waiving the rights arising from such interest). For further information in relation to the Directors participation in competing businesses, please see Section **5.6 ("Conflict of Interest")**.

Such shareholders and directors have an impact on the Company decisions, and, sometimes, their interests may not be consistent with the interests of other shareholders with respect to the Company. There is no contractual arrangement between Current Shareholders and the Company to ensure that Current Shareholders will not undertake any activity which may give rise to a conflict of interest or compete with the Company's business.

In addition, some of the Current Shareholders and the Directors have the ability to access internal information of the Company, and they may use such information for their private interests or in contradiction with the Company's interests and goals. In the event the Current Shareholders or the Directors who may have a conflicting interest with the Company's interest negatively influence on the Company's decisions, or they use the Company's information in a way that is harmful to its interests, this would have a substantial negative impact on the Company's business, results of operations, financial condition and future prospects. (For more details, please refer to Section **5.6 ("Conflict of Interest")**.

As at the date of this Prospectus, none of the members of the Board of Directors, senior executives or the Current Shareholders were party to any agreement, arrangement or understanding which is subject to any obligation that prevents him/her from competing or any other equivalent obligation related to the Company's transactions.

2.1.22 The Company's requirements for additional debt capital in the future

The Company needs to continue to make investments to support the growth of its business and may require additional funds to respond to business challenges, implement its growth strategy, increase market share in its current markets or expand into other markets, or broaden its product offering. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or incur additional indebtedness.

For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending arrangements may not be available when needed, or may not be available on terms favorable to the Company, if at all. In addition, the Company's total long-term loans (including current portion of long-term loans) amounted to SAR 4,405.2 million, SAR 5,858.1 million, SAR 5,810.6 million and SAR 6,550.8 million as at 31 March 2016G, 31 March 2017G, 31 March 2018G and 31 December 2018G, respectively, representing 78.3%, 83.4%, 83.3% and 80.6% of its total liabilities for the same periods, respectively. An increase in indebtedness may expose the Company to additional risks. For example, an increase in the indebtedness of the Company may restrict its ability to make strategic acquisitions or cause it to make non-strategic divestitures to sell or dispose of assets, as well as limit its ability to obtain additional financing. In addition, as the Company has relatively high fixed

costs, it may have greater difficulty servicing higher debt levels. In addition, documentation pertaining to indebtedness of the Company typically includes covenants that restrict the operations of the Company.

If the Company fails to obtain adequate debt on a timely basis or on terms satisfactory to the Company, or if the Company becomes unable to service its debt repayments as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.23 The Company's restrictions under its current debt arrangements

The Company has entered into the Re-financing Facilities with various banks in order to finance its business (for more information about the Re-financing Facilities, see Section 13.7 ("**Credit Facilities and Loans**")). The Re-financing Facilities stipulate that changes in ownership of the Company arising as a direct result of the Offering and Admission are expressly permitted, provided that the Company obtains the prior consent of the banks if the collective ownership of Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair, Abdul Majeed Abdulaziz Alhokair and Saudi FAS Holding Company reduces below 51% of the share capital of the Company at any time.

Under the Re-financing Facilities, the Company must comply with various negative undertakings, including restrictions on incurring further debt, disposal of assets, creating or permitting to exist security over the Company's real estate assets, distributing dividends and operational expenditure. The Re-financing Facilities also impose strict financial covenants requiring certain financial ratios to be met. The Company also has various information undertakings to relevant banks under their respective Re-financing Facilities which include matters relating to changes to the Company's financial, management, shareholding and legal status.

In addition, the Re-financing Facilities have been secured, in part, by guarantees provided by the Corporate Guarantors and by the Personal Guarantors (please see Sections **13.7 ("Credit Facilities and Loans")** and **13.7.4 ("Guarantees"**) for more information). The Re-financing Facilities include events of default that are tied to certain events concerning the Personal Guarantors, including if any assets of any Personal Guarantor are frozen for a period of ninety (90) days or longer or any asset of any obligor under the Re-financing Facilities with a market value of SAR 10,000,000 or more is expropriated, confiscated or requisitioned. The Re-financing Facilities provide that the Corporate Guarantees and the Personal Guarantees will only terminate upon completion of the Offering if all obligations under the Re-financing Facilities are restructured or refinanced on a murabaha basis in such a form acceptable to the Financiers and no default has occurred and is outstanding. None of the banks has waived these Personal Guarantees as at the date of this Prospectus. If the Company is not able to restructure or refinance the Re-financing Facilities upon completion of the Offering, the guarantees provided by the Corporate Guarantors and the Personal Guarantors and the Personal Guarantor related events of default will remain in place.

If any of the Corporate Guarantors or Personal Guarantors withdraws or does not renew its guarantees, or if such guarantees expire for any reason, this will be deemed a breach by the Company under the Re-financing Facilities, which would cause the banks to demand immediate repayment of the amounts owing. In such a case, there is no guarantee that the Company will be able to obtain sufficient alternative sources of financing to repay these debts. In addition, there is no guarantee that the Personal Guarantors or Corporate Guarantors will continue to provide guarantees after the Offering, which would affect the Company's ability to secure necessary credit facilities in the future. Any such factors would adversely affect the Company's business, results of operations, financial condition and prospects.

If the Company fails to pay an outstanding amount or breaches any of its obligations under the respective Re-financing Facilities or a Corporate Guarantor or Personal Guarantor breaches the terms of its guarantee, the relevant bank has a right to demand all outstanding amounts to be immediately due and payable and could seize the Company's assets, and the secured parties have a right under the Re-financing Facilities to recover funds from the Company's bank accounts, insurances and receivables under tenancy agreements. In addition, if a particular bank declares an event of default under one of the Re-financing Facilities, this would create an event of default under the other Re-financing Facilities. In such an event, the Company may not be able to obtain alternative sources of financing to repay such debts. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.24 The impact of the transition to IFRS 16 on the Company's financial statements

Accounting standard IFRS 16 Leases is expected to take effect for annual reporting periods beginning on or after 1 April 2019G. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases where a company is a lessee. The accounting treatment of lease agreements under IFRS 16 will be different to the currently applicable IFRS standards in which expenses pertaining to a lease agreement where a company is a lessee are accounted for on a straight line basis. Under IFRS 16, the Company will be required to account for a greater portion of a lease agreement expense during the first half of the lease term. Management's estimates of the principal changes resulting from IFRS 16 based on its current lease portfolio include (taking into account Jeddah Park):

- the recognition of right of use assets (which resulted from capitalization of leases) with a net present value (covering all current lease agreements) for an estimated amount of SAR six billion;
- the recognition of liabilities (which resulted from capitalization of leases) with a net present value (covering all current lease agreements) that equals the estimated value of SAR six billion;
- the estimated decrease in net profits of the Company by an average from FY2020G to FY2024G of approximately SAR 90 million annually, as a result of applying IFRS 16, noting that this impact is due to the Company's depreciation of a higher portion of the lease cost over the first half of the lease term compared to the straight line method (noting that this is not an impact related to cash (according to the Management's estimates)); and
- the difference between IFRS 16 expected expense charged to the profit and loss statement (comprising amortization of capitalized lease assets – right of use assets – and interest expenses on outstanding lease obligations) and the expected annual lease cash payments, which has been estimated at an average of SAR 160 million per annum over the period FY2020G to FY2024G.

This will apply to each of the initial five years as of the first application of IFRS 16.

As a result, this will have a material impact on the financial statements of the Company. The occurrence of any of the above factors would have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

2.1.25 The Company's reliance on its senior management and key personnel

The Company's success depends upon the continued service and performance of its senior management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior management team, who have valuable experience within the real estate industry and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior management and key employees in the real estate industry is intense and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel. For example, as of the date of this Prospectus, the head of marketing position is vacant. In addition, the Company has in the past relied on the Controlling Shareholders, who have supported the Company and Management through their retail market insight and knowledge of the real estate sector. The Company may not be able to continue to benefit from the Controlling Shareholders' extensive experience and understanding of the Saudi market, which would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

The Company may need to invest significant financial and human resources to attract and retain new senior management members and/or employees. The loss of the services of members of the Company's senior management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior management, as well as key employees, may resign at any time. For example, the former Chief Executive Officer of the Company resigned in June 2018G after approximately two years in that role with the Company and was replaced by Olivier Nougarou

as CEO from January 2019G. If the Company loses the ability to hire and retain key senior management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial condition and prospects.

2.1.26 Risks associated with the misconduct or errors of tenants or employees of the Company

The Company's employees and/or tenants could behave in a manner which negatively impact the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation. Any such misconduct could also result in tenants filing claims and/or terminating their contracts for breach thereof. Any such fines, losses or claims could negatively affect the Company's profitability. In addition, negative publicity in relation to employee and/ or tenant misconduct could affect the Company's reputation and revenues and could negatively impact footfall in the Company's Malls. Any such employee misconduct would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.27 Concentration of the Company's revenues among certain of its largest Malls

During the financial years ended 31 March 2016G, 2017G and 2018G and the nine month period ended 31 December 2018G, the Company generated 43.7%, 39.2%, 37.3, and 37.3% respectively, of its total revenues from three of its 19 malls, being Mall of Arabia (Jeddah), Salaam Mall (Jeddah), and Mall of Dhahran. In addition, during the financial years ended 31 March 2016G, 2017G and 2018G and the nine month period ended 31 December 2018G, the Company generated 58.4%, 55.3%, 52.5%, and 53.3%, respectively, of its total revenues from five of its 19 Malls, being 1) Mall of Arabia (Jeddah), 2) Salaam Mall (Jeddah), 3) Mall of Dhahran, 4) Nakheel Mall (Riyadh) and 5) Aziz Mall (for FY2016G to 2018G) and Makkah Mall (for the nine month period ended 31 December 2018G). The financial performance of the Company therefore depends significantly on the financial performance of these three Malls. The occurrence of any adverse factors in any of these Malls, including (among other things) a reduction in footfall, occupancy rates and/or rental values, an increase in operating costs, or the occurrence of incidents beyond the control of the Company such as force majeure events, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.28 The Company's implementation of a newly adopted corporate governance manual

The Board approved an internal corporate governance manual as at 20 September 2017G (corresponding to 29/12/1438H). The manual includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in proper implementation of the corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board, its Committees and Senior Executives, especially with regards to formation related to the Board and its Committees thereof, independence requirements, rules related to conflict of interests and Related Party Transactions. Failure to comply with the governance rules, especially the mandatory rules that have derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Ordinary General Assembly of the Company formed the Audit Committee, consisting of three non-executive members, on 18/03/1439H (corresponding to 6 December 2017G), and the Board of Directors formed the Nomination and Remuneration Committee on 29/12/1438H (corresponding to 20 September 2017G) to carry out the tasks specific to each committee in accordance with the internal corporate governance manual (See Section 5.2 ("**Board Committees**")). Failure by members of these Committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements

and the Board's ability to monitor the Company's business through these Committees, which would have a material adverse effect on the Company's business, financial condition and results of operations.

2.1.29 Management's lack of experience in managing a publicly listed company

The Senior Executives have limited or no experience in managing a public listed joint stock company in the Kingdom and complying with the laws and regulations pertaining to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day to day management of the Company. Failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

2.1.30 Risks associated with interruptions in the Company's IT systems

The Company's ability to attract and retain tenants, to accurately monitor its operations and costs, and to compete effectively depends in part upon the sophistication and reliability of its IT network, including the Company's recent upgrade to its IT systems and, in particular, its new property management system.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems, and data or system protection measures, could be significant.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers may not be discovered and remediated promptly. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of visitors, employees' and tenants' data privacy and security. Any such breach may result in an unintended divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company's tenants and/or the Company itself. Any such breach or other similar event may also lead to a change of current and potential visitors behavior in a way that would impact the Company's ability to retain current and attracting new members, which would materially and adversely affect the Company's business, financial position, results of operation and prospects.

Any disruption to the Internet or the Company's IT systems and/ or technology infrastructure, including those impacting the Company's computer systems and website, would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.31 The inadequacy of the Company's insurance to cover all losses

The Company maintains insurance policies covering, theft of cash amounts, fraudulent acts, and damaged or destroyed property (for more information about insurance policies maintained by the Company, see Section 13.8 ("**Insurance**"). There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claims

according to the insurance policies in effect because of the exclusions or conditions of insurance coverage. This will cause the Company to be liable for paying for accident related losses, which will also have a material adverse effect on the Company's business and operating and financial results.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.32 Risks associated with litigation involving the Company

The Company, its directors and/or its officers may become involved in lawsuits and regulatory actions with several parties including tenants, suppliers, employees, competitors, regulatory authorities, visitors or owners of lands leased to the Company for its operations. The Company may also be the claimant in such lawsuits or litigation (for more information about such lawsuits, see Section 13.11 ("**Litigation**")).

Any unfavorable outcome in such litigation and regulatory proceedings could have a material adverse effect on the Company's business, financial condition, results of operations or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.33 Risks related to the Company's provisioning policy accounting for doubtful debts

In June 2017G, the Company changed the changed the basis of estimating provisions under its internal provisioning policy. The policy includes rules, procedures and principles relating to the accounting of the Company's doubtful debts. The Company's success in proper implementation of the policy will depend in part on the extent of comprehension and understanding of the policy by the Board, its Committees and senior financial executives. For example, the policy requires that the Company make provision for doubtful debts based on its assessment of the risk that amounts due will not be paid. Accordingly, should the Company incorrectly assess this risk associated with doubtful debts or should the risks associated with certain debtors increase in the future, then the Company may need to increase its provisioning. In addition, the gross accounts receivable has increased from SAR 385.4 million (net receivables amounted to SAR 246.7 million) as at 31 March 2018G to SAR 466.1 million (net receivables amounted to SAR 311.9 million) as at 31 December 2018G, which has translated to a decline in the provision percentage from gross accounts receivable from 36.0% to 33.1% (provision for doubtful debts/gross accounts receivable) for the same periods which has negatively impacted the ageing of the accounts. The total outstanding receivables for the 360 day period amounted to SAR 173.4 million as at 31 December 2018G. Moreover, the provisioning terms or rates of the policy provisioning may not be adequate to accurately account for such doubtful debts. In addition, the Company may not correctly apply the policy (including in relation to the accurate assessment of risks associated with non-payment) and/or the policy itself may contain certain unforeseen or as yet unidentified deficiencies. Any of the foregoing would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.34 Government fees applicable to non-Saudi employees of the Company and its tenants

In 2016G, the government of Saudi Arabia approved a number of decisions intended to make comprehensive reforms in the labor market in the Kingdom, including imposing additional fees for each non-Saudi employee working for a Saudi organization as at 1 January 2018G, as well as increasing residency permit fees for the families of non-Saudi employees as at 1 July 2017G. These fees are expected to increase each year until 2020G, meaning that there will be an increase in the government fees paid by the Company for its non-Saudi employees in general. In particular, the Company estimates that the aggregate additional fees for its non-

Saudi employees to be paid during the financial year to 31 March 2019G will be SAR 303,000 (resulting in monthly additional average fees of SAR 25,250). Higher residency permit fees for the families of non-Saudi employees may also result in increased costs of living to the detriment of non-Saudi employees.

In consequence of the above, non-Saudi employees may seek work in other countries with lower costs of living. In such a case, the Company may find it difficult to obtain attract or retain employees with the requisite skillsets and competencies and may have to bear the cost of the increase in government fees for the residency permits of the families of non-Saudi employees, which may cause an increase in the Company's costs. Accordingly, this would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. Additionally, the Company's tenants are subject to the same risk and may be exposed to increased costs in respect of Government fees for each of their non-Saudi employees. An increase in costs for tenants could adversely affect their financial condition and in turn negatively affect their ability to meet their financial obligations to the Company, which would lead to a reduction in revenue for the Company. See Risk Factor 2.1.3 ("**The impact of the financial condition of the Company's tenants on the Company's business**").

2.1.35 The impact of the transition from Saudi GAAP to IFRS-KSA on the Company's financial statements

The Company's statutory audited consolidated financial statements included in this Prospectus as at and for the financial years ended 31 March 2016G and 2017G, and the special purpose consolidated financial statements for the financial year ended 31 March 2018G have been prepared and presented in accordance with Saudi GAAP. Consistent with the Kingdom's IFRS convergence plan, the Company has prepared and presented its audited consolidated financial statements for the nine month period ended 31 December 2018G in accordance with IFRS-KSA.

There are certain significant differences between Saudi GAAP and IFRS-KSA. As compared to Saudi GAAP, the application of IFRS-KSA to the Company's interim audited financial statements as at and for the nine month period ended 31 December 2018G results in changes to the accounting treatment of various line items, including the amortization of lease revenue, lease expense and loan transaction costs; the componentization of investment properties and related depreciation and amortization; and the actuarial valuation of certain employee benefits. For the financial year ended 31 March 2018G and subsequent financial years, the adoption of IFRS-KSA may result in changes to the reported results of operations and financial condition of the Company as compared to the results of operations and financial condition had they been reported in accordance with Saudi GAAP. These changes may be material and may include changes, in addition to those described above with respect to the nine month period ended 31 December 2018G, that have not yet been identified by the Company.

Furthermore, the transition from Saudi GAAP to IFRS-KSA could result in the consolidated financial statements of the Company not being easily comparable from period to period. In particular, consolidated financial statements of the Company for financial years and periods commencing on or after 1 April 2017G prepared and presented in accordance with IFRS-KSA may not be easily comparable to the prior financial periods contained in this Prospectus that have been prepared and presented in accordance with Saudi GAAP. Moreover, as the application of IFRS-KSA evolves over the coming years there may be changes to the reported results of operations and financial condition of the Company. As listed companies in the Kingdom switch to reporting their financial statements under IFRS-KSA, the board of commissioners of the CMA has mandated that listed companies should continue to report property, plant, equipment, investment property, and intangibles on a cost basis for a period of three years from 1 January 2017G. The CMA is expected to review its resolution regarding the basis for valuing property, plant, equipment, investment property, and intangibles in the future and any changes to the valuation basis can have a material impact on the Company's results of operation and financial condition. For further information on the differences between Saudi GAAP and IFRS-KSA, see Section **6.10 ("SAUDI GAAP/IFRS-KSA Reconciliation for the year ended 31 March 2018G")**.

2.1.36 The impact of the transition to Yardi on the Company's business

In April 2017G, the Company completed the implementation of its new property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all Properties while enabling the Company to better engage with and serve tenants. Following its initial implementation, Yardi has almost fully automated the rental revenue recognition process and applied IFRS-KSA.

However, during the implementation of Yardi, in Q3 2018G the Company experienced certain cases where manual adjustments were required to calculate the revenue of the Company in certain instances, such as for contracts that expired in the system due to renewal delays. In these cases, Management accrued for the revenue of these contracts separately until the renewed contract was signed and updated in the system. In addition, the Company made certain adjustments relating to the premature termination of contracts (whereby the system continues to recognize revenue, so a negative adjustment is made later upon reconciliation). These adjustments amounted to (-SAR 6.8 million) in Q3 FY2019G. There can be no guarantee that further adjustments and/or similar implementation issues in connection with Yardi will not arise again in the future. Any of the foregoing would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.2 Risks Relating to the Company's Real Estate

2.2.1 Risks related to the operation of the Company's Malls under fixed-term Head Leases

11 of the Company's 19 existing Malls (representing 62.7% of the total GLA of the Company's Malls as at 31 December 2018G) are built on lands that are not owned by the Company and are typically leased under fixed-term Head Lease contracts which as at the date of this Prospectus had an average term of approximately 20 Hijri years (approximately 19 Gregorian years). The GLA weighted average lease tenor for the 11 existing Malls subject to Head Lease contracts was 20 years as at 31 December 2018G (or 16 years including the Head Leases for University Boulevard and Jeddah Park, which are currently under construction). (For more information, please refer to section 13.5.1 ("**Head Leases**").)

Within five years from the date of this Prospectus, the Head Leases for each of Khurais Mall, Nakheel Plaza (Qassim) and Salma Mall are due for renewal. Most of these leases do not provide for an automatic right of renewal by the Company, and so the renewal of these leases would be subject to approval of the owner and mutual agreement of commercial terms. In the case of Nakheel Plaza (Qassim), the Head Lease expires on 25 December 2019G and renewal will be subject to successful participation by Al Qaseem Company for Entertainment and Commercial Projects (a joint venture company jointly owned on a 50:50 basis by the Company and Abdulmohsen Alhokair Trading and Manufacturing Company) in a tender process conducted by the lessor in which third parties will be eligible to participate. If any lessor refuses to renew the relevant Head Lease contract, the Head Lease is not renewed for any other reason or the lessor agrees to renew it on conditions unfavorable to the Company, the Company will have to cease operations at the relevant Mall, which would involve significant expenses and result in loss of revenues from the relevant Mall. There can be no assurance that the Company, upon termination of a Head Lease, would be able to relocate a Mall to another location, in particular because of competition for prime locations, and the high lease value of strategic lands in general and the high cost of developing a new mall. The rent paid by the Company could also increase upon renewal, as occurred for the renewal of the Aziz Mall Head Lease.

Most of the Head Leases, including the Head Lease for Nakheel Plaza (Qassim), do not provide the Company with a right of compensation upon termination. This means that the ownership of buildings and improvements constructed by the Company on the subject property would transfer to the lessor (as land owner) without any payment to the Company upon termination. As at 31 December 2018G, the net book value of buildings and improvements constructed by the Company was SAR 1,939 million. Such buildings and improvements are depreciated on a straight-line basis from the date the item is available for the intended use over the useful life of the improvement and the term of the lease, whichever is shorter. At the expiry of the head lease, the net book value of the improvement is zero.

The majority of the Head Leases also stipulate that rent is payable on an annual basis prior to the relevant rental period and that non-payment or late payment of rent entitles the lessor to terminate the Head Lease. The Company has been subject to delays in payment of rent amounts and as at 31 December 2018G the Company was in arrears in the payment of rents due under a number of its Head Leases for an amount of SAR 43.8 million. These delays in payment relate principally to Khurais Mall (SAR 10.8 million), Salaam Jeddah (SAR 10.3 million), Mall of Arabia - Jeddah (SAR 9.9 million) and Aziz Mall (SAR 6.5 million), in respect of which a payment plan is agreed for Khurais Mall. Under the terms of the applicable Head Leases, which generally provide that a delay in payment of more than 30 days constitutes a default, such delays could lead to defaults that could result in lessors taking steps to terminate certain Head Leases, in which case the ownership of buildings and improvements made by the Company on the subject property would transfer to the lessor without any compensation payable to the Company.

In addition to the above, the Company has entered into Head Lease contracts for certain land sites for development in the future. In some cases, the Company is currently enjoying "rent free" periods. As and when the rent free periods end, the Company will be required to start making rental payments under these Head Leases regardless of whether or not the development of these sites has commenced. Any delays in the development of these sites would mean that the Company would be paying rent without any corresponding revenues. Costs relating to Head Leases on land set for future development are currently being capitalized on that basis. To the extent there are delays in development of these sites, the Company may be required under the relevant accounting principles to stop capitalizing these costs and instead book them as operating expenses, which would adversely affect the Company's profitability. For the year ending 31 March 2018G, the total amount that will become payable after expiry of applicable rent free periods will be SAR 47.80 million.

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

2.2.2 Risks related to certain of the Properties which are subject to registered title conveyance arrangements

Pursuant to the master purchase agreement entered into by the Company under the Ijara Facility, the Company has (or, in respect of Tranche B has agreed that it will, with each additional utilization under Tranche B) transferred the registered title of a number of the Security Properties to affiliates of the ijara participant banks under the Ijara Facility. At the end of the term of the Ijara Facility, the ijara participant banks undertake to sell and transfer the relevant Security Properties back to the Company in exchange for receiving full repayment of all amounts outstanding under the Ijara Facility. Similarly, the title deed for one of the Company's Malls (Salaam Mall (Riyadh), which is also a Security Property but which is not currently mortgaged under the Ijara Facility) is currently in the name of one of the participant banks under previous debt facilities (entered into for the benefit of RCCL, Oyoun Al Raed Mall Trading Company and Oyoun Al Basateen Trading Company) which have been terminated. The Company is in the process of having this deed registered back into the name of the Company. See Sections 13.7 ("**Credit Facilities and Loans**") for further information.

Until the transfer back of each relevant Security Property to the Company pursuant to the undertakings entered into in connection with the Ijara Facility, or completion of the transfer of the title for Salaam Mall into the Company's name, the Company will effectively lose its right and/or ability to transfer any of the relevant Security Properties. In addition, upon repayment of the Re-financing Facilities, registered title in the subject Security Properties should be, and in the case of Salaam Mall is being, transferred to and in the name of the Company or one of its Operating Subsidiaries. Although registration of title back to the Company would require a notation on the title deed to the effect that the subject Security Property is owned by the Company or a Subsidiary, such registration falls within the responsibility of the relevant public notary, who exercises considerable discretion in how or whether to do so. It is always possible that the relevant public notary may decline to register the notation on the title deed regarding the transfer of ownership back to the Company or its Subsidiary. Any difficulties with transfer, registration, or notation would have an impact on the ability of the Company to establish by way of title deed its ownership of a relevant Security Property or to transfer

the same, which could lead to title disputes. See Risk Factor 2.2.5 ("**Ownership and title disputes relating to the Company's Malls**").

Any breach by the Company of its financing obligations could lead to foreclosure by the ijara participant banks on the Security Properties and their possible subsequent sale, to redeem the value of the debt due to the ijara participant banks from the Company from the proceeds of sale in accordance with applicable judicial procedures. Such a sale would negatively affect the Company's business and the loss of one of its income-generating assets, which in turn would adversely affect the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks related to real estate book values and appraisals of the Properties

The real estate book values (which are valued at cost), management estimates and JLL valuations of the Company's Properties included in the prospectus (which, in the case of the JLL valuations covers the Subject Properties and Jeddah Park but does not cover the landbank properties) are made on the basis of certain assumptions and as at specified dates, which necessarily contain elements of subjectivity and uncertainty. In particular, as there is limited market information in Saudi Arabia on the typical rents payable by real estate development companies under head leases and/or typical rental revenue generated from lease contracts, valuation of commercial property in the Kingdom may be imprecise and may be subject to material volatility. In addition, there can be no assurances that these real estate book values, management estimates and appraisals accurately reflect the market value of the Company's Properties at any given point in time or will not be subject to impairment in the future, particularly for large land parcels, which are less liquid and therefore book value, management estimates or appraised values may not reflect actual realizable value. In the ordinary course of its business and for different purposes, the Company obtains various draft and final valuations under different assumptions in respect of the landbank properties from different valuers. The aggregate market value attributed to the landbank properties in such valuations have shown significant variances relative to the cost basis on which the landbank is reported in the Company's audited financial statements. In addition, future developments in the Company's Properties may also widen the discrepancy between their real estate book values, management estimates and appraisals and their market value due to risks related to the shopping center or real estate development industry.

The Subject Properties (which includes the Malls but does not include the landbank) were most recently valued by JLL as at 31 December 2018G. In addition, Jeddah Park was most recently valued by JLL as at 11 March 2019G. Certain assumptions and valuation models were used in the preparation of these appraisals, and the use of different assumptions or valuation models would likely produce different valuation results. In particular, JLL assigned a value to each of these Subject Properties and Jeddah Park based upon their assumptions as described in the Real Estate Valuation Report and the Jeddah Park Valuation Report, respectively. The valuations also consider each property in isolation and does not consider potential costs relating to the simultaneous operation of multiple properties. Moreover, the Royal Decree to impose fees/duties on the white (undeveloped) lands on 12/02/1437H (corresponding to 24 November 2015G) will lead to a change in land prices and thus will positively or negatively influence the prices of the Company's real estate and assets.

Even where there is an increase in the Company's real estate book values and appraisals, this will not lead to an increase the Company's cash position until the relevant property is sold and the relevant gains are realized. As a result, unrealized gains through increases in book values and appraisals will not necessarily lead to higher dividends and/or to an increase in the market price per Share.

As a result of the foregoing, the book values and appraised market values included herein should not be taken as an indication of the proceeds that could be achieved in the sale of any of the Properties.

Any of the aforementioned factors would have a negative and material impact on the Company's business, results of operations, financial position and future prospects.

2.2.4 The impact of fluctuations in the real estate sector on the Company's financial performance

The Company's profitability depends primarily on the level of demand for commercial leasing space and lease rates. In recent years, the real estate sector in Saudi Arabia has experienced several fluctuations in both real estate prices and rental rates as a result of market factors, including the increase in supply of retail space. The Company's business is directly affected by such fluctuations, where the decrease in revenues from rentals below the Company's expectations, even for a short time, may result in losses to the Company which could lead to the reduction or suspension of any or all of its operations. As the Company's business is in only the real estate and retail sectors, it is exposed to sectoral concentration compared to companies with more diverse business lines. As a result, unfavorable significant fluctuations in the real estate sector will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.2.5 Ownership and title disputes relating to the Company's Malls

Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralized land registry. Given that indefeasibility of title does not yet exist in Saudi Arabia, various types of historical evidence are relied upon to identify and prove ownership of land, such as court judgments, sale agreements and historical deeds. Given that not all relevant historical evidence may be available in every case, there is often a residual risk of future ownership disputes. For example, if a historical seller had sold a property to another purchaser prior to selling it to the Company, even if such historical sale was not registered, the other purchaser may still have a claim against the Company over a given property. Accordingly, clear title may not be established in respect of all of the owned Properties in which the Company operates its Malls. Furthermore, legal disputes might arise in connection with these Properties, which disputes may call into question the Company's ability to own or occupy the subject Properties and may in some cases cause the Company to lose title to a Property it owned. Such disputes and questions about title may materially impact the value of the underlying Properties, may cause the Company to cease its operations on a particular Property and would otherwise adversely affect the Company's business, financial condition, results of operations and prospects.

2.2.6 Risks relating to the transferability of the Company's Properties

Although the Company currently intends to retain all of its owned Properties, in the future it may seek to sell or dispose of one or more of these Properties for commercial reasons or in response to financial distress. As an asset class, real estate assets are relatively illiquid and, as such, it may be difficult or impossible for the Company to realize the sale of any of its Properties for a particular price at any particular time (particularly at times of market downturn). The price achieved on any such realization may be at a significant discount, especially if the Company is forced to dispose of any of its assets in a short period of time. In addition, real estate historically has experienced significant fluctuations and cycles in value, and specific market conditions may result in reductions in the value of the Company's Mall portfolio. The inability to sell or transfer Properties at acceptable prices would adversely affect the Company's business, financial condition, results of operations and prospects.

2.3 Risks Relating to the Market, Industry and Regulatory Environment

2.3.1 Risks associated with value added tax in Saudi Arabia

Visitor spending at the Company's Malls may be negatively affected by the imposition of new taxes in Saudi Arabia. A value added tax ("**VAT**") system at a rate of 5% was introduced in Saudi Arabia in January 2018G. The decision to introduce VAT was agreed upon at the 102nd meeting of GCC Finance Ministers in Riyadh, and based on an agreement taken by the Supreme GCC Council earlier in 2016G to introduce VAT in all of the six GCC countries. The tax excludes 95 food items, but is otherwise applicable for all citizens and residents.

VAT in the Kingdom may, in increasing the prices for most goods, significantly affect visitor spending at the Company's Malls, particularly in the short term to medium term following the introduction of the tax. The

uncertainty associated with VAT also creates challenges for tenants of the Company, which may cause them to delay expansion projects and the leasing of new stores within the Company's Malls.

As VAT, or any potential increase in the VAT rate, in Saudi Arabia could lead to a decline in visitor spending, this would adversely and materially affect the position of the Company's tenants, which would in turn adversely and materially affect the Company's business, results of operation, financial condition and prospects. In addition, the Company previously incurred penalties in respect of late VAT payments. In particular, VAT payables of SAR 93.3 million have been outstanding and overdue from the Company since April 2018G, as the Company has not been settling its monthly dues as required by VAT laws, of which SAR 22.4 million was for penalties levied by the relevant authorities for late payment of VAT. This could consume significant Management time and require the Company to incur additional costs as the implementation of the systems and changes to existing processes and procedures may be more complex and time consuming than anticipated, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.3.2 The impact of political and economic risks on the Company's operations

The entirety of the Company's property portfolio is located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions could have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

In addition, many countries in the Middle East suffer from political or security instability at the present time. For example, Saudi Arabia has been engaged in military conflict in Yemen since 2015G and it severed diplomatic relations with Iran, Qatar and Canada in January 2016G, June 2017G and August 2018G, respectively. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial condition and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia and/or other countries in the Middle East, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.3.3 Compliance by the Company with Saudization and other Labor Law Requirements

Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies active in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The percentage of Saudi workers varies on the basis of a company's activities. The Company has been classified under the "Green" category, which means that the Company complies with the current Saudization requirements, which allow compliant companies to secure work visas. As at 31 December 2018G, 60.5% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Labor and Social Development.

In May 2017G, Saudi Arabia's Minister for Labor issued an order to restrict employment in shopping malls to Saudi nationals. In early 2018G Saudi Arabia's Minister for Labor and Social Development issued a Ministerial resolution ordering the nationalization of positions in 12 categories of retail sales activities, including watches, eyewear, electrical and electronic appliances, children's clothing, men's accessories, home kitchenware and confectioneries. This order has increased the operating costs of most of the Company's tenants, which has adversely affected the financial position of such tenants and their ability to discharge their obligations to pay rent to the Company.

There can be no guarantee that the Company will be able to fulfil current or enhanced Saudization or other Labor Law requirements in the future and/or that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the Saudization requirements, the Company could face sanctions by governmental authorities, such as suspension of work visa requests and of transfers of sponsorship for non-Saudi employees, and it may be difficult for the Company to continue to recruit or maintain the employment of the required percentage of Saudization. In addition, there can be no assurance that the Company will be able to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects. For further details, please see Section 5.8 ("**Saudization**").

2.3.4 The impact of prices for energy, electricity, water and related services on the Company's operating expenses

The Saudi Council of Ministers issued the Resolution No. 95, dated 17/3/1437H (corresponding to 28/12/2015G), to raise energy prices (including fuel) and electricity, water and using sanitation services tariffs for residential, commercial and industrial sectors in 2016G, as part of the Kingdom's policies aimed at rationalizing the government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/3/1439H (corresponding to 12/12/2017G), on Fiscal Balance Programme Plan to reform prices of energy products. It resulted in an increase in prices of Gasoline 91, Gasoline 95, Diesel for industry and facilities, Diesel for transportation and Kerosene as at 14/4/1439H (corresponding to 1/1/2018G).

For the year ended on 31 March 2017G, the Company incurred SAR 107.8 million of water and electricity expenses (representing 19.8% of cost of revenues), SAR 108.6 million (representing 20.5% of cost of revenues) during the financial year ended 31 March 2018G and SAR 90.0 million (representing 22.2% of cost of revenues) for the nine months ended 31 December 2018G.

The Company may not be able to pass any increase in its water and electricity costs to its tenants through higher rental prices or otherwise. Moreover, the price increases set out above, as well as any other potential increases, may lead to a decrease in discretionary spending or income available to visitors in general. Consequently, footfall and sales in the Company's Malls may be negatively impacted and the Company's operating expenses might increase, which will have a material adverse effect on the Company's operations, financial position, results of operations or prospects.

2.3.5 Compliance by the Company with the Corporate Governance Regulations

The Board approved an internal corporate governance manual as at 20 September 2017G (corresponding to 29/12/1438H). Such manual includes, among other things, rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in the proper implementation of corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board of Directors, its Committees and Senior Executives, especially with regards to training related to the board and its committees thereof, independence requirements, rules related to conflicts of interest and related parties' transactions. The CMA issued on 16/5/1438H (corresponding to 13/2/2017G) the new Corporate Governance Regulations, effective from 25/7/1438H (corresponding to 22/4/2017G) and amended on 7/8/1439H (corresponding to 23/4/2018G), which required further substantial changes to the Company's internal policies and rules. Failure to comply with the governance rules, especially the mandatory provisions of the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would have a material adverse effect on the Company's operations, financial position, results of operations or prospects.

2.3.6 Risks associated with foreign ownership restrictions with respect to Makkah Mall and Noor Mall

Two of the Malls owned by the Company, Makkah Mall and Noor Mall, are situated in Makkah and Madinah respectively, and together they generated 15.5%, 14.2% and 13.2% of the Company's total revenue for the

financial years ended 31 March 2016G, 2017G and 2018G, respectively, and 13.7% of the Company's total revenue for the nine month period ended 31 December 2018. The 'Regulation of Ownership and Investment in Real Estate by Non-Saudis' (Royal Decree No. M/15 dated 17/4/1421H (corresponding to 19 July 2000G)) generally prohibits non-Saudis from indirectly and directly owning or leasing real estate in Makkah and Madinah. The policy for the application of this prohibition to listed companies is set out in CMA Circular 254 entitled "Foreign Ownership in listed companies that invest in real estate located within the borders of Makkah and Al-Madinah as its main activity" and dated 7/11/1437H (corresponding to 10 August 2016G) (the "**Circular**"). The Circular currently limits the application of the prohibition to four specified listed companies whose main activity is investment in real estate in Makkah and Madinah.

The Circular also states that non-Saudis are not permitted to acquire securities in any listed company "in which non-Saudis are restricted from investing in based on specific instructions issued by relevant supervisory authorities governing such companies". Whilst the Company is not currently aware of any such instructions having been issued which may be applicable to it, there can be no assurance that any such instructions will not be issued in the future or, were such instructions to be issued, what the potential impact may be on the Company or what mitigating actions the Company take (for instance, the disposal of the Company's malls in these cities). The issue of any such instructions in the future would have a material adverse effect on the Company's business, financial condition, prospects and results of operations.

2.3.7 The impact of changes in laws and government policies in Saudi Arabia, and/or changes in their application to the Company, on the Company's business

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for commercial space in the Company's Malls and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the real estate industry in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency, and their implementation, interpretation and enforcement may involve uncertainty including, for example, the introduction of a requirement in January 2019G to register residential and commercial leases through an online portal to ensure that such leases become enforceable before Saudi Courts which remains largely untested. There can be no assurance of favorable or unfavorable future changes in laws and regulations and/or governmental policy in Saudi Arabia with respect to the real estate industry, including the promulgation of new laws (which may, for example, provide restrictions on retail trading hours), changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and its shareholders.

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

2.3.8 Risks Associated with Zakat

Since 2007G, Saudi FAS Holding Company (the Ultimate Parent Company) has submitted combined Zakat returns for itself, the Company and all of their wholly-owned subsidiaries. Historically, the Company was in disagreement with the GAZT over its Zakat application as the Company filed its Zakat returns on a consolidated basis. This application was revoked by the GAZT in 2015G and was later approved in 2016G after Saudi FAS Holding Company obtained Fatwa No. 37001836 from the Grand Mufti approving its position to file consolidated Zakat returns. However, following Admission, the Company will be required to file its own Zakat returns on behalf of itself and its Operating Subsidiaries. There is a risk that if the GAZT treats the Company differently on a standalone basis, disputes any payments made historically and/or if there is a material shift in the GAZT's policy in this regard, the Company could become subject to increased Zakat payments which would have a material adverse effect on the Company's business prospects, financial condition and results of operations.

In addition, the Company received GAZT certificates for previous years until the end of FY2016G. Saudi FAS Holding Company is still in the process of paying Zakat for those years as of the date of this Prospectus. Saudi FAS Holding Company has undertaken to pay the due amounts or the amounts that may arise for the years up to end of FY2016G.

The Ultimate Parent Company had obtained Zakat certificates from GAZT for the FY2017G, which expired on 31 July 2018G. However, the Company is currently in the process of obtaining the final Zakat assesment for FY2017G. Although the Ultimate Parent Company has submitted its Zakat declarations for the Company and for its subsidiaries for the financial year ended 31 March 2018G, the Company did not receive any Zakat certificates or assessments for FY2018G from GAZT up to the date of this Prospectus.

If the Ultimate Parent Company does not settle the amounts for the FY2017G and FY2018G, or if it fails to pay the due amounts for the previous years up to the end of FY2016G, GAZT may potentially impose additional Zakat payments on the Company which will result in increasing the Zakat amounts to be paid by the Company.

2.3.9 Risks relating to environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds

Under various laws, ordinances and regulations in Saudi Arabia, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral. In the case of any of the Properties, any such presence could have an adverse effect on the Company's business. There can be no assurances that the costs of complying with environmental laws and regulations and defending personal injury and property damage claims based on the presence of hazardous or toxic substances will not have a material adverse effect on the Company's business.

In addition, many insurance carriers exclude asbestos-related claims and most mold-related claims from standard policies. If a major uninsured loss or loss in excess of insured limits occurs, the Company could lose both invested capital in and anticipated future revenues and, in the case of outstanding debt, the Company would remain obligated for such debt. Any loss of this nature would adversely affect the Company's business, results of operations, financial condition and prospects.

2.4 Risks Related to the Offer Shares

2.4.1 The impact of the Controlling Shareholders on the interests of the Company and other shareholders

Following completion of the Offering, the Controlling Shareholders will collectively hold (directly or indirectly) at least 80% of the issued Shares. The Controlling Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts and important Company activities and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Controlling Shareholders may differ from those of the Company's other shareholders, and the Controlling Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a future sale of the Company's business and may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.4.2 Absence of a prior market for the Shares

There is currently no public market for the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the price of the Shares would be adversely affected, which would, in turn, have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.4.3 Future sales and offers

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lock-up period of six months during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following their six month lock-up period could have an adverse effect on the market for the Shares, and may result in a lower market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.4.4 Fluctuation in the market price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the prospects for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. There can be no guarantee that the Offer Price will be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

The stock market in general experiences from time to time extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.4.5 Risks relating to the Company's ability to distribute dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company is restricted under the Re-financing Facilities, and may be restricted by the terms of its future credit financing agreements, to make dividend payments. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares

unless they sell the Shares at a price higher than the price at the time of purchase. The Company cannot give an assurance that it will be able to pay dividends or that its Directors will recommend or its Shareholders will approve the payment of dividends, which would have a material adverse effect on Subscribers' anticipated returns. For further details regarding the dividends policy of the Company, please see Section 7 ("**Dividend Distribution Policy**").

2.4.6 Foreign exchange rate risks when investing in the Offer Shares

The Offer Shares are, and any dividends to be paid in respect of the Offer Shares will be, denominated in Saudi Riyals. Any investment in the Offer Shares by an investor whose principal currency is not the Saudi Riyal will expose that investor to foreign currency exchange rate risk. This may adversely impact the investor's value of the investment in the Offer Shares or any dividends. In particular, any depreciation of the Saudi Riyal in relation to the foreign currency would reduce the value of the Offer Shares or any dividends in foreign currency terms.

3. MARKET OVERVIEW

Unless otherwise specifically stated, the information in this Section 3 ("**Market Overview**") is derived from the market study report dated 28th February 2019G prepared by JLL (the "**Market Research Consultant**") for the benefit of the Company in relation to the retail sector in Saudi Arabia (the "**Market Study**"). It should be noted that the Market Research Consultant does not, nor do any of its subsidiaries, sister companies, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company or its Subsidiaries. As at the date of this Prospectus, the Market Research Consultant has given and not withdrawn its written consent for the use of its name, the information, and market research supplied by it to the Company in the manner and format set out in this Prospectus.

JLL is a leading professional services firm that specializes in real estate and investment management. JLL helps real estate owners, occupiers and investors achieve their business ambitions. The parent company of JLL was established in 1783G and is headquartered in Chicago, USA. JLL currently employs more than 80,000 staff members globally.

The Directors believe that the information and data from other sources contained in this Prospectus, including that provided by the Market Research Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

Due to the limited availability of data, some of the competitor information, including ownership and number of malls and GLA, was obtained from public sources and / or has been provided by external experts and was not verified by each relevant competitor.

3.1 Socio-Economic Overview of Saudi Arabia

Saudi Arabia is the largest and most populous country in the Gulf region. With a land area of approximately 2.15 million km², it occupies the majority of the land mass of the Arabian Peninsula. Saudi Arabia is the powerhouse of the regional economy and is the only regional representative in the G20 group of leading global economies. Saudi Arabia holds approximately one fifth (18%) of the world's confirmed oil reserves, with the hydrocarbons sector generating the majority of the government's revenues and oil-related activities accounting for more than 90% of GDP up until 2013G. In mid-2014G, the price of oil (Brent) reached a high of USD 115 per barrel, after which it started declining until it reached its lowest point of USD 28 per barrel in January 2016G. Following the considerable drop in prices, the Saudi government took active measures to diversify its economy away from oil revenues by introducing its Vision 2030 in 2016G. This initiative seeks to achieve fiscal sustainability while also diversifying Saudi Arabia's revenues and increasing government spending.

Vision 2030 seeks to develop non-oil based sectors and increase their contribution to the Saudi economy. Sectors to be expanded as part of this diversification include tourism, trade and financial services. According to Company Market Data, non-oil GDP revenues grew from SAR 101 billion in 2012G, to approximately SAR 290 billion in 2018G. This is projected to increase to SAR 311 billion in 2019G. The share of non-oil revenues is expected to continue increasing on the back of initiatives aimed at diversifying Saudi Arabia's economy.

In 2017G, the non-oil sector accounted for 37% of government revenues and 57% of GDP, a figure that is expected to continue increasing on the back of initiatives aimed at boosting other sectors of the economy.

Saudi Arabia is not only the largest of the GCC countries (accounting for over 60% of the region's population), it also continues to experience a steep rise in its population; from 6.2 million in 1970G to almost 33 million in 2018G, according to the Market Study.

Social, economic and real estate developments in Saudi Arabia are strongly impacted by the rapidly changing demographic profile of the Kingdom. With around 36% of the population aged below 20 and around 34% aged between 20 and 40, the Kingdom's young population is expected to rapidly drive urbanization. The majority of the population is already comprised of city dwellers, and KSA contains four of the largest cities by land area in the GCC region, which are Riyadh, Jeddah, Dammam Metropolitan Area and Makkah.

According to the Market Study, the Kingdom's urban population has grown by over 9 million between 1990G and 2008G as Saudi cities continued to accommodate more than 500,000 new urban dwellers a year. Most urban growth has taken place in Riyadh, the capital, in urban clusters along the Red Sea coast (Jeddah, Makkah, and Madinah) and in the Eastern Province (Dammam / Al-Khobar).

3.1.1 National Account (GDP)

Table 3-1: Saudi Arabia's Macroeconomic Indicators from 2014G to 2018G*

	2014G	2015G	2016G	2017G	2018G*
Real GDP (SAR Billion)	2,444.8	2,545.2	2,587.3	2,565.3	2,623.8
Real GDP Growth (%)	3.7%	4.1%	1.7%	-0.9%	2.3%
Oil GDP Growth	2.1%	5.3%	3.6%	-3.1%	2.3%
Non-Oil GDP Growth	4.9%	3.2%	0.2%	1.0%	2.3%
GDP per capita (SAR 000's)	92.3	77.8	75.1	78.5	80.9

*Source: Market Study, Company Market Data *Figures for 2018G are provisional.*

The economy of Saudi Arabia witnessed solid expansion between 2012G and 2015G. This was largely driven by its energy sector and a steady rise in government spending in alternative sectors such as education, healthcare and infrastructure. In 2016G, and in the face of a changing global energy market, the Saudi Government became of the view that the Kingdom can no longer grow on the back of oil revenues and public spending. The GDP growth was registered at 1.7% in 2016G versus 4% in 2015G. The drop-in oil prices led the economy to dip into negative territory during 2017G for the first time since 2009G, which was a year after the global financial crisis. It is expected that the Saudi economy will register a 2.3% growth in GDP in 2018, primarily supported by the recovery in oil prices.

2019G is expected to witness ongoing activity on the back of strong reform momentum and increased government spending as stipulated in the 2019G budget announcement. The expansionary budget is the largest to date with estimated spending expected to reach SAR 1.1 trillion, up 7% from 2018G levels. Public spending is expected to stimulate and support non-oil GDP growth, as Saudi Arabia weans its reliance on the hydrocarbon sector.

Table 3-2: Saudi Arabia's Government Budget

	2017G	2018G*	2019G*
Government Revenue (SAR / billion)	692	895	975
Government Spending (SAR / billion)	930	1,030	1,106

*Source: Company Market Data. *Figures for 2018G and 2019G are provisional.*

3.1.2 Tourism

Saudi Arabia's tourism sector is heavily reliant on religious tourists due to the presence of the two Holy Mosques in Makkah and Medinah. The Kingdom boasts the privilege of hosting Makkah, the center of Islam, a significant feature not available to any other global country. This ensures sustainable demand for religious pilgrimages from the world's more than 1.8 billion Muslims. It is expected that the removal of the 20% quota restriction on Hajj pilgrims should increase demand for tourism in Saudi Arabia, and consequently retail spending. Retailers typically enjoy above average sales during the season, especially for those centres located centrally and nearer to the holy sites. The sector is also likely to benefit from the reinstatement of benefits to public sector employees, which is expected to lead to positive growth in consumption and spending.

With the diversification of the economy at the forefront of the Kingdom's priorities, the Saudi Government's expenditure has been focused on developing and diversifying the tourism industry, beyond religions tourism. 2018G already represented a year of change in Saudi Arabia, reflecting the targets stipulated in Vision 2030. From announcing a new online visa scheme to hosting the Ad Diriyah E-Prix and post-race concerts, efforts to promote the entertainment sector are expected to reflect positively on the tourism and hospitality market.

Further announcements in the tourism sector include the launch of Amaala, a new luxury-wellness destination situated on Saudi Arabia's north-western coast of the Red Sea. The project sits as part of a "gigaprojects" investment portfolio (alongside NEOM and the Red Sea Project) launched by the Public Investment Fund (PIF). In the capital, Riyadh, a new entertainment and sports destination 'Al Qiddiya' was also launched by PIF. This project will include a Six Flags theme park, entertainment centres, sports amenities and an array of historical, cultural and educational activities.

These additions to the entertainment and tourism industry as significant drivers of Saudi Arabia's non-oil economic growth and expect them to generate more job opportunities. These projects are also likely to trigger large-scale real estate development activity driven by the public and private sectors.

According to the Market Study, the travel and tourism sector's direct contribution to the Kingdom's GDP totaled SAR 92 billion in 2018G, which is forecast to grow at a CAGR of 3.7% to ultimately reach SAR 131.3 billion by 2028G.

Table 3-3: Direct Contribution of Travel & Tourism to GDP (SAR billion, real 2018 prices)

	2013G	2014G	2015G	2016G	2017G	2018G*
Contribution of Travel & Tourism to GDP (SAR Billion)	68.6	71.9	78.1	82.3	88.2	91.6

*Source: Market Study. *Figure for 2018G is forecasted.*

According to the Market Study, domestic tourism currently dominates the market, accounting for 45 million visits (71%) of the total of 63 million trips recorded in 2016G (which includes both domestic and inbound tourism). These numbers highlight the importance of the domestic tourism market in the Kingdom.

Foreign tourists do however contribute more than domestic tourists to the Saudi economy. According to the Market Study, total expenditure from inbound foreign tourists amounted to SAR 93.4 billion in 2016G, compared to SAR 55.4 billion from domestic tourists. These figures are attributed to the high spending from international pilgrims during the Hajj season, which highlights the important contribution of the Holy Cities to the Kingdom's tourism sector.

Table 3-4: KSA Tourist Trips (millions)

	2010G	2011G	2012G	2013G	2014G	2015G	2016G
Domestic	22.8	26.2	21.0	23.8	37.1	46.5	45.0
Inbound	10.9	14.2	16.3	15.8	18.3	18.0	18.0

Source: Market Study

3.1.3 Entertainment reforms

The Vision 2030 reform, which plans to wean the economy off oil through diversification, includes developing the leisure sector.

The General Entertainment Authority (GEA) aims to diversify the economy beyond its current offerings and seeks to support the employment of Saudi nationals. According to a statement published by the Saudi Press Agency ("**SPA**"), the Kingdom's most ambitious project to date includes the 334 sq km entertainment city 'Al Qiddiya', south of the capital Riyadh, which seeks to feature sports, cultural and recreational activities (inclusive of Six Flags theme park as well as a safari). The Kingdom's Public Investment Fund ("**PIF**") will be the main investor in the project.

The GEA has been mandated with facilitating the development of new entertainment options in the country that are tailored to the needs of the Saudi population. The organization has signed MoU's with a number of international and local companies such as Balich from Italy, Avex from Japan and Broadway Entertainment, to deliver various initiatives which include hosting exhibitions, constructing theatres, and organizing country-wide performances.

These initiatives are expected to enable shopping malls/centers to enhance their "shoppertainment" experience and attract a higher footfall. Differentiation, entertainment and fresh design concepts are considered key to the success of shopping centers in the increasingly competitive Saudi Arabian market.

Additionally, increased female participation in the workforce bodes positively for the retail sector. This initiative should increase the number of female owned businesses as well as the number of women in the workforce, resulting in higher spending power. The feminization of the retail sector is in line with Vision 2030, which seeks to increase the participation of women in the workforce from 22% to 30%. The Saudi Government reforms aim to achieve an increase of approximately 7% per annum in discretionary spending due to the higher number of women in employment, which is in addition to a long term growth rate in discretionary spending per year of approximately 5%, according to Company Market Data.

A number of retail malls are also currently planning the introduction of cinemas within their existing malls, while other operators are seeking to identify freestanding sites. Major shopping centers currently under construction are likely to amend their layouts to house theatres. To this extent, many cinema operators have signed memorandums of understanding to operate theatres across the Kingdom, including VOX, IMAX and AMC.

3.1.4 Transport and Infrastructure

Underpinning tourist demand are the Government's investments in transport and infrastructure. The 448 km Al Haramain High Speed Railway connecting Medina, Makkah and Jeddah was inaugurated in 2018, supporting the growing number of Pilgrims to the Makkah region, and serving up to 60 million passengers per annum. The Railway also connects to Jeddah Airport and King Abdullah Economic City, easing and promoting business travel.

Another key development in the transport sector was the "soft opening" of the new King Abdulaziz International Airport (KAIA) in Jeddah in May 2018G. This forms part of plans to welcome 30 million passengers annually. These, and other public transport projects in the pipeline such as the Riyadh Metro, are expected to not only facilitate movement, but also tap into the country's potential as a global transport hub, improve the competitiveness of its infrastructure and the sustainable growth of tourism in Saudi Arabia, and provide opportunities for private and foreign investors.

3.1.5 Population

The population of Saudi Arabia stood at 33 million persons by the end of 2018G, with the youth (the population under the age of 30 years old) accounting for approximately 52% of the population. According to the Market Study, expatriates comprised between 40% - 50% of the population of the three major cities in 2016G (Riyadh (43%), Jeddah (47%) and Dammam Metropolitan Area (36%)) and approximately 37% of Saudi Arabia's total population. The population of these major cities including Makkah, stood at 15.4 million persons in 2018G and represented 46% of the total Saudi population.

Table 3-5: Saudi Population (Including non-Saudi nationals - million persons)

	2014G	2015G	2016G	2017G	2018G*
Population in Saudi Arabia (millions)	30.9	31.6	32.2	32.8	33.4
Growth (%)	-	2.3%	1.9%	1.9%	1.8%

*Source: Market Study. *Figure for 2018G is provisional.*

Table 3-6: Saudi Population (Including non-Saudi nationals), Age Groups (2018G*)

Ages	00-04	05-09	10-14	15-19	20-24	25-29	30-34	35-39
Male	1.5	1.4	1.3	1.2	1.3	1.6	1.9	2.1
Female	1.5	1.4	1.2	1.1	1.2	1.3	1.3	1.3
Ages	**40-44**	**45-49**	**50-54**	**55-59**	**60-64**	**65-69**	**70-74**	**75+**
Male	2.1	1.6	1.2	0.8	0.5	0.3	0.2	0.2
Female	1.2	0.89	0.6	0.4	0.3	0.2	0.1	0.2

*Source: Market Study. *Figure for 2018G is provisional.*

3.2 Retail Market Overview

3.2.1 Introduction

Saudi Arabia's demographic structure is extremely conducive to retail spending. With a population of 33 million at the end of 2018G, the Kingdom offers a sizeable consumer base for retailers. More importantly, Saudi Arabia has a young population, with approximately 52% under the age of 30 years in 2018G, according to the Market Study. This working age group also benefits from a large and growing level of disposable income, and a taste for better quality and diversified products.

While the retail sector in Saudi Arabia (amounting to SAR 400 billion in retail sales as of January 2019G according to the Market Study) is the largest in the GCC, it is still in its development phase. The sector accounted for 10% of non-oil GDP in Q3 2018G and is expected to grow in the long-term. The overall performance of the national economy and the healthy growth of the non-oil private sector (which registered 37% of total revenues in 2017G[1]) undoubtedly supports the retail environment and would support its potential development.

This Retail Market Overview primarily focuses on the major cities in Saudi Arabia (Riyadh, Jeddah, Dammam Metropolitan Area and Makkah). Collectively, these cities represent 46% of the country's population (as of 2018G), 51% of the country's employed labor force (as of 2018G) and significant portion of the retail GLA in Saudi Arabia.

3.2.2 Retail sector structure

The retail landscape in urban areas across Saudi Arabia has been undergoing significant changes over the past 5 years, with a shift from standalone street shops to an increased number of malls. However, the retail experience outside of urban centers in Saudi Arabia continues to be less organized and remains dominated by smaller and more specialized retailers operating from souks and street front stores.

Throughout this section, the definition of 'retail' is restricted to shopping centers / malls, and quality strip malls and excludes independent standalone stores. JLL has adopted the Urban Land Institute ("**ULI**") classification of retail centers, based on their size or Gross Leasable Area (GLA):

- Super-Regional Malls have a GLA of above 90,000 sq m
- Regional Malls have a GLA of 30,000 – 90,000 sq m
- Community Malls have a GLA of 10,000 – 30,000 sq m
- Neighborhood Malls have a GLA of 3,000 – 10,000 sq m
- Convenience Malls have a GLA of less than 3,000 sq m

[1] Ministry of Finance

3.2.3 Standard Lease Terms

Retail leases in Saudi Arabia are generally in line with those in other global markets. While there is significant variation both within and between shopping malls/centers, the table below shows the typical lease periods for different categories of tenants.

Table 3-7: Typical Lease Terms

Store Type	Typical Lease Period (Years)
Hypermarkets / Supermarkets	10-20
Fitness	7-15
Entertainment / FEC's	5-15
Cafés / Casual Dining	5-10
Line Stores	3-5
Service / Convenience	3-5
Others (Kiosks, ATM's etc)	1 month – 1 year

Source: Market Study

As the Saudi market is becoming more institutional in nature, it is not uncommon for shopping malls/centers to charge turnover rents in addition to the base rents. However, this is still not the norm as most tenants do not wish to share their turnover details with shopping mall/center operators.

In the current competitive market conditions and broader macro headwinds in retail, some landlords are offering rent relief to tenants in the form of rent free periods.

Most leases provide for the indexation of rentals based upon CPI (inflation) or at an agreed market review, which is typically fixed in advance in the lease. There is no guaranteed right of renewal in most leases, with the terms of any renewal upon expiry of the original lease being a matter of negotiation between the tenant and the landlord.

While the traditional pattern in the Kingdom has been for gross rental contracts (with the base rent and service charges being presented as a combined sum), it is now becoming more common to see net rents being quoted, along with a separate service charge to cover utilities (water and electricity consumption) and costs related to maintenance of the common areas, security and insurance. Mall marketing costs can also be charged separately along with costs which are unique to a tenant, such as additional security or operating costs attributable to out of normal opening hours. The cost of capital expenditure is typically not recoverable through service charges and should be borne by the landlord.

3.2.4 Store Based and Non-Store Based Retailing

Store based retailing continues to dominate the Saudi market. According to the Market Study, store based retailing contributed 97% of total retailing in 2018G. Non-store based retailing constitutes direct selling, home shopping, internet retailing and vending, however, it does not include internet pure play retailers.

The integration of technological world advances into a customer's everyday life is changing the way they experience the retail environment. E-commerce has become of great importance across the Kingdom, particularly when it comes to electronic purchases, with a 4% penetration rate in 2018G according to Company Market Data. Saudi Arabia's e-commerce penetration is expected to grow over the next five years, according to Company Market Data. With the emergence of online platforms continuing to gain prominence, many retail developers are now trying to create destinations that are not solely reliant on shopping, but focus on other aspects such as leisure and Food & Beverage sector ("**F&B**").

Table 3-8: Retail Sales (Store-based vs. Non-Store) (SAR millions)

	2014G	2015G	2016G	2017G	2018G
Store-based retailing	334,553	370,458	392,417	389,998	386,124
Annual growth rate	*11.7%*	*10.7%*	*5.9%*	*-0.6%*	*-1.0%*
Non-store based retailing	4,658	5,837	7,506	8,908	10,957
Annual growth rate	*15.6%*	*25.3%*	*28.6%*	*18.7%*	*23.0%*

Source: Market Study

3.2.5 Shift to more organized retail formats

As with all emerging economies, a proportion of retail spending in Saudi Arabia still occurs outside of organized malls. This may be in the form of souks or markets and vendors operating at major road junctions. While less organized retail formats are generally more significant in non-urban areas, the presence of large numbers of religious pilgrims does attract street hawkers selling a wide range of goods, from apparel to fruits and vegetables. These vendors are most common in Jeddah, Makkah and Medina during the Hajj season.

Although it is difficult to quantify the scale and scope of informal retailing, research by Euromonitor International suggests that this segment accounts for only a small share of overall retail sales in the Kingdom.

3.2.6 Distinctive features of the retail market in Saudi Arabia

While many trends in the global retail market also apply to the retail market in Saudi Arabia (such as the increased migration of sales online and the explosion of information which is leading to super-informed consumers and 'choice exhaustion'), it is also important to recognize there are several important differences that set the Saudi retail market apart from other regional and global retail markets.

The development of retail malls has changed and enriched the retail experience of residents as well as tourists into the country. The influx of malls has been positive, adding air-conditioned comfort during the adverse summer weather conditions. Retail malls have also developed as a major focus of entertainment and leisure activities and place of social gatherings.

While several reforms have been introduced and implemented in Saudi Arabia (in line with the National Transformation Program and Vision 2030), such as the ability of women to drive, the introduction of cinemas in retail malls and the increasing participation of females in the workforce, the impact of these initiatives will not be recognized in the short term and some will only be felt in the medium (i.e. 5-10 years) horizon. The net result is that the Saudi retail sector is currently in the process of development compared to other markets of similar size and importance, creating opportunities to participate in its growth and maturity.

3.2.7 Growth of Food & Beverage retailing

Similar to global trends, the F&B sector is growing in importance in Saudi Arabia. As shopping malls/centers in the Kingdom are considered a social meeting place and destination for households, F&B options play an important role in drawing demand and footfall. Many shopping malls/centers are developing their F&B offerings and introducing more concepts and new names to the market. A number of new F&B retailers have recently entered the market in main cities, which is expected to continue and will see more competition and improved quality in this segment over the coming years.

3.2.8 Household Spending

Total household spending by residents in Saudi Arabia amounted to SAR 1,130 billion in 2018G. This is significantly higher than other major retail destinations like the United Arab Emirates (UAE), where household spending recorded approximately AED 520 million in 2018G, according to Company Market Data.

The estimated store-based retailing in Saudi Arabia currently stands at around SAR 386 billion (or some 34% of total household spending) as of the end of 2018G, according to the Market Study. By comparison, in the UAE, store-based retailing amounted to AED 194 billion, or 37% of total household spending, according to Company Market Data.

Table 3-9: Total Household Spending, KSA (2018G)

Household Spending	Spending Percentage (%)	Household Spending	Spending Percentage (%)
Healthcare Services	2%	Furnishing & Equipment	6%
Education	2%	Transportation	7%
Recreational Services	2%	Utilities	19%
Restaurant & Hotels	5%	Food & Beverages	16%
Communication	5%	Others	32%
Apparel	4%	-	-

Source: Market Study.

Table 3-10: Total Store Based* Sales, KSA (SAR millions)

	2014G	2015G	2016G	2017G	2018G
KSA Total Store Based Sales	334,553	370,458	392,417	389,998	386,124
Growth (%)	11.7%	10.7%	5.9%	-0.6%	-1.0%

*Source: Market Study. *Store-based retailing is the aggregation of grocery retailers and non-grocery specialists and mixed retailers. Sales of new and used goods to the public for personal or household consumption from retail outlets or market stalls. Excludes specialist retailers of motor vehicles, motorcycles, vehicle parts, fuel. Also excludes foodservice, rental and hire and wholesale industries, including Cash and Carry. Excludes the informal retail sector.*

3.2.9 Retail spending in Saudi Arabia vs. GCC

The retail market in the GCC is largely dominated by Saudi Arabia and the United Arab Emirates (collectively accounting for 89% of total GCC retail sales in 2018G).

Retail sales in Saudi Arabia grew at a CAGR of 3.6% between 2014 and 2018 and represented 65.3% of total GCC retail sales in 2018, according to the Market Study. The growing young population, increased urbanization and the transformation in the retail markets with respect to westernized consumption patterns being adopted supported this. Furthermore, the increasing number of pilgrims to the holy cities of Makkah and Madinah continued to act as a catalyst for retail sales growth in the country.

The table below shows that the Kingdom's market share in terms of retail sales is significantly ahead of neighboring GCC countries and this is attributed to its size relative to other GCC countries. It is worth emphasizing that on a per capita basis Saudi Arabia lags significantly behind the, despite being the highest contributor to the overall retail sales in the region, thereby signifying the growth potential.

Table 3-11: Market Share of Retail Sales in KSA vs. other GCC countries (% of total)

	2014G	2015G	2016G	2017G	2018G
Bahrain	0.3%	0.3%	0.3%	0.3%	0.3%
United Arab Emirates	29.6%	24.4%	23.6%	23.8%	23.5%
Qatar	7.3%	8.0%	8.3%	8.6%	9.4%
Kuwait	0.9%	1.0%	1.0%	1.0%	0.9%
Saudi Arabia	61.4%	65.8%	66.3%	65.9%	65.3%
Oman	0.5%	0.5%	0.5%	0.5%	0.5%

Source: Market Study

3.2.10 Current Stock and Future Supply of Retail Space

The stock of space within retail malls in the four main cities in Saudi has increased from 5.0 million sq m in 2014G to 6 million sq m as of year-end 2018G.

Table 3-12: Retail Mall Supply within Four major Cities* in KSA (thousands sq m GLA)

	2014G	2015G	2016G	2017G	2018G
Completed Stock (sqm, '000s)	4,961	5,066	5,374	5,730	5,916

*Source: Market Study. *Major Cities: Riyadh, Jeddah, Makkah and the Dammam Metropolitan Area*

There is currently around 0.4 sq m of mall based retail space per capita in the four major cities of Saudi Arabia. This is much lower than the international benchmark of 1.1 sq m per capita, identified by the International Council of Shopping Centres ("**ICSC**"). When compared to other destinations, the total GLA per capita in Saudi Arabia lags behind regional peers such as Dubai (1.3) and Abu Dhabi (1.1), and other European and American cities such as Helsinki (0.7), Stockholm (0.6), and Boston (0.6)

The table below displays the GLA per capita figures for the cities which the Market Study covers. As of year-end 2018, the data suggests that Makkah and DMA have a higher GLA per capita ratio (0.59 and 0.58 respectively), than either Riyadh or Jeddah (0.32).

Table 3-13: Retail Mall Space Per Capita in Major Cities* (2018G)

City	Total Retail Mall GLA (sq m)	Retail Mall GLA per Capita
Riyadh	2,153,091	0.32
Jeddah	1,418,538	0.32
Dammam Metropolitan Area	1,080,355	0.58
Makkah	1,264,704	0.59

*Source: Market Study. *Major Cities: Riyadh, Jeddah, Makkah and the Dammam Metropolitan Area*

In line with global trends, Saudi Arabia is expected to see an increase in the number of retail malls developed over the next 5 years. The areas that are currently under supplied within the major cities are likely to see additional large super-regional and regional malls. In contrast, the supply in more saturated areas will likely focus on community and neighborhood facilities to cater for a more local catchment. The quality of the upcoming supply in the new retail malls will be a major factor in determining the relative success of different malls as competition intensifies, particularly within the central areas of the major cities in Saudi Arabia. Vacancy rates for the lesser quality malls and unorganized retail are expected to increase as tenants relocate to newer and upgraded centers. In turn, rental rates for these spaces are likely to start declining as competition increases in the market. However, with the expansion of the "shoppertainment" segment it is likely that the take-up of space might pick-up, thus offsetting any major declines in average rents.

Table 3-14: Breakdown of Retail Space by Type of Mall (2018G)

Type of Mall	Retail Space (%)
Super-Regional	16%
Regional	37%
Community, Neighbourhood, Convenience & Boutique	47%

Source: Market Study

3.2.11 Competition

The following table shows the market share of the Company as against its competitors across the four major cities of Saudi Arabia as of year-end 2018G. The Company has the strongest market share in Jeddah, accounting for 28% of total retail mall GLA. On the other end of the spectrum, the Company has one mall in Makkah with minority market share.

Table 3-15: Market Share of the Company across the four major cities (as of Q1 2018G)

City	Total Retail Mall GLA (sq m)	Total Retail Mall GLA (sq m) of ACC	Market Share of the Company (%)
Riyadh	2,153,091	235,890	11%
Jeddah	1,418,538	390,281	28%
Dammam Metropolitan Area	1,080,355	181,555	17%
Makkah	1,264,704	37,545	3%
Total	**5,916,689**	**845, 271**	**14%**

Source: Market Study

The table below presents the Company's market share in Saudi Arabia against the next largest players in the market. The Company is the largest shopping mall owner and operator in Saudi Arabia by total GLA, comprising a 14% market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Makkah). In addition, the Company's market share of Super-Regional and Regional Malls in Saudi Arabia represent 46% and 47%, respectively, of total retail GLA in these four major cities as of year-end 2018G.

Table 3-16: Market Share of Competitors (2018G) – Key Cities

#	Owner / Developer*	Total GLA (sq m)	Market Share
1	The Company	845,271**	14.3%
2	Asala Holding / Hamat Property***	362,339	6.1%
3	Kinan International for Real Estate Development Company	206,427	3.5%
4	Al Othaim Real Estate Investment and Development Company	173,272	2.9%
5	Andalus Property Company	256,856	4.3%
6	Saudi Economic and Development Company	131,965	2.2%

Source: Market Study

** Given that a number of shopping malls/centers have been developed through joint venture structures, attributing ownership to any single party in certain cases can be difficult. Accordingly, identifying meaningful ownership is not a straightforward exercise.*

*** The total GLA of the Company presented in the table above includes the sum of the GLA in the four cities (Riyadh, Jeddah, Dammam Metropolitan Area and Makkah). The Company's total KSA GLA stood at 1,078,821 sq m as of year-end 2018G.*

**** As a manager/operator, Hamat Property Company with 19 malls under management is a JV between Andalus Property Company, Mohammed Al Habib Company and Jarir Investment Company and operates malls that are owned at least partially by unrelated third parties.*

Asala Holding Company / Hamat Property

Asala Holding was formed by Jarir Investment Company and Mohammed Al Habib Company. Its presence is strongest in Riyadh where it is based. Out of the four main cities, it currently owns five shopping centers in Riyadh (less than the Company in number, but with a higher GLA), with a further shopping center in Dammam Metropolitan Area and Jeddah. Most of its properties are regional centers, followed by two community centers and one regional shopping center in Riyadh.

Alandalus Property Company

Alandalus Property Company is based in Riyadh and founded in 2006G, which was followed by its IPO in 2015G. Andalus Property Company has existing properties in Dammam, Jeddah and Riyadh with the strongest presence in Riyadh (having three properties). The category of its shopping centers spreads across the spectrum with the majority falling under the neighborhood category, two regional centers, and its largest, super-regional center in Jeddah.

Kinan International for Real Estate Development Company

Kinan International for Real Estate Development Company was founded in 2003 and based in Jeddah. Kinan has a greater presence in Riyadh in terms of GLA, which spreads over three shopping centers in the city. Most of its centers are within the regional category, and none of them exceed that category. Unlike other developers, Kinan also develops shopping centers within their residential communities, which started in 2009, and fall under the neighborhood category.

Al Othaim Real Estate Investment and Development Company

Al Othaim shopping centers are wide spread across Saudi Arabia. However, its shopping centers focus more on super market and hypermarket tenants as opposed to fashion, accessory, and entertainment retail (unlike the other major retail developers in Saudi Arabia). Out of the four main cities, Al Othaim has the strongest market presence in Riyadh.

Saudi Economic and Development Company (SEDCO)

SEDCO was established in 1976G, by the Sheikh Salem Bin Mahfouz. Focused mainly in the western region of Saudi, SEDCO has two shopping centers in Jeddah. While SEDCO falls behind other major retail developers in Saudi, its portfolio includes the largest shopping center in the city (Red Sea Mall), which has recently undergone an expansion and is expected to undergo a further expansion. Its other shopping center in the same city falls under the neighborhood category.

3.3 The Retail Sector in Riyadh

3.3.1 Population

The population of Riyadh stood at 7 million persons at the end of 2018G, which represents a 3.6% increase from 2017 levels.

Table 3-17: Population, Riyadh (Thousands)

City	2014G	2015G	2016G	2017G	2018G
Total Population	6,064	6,280	6,504	6,735	6,975
Growth (%)	3.6%	3.6%	3.6%	3.6%	3.6%

Source: Market Study

3.3.2 Income

The average household disposable income in Riyadh stood at around SAR 254,000 per annum in 2018G, up from SAR 245,000 per annum in 2017G, according to the Market Study.

Table 3-18: Average Household Personal Disposable Income, Riyadh (SAR Thousands)

	2014G	2015G	2016G	2017G	2018G
Average Household Personal Disposable Income	247	220	233	245	254
Growth (%)	7.7%	-10.7%	5.7%	5.2%	3.9%

Source: Market Study

3.3.3 Cultural and Environmental Drivers

Considering the landlocked location of Riyadh, shopping and indoor entertainment centers present one of the few quality leisure options. Generally, shopping malls/centers are one of the few suitable social destinations for families across Riyadh and the country. In many cases, families consider shopping malls/centers as a place to dine or walk. With this in mind, many malls in the city offer entertainment options to drive footfall.

3.3.4 Visitor Arrivals

The number of inbound visitors into Riyadh reached approximately 2 million visitors in 2015G and accounted for 11% of total inbound tourists into Saudi Arabia.

Domestic tourists (defined as residents of Saudi Arabia traveling to and staying in places inside the kingdom) into Riyadh were recorded at 4.2 million visitors in 2015G, which represented an 11% market share. The city was ranked as the top destination for business and conference purposes in Saudi Arabia, followed by Jeddah. The table below indicates the primary purposes of visit into the country's capital.

Table 3-19: Purpose of visit to Riyadh

City	Business	Medical care	Leisure	VFR*	Shopping	Others	Total
Riyadh	479,460	277,971	765,328	1,470,960	492,177	737,644	4,223,540

*Source: Market Study. *Visiting friends and family*

The 4.2 million people visiting Riyadh in 2015G represented approximately 67% of the total permanent citizens of Riyadh. 12% of total number of visitors primarily visited Riyadh for shopping purposes, which highlights the importance of having a strong entertainment and F&B offering for shopping malls/centers.

The government has recently introduced several initiatives to change the perception of the city from a business destination to a more tourism friendly destination. Such initiatives include a planned 334 sq km entertainment city located to the south of the city.

As the Saudi government seeks to diversify its economy, it has placed cultural heritage at the core of its strategy to boost the tourism sector in Vision 2030. The Saudi Commission for Tourism & National Heritage is contributing to the growth of this sector and is investing in the development of museums and archaeological sites.

The drive to expand the country's cultural offering spreads across all provinces and covers a wide variety of museums and cultural attractions. The inauguration of the Al-Faisal Museum for Arab-Islamic Art in Riyadh in June 2017G is a recent example of the endeavor to promote Saudi Arabia's history and culture. As such, reasons to visit Riyadh may go beyond what has been seen historically, as the city ramps up its entertainment and cultural offerings.

3.3.5 Retail Supply

Between 2014G and 2018G, approximately 550,000 sq m of retail GLA entered the Riyadh market. The highest level of completions occurred in 2017G, when approximately 215,000 sq m of retail GLA was completed. Retail space in Riyadh is largely dominated by regional and community malls, accounting for 57% and 22% respectively of total retail GLA at the end of 2018G. The total supply of retail space in Riyadh stood at around 2.15 million sq m as of year-end 2018G.

Table 3-20: Riyadh Retail Mall Supply

	2014G	2015G	2016G	2017G	2018G
Completed Stock (sq m)	1,605,082	1,690,806	1,841,701	2,055,485	2,153,091
Population	6,064,044	6,279,995	6,503,636	6,735,242	6,975,094
GLA/Capita	0.26	0.27	0.28	0.31	0.31

Source: Market Study.

3.3.6 Competition

The table below highlights the notable developers / owners of retail malls in Riyadh.

Table 3-21: Market Share of Competitors - Riyadh

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
1	The Company	Sahara Plaza	2002G	12,223	Community
2		Khurais Mall	2004G	41,372	Regional
3		Salaam Mall	2005G	49,926	Regional
4		Tala Mall	2014G	22,711	Community
5		Nakheel Mall (Riyadh)	2014G	55,707	Regional
6		Hamra Mall	2016G	53,951	Regional
	Total			**235,890**	
	Market Share			***10.9%***	
7	Andalus Property Company	Shafa Centre	2014G	7,212	Neighborhood
8		Tilal Centre	2014G	5,104	Neighborhood
9		Yarmouk Centre	2014G	5,457	Neighborhood
10		Hayat Mall	2006G	88,710	Regional
	Total			**106,483**	
	Market Share			***4.9%***	
11	Dar Al Arkan	Al Qasr Mall	2012G	76,500	Regional
	Total			**76,500**	
	Market Share			***3.6%***	
12	Al Othaim Real Estate Investment and Development Company	Al Othaim Mall-Khurais	2008G	48,971	Regional
13		Al Othaim Mall - Rabwah	2001G	60,301	Regional
	Total			**109,272**	
	Market Share			***5.1%***	
14	Asala Holding / Hamat Property	Panorama Mall	2010G	76,722	Regional
15		Al Reem Centre	2013G	28,050	Community
16		Alia Plaza	2015G	45,366	Regional
17		Balancia Bazaar	2014G	10,875	Community
18		Riyadh Park	2017G	92,000	Super-Regional
	Total			**253,013**	
	Market Share			***11.7%***	
19	Unified Real Estate Development	Al Badiah Plaza - Al Uraija	2017G	8,700	Neighborhood
20		Al Ghadeer Square	2017G	7,000	Neighborhood
21		Al Rawabi Plaza	2017G	7,998	Neighborhood
22		Al Waha Plaza	2017G	8,380	Neighborhood
23		Al Mugharezat Plaza	2018G	8,559	Neighborhood
	Total			**40,637**	
	Market Share			***1.9%***	

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
24	Kinan International for Real Estate Development Company	Azizia Mall	2004G	46,419	Regional
25		Rimal Centre	2006G	55,949	Regional
26		Masharef Hills Center	2016G	6,191	Neighborhood
	Total			**108,559**	
	Market Share			***5.0%***	
27	Hewar Al Rabie Company	Al Rowaished Grand Mall	2017G	55,000	Regional
	Total			**55,000**	
	Market Share			***2.6%***	
28	Al Fanadiq Ar Raqiah Company	Levels	2017G	7,500	Neighborhood
	Total			**7,500**	
	Market Share			***0.3%***	
29	Amaar for Real Estate International / Dar Ethraa International	Ethraa Mall	2013G	36,741	Regional
	Total			**36,741**	
	Market Share			***1.7%***	
30	Sheikh Saleh Bin Abdulaziz Al Rajhi Company	Riyadh Gallery	2008G	108,941	Super-Regional
	Total			**108,941**	
	Market Share			***5.1%***	

Source: Market Study

3.3.7 Company Market Share

Retail stock by the Company increased from around 182,000 sq m in 2014G to around 236,000 sq m by year-end 2018G. The Company's market share remained relatively stable with no major changes at 11%.

Table 3-22: Company's Market Share, Riyadh

	2014G	2015G	2016G	2017G	2018G
Completed Stock	1,605	1,690	1,841	2,055	2,154
Completed Stock - ACC	182	182	236	236	236
Market Share (%)	11%	11%	13%	11%	11%

Source: Market Study

3.4 The Retail Sector in Jeddah

3.4.1 Population

The population of Jeddah stood at 4.4 million persons by the end of 2018G. This represents a 3.2% increase from 2017G levels, according to the Market Study.

Table 3-23: Population, Jeddah (Thousand persons)

	2014G	2015G	2016G	2017G	2018G
Total Population	3,920	4,045	4,173	4,306	4,443
Growth (%)	3.2%	3.2%	3.2%	3.2%	3.2%

Source: Market Study

3.4.2 Income

The average household disposable income in Jeddah stood at SAR 224,000 per annum in 2018G, up from SAR 215,000 per annum in 2017G, according to the Market Study.

Table 3-24: Average Household Disposable Income, Jeddah (SAR Thousands)

	2014G	2015G	2016G	2017G	2018G
Average Household Personal Disposable Income	183	207	204	215	224
Growth (%)	-3.0%	12.9%	-1.1%	5.3%	4.1%

Source: Market Study

3.4.3 Visitor Arrivals

The number of inbound visitor arrivals into the Makkah Province (inclusive of Jeddah) reached 9.9 million visitors in 2015G, which accounted for approximately 55% of total inbound tourists into Saudi Arabia. The type of accommodation used was largely skewed towards hotels at 77%.

In terms of domestic tourist trips, the Makkah Province had the largest share at 36% with 16.6 million visitors during 2015G. Jeddah was considered the top destination for leisure trips followed by Abha, Dammam, Taif and Yanbu. The city's geographical proximity to the Red Sea and the growing number of quality retail space supports its leisure positioning compared to other cities across Saudi Arabia.

3.4.4 Retail Supply

Total retail supply in Jeddah currently stands at almost 1.42 million sq m as of year-end 2018G.

Table 3-25: Jeddah Retail Mall Supply

	2014G	2015G	2016G	2017G	2018G
Completed Stock	1,234,187	1,242,187	1,341,495	1,386,728	1,418,538
Population	3,919,694	4,044,504	4,173,291	4,306,176	4,443,294
GLA/Capita	0.31	0.31	0.32	0.32	0.32

Source: Market Study.

Approximately 184,000 sq m of retail GLA entered the Jeddah market between 2014G and 2018G. The majority of completions occurred in 2016G, adding approximately 99,300 sq m of retail GLA.

3.4.5 Competition

The table below highlights the notable developers / owners of retail malls in Jeddah, which are the Company's competitors. The data suggests that the Company is the market leader with a 28% market share. The presence of other developers is significantly less (in terms of GLA) when compared to the Company.

Table 3-26: Market Share of Competitors – Jeddah (2018G)

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
1	The Company	Aziz Mall	2005G	72,153	Regional
2		Mall of Arabia (Jeddah)	2008G	109,185	Super-Regional
3		Haifaa Mall	2011G	32,946	Regional
4		Salaam Mall (Jeddah)	2012G	121,363	Super-Regional
5		Yasmin Mall	2016G	54,634	Regional
	Total			**390,281**	
	Market Share			***27.5%***	
6	Andalus Property Company	Al Andalus Mall	2016G	90,373	Super-Regional
7		Al Marwa Plaza	2018G	15,000	Community
	Total			**105,373**	
	Market Share			***7.4%***	
8	Saudi Economic and Development Company	Galleria	2016G	2,965	Convenience
9		Red Sea Mall	2008G	129,000	Super-Regional
	Total			**131,965**	
	Market Share			***9.3%***	
10	Asala Holding Company / Hamat Property	Moj Plaza	2014G	19,326	Community
	Total			**19,326**	
	Market Share			***1.4%***	
11	Kinan International for Real Estate Development Company	Roshan Mall	2006G	35,844	Regional
12		Jamea Plaza	2005G	28,000	Community
13		Masharef Centre	2017G	4,933	Convenience
	Total			**68,777**	
	Market Share			***4.8%***	

Source: Market Study

3.4.6 Company Market Share

In Jeddah, the Company's total completed retail stock increased from 335,000 sq m in 2014G to around 390,000 sq m at the end of 2018G. The Company market share has remained relatively stable at 28%.

Table 3-27: Company's Market Share, Jeddah

	2014G	2015G	2016G	2017G	2018G
Completed Stock	1,234	1,242	1,341	1,387	1,419
Completed Stock - ACC	335	335	390	390	390
Market Share (%)	27%	27%	29%	28%	28%

Source: Market Study

3.5 The Retail Sector in Dammam Metropolitan Area

The Dammam Metropolitan Area lies on the East Coast of Saudi Arabia and is considered a major gateway to the other GCC countries. The Dammam Metropolitan Area comprises of Dammam, Dhahran and Al Khobar. Although these were originally three quite separate cities, they have merged to what is now commonly referred to as the Dammam Metropolitan Area. For the purposes of the discussion on retail supply in this section, Dammam Metropolitan Area also includes the city of Jubail.

3.5.1 Population

The population of the Dammam Metropolitan Area region stood at 1.8 million persons by the end of 2018G, according to the Market Study. This represents a 2.7% increase from 2017G levels. Total number of households was 327,117 as of 2016G.

Table 3-28: Population, Dammam Metropolitan Area (Thousand persons)

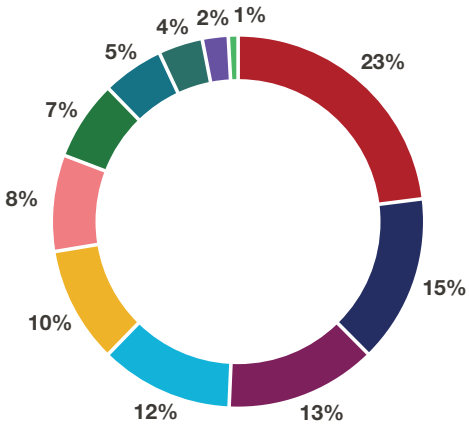
	2014G	2015G	2016G	2017G	2018G
Total Population	1,647	1,691	1,736	1,782	1,830
Growth (%)	2.7%	2.7%	2.7%	2.7%	2.7%

Source: Market Study

3.5.2 Income

The overall average disposable income across all household classes stood at SAR 11,818 per month in 2016G, according to the Market Study. The average household personal disposable income for Class A households (i.e. those with incomes above SAR 20,000 per month) stood at SAR 30,000 per month, followed by an average disposable income of SAR 19,000 for Class B households.

Table 3-29: Average Income Level by Income Bracket, Dammam Metropolitan Area 2016G



Class	Income Level	levels %
A	Above 20,000	23%
B	18,001-20,000	15%
C	16,001-18,000	13%
D	14,001-16,000	12%
E	12,001-14,000	10%
F	10,001-12,000	8%
G	8,001-10,000	7%
H	6,001-8,000	5%
I	4,001-6,000	4%
J	2,001-4,000	2%
K	Below 2000	1%

Source: Market Study

3.5.3 Visitor Arrivals

The location of the Dammam Metropolitan Area as a crossroad between Riyadh, Kuwait, Bahrain and the UAE means it benefits from a regular stream of visitors from surrounding GCC states. The number of inbound visitors into the Eastern Province of Saudi Arabia was recorded at 4.4 million people in 2015G, representing 24% of the total, according to the Market Study.

3.5.4 Retail Supply

There is currently just over 1 million sq m of mall based retail space across the Dammam Metropolitan Area as of 2018G.

Table 3-30: Dammam Metropolitan Area Retail Mall Supply

	2014G	2015G	2016G	2017G	2018G
Completed Stock	917,003	929,003	964,924	1,044,011	1,080,355
Population	1,647,161	1,691,224	1,736,464	1,782,916	1,830,609
GLA/Capita	0.56	0.55	0.56	0.59	0.59

Source: Market Study.

Between 2014G and 2018G, approximately 163,000 sq m of retail GLA entered the Dammam Metropolitan Area market. The majority of completions occurred in 2017G, adding approximately 79,000 sq m of retail GLA. Most of the completions were regional and community centers.

3.5.5 Competition

The table below highlights the notable developers / owners of retail malls in the Dammam Metropolitan Area, which are considered to be the Company's competitors. The data suggests that the Company has a 17% market share as of year-end 2018G.

Table 3-31: Market Share of Competitors - Dammam Metropolitan Area

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
1	The Company	Mall of Dhahran	2005G	160,647	Super-Regional
2		Jubail Mall	2015G	20,908	Community
	Total			**181,555**	
	Market Share			***16.8%***	
3	Andalus Property Company	Dareen Mall	2009G	45,000	Regional
	Total			**45,000**	
	Market Share			***4.2%***	
4	Al Othaim Real Estate Investment and Development Company	Al Othaim Mall	2013G	64,000	Regional
	Total			**64,000**	
	Market Share			***5.9%***	
5	Asala Holding / Hamat Property	Amwaj Mall	2009G	90,000	Regional
	Total			**90,000**	
	Market Share			***8.3%***	
6	Kinan International for Real Estate Development Company	Awal Plaza	2004G	8,769	Neighborhood
7		Al Huwailat	2007G	11,418	Community
	Total			**20,187**	
	Market Share			***1.9%***	
8	Al Jedaie Group	Al Shatea Mall	2005G	56,000	Regional
	Total			**56,000**	
	Market Share			***5.2%***	
9	Gulf Real Estate Company	West Avenue Mall	2017G	33,628	Regional
	Total			**33,628**	
	Market Share			***3.1%***	

Source: Market Study.

3.5.6 Company Market Share

The Company's total completed retail stock stood at around 181,600 sq m at the end of 2018G with the only two malls being Mall of Dhahran, which was completed in 2005G and Jubail Mall in 2015G. Market share remained relatively stable between the same time-period at 17% as of year-end 2018G.

Table 3-32: Market Share of the Company, Dammam Metropolitan Area ('000 sq m)

	2014G	2015G	2016G	2017G	2018G
Completed Stock	917	929	965	1,044	1,080
Completed Stock - ACC	161	182	182	182	182
Market Share (%)	17%	19%	18%	17%	17%

Source: Market Study.

3.6 The Retail Sector in Makkah

3.6.1 Population

The city of Makkah ranks third in Saudi in terms of its population, which reached just over two million persons in 2018G, according to the Market Study, representing a 3% growth rates from 2017G levels.

During the Hajj season, the population of Makkah swells substantially. It is estimated that around 2.5 million pilgrims visited Makkah in the 2018G Hajj season, approximately doubling the city's population.

Table 3-33: Population, Makkah (Thousand persons)

	2014G	2015G	2016G	2017G	2018G
Total Population	1,902	1,961	2,021	2,083	2,147
Growth (%)	3.1%	3.1%	3.1%	3.1%	3.1%

Source: Market Study

3.6.2 Income

The average household disposable income in Makkah stood at SAR 304,000 per annum in 2018G, according to the Market Study.

Table 3-34: Average Household Disposable Income, Makkah (SAR Thousands)

	2014G	2015G	2016G	2017G	2018G
Average Household Personal Disposable Income	250	277	279	292	304
Growth (%)	3.9%	10.8%	0.7%	4.7%	4.1%

Source: Market Study

3.6.3 Visitor Arrivals

With a population of just over two million residents, Makkah is neither Saudi's largest city nor as important an economic hub as the nearby port city of Jeddah or Riyadh, the Country's capital. Despite its smaller scale, Makkah's status as Islam's holiest city makes it the most globally notable city within Saudi Arabia.

Statistics show that 19 million pilgrims carried out Umrah in 2017 and another 2.4 carried out Hajj. This number is expected to increase in line with Vision 2030's aim to welcome 20 million visitors to the Kingdom, the majority of which come for religious tourism purposes.

3.6.4 Retail Supply

The majority of shopping center supply in Makkah currently comprises of community and neighborhood centers, in contrast to its neighboring city Jeddah where much of the supply consists of regional and super-regional centers. Makkah Mall and Abraj Al Bait are the only two shopping malls/centers classified as regional, and there are currently no super-regional shopping malls in Makkah.

Although strip retail does not typically count towards quality retail supply, given its significance and popularity in Makkah, which has sizeable unorganized, open-air retail that appeals to many pilgrims, it contributes considerably to the total GLA in the city.

Table 3-35: Makkah Retail Mall Supply

	2014G	2015G	2016G	2017G	2018G
Completed Stock	1,205,294	1,205,294	1,226,865	1,244,917	1,264,704
Population	1,901,901	1,960,527	2,020,961	2,083,258	2,147,745
GLA/Capita	0.63	0.61	0.61	0.60	0.59

Source: Market Study.

Between 2014G and 2018G, approximately 59,000 sq m of retail GLA entered the Makkah market. The majority of completions occurred in 2017G and 2018G, adding approximately 18,000 and 20,000 sq m of retail GLA respectively. The retail market in Makkah is divided into two: the area surrounding the Holy Mosque commonly referred to as the "Markazia", and the remaining areas outside of the Markazia. The division is mainly driven by the high footfall enjoyed by centers within the Markazia due to the proximity to the Holy Mosque, which translates to significantly higher lease rates.

3.6.5 Competition

The following table highlights the notable developers / owners of retail malls in Makkah, which are considered to be the Company's competitors. The data suggests that Jabal Omar along with the Company are the market leaders with approximately 13% market share each, followed by Saudi bin Laden Group with a 12% contribution to Makkah's total retail space. The presence of other developers is significantly less (in terms of GLA) when compared to ACC.

The Market Research Consultant used Adjusted Market Share, which reflects the share of each center(s) out of the total GLA supplied by shopping centres only, as the total market supply in Makkah includes unorganized, open-air souk style strip retail that appeals to many pilgrims. This total GLA supplied by shopping centers only amounts to 300,544 sq m.

Table 3-36: Market Share of Competitors - Makkah

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
1	Arabian Centers	Makkah Mall	2011G	37,545	Regional
	Total			**37,545**	
	Market Share			***3.0%***	
	Adjusted Market Share			***12.5%***	
2	Kinan International for Real Estate Development Company	Sharae Mall	2006G	8,904	Neighborhood
	Total			**8,904**	
	Market Share			***0.7%***	
	Adjusted Market Share			***3.0%***	
3	Saudi Bin Laden Group	Abraj Al Bait	2007G	36,000	Regional
	Total			**36,000**	
	Market Share			***2.8%***	

#	Owner / Developer	Mall Name	Date of Opening	Total GLA (sq m)	Category
	Adjusted Market Share			***12.0%***	
4	Jabal Omar Development Company / NESMA	Jabal Omar - Phase 1	2013G	17,471	Community
5		Jabal Omar - Phase 2	2016G	21,571	Community
	Total			**39,042**	
	Market Share			***3.1%***	
	Adjusted Market Share			***13.0%***	
7	Ajwad Real Estate	Wateer Plaza	2012G	4,902	Neighborhood
	Total			**4,902**	
	Market Share			***0.4%***	
	Adjusted Market Share			***1.6%***	
8	Ittihad & Takaful Group Co. Ltd.	Saud Plaza	2017G	7,012	Neighborhood
	Total			**7,012**	
	Market Share			***0.6%***	
	Adjusted Market Share			***2.3%***	
9	Makkah Construction & Development Company	MCDC Mall (Hilton Towers)	2000G	14,000	Community
	Total			**14,000**	
	Market Share			***1.1%***	
	Adjusted Market Share			***4.7%***	
10	Balubaid Real Estate	Mawasim Tower (Mothmera)	1997G	24,000	Community
	Total			**24,000**	
	Market Share			***1.9%***	
	Adjusted Market Share			***8.0%***	
11	OZCO (Sheikh Ossama Zainy) / Al Diyafah Real Estate Company	Al Diafa Mall	2000G	24,000	Community
	Total			**24,000**	
	Market Share			***1.9%***	
	Adjusted Market Share			***8.0%***	
12	Wajhat Al Idara Company Ltd.	Al Jarooshi Mall	1988G	13,000	Community
	Total			**13,000**	
	Market Share			***1.0%***	
	Adjusted Market Share			***4.3%***	
13	Al Amoudi Group	Al Aziziyah Market	2000G	7,200	Neighborhood
	Total			**7,200**	
	Market Share			***0.6%***	
	Adjusted Market Share			***2.4%***	
14	Al Washmi Investment Co	Zhi Al Majaz Mall	2000G	7,200	Neighborhood
	Total			**7,200**	
	Market Share			***0.6%***	
	Adjusted Market Share			***2.4%***	

Source: Market Study

3.6.6 Company Market Share

The Company's total completed retail stock stood at around 37,439 sq m at the end of 2018G with only one mall, Makkah Mall that was completed in 2011G. Market share remained stable at 3% as of total GLA.

Table 3-37: Company's Market Share, Makkah ('000 sq m)

	2014G	2015G	2016G	2017G	2018G
Completed Stock	1,205	1,205	1,227	1,245	1,265
Completed Stock - ACC	37	37	37	37	37
Market Share (%)	3%	3%	3%	3%	3%

Source: Market Study

4. THE COMPANY

4.1 Overview of the Company and its Business Activities

Arabian Centres Company ("**ACC**") is a joint-stock company established under commercial registration no. 1010209177 dated 7/4/1426H (corresponding to 15 May 2005G), pursuant to ministerial resolution no. Q/322, dated 15/10/1438H (corresponding to 09 July 2017G). The Company's head office is located at Al Nakheel District, Northern Ring Road, Riyadh, KSA. The Company's current capital is four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty five million (445,000,000) ordinary shares, with a nominal value of ten Saudi Riyals (SAR 10) per Share. The Company's main activities involve maintaining, operating and managing commercial centers and commercial and residential complexes.

The Company is the leading owner and operator of shopping malls in Saudi Arabia by total GLA as at 31 December 2018G, according to the Market Study. The Company's core operating portfolio comprises 19 Malls, which are located strategically throughout Saudi Arabia and appeal to a broad socio-economic spectrum to optimize market coverage. As at 31 December 2018G, the Company's Malls had a total GLA of 1.079 million square meters, 4,100 occupied retail units and an average GLA occupancy rate of 92.8%. Between 2014G and 2018G, the Company's total GLA increased at a CAGR of 8% from 790,000 square meters to 1.075 million square meters. The Company's Malls generated footfall of more than 108.5 million for the financial year ended 31 March 2018G and increased from 75 million to 109 million at a CAGR of 9.7% in the period between 2014G and 2018G.

The Company operates some of the most iconic malls in the Kingdom, including Mall of Arabia (Jeddah) and Mall of Dhahran, two of the Company's landmark Super-Regional Malls, and Nakheel Mall (Riyadh), which was recognized at the Arab Luxury World Forum in 2017G as being consumers' favorite shopping mall in Riyadh and received a number of awards from the International Council of Shopping Centers. The Company generated total revenue of SAR 1,914.5 million, SAR 2,123.8 million and SAR 2,159.4 million for the financial years ended 31 March 2016G, 2017G and 2018G, respectively, and SAR 1,620.0 million for the nine months ended 31 December 2018G. As at 31 December 2018G, the valuation of the Subject Properties (representing 22 Properties) was SAR 19,087.5 million, according to the Real Estate Valuation Report (see "**Appendix I: JLL Valuation Report**"). In addition, as at 11 March 2019G, the real estate valuation of Jeddah Park was SAR 1,228.0 million, according to the Jeddah Park Valuation Report (see "**Appendix II: Jeddah Park Valuation Report**").

Management believes the Company develops and operates unique and leading malls which serve the retail market in Saudi Arabia and delivers the largest pipeline of top-quality, large shopping malls in Saudi Arabia. The Company has cutting edge capabilities in mall development, design, leasing, management and marketing. . In addition, the Company's strong tenant relationships allow it to pre-lease a significant portion of the GLA for new malls and achieve average first year occupancy of 70% to 75%. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants and its Malls are home to more than 1,000 international, regional and local retail brands, including Zara, Debenhams, Coach, H&M, Virgin Megastores, Panda and IKEA. The Company has strong relationships with more than 30 large, strategic Key Account Tenants, each of which holds retail unit leases in multiple Malls. The Company's tenant mix is diversified with dining, entertainment, lifestyle and leisure offerings in order to enhance the overall tenant mix, attract footfall and maximize returns on its Mall portfolio.

The Company's business model leverages the popularity of shopping malls as a leisure destination in the Kingdom. In particular, Management recognizes that malls are increasingly becoming a "lifestyle destination", with mid and higher-end dining and beverage options and a variety of entertainment offerings together being key "lifestyle" features and important drivers of footfall. Management continues to seek opportunities to introduce new retail and entertainment concepts across its Mall portfolio, wherever feasible. It seeks to maximize the appeal of its Malls by creating high quality retail environments which Management believes have become the "destination of choice" for visitors and retailers alike. The Company seeks to create unique designs for each of its Malls with an optimal mix of shopping, dining, entertainment and leisure activities, including the introduction of cinemas in four its Malls by the end of 2019G. Management believes that the

Company is the "go to" shopping mall owner and operator in the Kingdom and that the Company's Malls are generally distinguished by the high level of service throughout the entire "customer journey", through a welcoming environment and a superior level of service for visitors.

The Company's Malls are strategically located in ten cities across Saudi Arabia, including Riyadh, Jeddah and Dhahran, which together represent approximately 60% of the total population of Saudi Arabia. The Company's target visitor demographics for its Malls are generally positioned between the mid to mid-high market segments to appeal to the broadest portion of the Saudi retail market. The Company's Malls portfolio comprises three Super-Regional Malls, being Mall of Arabia in Jeddah, Salaam Mall in Jeddah and Mall of Dhahran in Dhahran, ten Regional Malls, and six Community Malls, each of which is designed and positioned to optimize its appeal to the surrounding community. According to the Market Study, the Company is the largest shopping mall owner and operator in Saudi Arabia by total GLA and held a 14% market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Makkah) as at 31 December 2018G, compared with the 6.1% market share by GLA of its next largest competitor. As at 31 December 2018G, the Company held market shares by GLA of the shopping malls/centers market in Jeddah, Dammam Metropolitan Area and Riyadh of 28%, 17% and 11%, respectively, according to the Market Study. In addition, according to the Market Study, the Company's market share of Super-Regional and Regional Malls in Saudi Arabia represent 46% and 47%, respectively, of total retail GLA in the four major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Makkah) as at 31 December 2018G.

Management believes a significant competitive advantage of the Company's business model is its close and longstanding relationships with certain key related parties, including Alhokair Fashion Retail and Food and Entertainment Company, respectively. Alhokair Fashion Retail typically pre-leases between 20-25% of the GLA for each new mall of the Company and Management believes this attracts key External Tenants. As at 31 December 2018G, the Company had entered into 872 leases with Alhokair Fashion Retail and 180 leases with Food and Entertainment Company (for further details, please review Section **13.6 ("Transactions and Contracts with Related Parties")**). The Company also benefits strategically from its relationship with FARE, a specialist mall design and construction company in Saudi Arabia and a related party of the Company. FARE has over 15 years of experience in Saudi Arabia's retail market and it has developed and constructed 23 shopping malls internationally across Saudi Arabia, Egypt and Italy, including 16 of the Company's existing Malls, as a result of which it has gained significant experience and expertise in mall design and construction. In addition, Management believes the Company's scale of operations provides advantages in lease contract negotiations and in pursuing expansion opportunities.

Management believes that the Company provides potential investors with quality exposure linked to the attractive SAR 400 billion Saudi Arabia retail sector as of January 2019G, which is the largest in the GCC and accounted for 10% of Saudi's non-oil GDP in Q3 2018G (source: the Market Study). The market is driven by a cultural preference in Saudi Arabia towards shopping as a key leisure activity for families. In addition to being the largest retail market in the GCC and a leading retail destination in MENA, the Saudi Arabian market benefits from a number of socio-economic factors. Saudi Arabia has a relatively young and growing population, with 1.8% population growth from 2017G to 2018G and with 52% of the population under the age of 30 years old in 2018G, according to the Market Study. The metropolitan areas of Saudi Arabia also have relatively high levels of disposable income, coupled with a significant increase in the number of Hajj and Umrah visitors in Makkah and Madinah in the Western region of the Kingdom. In terms of supply, as at 31 December 2018G the penetration of shopping centers in square meters per capita is the lowest in the GCC (save for Bahrain and Kuwait) at approximately 0.4 square meters on average in the Kingdom's four main cities (compared with 1.3 square meters in Dubai, 0.6 square meters in Oman, and 1.1 square meters in Abu Dhabi city), according to the Market Study.

A key asset management objective for the Company is to enhance occupancy and lease rates across its entire portfolio. Lease rate enhancement is addressed by efficiently managing tenant lease maturities, through a combination of renewing lease contracts at higher rental rates and reconfiguring the leased space upon lease maturity. This involves various approaches, such as repositioning GLA to move "higher up" in the rental hierarchy (that is, some retail spaces attract higher rents per square meter than others), introducing

stronger Anchor Tenants and supporting retailers, or implementing varying degrees of refurbishment.

The Company intends to create an additional 172,500 square meters of GLA by the end of Q4 2019G through the completion of three new malls currently under construction (University Boulevard Mall, Khaleej Mall and Nakheel Mall (Dammam)) plus the Phase 1 of Nakheel Mall (Riyadh) extension (and excluding Jeddah Park), currently under development by the Company. As at 31 December 2018G, the real estate valuation of these three new malls under construction was SAR 2,382.0 million, according to JLL. In addition, the Company entered into the Head Lease for Jeddah Park on 4 March 2019G, which is a new mall located in Jeddah and currently under construction by a developer other than FARE. Jeddah Park is expected to commence operations by Q2 2020G and is expected to increase the Company's GLA by 128,740 square meters.

The Company has five additional sites it plans to develop as four new malls, plus Phase 2 of Nakheel Mall (Riyadh) extension, over the medium term, with an expected additional cumulative GLA of over 355,000 square meters. As at 31 December 2018G, these five sites had a combined book value (comprising land and other costs incurred as at that date), based on the audited consolidated balance sheet of the Company as at 31 December 2018G, of SAR 3,859.6 million.

4.2 Vision and Mission of the Company

4.2.1 Vision

The Company's vision is to remain the leading owner, developer and operator of shopping malls throughout Saudi Arabia while generating sustainable value for shareholders and providing service excellence to both tenants and visitors.

4.2.2 Mission

The Company's mission is to create lifestyle destinations that enhance the quality of life of citizens and become the strategic partner of tenants looking to expand their footprint across the Kingdom.

4.3 Competitive Advantages, Strengths and Strategies of the Company

4.3.1 Competitive Advantages and Strengths of the Company

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

4.3.1.1 *Market leadership position, underpinned by significant scale and high-quality assets*

The Company is the largest shopping mall owner, developer and operator in Saudi Arabia by total GLA, according to the Market Study. Since opening its first shopping mall in Riyadh in 2002G, the Company has cemented its position as the market leading developer and operator of high quality retail space in the Kingdom. As at 31 December 2018G, the Company had a presence in key urban areas across Saudi Arabia, including top 10 cities across the Kingdom that together represent approximately 60% of the total population of Saudi Arabia, with 19 operational Malls with a total GLA of 1.079 million square meters. Between 2014G and 2018G, the Company's total GLA increased at a CAGR of 8% from 790,000 square meters to 1.075 million square meters. The Company remains unmatched in terms of both size (by total GLA) and geographical coverage. In the major cities of the Kingdom, the Company's market share of shopping mall GLA as at 31 December 2018G was 28% in Jeddah, 17% in Dammam and 11% in Riyadh (source: Market Study).

Management believes that the Company is the "go to" shopping mall owner and operator in Saudi Arabia for both tenants and visitors, as evidenced by its market leading position. The Company's shopping mall portfolio includes Super-Regional, Regional and Community Malls, where each Mall is uniquely positioned in terms of location, size, design and retail offering. The Company maintains a broad and varied retail unit mix within its shopping malls, which is optimized for each Mall's target demographic. The Malls are further enhanced by dining, entertainment and leisure offerings, which accounted for 16.5% of the total GLA as at 31 December 2018G. Management believes the Company's Malls are generally distinguished by the high quality experience throughout the entire "visitor journey", including through unique and appealing building designs, a welcoming environment and a superior level of service for visitors. Management believes that

the Company's Malls will be further distinguished by the introduction of cinemas in four Malls by the end of 2019G, and in a further 11 Malls over the medium term.

For the financial year ended 31 March 2018G, the Company's Malls recorded more than 108.5 million visits and footfall for the Malls increased from 75 million to 109 million at a CAGR of 9.7% in the period between 2014G and 2018G. This increase in footfall was primarily due to (i) the increased contributions in footfall from Hamra Mall and Yasmeen Mall of 3.9 million and 3.6 million, respectively, (ii) an increase of 1.8 million in footfall from Salaam Mall (Jeddah) in 2018G resulting from the stabilization of IKEA and the opening of Virgin Megastore, and (iii) an increase of 1.5 million in footfall from Jouri Mall (Taif) resulting from the opening of an "F&B island". As at 31 December 2018G, the Company's Malls featured over 1000 brands, including many leading fashion and apparel brands such as Zara, Debenhams, Coach, H&M, Virgin Megastores, Panda and IKEA. The Company is able to offer its tenants multiple locations, high footfall, combined pricing across various Malls and proximity to other leading retail brands, which collectively provide the Company with the ability to negotiate favorable rents and other tenancy terms. Furthermore, these factors have enabled the Company to develop long-term, strategic relationships with its tenants.

Management believes the Company is well positioned to leverage its existing tenant base as it further expands its Mall portfolio. In view of its strong relationship with its tenants (particularly with its Key Account Tenants), the Company has been successful in pre-leasing a significant portion of its new shopping Malls prior to their opening. The Company typically pre-leases approximately 50% of GLA three to six months prior to the opening of its Malls, which allows new malls to achieve an average first year occupancy of 70% to 75%. This allows the Company to mitigate some of the risk associated with new developments and also achieves a quicker ramp up of its new malls in terms of generating optimum occupancy levels and driving footfall.

4.3.1.2 *Attractive industry backdrop driven by favorable local demographic and lifestyle trends*

Saudi Arabia is the largest retail market in the GCC, almost double the size of the retail market in the UAE, according to the Market Study, with store-based retail generating approximately SAR 386 billion as at 31 December 2018G. In addition, Saudi Arabia dominates the GCC retail market, accounting for 65.3% of total GCC retail sales in 2018G, according to the Market Study, with a CAGR of 3.6% between 2014G and 2018G and projected CAGR of 5% between 2019G and 2021G. The Saudi retail market benefits from a number of favorable macro-economic factors, including, according to the Market Study:

- strong population growth (approximately 1.8% in 2017G);
- a young population, with 52% of the population under the age of 30 in 2018G; and
- a steadily increasing work force, expected to increase by approximately 3% in 2019G.

The Saudi market also has favorable demographic and lifestyle trends that have helped drive retail demand in the country. Within Saudi Arabia there is a cultural predisposition towards shopping as a key leisure activity as well as for family outings. The country also has a strong gift-giving culture. The hot climate in Saudi Arabia also supports a high level of demand for indoor, air-conditioned mall environments as a leisure destination, driving consistently high footfall levels throughout the year. Shopping malls therefore play a central role in local leisure and social activity in the Kingdom.

The Saudi government announced in 2016G its new strategy, known as "Vision 2030", which sets forth a comprehensive agenda of socio-economic reforms. One of the key objectives of Vision 2030 is the diversification of Saudi Arabia's economy and reduced reliance upon oil-related revenues. As part of Vision 2030, special emphasis is placed on the retail sector with the objective of creating an additional one million jobs for Saudi nationals. This is expected to be achieved by facilitating the growth of the retail sector by attracting local, regional and international brands and increasing the contribution of modern retailers. In addition, Vision 2030 also seeks to promote the entertainment sector through increasing household spend on cultural and entertainment related activities. As a result and in line with Vision 2030, the General Entertainment Authority has been set up to develop entertainment opportunities and shopping malls in the country are well placed to become entertainment destinations and thereby attracting a higher footfall.

In December 2017G, the Kingdom announced that the prohibition on cinemas was to be lifted and the first new cinema opened in the Kingdom in April 2018G. In line with Vision 2030 and the strategic plan to position the Malls as entertainment hubs, the Company is implementing a plan to introduce cinemas in four of its Malls (Mall of Arabia, Mall of Dhahran, University Boulevard and Nakheel Mall Riyadh) by the end of 2019G and cinemas within a further 11 Malls over the medium term.

The Saudi retail market has also benefited from increasing tourism in recent years. Saudi Arabia's tourism sector is presently driven by religious tourism as the country has the privilege of being home to the two holiest sites in Islam (which are located in the cities of Makkah and Madinah). It is estimated that the tourism sector contributed SAR 88.2 billion to GDP in 2017G, accounting for approximately 3.4% of the Saudi GDP for that year. Both domestic and foreign tourism levels are expected to increase going forward, driven by a number of factors which include ongoing significant investments in infrastructure, hotels and retail to cater to the growing number of religious tourists and Vision 2030's objective of developing the local tourism industry to attract more domestic and foreign tourists.

4.3.1.3 *Strategic relationships with retail and construction groups providing significant competitive advantages in the development and management of the Company's Malls*

Management believes the Company benefits from significant competitive advantages from its close and longstanding relationships with its key related parties. From a demand perspective, the Company benefits from its relationship with Alhokair Fashion Retail, a publicly listed company (ticker symbol 4240 on the Exchange). The Company and Alhokair Fashion Retail are each majority owned by the Controlling Shareholders. Alhokair Fashion Retail is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and as at 31 December 2018G had approximately 1,800 retail units in 13 countries, occupying over 540,000 square meters of retail space. Its key brands include Zara, Massimo Dutti, Aldo, Gap, New Yorker and Banana Republic, which are among the leading international brands operating in Saudi Arabia. As at 31 December 2018G, Alhokair Fashion Retail had 872 retail units across the Company's 19 Malls and accounted for 24.2% of the Company's total occupied GLA. In recent years, Alhokair Fashion Retail has typically pre-leased between 20-25% of the GLA of each new Mall opened by the Company, which Management believes attracts key External Tenants. This provides the Company with predictable demand in opening new Malls. Alhokair Fashion Retail's retail units also serve as a major attraction for other prospective tenants of the Company, who benefit from the enhanced footfall generated by retail outlets of Alhokair Fashion Retail.

An additional key Internal Tenant is Food and Entertainment Company, which leased approximately 16,064 square meters of GLA (1.5% of the total GLA of the Company) across the Malls as at 31 December 2018G. Food and Entertainment Company is a large restaurant franchise owner and operator and food retailer in Saudi Arabia with a brand portfolio of 21 brands and has been in operation since 2000G. Given the Company's strong relationships with a range of Internal Tenants, Management believes it has a differentiated ability to create integrated shopping, entertainment and dining experiences in its Malls.

The Company also benefits strategically from its relationship with FARE, a specialist mall design and construction company in Saudi Arabia owned by the Controlling Shareholders, and as such FARE is also a related party of the Company. FARE has developed and constructed 16 of the Company's existing 19 Malls (other than Tala Mall in Riyadh, Salaam Mall in Jeddah and Salma Mall in Hail, for which FARE was responsible for significant upgrades to the existing buildings), as a result of which FARE has gained significant experience and expertise in mall design and construction. As at 31 December 2018G, the Company had contracted FARE for the development of nine new sites (excluding Jeddah Park), four of which are currently under development, and five of which are sites for future development. The Company benefits from its relationship with FARE in that it has a reliable construction partner given their long history of working together to successfully and efficiently deliver mall projects.

4.3.1.4 *Strong mall development business*

Management believes that the Company's mall development capabilities and expertise are a key competitive advantage, which has contributed to the Company becoming the largest mall developer, owner and operator

in Saudi Arabia. Through its partnership with FARE, the Company has successfully developed 16 Malls (it has not developed Tala Mall in Riyadh, Salaam Mall in Jeddah and Salma Mall in Hail). In doing so, the Company has demonstrated its ability to accurately assess changing market requirements which are important for identifying and securing attractive sites for its Malls.

The Company has developed a detailed database of Saudi Arabia's urban centers with respect to population density, development of new communities, demographics, income levels and the competitive landscape. In addition, the Company has in place a robust process for design and development of its Malls, with the objective of bringing high quality retail space to the market in a timely and cost effective manner. The Company has also been successful in implementing a strong pre-leasing model whereby it has been able to pre-lease approximately 50% of its recent new Malls three to six months ahead of the start of their operations, thus allowing the Company to reduce the risk associated with new developments and achieve the optimum level of occupancy more efficiently. As an example, Nakheel Mall (Riyadh) had a pre-leasing level of 75% in the first year of its operation in FY2015G, which translated into occupancy levels of 92%, 92% and 95% in FY 2016G, FY 2017G and FY 2018G, respectively.

Given the Company's extensive experience in mall development and its ability to manage multiple developments simultaneously, the Company is well positioned to continue to grow its mall portfolio in the coming years. As at 31 December 2018G, the Company had three new malls under construction (one under a Head Lease and the other two on a freehold basis), plus one extension to an existing mall (and excluding Jeddah Park), with a total GLA of 172,500 square meters, which are expected to be ready and operational by the end of Q4 2019G. In addition, as at 31 December 2018G the Company held two freehold parcels of land (with total area of 794,117 square meters) and had entered into long-term head lease arrangements for three other land sites (with total area of 357,756 square meters), which are all earmarked for future mall development activity, including the expansion of one existing Mall.

For further information on the Company's future plans and growth opportunities, see Section 4.9 (**"Future Plans and Growth Opportunities**").

4.3.1.5 *Track record of delivering strong operational growth and robust financial performance*

Management has delivered strong operational growth over the years through the development of new Malls and the enhancement in performance of existing Malls. The Company has been successful in increasing its total GLA from 0.8 million square meters in 2013G to 1.075 million square meters in 2018G. Management has adopted a disciplined approach to growth, with a focus on value creation and financial performance. Management has a strong track record of delivering consistent growth across key financial performance and operating metrics, with Company revenues having grown from SAR 1,914.5 million for the year ended 31 March 2016G to SAR 2,159.4 million for the year ended 31 March 2018G (representing a CAGR of 6.2%). For the year ended 31 March 2018G, the Company posted strong EBITDA margins and net income margins of 64.9% and 35.7%, respectively. Management believes that, as a result of the Company's growth strategy, its ability to negotiate favorable tenancy terms and ongoing initiatives to drive footfall, it is well positioned to achieve significant additional value creation and superior financial performance in the future.

4.3.1.6 *A strong balance sheet providing financial flexibility to fund future growth and dividends*

Management believes the Company's financial strength and flexibility provides it with an advantage over many of the Company's competitors. The Company has recently completed a refinancing of its existing debt facility arrangements through a new SAR 7.2 billion 10 year term loan facility. The new debt facility comprises two tranches, of which the first tranche of SAR 5.95 billion has been used to refinance existing debt facilities. The second tranche total is SAR 1.2 billion and is available to the Company (subject to complying with certain conditions) for financing its development program. As at 31 December 2018G, the undrawn amount under the Refinancing Facilities was SAR 305 million.

4.3.1.7 *Experienced management team, supported by reputable and committed shareholders*

The Company has a highly experienced management team with a total of more than 100 years of combined experience in the commercial real estate and retail industries. The management team is responsible for the

Company's success of becoming the largest mall owner and operator in the Kingdom. It has successfully developed seven new Malls and also managed the redevelopment and enhancement of existing Malls in the last five years, increasing total GLA by approximately 34% during this period. The management team oversees the entire value chain of the Company's activities, from asset development to asset management and mall operations. The Company is always looking to enhance its management team through new appointments to enable it to achieve its growth plans. The Company is expected to continue to benefit from Management's track record of value creation at existing Malls and in identifying new development opportunities. Key achievements of management include maintaining solid and robust growth and continuously enhancing the retail offerings of the Company's Malls.

Management believes the Company's Controlling Shareholders, who are the founding shareholders of the Company, are the pioneers of the retail industry in Saudi Arabia. Management further believes that they have been instrumental in bringing certain international fashion brands to Saudi Arabia, with the introduction of Zara, Miss Selfridge and Wallis to Saudi consumers in the late 1990s. Their entry into the world of retailing highlighted the need for quality retail space to house these international brands, which led to the first Mall opening in 2002G. The Controlling Shareholders have supported the Company and Management through their retail market insight and knowledge of the real estate sector. In part owing to the Controlling Shareholders' obligation to maintain an ownership interest in the Company of at least 51% pursuant to the Refinancing, the Company is expected to continue to benefit from their extensive experience and understanding of the Saudi market going forward.

4.3.2 The Company's Strategies

The Company's principal strategies to grow its business comprise the following:

4.3.2.1 *Consolidate leadership position in the Saudi retail sector by expanding and enhancing Mall portfolio*

The Company plans to continue its expansion in the mall business, which saw its Mall portfolio grow from 12 Malls to 19 Malls from 2013G to 2018G, resulting in an increase in GLA from 0.8 million square meters to 1.075 million square meters, representing a 6.4% CAGR during this period.

Management believes that economic and demographic trends in Saudi Arabia provide an opportunity for the Company to consolidate its market leadership position by further growing its Mall portfolio. Mall GLA per capita, which is an industry metric used to measure mall penetration in an economy, is lower in Saudi Arabia than in other GCC countries (other than Kuwait and the Sultanate of Oman). According to the Market Study, Saudi Arabia had 0.4 square meters of mall GLA per capita in 2018G on average in the Kingdom's four main cities, which is lower than the international benchmark of 1.1 square meters and lower than other cities across the GCC, including Dubai (1.3 square meters per capita) and Abu Dhabi (1.1 square meters per capita). The relatively low penetration of mall GLA per capita in Saudi Arabia represents a significant opportunity for expansion and growth of modern retail, particularly for malls, in the country.

The Company's strategy for growing its mall portfolio is centered on the following key factors:

- *Rollout of new malls*: the Company's current plan centers on expanding the Company's malls portfolio by three new malls which are currently under construction, plus Phase 1 of Nakheel Mall (Riyadh) extension), to increase its total from 19 Malls as at 31 March 2018G to 22 malls by the end of Q4 2019G, with an increase in total GLA from 1.079 million square meters to 1.251 million square meters. In addition, the Company entered into a Head Lease on 4 March 2019G for Jeddah Park, which is a new mall located in Jeddah currently under construction by a developer other than FARE. The project is located in a strategic location on Tahlia Street with a total leaseable area of 128,740 square meters. Jeddah Park is expected to commence operations by Q2 of 2020G.

  As at 31 December 2018G, the Company had five sites which it intends to develop into four new malls plus Phase 2 of Nakheel Mall (Riyadh) extension within the next five years. Of these five sites, the Company owns two plots of land on a freehold basis and has secured tenure over the remaining three plots with long-term head lease agreements. The five sites are located in the cities

of Riyadh and Jeddah (please refer to Section 4.9 ("**Future Plans and Growth Opportunities**") for more details), where the Company plans to further enhance its presence.

The Company's focus will remain primarily on developing Regional malls that serve nearby communities, while selectively developing Super-Regional malls that typically serve a wider catchment area. For example, the Company aims to balance its Mall portfolio across key regions in Saudi Arabia by developing a Super-Regional mall in Riyadh (central region) in the next five years to complement the Regional malls in the city, as the Company has already done in Jeddah (western region) and Dhahran (eastern region). Additionally, the Company will opportunistically consider entering into a master-lease arrangement in relation to other existing malls that have been developed by other developers, which it has successfully already executed in the case of Tala Mall in Riyadh, Salaam Mall in Jeddah, and Salma Mall in Hail (each of which is included in the Company's current Mall portfolio), as well as with respect to its rent to Jeddah Park in March 2019G.

- *New retail concepts:* the Company plans to introduce new retail concepts in Saudi Arabia. With University Boulevard in Riyadh, one of the Company's new malls under construction as at the date of this Prospectus, the Company aims to introduce an open-air boulevard concept which serves as a "lifestyle destination" focusing on casual dining and beverage offerings alongside other retail units. Spread along the road lengthways, the open-air boulevard will aim to include attractive design features such as an auditorium and natural green areas which surround casual dining areas and a varied retail mix. In addition, the Company plans to introduce cinemas into the majority of its Malls over the medium term, thereby further enhancing the range of entertainment offerings across its portfolio.

- *Expansion of existing Malls:* the Company seeks to develop extensions to certain of its existing Malls where the right conditions exist based on the Company's market data-driven analysis. As at 31 December 2018G, the Company holds one leasehold land plot adjacent to an existing Mall, being a land plot of 106,375 square meters adjacent to Nakheel Mall, Riyadh. The Company aims to complete Phase 1 of an extension on this plot by year end 2019G, and Phase 2 of an extension on this plot within the next three years. The Company also regularly seeks opportunities to create new GLA within its existing Mall portfolio. Recent examples of this include Mall of Dhahran, in which the Company in 2018G created 4,609 square meters of new GLA by reconfiguring previously unused space in the mall common area, and Salaam Mall (Jeddah), in which the Company in 2018G created 1,890 square meters of new GLA by reconfiguring previously unused space in the Mall common area. Going forward, the Company will continue to seek opportunities, where such opportunities are feasible, to create new GLA within its Mall portfolio.

  In addition to reconfiguration, one of the Company's methods for space optimization is re-measurement of the GLA of retail units within its Malls. Re-measurement involves the re-measurement of GLA from a new mall's floor design plans when the mall has been built and/or becomes operational, including where a retail unit remains or becomes vacant. The Company factors re-measurement of its GLA for the vacant units within its Malls into Management's information system, while existing lease contracts also contain amendment clauses to effect the re-measurements over the course of lease expiry and renewal process. Re-measurement may result in an increase or decrease in GLA although on average GLA typically increases following a re-measurement exercise. In particular, the Company's recent re-measurements resulted in an increase in GLA of approximately 28,000 square meters, which will be reflected in the lease renewal process of the respective units over the next two to three years.

4.3.2.2 *Maximize returns from existing portfolio*

The Company maintains a strong focus on active asset management and intends to continue to build upon its track record of actively managing its Mall portfolio. To achieve this, Management has introduced a number of key initiatives which include: (1) enhancing occupancy and efficiency rates; (2) optimizing lease rates; (3) optimizing category and tenant mix; (4) boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services; and (5) other business efficiency initiatives, as follows:

- *Enhancing occupancy and efficiency rates:* a key asset management objective for the Company is to continually enhance occupancy and efficiency rates across its entire portfolio. The Company focuses heavily on ramping-up the occupancy levels of recently opened Malls. One approach employs the introduction of temporary lettings, which *enables* the Company to temporarily mitigate vacancies until long-term, permanent occupiers are secured. In addition, as part of the Company's efforts to enhance efficiency and increase returns, in 2014G Management introduced a turnover rent component to certain lease contracts as an add-on to the minimum base rent that is charged to tenants under their lease contracts. The turnover rent charge is calculated as a percentage of the tenant's annual sales. Management plans to increase collection of turnover rent, which accounted for 1.5%, 0.7% and 0.5% of the Company's gross rental revenue for the financial years ended 31 March 2016G, 2017G and 2018G, respectively. Between FY2016G and FY2018G, the Company has gradually introduced new provisions into its lease contracts regarding collection of the tenants' sales data, which are currently coming into force and expected to facilitate collection of sales data from the Company's tenant base. The Company made a strategic decision to insert equivalent provisions into all of its new lease contracts for the purposes of obtaining such information rather than granting incentives to its tenants in return for voluntary access to this information.

  In addition, Management plans to integrate the Company's IT systems with the point-of-sale (POS) systems of tenants, which will allow the Company to monitor tenants' sales, which are the basis for determining the amount of turnover rent. As at 31 December 2018G, 90% of the Company's lease contracts included a turnover rent component, which the Company intends to apply over the next two to three years. Management also aims to maximize existing GLA revenue by minimizing any rental pricing inefficiencies and implementing a more consistent approach to rental pricing. In 2017G, Management began standardizing lease contract templates for all tenant categories by (among other things) standardizing lease durations and prices (including with respect to discounts) and ensuring that the "affordability ratio" of the tenant (calculated as rent paid by the tenant divided by the sales generated by the tenant in the same period) does not exceed a pre-determined economic benchmark.

- *Optimizing lease rates:* an additional asset management objective for the Company is to continually enhance lease rates across its entire portfolio. Lease rate enhancement is addressed by efficiently managing tenant lease maturities, through a combination of renewing lease contracts at higher rental rates and reconfiguring the leased space upon lease maturity. This involves various approaches, such as repositioning GLA to move "higher up" in the rental hierarchy (that is, some tenant categories are willing to pay higher rents per square meter than others), introducing stronger tenants, or implementing varying degrees of refurbishment. For example, in January 2014G in respect of Salaam Mall, Riyadh, March 2012G in respect of Mall of Arabia (Jeddah) and January 2013G in respect of Aziz Mall (Jeddah) Management decided to reduce GLA allocation to the hypermarket retail category in favor of Line Store Tenants, which typically generate a higher rental rate per square meter. This resulted in a conversion of 17,049 square meters of GLA formerly leased to hypermarkets into higher yielding Line Store Tenants.

- *Optimizing category and tenant mix, including through the roll out of cinemas:* the Company continually reviews and adjusts the tenant mix and categories of tenants within its Malls in line with changing consumer preferences. Management typically does this by periodically evaluating the financial performance of tenants, assessing footfall trends, observing changes in consumer tastes and preferences, by conducting tenant exit surveys, demographic research, and tenant satisfaction surveys, and implementing the Company's zoning strategy to ensure complimentary offering to existing tenants.

  The Company recognizes that malls are increasingly becoming a "lifestyle destination", with mid and higher-end dining and beverage options being key "lifestyle" features and therefore important drivers of footfall traffic. Equally, Management seeks opportunities to introduce new retail and entertainment concepts across its Mall portfolio (wherever feasible), to optimize the offering mix to maximize value for both tenants and the Company through enhancing occupancy, capturing rental uplift and implementing new offerings (e.g. through pop up stalls).

The Company is looking to increase its focus on entertainment and food and beverage offerings within its malls. As of 31 December 2018G, 10% and 6% of the Company's total GLA was allocated to entertainment and food and beverage offerings, respectively, whereas the retail and grocery offerings accounted for 70% and 14% of the Company's total GLA, respectively. Management anticipates that the Company's GLA currently allocated to grocery offering will be reduced in the future and be re-allocated to better performing and/or more rent-generating categories of tenants. In particular, Management believes that the Company will be a leading player in the development of cinemas in Saudi Arabia over the medium term. Over the medium term, the Company plans to roll out more than 150 screens across more than 15 locations in its Malls portfolio. By the end of 2019G, the Company plans to open cinemas in four malls across the Kingdom.

- *Boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services:* to supplement GLA-based revenue, Management frequently seeks opportunities to create new revenue streams from non-GLA sources. These include media advertising (digital screens, in Mall mega-screens and totems), events, pop-up retail units (utilizing vacant spaces for temporary leasing), trollies and food carts, naming rights and branded baby changing rooms.
- *Other business efficiency initiatives:* Management has launched a number of initiatives to improve the efficiency of the Company's operations by reducing overheads, increasing automation, investing in IT, and optimizing facility management and rent collections. In implementing these initiatives, Management plans to change the Company's operations towards a "best-in-class" operating model which is expected to result in significant improvements in the Company's business processes and operations. For example, the Company has completed the implementation of its new property management system, Yardi, which introduced industry best practice standards, policies, processes and procedures, facilitating the efficient management of all Properties while enabling the Company to better engage with and serve tenants. The Company is also in the process of implementing a new solution for tenant sales, budgeting control and planning, in the form of an automated point of sales system. This system will be used to collect all the necessary data regarding the annual sales from tenants in order to facilitate the calculation and collection of variable (or turnover) rents. The Company expects implementation of this system to take at least 12 months from the date of this Prospectus.

4.3.2.3 *Maintain and strengthen tenant relationships*

Given its tenant-centric approach, the Company continually strives to create tailored value propositions to retain existing tenants and attract new ones. As at 31 December 2018G, the average lease term for Anchor Tenants and Junior Anchor Tenants was 5 to 10 years and for Line Store Tenants was three years. The Company's value proposition towards its tenants is generally differentiated between its Key Account Tenants and Anchor Tenants, which are responsible for generating a significant part of the Company's rental revenue, and other tenants whose offerings provide important local appeal. The Company's tenant-centric strategy is based on the following:

- *Key Account Tenant and Anchor Tenant relationships:* Management views its Key Account Tenants and Anchor Tenants as strategic partners that enhance the retail offerings of its Malls. Accordingly, the Company's value proposition for Key Account Tenants and Anchor Tenants is designed to enable these tenants to maximize the benefits of the broad distribution business of the Company's Malls. The Company intends to continue to refine the value proposition offered to these key tenants, which includes the following elements:
    - the opportunity to secure an expanding distribution footprint across Saudi Arabia, as the geographic coverage of the Company's Mall portfolio increases;
    - high visibility and exposure to visitors, through consistently high footfall across multiple Malls;
    - high-quality, standardized and automated service levels across the entire Mall portfolio, including marketing services on social media, external signage outside the mall or banners inside the mall, and fit-out advising services;

- management of the relationship between the Company and Key Account Tenants through dedicated relationship managers who accommodate a tenant's needs, provide constant general assistance and follow-up and provide assistance with the tenant's expansion requirements; and

- access to the Company's digital platform, which aims to provide best in class tenant services, including matching online tenant payments to charges, taking online maintenance requests, and collecting / verifying retail tenant sales data.

- *Other tenant relationships:* Management believes that other international and local tenants are generally attracted by the strategic position of the Company's Malls in relation to target demographics, and by the strong association with the Company's own brand and the high profile, quality retail brands of its other tenants. Accordingly, the Company intends to continue to refine its value proposition for such other tenants to include (among other things) exposure to visitors, quality service levels, tailored marketing initiatives to suit local market needs, and specialized services to support local businesses.

In general, the Company's tenant relationships are strengthened by the Company's strategy to develop malls that are strategically located, close to key population areas with the right demographics, and offer existing and new tenants exposure to consistently high footfall and visitor traffic.

4.3.2.4 *Enhance visitor experience and strengthen brand awareness*

Management aims to cement the Company's position as the "destination of choice" for tenants and visitors alike through various strategies which Management believes ultimately drive visitor footfall and strengthen the Company's brand awareness. These strategies include: (1) positioning Malls to appeal to their target demographic within their respective catchment areas; (2) upgrading the tenant category mix to offer an integrated lifestyle experience; (3) upgrading the tenant and brand mix and introducing new entertainment concepts across the Kingdom, including but not limited to cinemas; (4) rolling out one of the region's first omni-channel experiences; (5) being a leader in the digital space and offering visitors a convenient and connected experience; and (6) providing convenient and attractive Mall facilities, as follows:

- *Positioning Malls to appeal to their target demographic within their respective catchment areas:* this is achieved by choosing the locations for Malls that are easily accessible and within reasonable driving distance of the communities they serve. This is also achieved by selecting the right mix of tenants to suit the needs of the communities the Malls serve, for example by dedicating more space to dining and entertainment in certain cases. In other cases, the Company may choose to selectively introduce high-end retail Malls to certain communities if warranted by the desired tenant mix. In all cases, the Malls developed by the Company are designed to be adaptable to enable Management to introduce new forms of entertainment, in response to the General Entertainment Authority's initiatives and in line with Vision 2030 and the National Transformation Program's entertainment objectives.

- *Upgrading tenant category mix to offer an integrated lifestyle experience:* in line with evolving visitor preferences, the Company is actively transforming its tenant category mix from one centered around core shopping to a more integrated "Eat-Play-Shop" model with significantly more space for entertainment and food and beverage. In particular, the Company intends to allocate appropriate amount of its GLA to various forms of entertainment or food and beverage in existing Malls and new malls. This includes the Company's plans to roll-out cinemas across 15 of its Malls over the medium term.

- *Upgrading the tenant and brand mix and introducing new entertainment concepts across the Kingdom, including but not limited to cinemas:* the Company plans to significantly expand its tenant database and target new brands and retail concepts that are currently not present in any of the Malls, the Kingdom or the wider MENA region. Moreover, while the Company intends to remain a leading player in the provision of High-Street Brands in the mid-end market segment at its Malls, the Company will be selectively rolling-out more retail units containing Bridge Brands and high end/

luxury brands in select Malls across the Kingdom in line with spending patterns and socio-economic profiles of the relevant catchment demographics.

- *Pioneer in rolling out one of the region's first omni-channel experiences:* a strategic objective of Management is for the Company to become one of the MENA region's leaders in providing an omni-channel experience across its Malls, which includes installing digital footfall counters in its Malls. Currently under development, the Company plans to launch an online platform, in conjunction with FAS Tech, a related party of the Company, and website that allows buyers/users anywhere in the Kingdom to browse, source, reserve and purchase items online and pick-up or "click and collect" from physical retail units in Malls depending on user preference. The online platform is in the trial stage and the Management expects to launch the website in 2020G with the first brands signed up for the platform and collection spaces in the process of being built. In particular, the Company's existing Malls are expected to provide strong ease of access to support the "click and collect" strategy from physical retail units in Malls. This differentiated and flexible offering will enable the Company to boost footfall to its Malls and its tenants will have the ability to "go online" and boost their sales channels. In addition, visitors will be able to combine the convenience of exploring opportunities online with the physical experience at retail units in Malls.

- *Being a leader in the digital space and offering visitors a convenient and connected experience:* the Company endeavors to enhance visitor experience and to build loyalty through various digital initiatives, such as Wi-Fi access, footfall analytics and website/mobile app development. These include (among others) the following:

  - the Company aims to rollout free Wi-Fi access during 2019G to 2020G to all Mall visitors, through which the Company aims to better engage and personalize communication with visitors. The Company intends to link the Wi-Fi system in its Malls to an automated footfall analytics system in order to obtain detailed information about its visitors so as to better understand their needs. The footfall system aims to provide the Company with advanced information about visitor behavior within a mall, by generating heat maps, room usage information, location and shopping analytics, and repeat/unique visit information. These initiatives aim to create rich data and analytics on mall visitors, and may potentially provide new advertising channels for the Company through targeted marketing campaigns to mall visitors via sms, push notification and e-mail;

  - The Company has also recently completed refreshing its website and developing a mobile app, through which it seeks to reinvigorate visitor interaction. It is anticipated that this will improve audience engagement;

  - the Company plans to implement social media integration within its website and the app to empower positive "viral" marketing and amplify its online presence; and

  - the Company plans to develop various products, services, offers and events, which will be used in the Company's marketing campaign channels.

- *Providing convenient and attractive Mall facilities and services:* the Company aims to optimize visitor convenience through the facilities in Malls, such as through organized parking with clear traffic signage, main gate drop-off, waiting rooms for drivers, appropriate lighting for its parking areas and valet parking. The Company is also conscious of the aesthetic and design features within its Malls which can help drive visitor footfall. In particular, the Company regularly invests in its facilities in order to ensure that the appearance of its Malls remains fresh and modern. For example, in Mall of Arabia (Jeddah) the Company invested in a new cooling system, new tiles, a redesigned food court, and new signage in 2016G. The Company also seeks to ensure consistent branding and "look and feel" across its Mall portfolio, whereby the Company's corporate identity and logo feature clearly in the external signage of all Malls, and other elements are unified across the Mall portfolio, such as furniture, external painting designs and information desk availability, further enhancing brand awareness.

4.4 Corporate Overview of the Company and Evolution of its Capital

Arabian Centres Company was established as a limited liability company and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010209177, dated 07/04/1426H (corresponding to 15 May 2005G). It was established with a capital of SAR 1,000,000 divided into 1,000 shares with a nominal value of SAR 1,000 per share, fully paid in cash by the subscribing shareholders.

The shares were distributed as follows:

Table 4-1: Shareholders of the Company at incorporation:

Shareholder Name	Ownership Percentage	No. of Shares
Fawaz A. Alhokair & Co.	85%	850
Fawaz Abdulaziz Alhokair	5%	50
Salman Abdulaziz Alhokair	5%	50
Abdul Majeed Abdulaziz Alhokair	5%	50
Total	**100%**	**1000**

Source: Company information

On 11/2/1427H (corresponding to 11 March 2006G), Fawaz A. Alhokair & Co., Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair transferred the entirety of their shares in the Company to Saudi FAS Holding and Fawaz Abdulaziz Alhokair and Partners Holding Company.

Table 4-2: Shareholders of the Company as at 11/2/1427H (corresponding to 11 March 2006G):

Shareholder Name	Ownership Percentage	No. of Shares
Saudi FAS Holding Company	50%	500
Fawaz Abdulaziz Alhokair and Partners Holding Company	50%	500
Total	**100%**	**1000**

Source: Company information

On 9/3/1429H (corresponding to 16 March 2008G), Saudi FAS Holding and Fawaz Abdulaziz Alhokair and Partners Holding Company transferred the entirety of their shares in the Company to FAS Real Estate Company and SAAF Al Alamiya Company.

Table 4-3: Shareholders of the Company as at 9/3/1429H (corresponding to 16 March 2008G):

Shareholder Name	Ownership Percentage	No. of Shares
FAS Real Estate Company	95%	950
SAAF Al Alamiya Company	5%	50
Total	**100%**	**1000**

Source: Company information

On 27/5/1436H (corresponding to 17 March 2015G), FAS Real Estate Company transferred 150 shares in the Company to Fawaz Abdulaziz Alhokair, 150 shares to Salman Abdulaziz Alhokair, and 130 shares to Abdul Majeed Abdulaziz Alhokair, and SAAF Al Alamiya Company transferred 20 shares to Abdul Majeed Abdulaziz Alhokair.

On 27/05/1436H (corresponding to 17/03/2015G), the Company's share capital was also increased from SAR 1,000,000 to SAR 4,450,000,000 divided into 4,450,000 ordinary shares with a nominal value of SAR 1,000 per Share, through:

- capitalizing SAR 2,257,183,825 from the shareholders' current account (as at 28 February 2015G); and
- capitalizing SAR 2,191,816,175 from the retained earnings account consisting of SAR 1,275,172,345 in earnings retained on 31 March 2014G and SAR 916,643,830 in earnings retained on 28 February 2015G.

Table 4-4: Shareholders of the Company as at 27/5/1436H (corresponding to 17 March 2015G):

Shareholder Name	Ownership Percentage	No. of Shares
Fawaz Abdulaziz Alhokair	15%	66,750,000
Salman Abdulaziz Alhokair	15%	66,750,000
Abdul Majeed Abdulaziz Alhokair	15%	66,750,000
FAS Real Estate Company	52%	231,400,000
SAAF Al Alamiya Company	3%	13,350,000
Total	**100%**	**445,000,000**

Source: Company information

On 18/9/1438H (corresponding to 13 June 2017G), the par value of the Shares was reduced from SAR 1,000 per Share to SAR 10 per Share as a result of which the Company's paid-up capital became SAR 4,450,000,000 divided into 445,000,000 fully paid-up Shares with a par value of SAR 10 per Share.

On 18/9/1438H (corresponding to 13 June 2017G), Fawaz Abdulaziz Alhokair transferred 22,250,000 shares in the Company to Al Farida Al Oula Company, Salman Abdulaziz Alhokair transferred 22,250,000 shares in the Company to Al Farida Al Thania Company, and Abdul Majeed Abdulaziz Alhokair transferred 22,250,000 shares in the Company to Al Farida Al Thalitha Company.

Table 4-5: Shareholders of the Company as at 18/9/1438H (corresponding to 13 June 2017G):

Shareholder Name	Ownership Percentage	No. of Shares
Fawaz Abdulaziz Alhokair	10%	44,500,000
Salman Abdulaziz Alhokair	10%	44,500,000
Abdul Majeed Abdulaziz Alhokair	10%	44,500,000
Al Farida Al Oula Company	5%	22,250,000
Al Farida Al Thania Company	5%	22,250,000
Al Farida Al Thalitha Company	5%	22,250,000
FAS Real Estate Company	52%	231,400,000
SAAF Al Alamiya Company	3%	13,350,000
Total	**100%**	**445,000,000**

Source: Company information

On 08/01/1439H (corresponding to 28 September 2017G), the Company was converted into a closed joint stock company, with a capital of SAR 4,450,000,000, divided into 445,000,000 ordinary shares with a nominal value of SAR 10 per share.

4.5 Key Developments of the Company since Establishment

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

Table 4-6: Key developments since the Company's establishment:

Year	Event/Development
2002G	Opening of Sahara Plaza
2004G	Opening of Nakheel Plaza in Qassim and Khurais Mall in Riyadh Total GLA reaches over 100,000 m²
2005G	Company was established as a limited liability company with a capital of one million (1,000,000) SAR Opening of Aziz Mall in Jeddah, Salaam Mall in Riyadh and Mall of Dhahran in Dhahran
2006G	Total footfall reaches over 20,000,000
2008G	Opening of Mall of Arabia in Jeddah and Noor Mall in Madinah Total GLA reaches over 500,000 m² Total footfall reaches over 30,000,000
2009G	Opening of Mall of Dhahran extension
2010G	Opening of Ahsa Mall in Hofuf Total footfall reaches over 50,000,000
2011G	Opening of Haifaa Mall in Jeddah and Makkah Mall In Makkah Total GLA reaches over 600,000 m² Total footfall reaches over 60,000,000
2012G	Opening of Salaam Mall in Jeddah Received Saudi Excellence in Tourism Awards 2012 for Mall of Dhahran Received Gold Award for 2012 Middle East and North Africa Shopping Centre Awards from International Council for Shopping Centres
2013G	Received Guinness World Record for the largest soft play area in the world achieved by Billy Beez at Mall of Dhahran Total GLA reaches over 800,000 m² Received Best Special Shopping Experience award for Mall of Dhahran, Saudi Excellence in Tourism Awards
2014G	Opening of Tala Mall in Riyadh, Nakheel Mall in Riyadh and Salma Mall in Hail Total footfall reaches over 88,000,000
2015G	Opening of Jubail Mall in Jubail and Jouri Mall in Taif Received Gold Award at the 2015 Middle East and North Africa Shopping Centre Awards Total footfall reaches over 90,000,000 Company's capital was increased to four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four million four hundred and fifty thousand (4,450,000) Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per Share
2016G	Opening of Yasmeen Mall in Jeddah and Al Hamra Mall in Riyadh Total GLA reaches over 1,000,000 m² Total footfall reaches over 96,000,000

Year	Event/Development
2017G	Par value of Shares was reduced from one thousand Saudi Riyals (SAR 1,000) per Share to ten Saudi Riyals (SAR 10) per Share as a result of which the Company's capital became four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty-five million (445,000,000) Shares with a par value of SAR 10 per Share Company converted from a limited liability company into a closed joint stock company with a capital of SAR 4,450,000,000, divided into 445,000,000 ordinary shares with a fully paid-up nominal value of SAR 10 per Share
2018G	Total footfall reaches over 108,000,000 General Assembly approved the increase of the Company's capital from four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty five million (445,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share to four billion seven hundred and fifty million Saudi Riyals (SAR 4,750,000,000) divided into four hundred and seventy five million (475,000,000) Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share

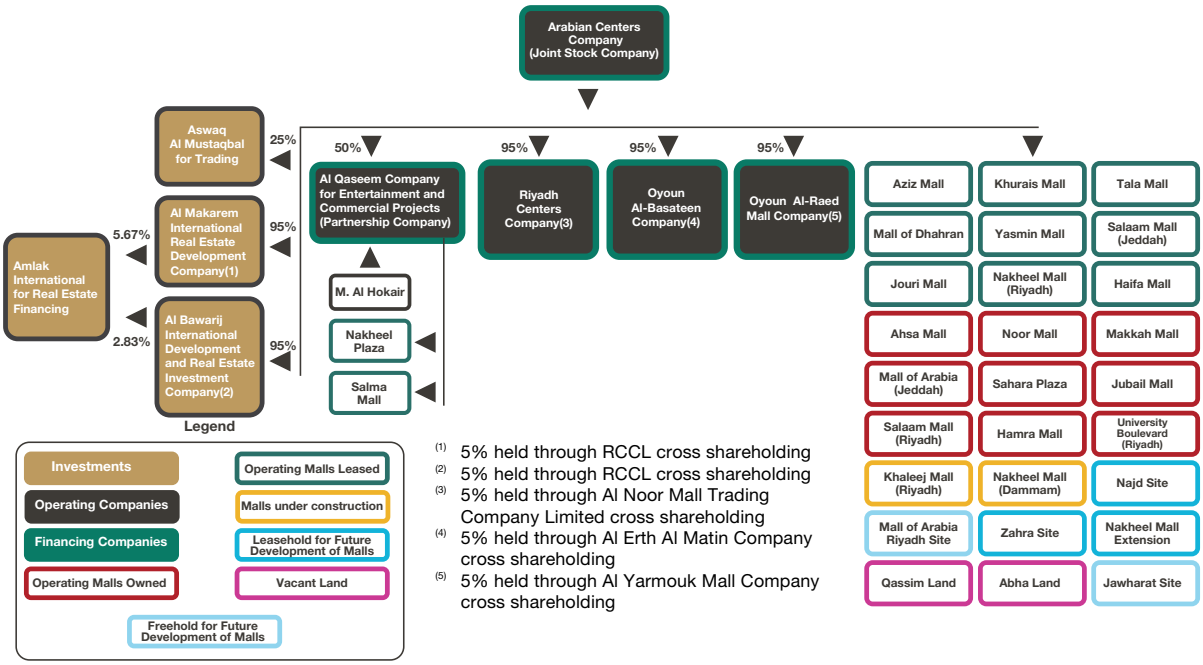
Source: Company information

4.6 Overview of the Structure of the Company and its Operating Subsidiaries

4.6.1 Overview

The following structure chart provides a diagrammatic overview of the Company and its Operating Subsidiaries as at the date of this Prospectus.

Figure 4-1: Company structure chart as at the date of this Prospectus The following table lists the Company's Operating Subsidiaries as at the date of this Prospectus.



Note that the Company has a number of Dormant Subsidiaries which were previously established for the purpose of holding properties, including Al Erth Al Matin Company, Al Yarmouk Mall Company and Al Noor Mall Trading Company Limited. These dormant subsidiaries do not own or lease any property, do not have any assets, liabilities, revenues or profits and do not otherwise carry out activities

Table 4-7: Summary of key information of the Company's Operating Subsidiaries:

No.	Subsidiary	CR Number	Capital (SAR)	Company's Direct Ownership	Company's Indirect Ownership
1.	RCCL	1010223393	500,000	95%	5%
2.	Al Qaseem Company for Entertainment and Commercial Projects (Partnership Company)	1131017545	500,000	50%	0%
3.	Oyoun Al Basateen Trading Company	1010431098	100,000	95%	5%
4.	Oyoun Al Raed Mall Trading Company	1010413282	100,000	95%	5%
5.	Al Bawarij International Development and Real Estate Investment Company	1010245774	500,000	95%	5%
6.	Al Makarem International Real Estate Development Company	1010245770	500,000	95%	5%

Source: Company information

*Note: The Company has 12 Dormant Subsidiaries (for details, see Annexure III "**Dormant Subsidiaries**").*

4.6.2 Company Ownership Structure before and after the Offering

As at the date of this Prospectus, the Company's current share capital is SAR 4,450,000,000 divided into 445,000,000 Shares with a value of SAR 10 per Share. Following the Offering the Company's capital will increase to SAR 4,750,000,000 divided into 475,000,000 Shares with a value of SAR 10 per Share. The following table provides an overview of the ownership of the Shares before and after the Offering:

Table 4-8: Overview of the ownership of the Shares before and after the Offering:

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Indirect Ownership	Par Value (SAR)
Fawaz Abdulaziz Alhokair	44,500,000	10%	23.33%(1)	445,000,000	38,000,000	8.0%	18.67%	380,000,000
Salman Abdulaziz Alhokair	44,500,000	10%	23.33%(2)	445,000,000	38,000,000	8.0%	18.67%	380,000,000
Abdul Majeed Abdulaziz Alhokair	44,500,000	10%	23.33%(3)	445,000,000	38,000,000	8.0%	18.66%	380,000,000
Al Farida Al Oula Company	22,250,000	5%	-	222,500,000	19,000,000	4.0%	-	190,000,000
Al Farida Al Thania Company	22,250,000	5%	-	222,500,000	19,000,000	4.0%	-	190,000,000
Al Farida Al Thalitha Company	22,250,000	5%	-	222,500,000	19,000,000	4.0%	-	190,000,000
FAS Real Estate Company	231,400,000	52%	-	2,314,000,000	197,600,000	41.6%	-	1,976,000,000
SAAF Al Alamiya Company	13,350,000	3%	-	133,500,000	11,400,000	2.4%	-	114,000,000
Public	-	-	-	-	95,000,000	20.0%	-	95,000,000
Total	**445,000,000**	**100%**	**70%**	**4,450,000,000**	**475,000,000**	**100.0%**	**56%**	**4,750,000,000**

Source: Company information

(1) Fawaz Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Oula, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya

Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(2) Salman Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thania, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(3) Abdul Majeed Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.2% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thania, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

4.6.3 Overview of the Operating Subsidiaries

An overview of the Company's Operating Subsidiaries is set out below. In addition to the Subsidiaries, the Company also has 12 Dormant Subsidiaries which were previously established for the purpose of holding properties. These Dormant Subsidiaries do not own or lease any property, do not have any assets, liabilities, revenues or profits and do not otherwise carry out activities. For further details of the Dormant Subsidiaries, please see Appendix III ("**Dormant Subsidiaries**").

4.6.3.1 *RCCL*

RCCL is a limited liability company with a capital of SAR 500,000, divided into 500 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010223393, dated 25/8/1427H (corresponding to 18 September 2006G). RCCL head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of RCCL are the operation, maintenance, and lease of shopping malls and real estate development. In addition, RCCL is currently a Corporate Guarantor in respect of the Re-financing Facilities.

The following table sets out the ownership structure of RCCL as at the date of this Prospectus.

Table 4-9: RCCL's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
ACC	95%
Al Noor Mall Trading Company Limited	5%

Source: Company information

4.6.3.2 *Al Qaseem Company for Entertainment and Commercial Projects*

Al Qaseem Company for Entertainment and Commercial Projects is a limited liability company with a capital of SAR 500,000, divided into 500 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Buraidah under commercial registration certificate number 1131017545, dated 19/10/1423H (corresponding to 23 December 2002G). Al Qaseem Company for Entertainment and Commercial Projects' head office is located at the city of Buraidah, Saudi Arabia.

The principal business activities of Al Qaseem Company for Entertainment and Commercial Projects are the operation, maintenance and leasing of shopping malls. In addition, Al Qaseem Company for Entertainment and Commercial Projects is the tenant to the Head Leases for Salma Mall and Nakheel Plaza (Qassim).

According to the ownership structure of Nakheel Plaza (Qassim), the Company receives half of the Mall's revenues while it receives 100% of the revenue fromNakheel Plaza (Qassim) Extension in accordance with the agreement with Abdul Mohsen Al Hokair Group for Tourism and Development.

The following table sets out the ownership structure of Al Qaseem Company for Entertainment and Commercial Projects as at the date of this Prospectus.

Table 4-10: Al Qaseem Company for Entertainment and Commercial Projects' shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
ACC	50%
Abdulmohsen Alhokair Group for Tourism and Development	50%
Total	**100%**

Source: Company information

4.6.3.3 *Oyoun Al Basateen Trading Company*

Oyoun Al Basateen Trading Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010431098, dated 18/5/1436H (corresponding to 9 March 2015G). Oyoun Al Basateen Trading Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Oyoun Al Basateen Trading Company are the operation and maintenance of shopping malls and residential compounds. Oyoun Al Basateen Trading Company formerly owned the Jawharat Site, which was transferred to the Company as part of the Re-financing. The Company expects that Oyoun Al Basateen Trading Company may hold properties in the future.

The following table sets out the ownership structure of Oyoun Al Basateen Trading Company as at the date of this Prospectus.

Table 4-11: Oyoun Al Basateen Trading Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
ACC	95%
Al Erth Al Matin Company	5%

Source: Company information

4.6.3.4 *Oyoun Al Raed Mall Trading Company*

Oyoun Al Raed Mall Trading Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010413282, dated 7/7/1435H (corresponding to 6 May 2014G). Oyoun Al Raed Mall Trading Company head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Oyoun Al Raed Mall Trading Company are general building contracting and the operation and maintenance of shopping malls. Oyoun Al Raed Mall Trading Company formerly owned the Mall of Arabia Site (Riyadh), which was transferred to the Company as part of the Re-financing. The Company expects that Oyoun Al Raed Mall Trading Company may hold properties in the future.

The following table sets out the ownership structure of Oyoun Al Raed Mall Trading Company as at the date of this Prospectus.

Table 4-12: Oyoun Al Raed Mall Trading Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
ACC	95%
Al Yarmouk Mall Company	5%

Source: Company information

4.6.3.5 *Al Bawarij International Development and Real Estate Investment Company*

Al Bawarij International Development and Real Estate Investment Company is a limited liability company with a capital of SAR 500,000, divided into 500 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010245774, dated 30/2/1429H (corresponding to 8 March 2008G). Al Bawarij International Development and Real Estate Investment Company head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Al Bawarij International Development and Real Estate Investment Company are real estate development and investments. Al Bawarij International Development and Real Estate Investment Company holds a 2.83% ownership in the ordinary shares of Amlak International for Real Estate Financing.

The following table sets out the ownership structure of Al Bawarij International Development and Real Estate Investment Company as at the date of this Prospectus.

Table 4-13: Al Bawarij International Development and Real Estate Investment Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
ACC	95%
RCCL	5%

Source: Company information

4.6.3.6 *Al Makarem International Real Estate Development Company*

Al Makarem International Real Estate Development Company is a limited liability company with a capital of SAR 500,000, divided into 500 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010245770, dated 30/2/1429H (corresponding to 8 March 2008G). Al Makarem International Real Estate Development Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Al Makarem International Real Estate Development Company are real estate development and investments. Al Makarem International Real Estate Development Company holds a 5.67% ownership in the ordinary shares of Amlak International for Real Estate Financing.

The following table sets out the ownership structure of Al Makarem International Real Estate Development Company as at the date of this Prospectus.

Table 4-14: Al Makarem International Real Estate Development Company's shareholding structure as at the date of this Prospectus:

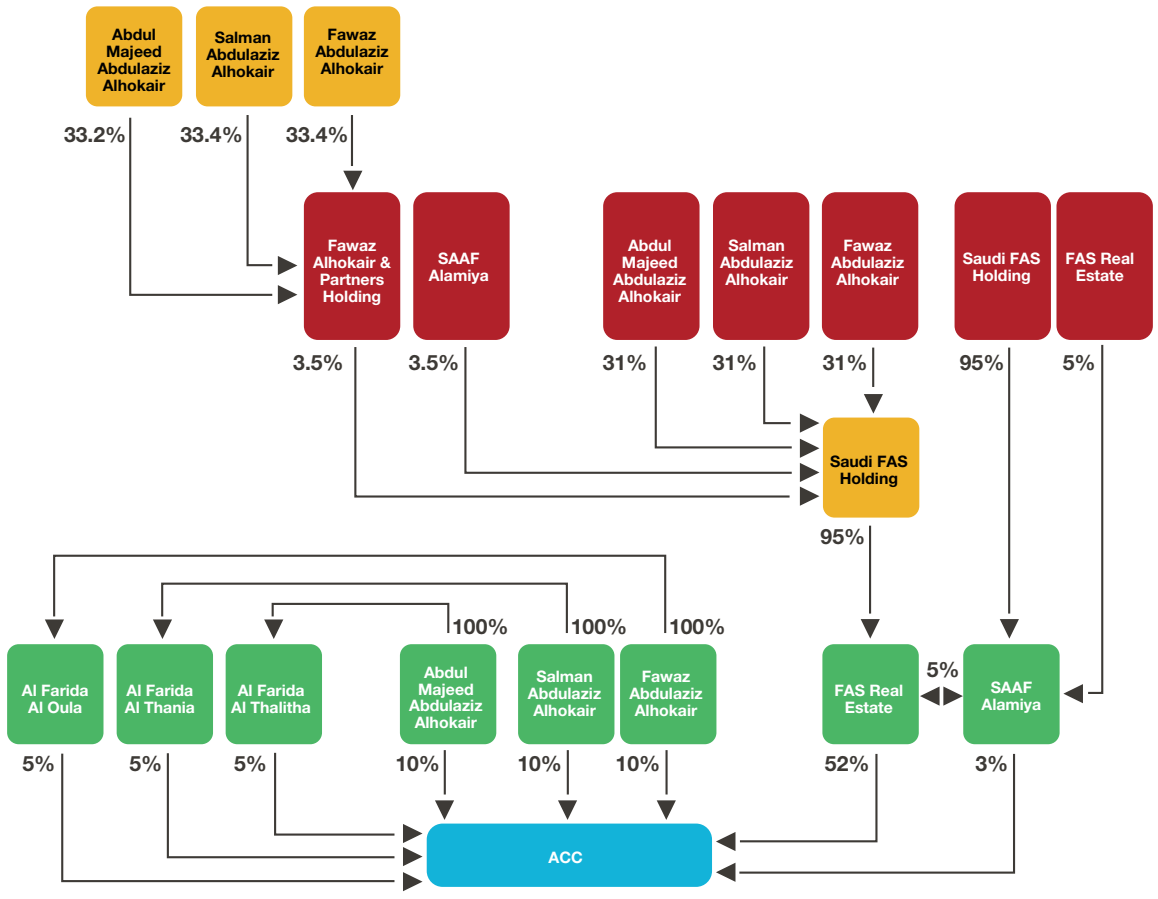
Shareholder Name	Ownership Percentage
ACC	95%
RCCL	5%

Source: Company information

4.7 Overview of the Shareholders

The following chart sets out the ownership structure of the Company:

Figure 4-2: Ownership structure of the Company structure chart as at the date of this Prospectus



4.7.1 Fawaz Abdulaziz Alhokair

Fawaz Abdulaziz Alhokair is the chairman and the founder of the Fawaz Alhokair Group. He graduated from Loughborough University in the United Kingdom with a bachelor's degree in economics and accountancy in 1989G. Management believes his vision and business strategies have helped pioneer retail franchising in Saudi Arabia. Supported by a team of experienced professionals, he continues to pursue business growth by introducing cutting edge fashion concepts and steering business strategies.

In 1997G, Alhokair Fashion Retail, a company established by Fawaz Abdulaziz Alhokair, entered into its first franchise agreements and over the ensuing years partnered with a variety of international fashion brands such as Zara, Aldo and Massimo Dutti. As at 1 December 2018G, Alhokair Fashion Retail's business operates with over 88 international brands in approximately 1800 retail units across 13 countries, employing nearly 14,822 people.

Mr. Alhokair established the Company's business to house franchised retail brands. The combination of the distinctive shopping experience with the strength of these brands has made Mr. Alhokair a leading business figure in Saudi Arabia.

4.7.2 Salman Abdulaziz Alhokair

Salman Abdulaziz Alhokair leads the Fawaz Alhokair Group's real estate business. A qualified architect from King Saud University, he continues to oversee design, construction and management of the Company's Malls as well as some of the most high-profile mixed-use facilities in Saudi Arabia.

4.7.3 Abdul Majeed Abdulaziz Alhokair

Abdul Majeed Abdulaziz Alhokair is Chairman of Alhokair Fashion Retail. A graduate of King Saud University, he has a hands-on approach to running one of the largest growing networks of retail units within the Kingdom.

Abdul Majeed received the prestigious Saudi Public Company (SPS) award as the "Executive of the Year – 2007", recognizing him as a distinguished Saudi Arabian business professional, leading a large publicly listed company, Alhokair Fashion Retail, and for demonstrating outstanding management skills.

4.7.4 Al Farida Al Oula Company

Al Farida Al Oula Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010711537, dated 4/9/1438H (corresponding to 30 May 2017G). Al Farida Al Oula Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Al Farida Al Oula Company comprise buying, selling and leasing lands, and managing and leasing commercial and residential real estate.

The following table sets out the ownership structure of Al Farida Al Oula Company as at the date of this Prospectus.

Table 4-15: Al Farida Al Oula Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Fawaz Abdulaziz Alhokair	100%

Source: Company information

The following provides an overview of the shareholders of Al Farida Al Oula Company:

- Fawaz Abdulaziz Alhokair

Please refer to Fawaz Abdulaziz Alhokair's resume under Section 5.1.3 ("**Fawaz Abdulaziz Alhokair**").

4.7.5 Al Farida Al Thania Company

Al Farida Al Thania Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010711535, dated 04/09/1438H (corresponding to 30 May 2017G). Al Farida Al Thania Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Al Farida Al Thania Company comprise buying, selling and leasing lands, and managing and leasing commercial and residential real estate.

The following table sets out the ownership structure of Al Farida Al Thania Company as at the date of this Prospectus.

Table 4-16: Al Farida Al Thania Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Salman Abdulaziz Alhokair	100%

Source: Company information

The following provides an overview of the shareholders of Al Farida Al Thania Company:

- Salman Abdulaziz Alhokair

Please refer to Salman Abdulaziz Alhokair's resume under Section 5.1.3 ("Salman Abdulaziz Alhokair").

4.7.6 Al Farida Al Thalitha Company

Al Farida Al Thalitha Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh under commercial registration certificate number 1010711533, dated 04/09/1438H (corresponding to 30 May 2017G). Al Farida Al Thalitha Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Al Farida Al Thalitha Company comprise buying, selling and leasing lands, and managing and leasing commercial and residential real estate.

The following table sets out the ownership structure of Al Farida Al Thalitha Company as at the date of this Prospectus.

Table 4-17: Al Farida Al Thalitha Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Abdul Majeed Abdulaziz Alhokair	100%

Source: Company information

The following provides an overview of the shareholders of Al Farida Al Thalitha Company:

Abdul Majeed Abdulaziz Alhokair

Please refer to Abdul Majeed Abdulaziz Alhokair's overview under Section 4.7.3 ("**Abdul Majeed Abdulaziz Alhokair**").

4.7.7 FAS Real Estate Company

FAS Real Estate Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh, under commercial registration certificate number 1010245314, dated 24/2/1429H (corresponding to 2 March 2008G). FAS Real Estate Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of FAS Real Estate Company is real estate development.

The following table sets out the ownership structure of FAS Real Estate Company as at the date of this Prospectus.

Table 4-18: FAS Real Estate Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Saudi FAS Holding Company	95%
SAAF Al Alamiya Company	5%
Total	**100%**

Source: Company information

The following provides an overview of the shareholders of FAS Real Estate Company:

- Saudi FAS Holding Company

Please refer to Saudi FAS Holding Company under Section 4.7.8 ("**Saudi FAS Holding Company**").

- SAAF Al Alamiya Company

Please refer to SAAF Al Alamiya Company under Section 4.7.9 ("**SAAF Al Alamiya Company**").

4.7.8 Saudi FAS Holding Company

Saudi FAS Holding Company is a closed joint stock company with a capital of SAR 10,000,000, divided into 1,000,000 shares with a nominal value of SAR 10, and registered in the commercial register in the city of Riyadh, under commercial registration certificate number 1010209391, dated 13/4/1426H (corresponding to 21 May 2005G). Saudi FAS Holding Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Saudi FAS Holding Company comprise holding shares in other companies and trading.

The following table sets out the ownership structure of Saudi FAS Holding Company as at the date of this Prospectus.

Table 4-19: Saudi FAS Holding Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Fawaz Abdulaziz Alhokair	31%
Salman Abdulaziz Alhokair	31%
Abdul Majeed Abdulaziz Alhokair	31%
SAAF Al Alamiya Company	3.5%
Fawaz Abdulaziz Alhokair and Partners Holding Company	3.5%

Source: Company information

The following provides an overview of the shareholders of Saudi FAS Holding Company:

Fawaz Abdulaziz Alhokair

Please refer to Fawaz Abdulaziz Alhokair's resume under Section 5.1.3 ("**Fawaz Abdulaziz Alhokair**").

Salman Abdulaziz Alhokair

Please refer to Salman Abdulaziz Alhokair's resume under Section 5.1.3 ("**Salman Abdulaziz Alhokair**").

Abdul Majeed Abdulaziz Alhokair

Please refer to Abdul Majeed Abdulaziz Alhokair's resume under Section 4.7.3 ("**Abdul Majeed Abdulaziz Alhokair**").

SAAF Al Alamiya Company

Please refer to the shareholder description under SAAF Al Alamiya Company below.

Fawaz Abdulaziz Alhokair and Partners Holding Company

Fawaz Abdulaziz Alhokair and Partners Holding Company is a limited liability company with a capital of SAR 500,000, divided into 500 shares with a nominal value of SAR 1,000, and registered in the commercial register in the city of Riyadh, under commercial registration certificate number 1010209395, dated 13/4/1426H (corresponding to 21 May 2005G). Fawaz Abdulaziz Alhokair and Partners Holding Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of Fawaz Abdulaziz Alhokair and Partners Holding Company is holding shares in other companies, retail and wholesale in clothing and fashion, and medical devices, and management, operations and maintenance of shopping centers and residential compounds.

The following table sets out the ownership structure of Fawaz Abdulaziz Alhokair and Partners Holding Company as at the date of this Prospectus.

Table 4-20: Fawaz Abdulaziz Alhokair and Partners Holding Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Fawaz Abdulaziz Alhokair	33.4%
Salman Abdulaziz Alhokair	33.4%
Abdul Majeed Abdulaziz Alhokair	33.2%
Total	**100%**

Source: Company information

4.7.9 SAAF Al Alamiya Company

SAAF Al Alamiya Company is a limited liability company with a capital of SAR 100,000, divided into 100 shares with a nominal value of SAR 100,000, and registered in the commercial register in the city of Riyadh, under commercial registration certificate number 1010245316, dated 24/2/1429H (corresponding to 2 March 2008G). SAAF Al Alamiya Company's head office is located at the city of Riyadh, Saudi Arabia.

The principal business activities of SAAF Al Alamiya Company comprise real estate development and trading.

The following table sets out the ownership structure of SAAF Al Alamiya Company as at the date of this Prospectus.

Table 4-21: SAAF Al Alamiya Company's shareholding structure as at the date of this Prospectus:

Shareholder Name	Ownership Percentage
Saudi FAS Holding Company	95%
FAS Real Estate Company	5%
Total	**100%**

Source: Company information

The following provides an overview of the shareholders of SAAF Al Alamiya Company:

Saudi FAS Holding Company

Please refer to the shareholder description under Saudi FAS Holding Company above.

FAS Real Estate Company

Please refer to the shareholder description under FAS Real Estate Company above.

4.8 Overview of the Company's Principal Activities

The Company is engaged in the development, ownership and management of shopping malls in Saudi Arabia and generates revenue by the following activities:

- leasing retail space, including specialty leasing, in its Malls to a variety of tenants operating under a broad mix of international, regional and local brands; and
- selling media and promotional space within its Malls to a variety of media agencies.

The Company is the largest shopping mall owner, developer and operator in Saudi Arabia with a total of 19 Malls in its commercial portfolio as at the date of this Prospectus. The Company provides tenants and visitors with a full range of high quality retail malls at international standards. The Malls are located across key urban areas across Saudi Arabia, including the top 10 cities in Saudi Arabia (such as Riyadh, Jeddah and Dammam), which together represent approximately 60% of the total population of Saudi Arabia, and based on visitor preferences satisfy a variety of shopping, dining and entertainment needs.

The Company generated a total revenue of SAR 2,159.4 million for the financial year ended 31 March 2018G. With a GLA of 1.079 million square meters covering 4,100 occupied retail units across 19 Malls as at 31 December 2018G, the Company provides commercial retail space to over 1,000 international, regional and local retail brands, including Zara, Debenhams, Coach, H&M, Virgin Megastores and IKEA. The Company generated visitor traffic of over 108 million for the financial year ended 31 March 2018G and plans to add more than 172,500 additional square meters of GLA by the end of Q4 2019G through three new malls currently under construction plus Phase 1 of Nakheel Mall (Riyadh) extension (and excluding Jeddah Park). The Company entered into a Head Lease on 4 March 2019G for Jeddah Park, which is a new mall located in Jeddah and is currently under construction by a developer other than FARE. Jeddah Park is expected to commence operations by Q2 2020G and is expected to increase the Company's GLA by 128,740 square meters. In addition, the Company plans to develop its five additional sites as four new malls, plus Phase 2 of Nakheel Mall (Riyadh) extension (in addition to Jeddah Park), over the next five years.

The Company's revenue generated from leasing retail space primarily comprises rental payments received from tenants, where terms typically require payment of three to six months' rent on an advance basis. In 2014G, the Company introduced a turnover rent arrangement in its lease contracts with tenants under which tenants are obliged, in respect of any financial period, to pay the higher of (i) a minimum fixed rate of rent or (ii) a certain percentage of sales revenue generated by the tenant over that period. As at the 31 December 2018G, 90% of the lease contracts included turnover rent arrangements, with actual application of this arrangement expected to be gradually undertaken over two to three years. In addition, the Company receives service charges from its tenants to cover for Mall common area expenses such as maintenance and repairs, insurance, lighting and cleaning costs. Service charges are accounted for as part of rental revenues.

The net rental revenue generated by leasing retail space for the financial years ended 31 March 2016G, 2017G and 2018G as a percentage of the Company's total revenue for those financial periods was 93.2%, 91.9% and 90.7%, respectively. The remaining portion of revenue for those financial periods was generated through various non-leasing related activities, including selling media and promotional space within the Malls.

4.8.1 Key Performance Indicators

The following table sets forth the Company's operating metrics which the Directors consider to be its key performance indicators for the past three financial years. The Company has also experienced consistent positive cash flow over each period which has enabled the Company to service its debt and support its future development and expansion.

Table 4-22: The Company's Key Performance Indicators:

Key Performance Indicator	FY16G	FY17G	FY18G	9MFY18G	9MFY19G
Period end number of Malls	17	19	19	19	19
Footfall	91,540,533	96,228,308	108,534,619	82,242,654	81,670,752
Period end GLA (sqm) [1]	965,191	1,069,914	1,074,530	1,079,327	1,078,821
Weighted Average Occupancy Rate	90.5%	87.7%	93.3%	92.4%	92.8%
Period end number of Retail Units - Occupied	3,581	3,964	4,068	4,169	4,100
Revenue (SAR millions)	1,915	2,124	2,159	1,600	1,620
Growth of revenue (%)	*12.9%*	*10.9%*	*1.7%*	*2.4%*	*1.2%*
EBITDAR (SAR millions)	1,516	1,608	1,597	1,171	1,236
EBITDA (SAR millions)	1,332	1,399	1,402	1,024	1,061
Operating Cash Flow (SAR millions)	985	1,092	1,244	799	198
Net Income attributable to the shareholders of the Parent Company (SAR millions)	981	932	771	538	538

Source: Company information

(1) The period end GLA (sqm) includes 19 Malls and Nakheel Plaza Extension (Qassim).

4.8.2 Overview of Mall Ownership and Operations

The Company is engaged in the development, ownership and management of shopping malls in Saudi Arabia. It generates revenue primarily by leasing retail space to a variety of tenants operating under a broad mix of international, regional and local brands.

The Company's Malls are geographically diverse, being spread across key urban areas throughout Saudi Arabia, including the top 10 cities that together represent approximately 60% of the total population of the Kingdom. Each Mall may be categorized into one of the following three categories: (i) "Super-Regional Mall", for which the GLA is above 74,000 square meters; (ii) "Regional Mall", for which the GLA is above 37,000 square meters but less than 74,000 square meters; and (iii) "Community Mall", for which the GLA is above 10,000 square meters but less than 37,000 square meters. These categories are prescribed by the International Council of Shopping Centers.

The Saudi Government and municipalities are supporting the shift towards organized retail in Saudi Arabia with "Super-Regional Malls" and "Regional Malls" being regarded by Management as "lifestyle destinations", whereas "Community Malls", "Neighborhood Malls" and "Convenience Malls" continuing to be seen as proximity malls providing retail offerings for the local population.

The following chart sets out the key information and statistics in respect of each Mall (ranked by GLA):

Table 4-23: Overview of the Company's Malls

No.	Mall	City	Ownership type	Year Opened	GLA (sqm.) (as at 31 December 2018G)[1] FY16G	Build-Up Area (sqm.)	Occupancy Rate (31 December 2018G)	# Floors	# Parking Bays	Company revenue contribution (%)		
										FY16G	FY17G	FY18G
Super-Regional												
1	Mall of Dhahran	Dammam	Leasehold	2005G	160,647	220,550	94.6%	1	4,591	19.0%	17.3%	15.9%
2	Salaam Mall	Jeddah	Leasehold	2012G	121,363	212,825	92.0%	3	1,825	10.5%	9.5%	8.8%
3	Mall of Arabia	Jeddah	Freehold	2008G	109,185	247,848	92.2%	4	2,053	14.8%	12.4%	12.8%
Regional												
4	Aziz Mall	Jeddah	Leasehold	2005G	72,153	93,310	94.7%	2	1,422	8.9%	8.1%	7.2%
5	Noor Mall	Madinah	Freehold	2008G	67,110	93,917	96.5%	2	1,070	7.4%	6.7%	6.1%
6	Nakheel Mall	Riyadh	Leasehold	2014G	55,707	98,000	99.2%	2	1,473	5.2%	8.0%	7.8%
7	Yasmin Mall	Jeddah	Leasehold	2016G	54,634	101,672	95.3%	1	2,351	0.0%	2.5%	5.9%
8	Hamra Mall	Riyadh	Freehold	2016G	53,951	77,969	89.4%	3	1,026	0.0%	1.3%	5.0%
9	Ahsa Mall	Hofuf	Freehold	2010G	51,979	65,800	84.5%	1	1,608	3.5%	2.9%	2.5%
10	Salaam Mall	Riyadh	Freehold	2005G	49,926	67,421	94.5%	2	1,040	4.1%	3.5%	3.0%
11	Jouri Mall	Taif	Leasehold	2015G	48,122	92,663	92.6%	1	1,334	2.0%	4.6%	4.7%
12	Khurais Mall	Riyadh	Leasehold	2004G	41,372	60,230	91.7%	2	917	3.9%	3.2%	2.9%
13	Makkah Mall	Makkah	Freehold	2011G	37,545	56,720	96.7%	2	1000	8.1%	7.5%	7.1%
Community												
14	Nakheel Plaza	Qassim	Leasehold	2004G	49,387	48,985	95.9%	1	536	2.5%	2.4%	1.9%
15	Haifa Mall	Jeddah	Leasehold	2011G	32,946	50,161	85.6%	1	914	5.2%	4.4%	3.3%
16	Tala Mall	Riyadh	Leasehold	2014G	22,711	46,292	88.0%	2	680	1.7%	2.1%	1.9%
17	Jubail Mall	Jubail	Freehold	2015G	20,908	37,366	90.0%	3	483	0.7%	1.8%	1.8%
18	Salma Mall	Hail	Leasehold	2014G	16,952	22,378	91.9%	1	1,040	0.6%	1.1%	0.9%
19	Sahara Plaza	Riyadh	Freehold	2002G	12,223	28,364	72.3%	2	125	0.6%	0.4%	0.2%

Source: Company information

(1) Note that the total GLA figures as at 31 December 2018G in Table 4-23 "Overview of the Company's Malls" represents the total GLA whereas the GLA figures used in section 4.8.7 "Overview of Portfolio of Malls " represents average occupied GLA as at 31 March 2018G.

The Malls are located in major cities across Saudi Arabia and are anchored by the Company's strategic partnerships with its Key Account Tenants, Anchor Tenants and other major retailers, combined with a broad tenant mix. The market positioning of each Mall is a combination of its target market segment in its catchment area and its key offerings. The following table sets out an overview of the market positioning of each Mall.

Table 4-24: Overview of market positioning of Malls:

No.	Mall	Market Segment	Key Retail Offerings								
			High-Street brands	Value brands	Bridge Brands	Hyper market	Super market	Food court	Fine dining	Casual dining	Entertain-ment
1	Mall of Dhahran	Mid to high	✓	✓	✓	✓	×	✓	✓	✓	✓
2	Salaam Mall (Jeddah)	Mid to high	✓	✓	×	✓	×	✓	×	✓	✓
3	Mall of Arabia (Jeddah)	Mid to high	✓	✓	✓	✓	×	✓	✓	✓	✓
4	Aziz Mall	Mid	✓	✓	×	✓	×	✓	×	✓	✓
5	Noor Mall	Mid to high	✓	✓	×	✓	×	✓	×	✓	✓
6	Nakheel Mall (Riyadh)	Mid to high	✓	✓	✓	×	×	✓	✓	✓	✓
7	Yasmin Mall	Mid to high	✓	✓	✓	×	✓	✓	✓	✓	✓
8	Hamra Mall	Mid to high	✓	✓	×	×	×	✓	×	✓	✓
9	Ahsa Mall	Mid	✓	✓	×	✓	×	✓	×	✓	✓
10	Salaam Mall (Riyadh)	Low to mid	✓	✓	×	✓	×	✓	×	✓	✓
11	Jouri Mall	Mid to high	✓	✓	✓	×	×	✓	×	✓	✓
12	Khurais Mall	Low to mid	✓	✓	×	✓	×	✓	×	✓	✓
13	Makkah Mall	Mid to high	✓	✓	✓	✓	×	✓	×	✓	✓
14	Nakheel Plaza (Qassim)	Mid	✓	✓	×	✓	×	✓	×	×	✓
15	Haifa Mall	Mid	✓	✓	×	×	✓	✓	×	✓	✓
16	Tala Mall	Mid	✓	✓	×	✓	×	✓	×	✓	✓
17	Jubail Mall	Mid	✓	✓	×	×	✓	✓	×	✓	✓
18	Salma Mall	Mid	✓	✓	×	✓	×	✓	×	×	✓
19	Sahara Plaza	Low to Mid	✓	✓	×	×	✓	×	×	×	✓

Source: Company information

The market segments set out in the table above have the following meanings:

- "***Mid to High***" means a market that comprises visitors who shop predominantly at retail units that trade at the higher end of High-Street Brands and/or at the lower end of Bridge Brands.
- "***Mid***" means a market that comprises visitors who shop predominantly at retail units that trade in High-Street Brands.
- "***Low to Mid***" means a market that comprises visitors who shop predominantly at retail units that trade at the lower end of High-Street Brands and/or in Value Brands.

In respect of the different brands as used above, these may be defined as follows:

- "***Bridge Brand***" - premium brands comprising affordable luxury items;
- "***High-Street Brand***" - mid-market brands comprising affordable items which are positioned in a higher market segment than Value Brands but in a lower market segment than Bridge Brands; and
- "***Value Brand***" - mass market discount brands aimed at lower-income visitors.

The Company also plans to introduce tenants selling high-end luxury brands into certain of its Malls over the medium term. Although there are no specific targets for high-end luxury products as a percentage of the Company's total GLA, Management expects that high-end luxury brands may occupy up to between 10% and 15% of the Company's total GLA across some of its Malls.

4.8.3 Tenants of the Company

4.8.3.1 *Overview of tenant mix of the Malls*

Each of the Company's Malls includes a variety of retail units and dining, entertainment and leisure offerings which collectively aim to position the Malls as "destinations of choice" for visitors and retailers alike. The tenant mix for any particular Mall is carefully formulated to ensure that it reflects the Mall concept and is appropriate for the Mall's target demographic. The correct tenant mix is crucial for generating visitor traffic and maximizing revenue generation.

In formulating a Mall's tenant mix, Management assesses its new tenants generally based on common criteria which include: (i) whether the tenant's brand is consistent with the market positioning of the relevant Mall; (ii) the strength and quality of the tenant's brand(s); (iii) whether the tenant strategically adds value to the existing Mall portfolio; (iv) the brand's general availability in the Saudi Arabian market; and (v) the category of the brand and its performance in the market. In addition, Management takes into account a range of other key factors which drive the profiles, brands and range of tenants for its Malls, which include (among other things) the following:

- ***Concept*** - the first factor is whether the Mall is a Super-Regional Mall, Regional Mall or Community Mall. The mix of fashion retail units in Super-Regional Malls is usually weighted towards including premium fashion brands (such as Bridge Brands) compared to Community Malls, which generally have a larger selection of affordable/Value Brands. Due to their size, Super-Regional Malls contain more GLA and retail units per mall and therefore offer a wider range of retail categories and a wider range of retailers for each retail category; for example: Bridge Brands retailers; High-Street Brand retailers; Value Brand retailers; hypermarket/supermarket operators and retailers offering services. The mix in the price-points of the retailers is dependent upon the demographics of the Mall's catchment area. The share of GLA by price-point is different for each of the three categories of mall.
- ***Target Demographic*** - the demography of the area in which a Mall is situated is one of the most important factors in deciding on tenant mix. The age, average monthly income, purchasing power and expenditure appetite of the local residents of the surrounding catchment area provide the Company with the relevant data and insights on which brands are most suitable for a particular area. The Company primarily targets the mid-market segment in the shopping malls market in the Kingdom, although differentiation in a Mall's market positioning (for example, low-to-mid or mid-to-high) is primarily determined by the location of the Mall, size of the Mall and the specific characteristics of the surrounding demography.
- ***Location*** - setting an optimal tenant mix depends on a range of factors pertaining to location, including: whether a mall is located in an area where all or certain brands are already present in other nearby malls; accessibility; and other geographical information. Management believes that Mall location is one of the key factors driving the continued success of the Company's 19 Malls. The Company has achieved this through early entry into the market as a developer of malls in Saudi Arabia. Management also considers that a key factor behind the Company's success has been its ability to identify and secure locations in anticipation of where retailers wish to sell. In addition, the Company typically identifies site locations in areas with high development potential, including those areas that are expected to undergo urban regeneration.

For the financial year ended 31 March 2018G, the top 20 brands of the Company's tenants compared to all of the other brands of its tenants occupied 43% and 57% of the Company's total GLA, respectively, and 20% and 80% of its net rental revenue, respectively, for the same period. In addition, for the same period, international and local brands contributed 64% and 36% of the Company's occupied GLA, respectively. The Company does not hold exclusivity rights to any of the brands. The breakdown of tenants by tenant type across all of the Company's Malls is as follows:

Table 4-25: The breakdown of tenants by tenant type:

No.	Tenant Type	Rental revenue (SAR millions)					% of total GLA (31 December 2018G)	Typical lease term (years)	Average Rental Revenue in SAR per sq.m (31 December 2018G)
		FY 2016G	FY 2017G	FY 2018G	9MFY 2018G	9MFY 2019G			
Tenant type									
1	Apparel, Shoes, Accessories	1,053.3	1,086.9	1.026.2	755.7	767.8	48.3%	3	1,586
2	Department Store	51.1	36.5	47.5	28.1	32.0	4.9%	5	657
3	Entertainment	54.9	60.3	65.4	55.0	49.5	10.7%	5	463
4	Food & Beverages	137.1	152.9	181.0	135.3	141.9	5.8%	3	2,448
5	Furniture and Home Fashions	42.9	54.9	63.0	46.8	46.9	6.4%	10	728
6	Health & Personal care	175.9	243.6	253.1	196.2	198.9	6.4%	3	3,125
7	Home Electronics and appliances	16.8	17.8	18.6	14.9	12.8	0.4%	3	2,902
8	Hypermarket/Supermarket	49.0	53.5	56.1	43.5	43.3	13.8%	10	312
9	Services	15.8	14.8	8.0	11.8	9.2	0.7%	3	1,238
10	Sport & Leisure	62.3	81.2	69.8	50.4	46.7	2.3%	3	2,007
11	Other	-	-	-	(2.5)	-	0.0%	1	0
12	Kiosks	124.5	150.0	170.0	131.1	124.4	0.2%	1	-
	Total	1,783.5	1,952.3	1,958.7	1,466.0	1,473.3	100%	-	1,471
External Tenants and Internal Tenants									
1	External Tenants	1,325.1	1,498.7	1,475.0	1,122.2	1,097.4	60.9%	-	1,800
2	Internal Tenants	458.4	453.6	483.8	343.8	375.9	39.1%	-	959
	Total	1,783.5	1,952.3	1,958.7	1,466.0	1,473.3	100%	-	1,471

Source: Company information

In addition, the occupied GLA-weighted average net rental of tenants by Mall type is as follows:

Table 4-26: Occupied GLA-weighted average net rental revenue:

Mall Type	Net rental revenue (SAR/square meters)		
	FY2018G	9MFY18G	9MFY19G
Super-Regional Malls	2,029	2,019	2,010
Regional Malls	2,063	2,060	2,111
Community Malls	1,514	1,297	1,462

Source: Company information

The following table provides the number of lease contracts with tenants broken down by category based on the percentage of GLA occupied by such tenants:

Table 4-27: Tenants contracts by percentage of occupied GLA as at 31 December 2018G:

Percentage of GLA Occupied	Number of contracts
More than 20%	872
Between 10% to 19%	9
Less than 10%	3,219

Source: Company information

For existing Malls, the appropriate tenant mix typically changes over time depending on various factors such as the financial performance of the tenants, changing demography with respect to a Mall's location, visitor preferences and the changing competitive landscape faced by the relevant Mall.

4.8.3.2 *Tenant Categories*

Tenants are generally categorized according to GLA and/or revenue contribution as these are indicators of the importance of a tenant for a Mall. Tenants leasing a high GLA per retail unit or across all Malls will be subject to different terms vis-a-vis smaller tenants, including longer grace periods and access to certain Mall facilities to meet their needs, such as dedicated loading/unloading areas. In addition, tenants leasing a high average GLA increase the attractiveness for other tenants of the surrounding retail units as a result of additional footfall.

Key Account Tenants

Key Account Tenants are generally significant retail groups with large portfolios of well-known brands, which lease multiple retail units across several of the Company's Malls. These Key Account Tenants are also often Anchor Tenants (as described further below) occupying a significant portion of the GLA within one or more of the Company's Malls.

As at 31 December 2018G, the Company had 31 Key Account Tenants, which the Company defines as any tenant which generates revenue for the Company of at least SAR 10 million over any one financial year. Collectively, these 31 Key Account Tenants generated approximately 55.4 % of the Company's total net rental revenue for the nine month period ended 31 December 2018G. In light of their central importance to the Company's success and future prospects, Management considers its Key Account Tenants to be strategic partners of the Company in achieving the appropriate tenant mix for existing Malls and supporting the development of new malls through anticipated occupancy levels.

The relationships between the Company and its Key Account Tenants are also particularly close, committed and well established, with the average length of relationship being seven years (as compared to the average length of relationship of four years for other tenants). In most cases, the Company's Key Account Tenants began as single Mall tenants with the Company's relationship with them growing over time to become strategic in nature. Most of the leasing terms and conditions with respect to each Key Account Tenant are substantially similar for all retail units held by the relevant Key Account Tenant across the Company's Malls. Please refer to Section 13.5.2 ("**Key Account Tenant Leases**") for a summary of the leasing terms applicable to the top five Key Account Tenants by revenue.

The following table provides an overview of the Company's Key Account Tenants during the following financial periods:

Table 4-28: Overview of top 10 Key Account Tenants:

Key Account Tenant	Key Brands	Commencement of relationship	Group Revenue Contribution (%)				Number of Malls
			FY 2016G	FY 2017G	FY 2018G	9MFY19	
Fawaz Al Hokair and Co.	Zara, Massimo Dutti, Bershka, Aldo, Clarks, GAP, La Senza, Mango, Zara Home, US Polo, Accessorize	2002G	25.7%	23.2%	24.7%	23.4%	19
Landmark Arabia Co.	Centrepoint, Koton, Steve Madden, City Max	2002G	6.9%	6.5%	5.2%	5.1%	15
Apparel Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010G	2.2%	2.5%	2.6%	2.7%	16
Farouk Contracting And Trading Co.	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002G	2.2%	2.4%	2.6%	2.7%	19
Kamal Othman Jamjoom Trading Co.	Mikiyaji, Nayomi, ELC, The Body Shop	2009G	2.1%	2%	2.4%	2.4%	9

Key Account Tenant	Key Brands	Commencement of relationship	Group Revenue Contribution (%)				Number of Malls
			FY 2016G	FY 2017G	FY 2018G	9MFY19	
Abdulmohsin Al Hokair Co.	Sparky's, Fun Time, Entertainment City	2004G	2%	2.2%	2.3%	2.2%	14
Azizia Panda United Company Ltd.	Panda Hypermarket	2009G	2.4%	2.2%	2.2%	2.2%	18
Al Abdulkarim Trading Co.	Terranova, RINA, ALCOTT	2004G	1.2%	1.4%	1.5%	1.8%	18
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004G	0.9%	1.1%	1.3%	1.5%	16
Abdul Sammad Al Qurashi Co.	Abdul Sammad Al Qurashi, OUD MILANO	2010G	0.7%	1.1%	1.2%	1.3%	2
Total	**-**	**-**	**46.2%**	**44.8%**	**46.0%**	**45.4%**	**-**

Source: Company information

The aggregate contribution to the Company's total revenue from its top ten Key Account Tenants has generally been stable over the last three financial years ended 31 March 2016G, 2017G and 2018G. However, the contribution to the Company's total revenue from Alhokair Fashion Retail has decreased slightly over the same financial periods as a consequence of discounts given to them.

Anchor Tenants

Anchor Tenants are those tenants of the Company which lease a retail unit which occupies more than 1,000 square meters of GLA of any one Mall. Management considers retail units of Anchor Tenants to be a key driver of footfall and visitor traffic at that Mall. As at 31 December 2018G, the Company had 69 retail units leased to Anchor Tenants across its Mall portfolio. Some Key Account Tenants are also Anchor Tenants across the Company's Mall portfolio. Anchor Tenants play a critical role in generating visitor traffic and are predominantly located at the corners of Malls to facilitate the circulation of footfall. The types of Anchor Tenants vary but they typically operate large apparel department stores, homeware stores, hypermarkets or major fashion brands. The number of Anchor Tenants and their activities depend on the type and location of the Mall.

Junior Anchor Tenants

Junior Anchor Tenants are those tenants of the Company which lease a retail unit which occupies between 500 and 1,000 squares meters of GLA of any one Mall. Junior Anchor Tenants typically occupy medium to large sized retail units and have an intermediate level of visibility and role in driving footfall and visitor traffic. As at 31 December 2018G, the Company had approximately 218 retail units leased to Junior Anchor Tenants. Junior Anchor Tenants may hold retail units covering more than one retail unit category and they are present in all types of Malls.

Line Store Tenants

Line Store Tenants are those tenants of the Company which lease a retail unit which occupies less than 500 square meters of GLA of any one Mall. As at the date of this Prospectus, the Company had approximately 2,535 retail units leased to Line Stores Tenants including food court units for various international, regional and local brands. Line Store Tenants are usually specialist tenants with respect to certain retail unit categories and are present in all Mall types, comprising in aggregate the substantial portion of a Mall's GLA. Line Store Tenants usually benefit from the footfall created by Anchor Tenants and Junior Anchor Tenants. Key Account Tenants may also be Line Store Tenants with respect to certain Malls.

An overview of Anchor Tenants, Junior Anchor Tenants and Line Store Tenants by GLA and average rental revenue per square meter as at 31 December 2018G is set out below.

Table 4-29: Overview of Anchor Tenants, Junior Anchor Tenants and Line Store Tenants by GLA and average rental revenue per square meter as at 31 December 2018G(1):

No.	Tenant Category	Aggregate GLA (m²) (31 Dec 2018G)	Average GLA per tenant (m²) (31 Dec 2018G)	Average Annualized rental revenue per m² (31 Dec 2018G)
1	Anchor Tenants	365,108	5,291	686
2	Junior Anchor Tenants	200,187	918	1,824
3	Line Store Tenants	366,283	144	3,290

Source: Company information

(1) The aggregate GLA figures in this table do not add up to the total GLA figures of the Company as at the dates listed as the GLA figures in this table are only in respect of occupied GLA (and exclude vacant GLA).

Internal Tenants and External Tenants

The Company also categorizes its tenants between Internal Tenants (which are related parties of the Company, including Alhokair Fashion Retail and Food & Entertainment Company) and External Tenants (which are not related parties of the Company). For the financial year ending 31 March 2018G, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 330,558 square meters and 668,103 square meters, respectively, with the net rental revenues for the same period amounting to SAR 467 million and SAR 1.3 billion, respectively.

Set out in Table 4-30 below is an overview of the evolution of the net rental rates per square meter as between Internal Tenants and External Tenants since FY2016G.

Table 4-30: Evolution of Net Rental Rates:

Net Rental Revenue per sqm (SAR)	FY2016G	FY2017G	FY2018G	9MFY18G	9MFY19G
Internal Tenants	1,625	1,518	1,413	1,316	1,370
External Tenants	2,038	2,113	1,978	2,027	2,007

Source: Company information

Other Tenant Categories

To supplement GLA based revenue, the Company generates revenue streams from non-GLA sources. These include, among other things, kiosk, ATM, promotions, event spaces, trollies and food carts. As at the date of this Prospectus, the Company had 860 kiosks across its Mall portfolio. Tenants leasing non-GLA space for these purposes are categorized by the Company as other tenants.

4.8.3.3 *Tenancy terms, maturity and renewals*

Terms of lease contracts

The Company usually enters into medium to long-term lease contracts with its tenants with typical lease terms ranging between three and five years for most categories of tenants, other than hypermarket and department store tenants, which typically have lease terms of approximately 10 to 15 years. A typical lease contract commonly contains terms covering, among others things:

- rent payment terms (rent is ordinarily collected by the Company in advance). The average rent payable by a tenant type per square meter is as set out in Table 4-25 above;
- date for commencement of tenant's operations in the relevant Mall;
- penalties for suspension of operations;
- annual rent escalations provisions (further details of which are set out below);

- a requirement for most External Tenants to pay a security deposit for an amount of 10% of the total rent for the first annual rental period; and
- contractual grace period discounts for between three and six months, where tenants are facing difficulty or are unable to meet rental payments when they become due.

Rent escalation provisions

As at 31 December 2018G, 90% of the Company's lease contracts with its tenants usually include agreed-upon rent escalation provision over the term of the lease. Subject to the Company's discount policy, approximately 90% of the Company's lease contracts are in practice typically subject to an average annual increase of 5% in rent payable (save for large Anchor Tenants, which are typically subject to an increase of approximately 10% in rent payable once every five years), applicable to gross rent payable prior to any discount. The Company determines such increases in view of several considerations that include, but are not limited to, the Company's estimates of the expected market rental prices, the importance of the tenant's brand, the competitive position of the tenant in the market, the prevailing annual increase rate at that time in rental values, and the negotiating positions of the Company and the tenant.

The above rent escalation mechanism historically existed in the Company's lease contracts although recent reductions in rental rates were mainly due to renegotiations of certain tenancy leases during more challenging economic conditions, coupled with the Company also granting special discounts to its tenants in the form of grace periods and/or lower rent. However, across its Mall portfolio, the Company is now targeting between 2% to 4% in like for like rent escalation from its existing tenants as economic conditions improve. Management expects rent escalations for renewals to be higher, more specifically in the case of top performing tenants, and is confident in realizing these initiatives with the support of its refined strategy and tools such as collection of sales data, occupancy ramp up and rotation of underperforming tenants. In addition, the Company can mitigate non-renewal risk by increasing the duration of its leases for terms longer than three to five years and granting short term extensions to provide more time for the Company to negotiate lease contracts with its tenants.

Turnover rent provisions

As at 31 December 2018G, 91% of the Company's lease contracts with its tenants contained turnover rent provisions. Under these provisions the amount of rent payable over a financial period is the higher of (i) a minimum fixed level of rent and (ii) a percentage of the tenant's annual sales. Currently turnover rent is recognized based on audited turnover reports from tenants; however, Management plans to develop IT systems which will optimize turnover rent collection.

Termination provisions

The Company as a landlord typically has a right to terminate a lease contract immediately if a tenant (i) fails to commence operations of its leased premises by a specified date, (ii) fails to pay rental payments, or (iii) uses leased premises for a different purposes than that set out in the lease contract. In addition, a typical lease contract provides that if a tenant delays commencing operations for a period of more than one month then the Company has a right to request the payment of monies owed under such lease. The Company also typically has the right to evict a tenant for non-payment.

Discount policy

The Company has recently implemented a new discount policy for its tenants, which adopts a systematic and rigorous approach to discount management taking into account tenants' sales and occupancy cost ratios. The policy provides that discounts will be applied to tenants based on GLA across all Malls, with the level of discount (as a percentage of standard gross rental revenue) being determined by the aggregate GLA held by the tenant across all Malls and applicable to either (i) the total rent payable by the tenant or (ii) the individual retail unit leased to the tenant. The discounts apply to tenants for no more than 12 months, at which time the level of discount will be re-assessed to determine whether the level of discount should still apply in view of any changes in the total GLA leased by a tenant or changes in other factors including market conditions.

The reduction in net rental revenue per square meter from FY16 to FY18 was primarily driven by discretionary discounts offered to both the External Tenants and the Internal Tenants. The Company granted these discounts in order to maintain the performance of its Malls during challenging market conditions. It based its decisions to grant such discounts on multiple factors, including the relevant tenant's quality and brand portfolio in order to maintain tenants that are critical in attracting footfall. Other factors included the relevant tenant's size and overall contribution to the Company's portfolio, as well as contribution to pre-leasing and attracting other tenants into the Company's Malls.

For the nine month period ended 31 December 2018G, there was an uplift of 4% in net rental revenue per square meter for the Internal Tenants, while the External Tenants remained marginally flat over the same period ended 31 December 2017G. Management expects to revert back to a "no discounts" policy over the medium term (being approximately five years). Management plans to achieve this objective through increasing occupancy by letting vacant units at a discount to estimated rental values which is expected to lead to higher footfall (and therefore result in higher negotiation power with tenants) and through collection of sales data for lease renewals (to monitor performance of tenants).

Rent free periods

The Company typically grants rent free periods of between three and six months to tenants during the pre-letting phase of new malls ahead of opening. There are typically no further grace periods provided on lease extension or renewal. However, tenants are generally eligible for grace periods in connection with any fit outs, which can vary between one and six months depending on the size of the retail unit. If a tenant's operations and/or activities are significantly affected by any disruption then it is given a rent free period of between one and three months.

Lease contract maturity profile

As at 31 December 2018G, the weighted average unexpired lease term for Line Store Tenants is 1.71 years. Including Anchor Tenants and Junior Anchor Tenants with a range of 3.36 years, the overall average is 2.81 years.

The following table summarizes the Company's scheduled lease expirations for tenancy leases in place as at 31 December 2018G by Mall type:

Table 4-31: Lease expiry schedule

Year of expiration	Occupied GLA expiry (square meters)	% of total rental revenues (as at 31 December 2018G)
2018G	301	0.04%
2019G	308,114	42.79%
2020G	247,309	30.30%
2021G	89,230	8.89%
2022G	86,942	7.05%
2023G	61,119	3.95%
2024G	75,088	2.69%
2025G	43,195	1.08%
2026G	37,471	1.74%
2027G and beyond	65,771	1.48%
Total	**1,014,540**	**100%**

Source: Company information

The following table summarizes the percentage of total occupied GLA of the Company in terms of scheduled lease expirations for tenancy leases in place as at 31 December 2018G for Internal Tenants and External Tenants:

Table 4-32: Occupied GLA expiry by Internal Tenants and External Tenants

Year of expiration	% of total Occupied GLA (square meters) Internal Tenants (as at 31 December 2018G)	% of total Occupied GLA (square meters) External Tenants (as at 31 December 2018G)
2018G	0.07%	0.01%
2019G	31.41%	29.82%
2020G	33.56%	19.57%
2021G	2.72%	11.98%
2022G	12.61%	6.46%
2023G	3.23%	7.49%
2024G	1.97%	10.24%
2025G	0.54%	6.20%
2026G	0.87%	5.17%
2027G and beyond	13.02%	3.06%
Total	**100.00%**	**100.00%**

Source: Company information

Lease contract renewal profile

As set out in the table below, in the financial year ended 31 March 2018G, the Company renewed 1,408 leases which were due to expire during that financial year. In FY2018G, more than 90% of the leases that were set to expire were renewed, which is consistent with the Company's estimated renewal rate in FY2017G.

Table 4-33: Lease renewal rate

Lease metric	FY 2016	FY 2017	FY 2018	Total
Number of leases renewed	1,226	1,577	1,408	4,211
Total GLA of renewed leases (m^2)	177,213	208,367	174,057	559,637

Source: Company information

4.8.4 Project Development Model and Construction

All new design and construction projects undertaken by the Company follow a rigorous standard development process. This process is designed to ensure consistent oversight so that all development projects are executed in line with the Company's overall strategy and represent economically sound investments. The Company's project development model is a five-stage process which is followed for the development of all new malls. The average total delivery time for this process is between one and three years. The expertise of the Company's business and project development functions is employed at each step of the Company's five-stage process set out below.

FARE has managed the design and construction of 16 of the Company's Malls. FARE is owned by the Controlling Shareholders and accordingly is a related party of the Company. Echo Architecture, also a related party of the Company, works with FARE for the architectural design of the Company's Malls. Historically, deviation between the Company's actual development costs for its Malls against the scheduled budget has generally been 5% (taking into account any changes in design and specifications).

The average time for delivery of a new mall is dependent on the size and design of the mall being constructed. For example, a Regional Mall between 50,000 and 60,000 square meters takes approximately 9 to 20 months from design to delivery. In addition, the average construction costs for a Mall within the Company's existing

portfolio (excluding land costs) has historically ranged between SAR 2,000 and SAR 5,000 per square meter of built up area depending on the type of Mall, which excludes land costs that vary significantly across the Mall categories on the basis of location and catchment specifics. The Company's construction cost for recently built Malls were close to the higher end of this range. Going forward (excluding all new malls currently under construction), Management expects that construction costs (excluding land costs) will be between SAR 5,000 and SAR 6,500 per square meter depending on the design features and quality of offerings in the respective Malls.

4.8.4.1 *Stage 1: Site Identification and Feasibility*

The first phase principally involves potential site identification and the preparation and approval of a due diligence scope and budget for each new potential development site. This is carried out by the development and delivery division of the Company and any decision with respect to any new site to be developed will be subject to the review and approval of the Board.

During this stage, the Company together with an external real estate consultant undertakes an initial feasibility study. Target markets and regional geographies are identified within the Company's strategic priorities. The feasibility study aims to identify the potential options for the project and key success criteria. Related due diligence is undertaken, including with respect to the following matters:

- background market research, focusing on current and projected population and household numbers in the catchment area, any current and potential future competitors, potential tenant interest and any environmental or other material factors affecting the site concerned;
- visitor traffic assessment (based on location and ease of accessibility);
- financial matters such as indicative land, construction and other development costs.

During this stage, the delivery and development division of the Company prepares a project design brief which is discussed and approved by the Board. The feasibility study is updated at each later phase of the project.

4.8.4.2 *Stage 2: Pre-design Phase*

During the second phase following site identification, the design and delivery division receives approval from the Board to proceed with the acquisition of the relevant site (on either a freehold or leasehold basis). Where the site is acquired on a leasehold basis, the Company enters into the relevant Head Lease on completion of the acquisition. The design and delivery division then conducts a detailed technical review, assesses the site study and results, performs architectural due diligence, and develops high-level sketch options, design in accordance with the approved framework guidelines. It also develops, reviews and approves pre-concept designs. The project design brief is reviewed together with general design criteria, operational requirements and initial space planning. A physical site survey is also conducted and a preferred vendor list for supplies and initial specification of major design elements are prepared.

During this phase, a more detailed feasibility study is undertaken. This aims to identify the potential options for the project and key success criteria. The project proposal is defined and the feasibility study is developed into a business and financial plan with more detailed criteria. These criteria include cash yield, internal rates of return, payback and net present value, and are developed and analyzed together with benchmarking and sensitivities. This is with a view to establishing a clear understanding of the financial, resourcing and risk implications of the proposed project. During this phase the development and delivery division of the Company will also be supported through input and advice from representatives of specialists functions, such as leasing, marketing and finance.

The business and financial plan will be subject to approval from the Board. Once approved, the Company approaches FARE for a request to submit a commercial design and build proposal for the project. To date the Company has not approached other contractors for the construction of new malls. However, the terms of the Framework Agreement signed with FARE provide that the Company is permitted to appoint other contractors for the development of new malls (please see Section 13.6.3 ("**Framework Agreements**")).

The proposal from FARE typically includes details covering design criteria, operational requirements, initial space planning and the project's initial specifications. This will be submitted together with a proposed contract as part of the commercial proposal for approval by the Board. The Company reviews the terms of the contract, including final pricing and costs for the project, in light of the related party framework agreement guidelines in place with FARE. Once approved, the contract is awarded to FARE and the project progresses to the next phase.

4.8.4.3 *Stage 3: Design Development Phase*

During this phase, FARE provides detailed drawings of concept designs to the development and delivery division for approval, together with final architectural drawings and the relevant documents for submission to obtain a building permit from the municipality. The full cycle of the design development phase is conducted over a period of between two and six months. FARE also provides initial architectural floor plans to the leasing division for review. The development and delivery division prepares an initial leasing plan which it shares with the leasing division. The leasing division then determines segment layouts and the high-level GLA areas (as primary or secondary) and will define target categories for each area. A detailed leasing plan can then be prepared by the leasing division. Financial assumptions (including revenues, costs, financing and discount rates) are clearly identified and updated at each later phase of the project. A preliminary leasing plan is prepared and a project development brief containing all relevant data in relation to the proposed project is presented to the Board for approval. Commitments from Key Account Tenants and/or Anchor Tenants are also sought at this stage. During this stage, the Company agrees with prospective tenants (many of which are typically existing tenants of existing Malls) on locations and letters of interest are provided to the Company from prospective tenants.

Following approval of the preliminary leasing plan, FARE prepares detailed construction designs and the development and delivery division approves any final design proposed by FARE, including the materials to be used and construction schedule for the project. The leasing division then separately maps the GLA and non-GLA areas, identifies a target tenant list for the non-allocated space and finalizes the mall tenant mix.

The development and delivery division also seeks to ensure flexibility in the construction costs and commitments to minimize potential exit costs in the event of a significant adverse change in the feasibility of a project. The existing business and financial plan is confirmed and investment indicators are further revised, if necessary, in the light of any new information.

4.8.4.4 *Stage 4: Construction Phase*

During this phase, project construction is undertaken by FARE in accordance with the detailed designs prepared under the direction of the development and delivery division. The costs, time and associated construction risks are closely monitored throughout this phase by the development and delivery division with a view to achieving handover on time and within scope and budget. During this phase, the leasing process continues and space is allocated and pre-leased within the mall to certain tenants, with the average occupancy rate in the first year for the Company's Malls being between 70% and 75%. Approval by the development and delivery division is required for the key elements of this stage and any adverse construction or project results such as cost overruns are referred to the Board. The Company's development and delivery division is responsible for the construction management and third party consultancy services procured in relation to the construction, as well as all related works to a mall, and may accept or reject such works accordingly.

During this stage the fit-out of the new mall also occurs. Fit-out is the process by which new retail units are prepared for trading in a new retail premises within a mall's guidelines. The fit-out process generally involves handover to a tenant of a retail unit including all relevant documentation. An inspection by the fit-out team will also be undertaken in respect of all interior fit-out works to ensure quality and design fit for the tenant. From time to time once a tenant has commenced trading at a retail unit, the Company's fit-out team may request that the tenant modifies or improves the presentation of the shop front and interior finishes if standards have not been maintained.

All fit-out activities during this phase are coordinated with the development and delivery division in line with the guidelines set by the Company's fit-out team. The tenant or authorized tenant representative must physically attend the mall to officially take-over the retail unit in accordance with the fit-out guidelines of the Company. A takeover certificate from the Company to the tenant must be signed upon approval of all parties.

At the end of this phase, the project is handed over to the development and delivery division (see Stage 5 - Handover below). Upon completion of a project by FARE, a series of post-completion evaluations and tests are conducted for each project on the handover date, which is overseen by the development and delivery division.

4.8.4.5 *Stage 5 - Handover*

The handover procedure is carried out by the project handover committee, which consists of all the relevant functions including, but not limited to, development, delivery, and operations. The Company's development and delivery division is involved at each of the respective phases to review and ensure that the design fulfils operational requirements.

Commissioning of systems, equipment and utilities is carried out in accordance with the project management plan and system requirements prior to handing over the project. The Company's development and delivery division verifies and confirms that the systems and equipment installed follow the approved design and meet the accepted criteria. All the testing and commissioning documents are reviewed and approved by all the concerned parties, including the operations division and independent testing agencies, if any, and form part of the project handover and closing documents.

The Company's development and delivery division coordinates with FARE for the rectification of any defects or deficiencies identified during the commissioning. The Company will take over work from FARE only when all work is completed in accordance with the contract, a handover certificate is issued and all required documentation is submitted. The Company's development and delivery division is responsible for the archiving of handover documentation and their transfer to the operations division. It also ensures that FARE provides to the Company all necessary approvals and/or permits that FARE has obtained from local authorities.

All data related to the mall including the retail unit number, size and location is inserted into the property management system by the development and delivery division at the time of handover. The portfolio and asset management division is responsible for updating this information as required during operations.

The fit-out management process also continues after construction and the handover process as there are ongoing activities to be undertaken, including developing new retail units, the modification of existing retail units and the replacement of existing tenants and handover process to new tenants.

4.8.4.6 *Renovation of existing Malls*

From time to time, the Company renovates its existing Malls in operation. Based on historical trends, major renovation is required when a Mall has been in operation for on average between 8 and 10 years. Whether or not renovation is required typically depends on several factors, including the extent to which new malls developed by competitors are more modern and cater to the current market, and the availability of equipment in the Malls for any renovation and/or refurbishments. Management believes that the renovation works do not generally impact the Company's available GLA because the Malls remain operational during renovation.

Historically, the maintenance capex for the Company's existing Malls has been approximately 2% of revenues per annum, and an average between SAR 60 million to SAR 80 million per annum has been spent in total including light renovations.

4.8.5 Operations Management of Malls

4.8.5.1 *Overview*

The Company's Malls operations management is structured on a decentralized, individual Mall basis, with dedicated teams responsible for managing the day-to-day operations within each Mall. Each Mall is treated as a separate business unit, and each operations function at each Mall includes various teams such as leasing, events, marketing, health and safety and facilities management.

Mall operations are generally managed in-house, although certain specific services (including with respect to cleaning and security) are outsourced to third party contractors. Management believes that outsourcing is required where specialist services are needed.

As at the date of this Prospectus, the operations management functions of each Mall has responsibility for sales, collection and specialty leasing in each Mall. They are also responsible for overseeing the day-to-day management of their respective Malls. Their responsibilities include, among other things, budgeting, financial and general ongoing operational matters for their respective Malls. Each Mall manager is responsible for setting the Mall's operational budget in close coordination with the Company's head office. Each Mall manager is also responsible for ensuring that the Mall is well maintained through regular checks and inspections, as well as overseeing staff and applying all related guidelines in accordance with the Company's applicable policies and procedures.

During the financial year beginning on 1 April 2018G, Management has implemented a new Mall manager incentive scheme for operations management which aims to enhance performance of the Malls on a Mall by Mall basis. Under the new incentive scheme, the performance of each Mall as a business unit is measured against certain key performance indicators. These include financial performance targets, as well as non-financial targets such as quality of service, tenant and customer satisfaction. A bonus may be awarded to Malls' operations management and individual managers if the key performance indicators are met under the terms of the scheme.

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

4.8.5.2 *Leasing and Tenant Relationships*

Each Mall manager manages day-to-day communications and ongoing dialogue with tenants of the relevant Mall in coordination with the Company's head office. The operations management team are the first point of contact for potential tenants and tenants who have concluded tenancy contracts with the Company's head office leasing. Operations management regularly holds meetings with tenants, including on a one-to-one basis. Operations management also deal with any requests that come via the contact center helpdesk. In addition, Management is planning to roll out a tenant portal in the second half of FY2020G, which will include, among other things, the ability of the Company's tenants to view all leasing activities (such as the signing of lease renewals and other signed amendments), the review of payments and financial history, selecting vacant stores within the Company's portfolio of Malls, viewing and requesting to participate in the Company's marketing activities, and sending feedback to the Company on the services it provides to its tenants. For further information pertaining to leasing and tenant relationships, see Section 4.8.3 ("**Tenants of the Company**") above.

4.8.5.3 *Marketing and Media Sales*

The marketing and media sales team plays a significant role in strengthening and promoting the brand image and reputation of the Company and its Malls. They achieve this by engaging with all relevant stakeholders, including suppliers, tenants and visitors on a Mall by Mall basis. Typically an "omni-channel" approach is adopted, which combines various communication channels with stakeholders with a view to positioning the Malls as the "destination of choice" for tenants and visitors. This approach also provides the Company with data pertaining to visitor behavior and purchases.

The marketing and media sales team focuses on creating and managing in-Mall marketing campaigns, designed to engage visitors and drive footfall. The team also plays a significant role in positioning the Malls as leisure and entertainment destinations to diversify visitor offerings across the Company's Malls portfolio. In addition, the Company outsources its digital marketing and digital media function (with the rest of its marketing and media sales being undertaken in-house). The aim is to offer a high-quality shopping experience as well as entertainment for families. Entertainment events are typically arranged in conjunction with the operations management teams at the Malls, where a variety of attractions are offered to visitors. Localizing such events for each Mall is important (including, for example, with respect to Saudi National Day), although overarching applicable guidelines for the events are centralized by the Company's head office to ensure consistent service standards and delivery across all Malls. In line with Vision 2030, the Malls are envisaged as becoming entertainment hubs, including with respect to cinemas (see Section 4.9.3 ("**Cinemas Programme**") below).

4.8.5.4 *Quality Assurance*

The Company has three quality assurance teams covering the Central, Eastern and Western regions of the Kingdom, respectively. Each team reports directly to the Vice President of Operations and is responsible for regularly monitoring matters relating to hygiene, health, safety and documentation checks at Malls as well as out of hours checks. Bi-weekly reports produced by each quality assurance team are received by the relevant Mall manager. This reporting methodology enhances the Malls' operations and increases the efficiency of ongoing operational checks, which always occur during trading hours. Recently, additional checklists have been added to monitor the overall environment of each Mall after trading hours (such as security and cleaning). Each Mall has five days to respond to the relevant report with their action or action plans which are then added to the report and followed up on.

4.8.5.5 *Facilities Management*

The facilities management function oversees the maintenance of the Company's Malls and is managed in-house by technicians, ranging from air conditioning technicians to plumbers and masons, among others. Certain major services and functions are outsourced to third party contractors, including escalators, elevators, travelators, fire fighting, fire alarm and CCTV maintenance. The facilities management function of the Company also look after all utilities for the Malls. Facilities management is managed through an in-house call center allowing the head office to track issues within the Malls and act accordingly. As at the date of this Prospectus, Etqan Facilities Management Company has been appointed as the single external provider for all facilities management services and the key terms of its contract entered into with the Company are summarized at 13.6.4.3 (for further details on the basis of the relationship with the Company, see Section 5.5.4 **"Related Party Transactions Policy**").

4.8.5.6 *Guest Services*

The Company's guest service teams provide helpdesk services to all tenants and visitors of the Company. Such services may include the provision of any relevant information which may be requested or required with respect to, or during any visit to, any Mall. The Company's guest service teams receive regular training to ensure a consistent and high standard of service is delivered to all visitors and tenants.

4.8.5.7 *Security*

The Company's security arrangements are outsourced to TNS (a related party of the Company which is 100 percent owned by Salman Abdulaziz Alhokair, a Director), which is responsible for the security of all Malls. The security arrangements comply with the requirements of each Mall and the relevant local police department. The TNS security services cover, among other things, the manned guarding of all Mall entrances, security patrols within Malls, external patrols outside Malls (both on foot and with security vehicles), as well as manning the control rooms within Malls, which includes CCTV and alarm systems monitoring. These services are provided 24 hours per day, seven days a week across all Malls within the Company's portfolio (see Section 5.5.4 ("**Related Party Transactions Policy**")).

4.8.5.8 *Cleaning*

The Company's cleaning arrangements are outsourced to third parties including TNS, which is a related party of the Company. The cleaning services provided by the Company's contractors extend only to the common areas of each Mall (see Section 5.5.4 **("Related Party Transactions Policy")**).

4.8.5.9 *Specialty leasing*

In addition to its retail unit leasing, the Company also manages an extensive specialty leasing program offering leasing options for carts, pop up retail units and kiosks and other services. The aim of this specialty leasing program is the enhancement of the Company's retail offering by providing complementary local and niche merchandising in the common areas of the Malls as well as the activation of spaces within Malls for seasonal offers. Each Mall's operations management is responsible for structuring and managing its specialty leasing department.

4.8.6 Ownership of Properties by the Company

As at the date of this Prospectus, the Company's active real estate portfolio comprises 19 Malls, one head office and one property which is not classified as a Mall but which also generates revenue (Nakheel Plaza Extension in Qassim). In addition, the Company has three new malls under construction, plus Phase 1 of Nakheel Mall (Riyadh) extension, and five sites that have been acquired (on either a freehold or leasehold basis) for development of four new malls plus Phase 2 of Nakheel Mall (Riyadh) extension (see Section 4.9 (**"Future Plans and Growth Opportunities"**) below). In addition, the Company entered into the Head Lease for Jeddah Park on 4 March 2019G, which is a new mall located in Jeddah and currently under construction by a developer other than FARE. The Company also holds a 25% minority equity investment in the Panorama mall in Riyadh, with the remaining 75% held by various other shareholders.

With respect to the Company's 19 Malls, 11 Malls operate on leased land and 8 Malls operate on freehold land. For the Malls operating on leasehold land, the head leases allow for the construction of Malls and the subsequent operation of those Malls by the Company upon completion. Save in the case of University Boulevard, none of the Head Leases provide the Company with a right of automatic renewal upon expiry of the initial term or make provision for compensation to the tenant for the improvements on the land, namely the Malls, upon expiry of the initial term of the lease or upon termination. For the financial year ended 31 March 2018, the Company's land lease cost was SAR 195 million, being 9% of total revenues.

The Company maintains an ongoing dialogue with the landlords of its Head Leases with a view to extending or renewing such leases for its Malls on favorable terms. Management actively engages in negotiations with the landlords of its Head Leases and typically commences leasehold extension negotiations approximately eight to ten years before the expiry of the relevant Head Lease. Negotiations commonly last one to two years and include discussions on key terms, including lease term length and rental rates, with Management aiming to achieve large extensions to existing leases and incentivizing landlords with attractive rental rates. Management believes that Malls which are subject to newly extended Head Lease terms will provide enhanced revenue in the longer term, offsetting any increases in rental rates.

Management believes the Company is in a strong negotiating position with respect to Head Lease extension management, benefitting not only from strong relationships with its landlords but also from its ability to offer commercially attractive rents in return for significantly longer lease terms. A recent example of the successful negotiation of a lease term extension was with respect to Aziz Mall. Management entered negotiations when the Head Lease had ten years of its term remaining, and following a year of negotiations the Company extended the Head Lease on 22 October 2017G for an additional 30 years. In addition, where the Company has certain tenancy leases whose term expires after the expiry of the Company's Head Leases, management believes that there is limited risk of any tenancy expiry beyond Head Lease expiry in practice as the Company normally extends Head Lease terms long before the expiry of their terms (as was the case with Aziz Mall).

Table 4-34: Head Lease terms for existing Malls and sites (including those under development):

No.	Mall (held under Head Lease)	Head Lease Term	Term Commencement Date[1][2][3]		Term Expiry Date	
Existing Malls						
1	Mall of Dhahran	20 Hijri years	Main Head Lease	11/08/1426H (corresponding 15/09/2005G)	Main Head Lease	10/08/1446H (corresponding 09/02/2025G)
			Extension Head Lease	18/10/1427H (corresponding 10/11/2006G)	Extension Head Lease	17/10/1447H (corresponding 06/04/2026G)
2	Salaam Mall (Jeddah)	20 Gregorian years	13/09/1433H (corresponding 01/08/2012G)		22/04/1454H (corresponding 30/07/2032G)	
3	Aziz Mall	30 Hijri years	01/02/1439H (corresponding 22/10/2017G)		29/01/1469H (corresponding 29/11/2046G)	
4	Nakheel Mall (Riyadh)	20 Hijri years	07/05/1436H (corresponding 26/02/2015G)		06/05/1456H (corresponding 23/07/2034G)	
5	Yasmin Mall	20 Hijri years	15/09/1436H (corresponding 01/07/2015G)		14/09/1456H (corresponding 25/11/2034G)	
6	Jouri Mall	20 Hijri years	01/01/1437H (corresponding 15/10/2015G)		30/12/1456H (corresponding 11/03/2035G)	
7	Khurais Mall	20 Hijri years	01/06/1423H (corresponding 10/08/2002G)		30/05/1443H (corresponding 04/01/2022G)	
8	Nakheel Plaza (Qassim)	20 Hijri years	01/05/1421H (corresponding 01/08/2000G)		29/04/1441H (corresponding 26/12/2019G)	
9	Haifa Mall	20 Hijri years	01/01/1434H (corresponding 15/11/2012G)		29/12/1453H (corresponding 12/04/2032G)	
10	Tala Mall	15 Gregorian years	01/07/1435H (corresponding 01/05/2014G)		16/12/1450H (corresponding 30/04/2029G)	
11	Salma Mall	9 Hijri years and five months	05/08/1434H (corresponding 14/06/2013G)		05/08/1443H (corresponding 09/03/2022G)[2]	
Malls and Extensions under Development or Construction						
12	University Boulevard	30 years (20 years plus an automatically renewable 10 year term)	27/10/1437H (corresponding 01/08/2016G)		27/09/1468H (corresponding 31/07/2046G)	
13	Jeddah Park	30 Gregorian years	12/10/1441H (corresponding 04/06/2020G)		13/09/1472H (corresponding 03/06/2050G)[3]	
14	Nakheel Mall (Riyadh) Extension Phase 1	20 Hijri years	21/12/1439H (corresponding 01/09/2018G)		30/12/1459H (corresponding 05/02/2038G)	
Lands for Future Development						
15	Nakheel Mall (Riyadh) Extension Phase 2	20 Hijri years	21/12/1439H (corresponding 01/09/2018G)		30/12/1459H (corresponding 05/02/2038G)	
16	Najd Site	27 Gregorian years	17/05/1436H (corresponding 08/03/2015G)		14/03/1464H (corresponding 07/03/2042G)	
17	Zahra Site	30 Gregorian years	10/11/1438H (corresponding 02/08/2017G)		08/10/1469H (corresponding 31/07/2047G)	

Source: Company information

(1) The commencement date excludes the rent-free period under each of the relevant Head Leases.
(2) The Head Lease refers to the option to renew for another ten years.
(3) Subject to handover taking place 6 months after entry into the Head Lease.

Table 4-35: Lands Payment in existing and development Malls (SAR)[1]

Mall Name	Lessor	FY2016G	FY2017G	FY2018G	9M2019G	Total
Existing Malls						
Mall of Dhahran (Main Head Lease)	Mohamed Al Ghamdi	-	23,000,000	16,000,000	11,000,000	50,000,000
Mall of Dhahran (Extension Head Lease)	Prince Mutab Abdul Aziz Al Saud (authorised by attorney Salman Al Masood)	21,914,303	-	-	21,207,150	43,121,453
Salaam Mall (Jeddah)	Inmaia for Investments and Real Estate Developments & Towers	53,400,000	53,400,000	47,720,000	22,027,500	176,547,500
Aziz Mall	Abdul Aziz Ebrahim Al Ebrahim	10,692,000	10,692,000	10,850,895	14,160,440	46,395,335
Nakheel Mall (Riyadh)	Prince Mutab bin Abdul Aziz Al Saud	9,224,436	27,673,313	18,448,875	-	55,346,624
Yasmin Mall	Prince Mutab bin Abdul Aziz Al Saud	-	-	32,000,000	-	32,000,000
Jouri Mall	Prince Mutab bin Abdul Aziz Al Saud	-	-	15,000,000	-	15,000,000
Khurais Mall	Abdul Latif Al Issa Group	-	-	-	-	0
Nakheel Plaza (Qassim)	Buraidah municipality	280,000	280,000	-	-	560,000
Haifa Mall	Prince Mitaab bin Abdul Aziz Al Saud	9,000,000	18,000,000	18,000,000	27,000,000	72,000,000
Tala Mall	Inmaia for Investments and Real Estate Developments & Towers	10,500,000	21,000,000	21,000,000	10,500,000	63,000,000
Salma Mall	Mohammad Alrashid (sub lessor)/ Hail municipality	6,100,000	3,390,673	3,390,673	-	12,881,346
Malls and Extensions under Development or Construction						
University Boulevard	King Saud University	-	-	13,662,000	-	13,662,000
Jeddah Park[2]	Mohamed Saleh Hamza Serafi	-	-	-	-	-
Nakheel Mall (Riyadh) Extension Phase 1	Prince Mitaab bin Abdul Aziz Al Saud	-	-	-	-	0
Lands for Future Development						
Nakheel Mall (Riyadh) Extension Phase 2	Prince Mitaab bin Abdul Aziz Al Saud	-	-	-	-	0
Najd Site	Abdullah Bin Abdulaziz Al Tawijari	-	31,000,000	-	-	31,000,000
Zahra Site	Inheritance of Princess Munirah Bint Abdulaziz	-	-	94,000,000	-	94,000,000
Total Payment		**121,110,739**	**188,435,986**	**290,072,443**	**105,895,090**	**227,005,829**

Source: Company information

(1) Represents the actual cash payments made by the Company in respect of relevant Head Leases for the financial periods stated.

(2) The Company entered into an agreement for the Jeddah Park Head Lease on 4 March 2019G, and has thus not made any payments for the relevant periods in this table.

For further information relating to the terms of the Company's Head Leases and its title deeds, see Section 13 ("**Legal Information**").

4.8.7 Overview of Portfolio of Malls

The following section provides an overview of each of the Company's 19 Malls currently in operation.

The number of tenants and average occupancy rates in this section 4.8.7 may differ from those in the Real Estate Valuation Report due to the different methodologies applied. Namely, the Real Estate Valuation Report represents the position as at the valuation date (31 December 2018G) while the analysis below covers the changes which could have occurred during period 1 July 2017G until 31 December 2018G.

Management expects the Company's occupancy rate to increase over the medium term with a target of 98% for the entire portfolio, which is supported by the expected market fundamentals. In addition, Management believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimization and densification initiatives, will help achieve this occupancy ramp-up target.

4.8.7.1 *Super-Regional Malls*

4.8.7.1.1 *Mall of Dharan*

Located in Dammam, Mall of Dhahran opened in 2005G and has a built up area of 220,550 square meters with 4,591 parking bays. As at 31 December 2018G, the mall had 404 tenants which collectively occupied 504 retail units across a GLA of 151,911 square meters. The average occupancy rate for FY2018G was 93.0% with an annual footfall of 13,120,841.

Mall of Dhahran is positioned in the mid-to-high market segment. The mall is the largest shopping mall in the Eastern Province of Saudi Arabia and provides a compelling retail proposition for the population of Dammam Metropolitan Area, that includes the cities of Dammam, Khobar and Dhahran. Given its size, it presents one of the broadest retail mixes through a combination of diverse international fashion brands, leisure outlets and a wide range of dining options. In addition, the mall's tenants include a hypermarket, furniture franchises, entertainment facilities and several large-scale vendors that enhance and complement the other retailers.

Located in Dhahran Street on the Prince Faisal Bin Fahd Al Qishleh intersection in Dhahran, Mall of Dhahran benefits from a retail unit strip that extends over more than 3 kilometers in a single floor plan. The mall can be accessed through 13 gates.

The mall's design includes a special outdoor water feature and its dining facilities have a lake view. The mall also features wide internal common walkways and an elegant curvilinear white and blue ceiling finish.

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

Table 4-36: Overview of the tenant mix of Mall of Dhahran:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
1	Apparel, Shoes and Accessories	187.6	55.5%	179.6	52.9%	49.50%	41.9%	41.9%
2	Department Store	9.7	2.9%	4.3	1.3%	2.10%	4.5%	4.5%
3	Entertainment	8.7	2.6%	9.0	2.7%	2.80%	12.0%	12.0%
4	Food and Beverages	35.2	10.4%	38.2	11.3%	12.30%	7.8%	7.8%
5	Furniture and Home	17.6	5.2%	17.0	5.0%	5.60%	13.6%	13.6%
6	Health and Personal Care	23.8	7.0%	30.0	8.8%	10.50%	5.3%	5.3%
7	Home electronics and Appliances	2.5	0.8%	2.7	0.8%	1.00%	0.4%	0.4%
8	Hypermarket / Supermarket	6.5	1.9%	6.5	1.9%	2.10%	10.7%	10.7%
9	Services	2.0	0.6%	1.5	0.4%	0.60%	0.3%	0.3%
10	Sports and Leisure	18.5	5.5%	24.9	7.3%	5.70%	3.1%	3.1%
11	Kiosks	26.0	7.7%	25.7	7.6%	7.80%	0.3%	0.3%
	Total	**338.2**	**100%**	**339.6**	**100%**	**312.6**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	251.7	74.4%	271.3	79.9%	253.9	81.2%	69.9%
2	Internal Tenants	86.5	25.6%	68.3	20.1%	58.7	18.8%	30.1%
	Total	**338.2**	**100%**	**339.6**	**100%**	**312.6**	**100%**	**100%**

Source: Company information

4.8.7.1.2 *Salaam Mall (Jeddah)*

Salaam Mall, located in Jeddah, opened in 2012G and has a built up area of 212,825 square meters with 1,825 parking bays. As at 31 December 2018G, the mall had 330 tenants which collectively occupied 372 retail units across a GLA of 111,599 square meters over three floors, making Salaam Mall (Jeddah) one of the largest shopping malls in Saudi Arabia. The average occupancy rate for FY2018G was 91.6% with an annual footfall of 10,972,869.

Salaam Mall (Jeddah) is positioned in the mid-to-high market segment. The mall is distinguished by its blend of high-end retail and leisure facilities, which include Babel Land as an entertainment facility. It has a central, triple floor food court with an entertainment area in the center of the mall. Most notably, Salaam Mall (Jeddah) includes an IKEA retail unit, a leading global homeware brand that features as an Anchor Tenant at the mall.

Located at the intersection of Prince Majed Road and King Abdullah Road in As Sulaymania District in Al Fayha'a, Jeddah, the mall benefits from an important location facing one of the city's main roundabouts. This provides the mall with a distinctive presence in the city.

Salaam Mall (Jeddah)'s design is distinguished by a central fountain feature placed within a four floor atrium area which provides natural lighting. As a triangular mall, it has a distinctive and attractive design.

An overview of the tenant mix of Salaam Mall (Jeddah) is set out in the table below:

Table 4-37: Overview of the tenant mix of Salaam Mall (Jeddah):

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	113.0	63.1%	104.1	56.0%	86.0	50.8%	41.2%
2	Department Store	3.6	2.0%	1.4	0.7%	2.3	1.4%	3.9%
3	Entertainment	-	0.0%	-	0.0%	-	0.0%	0.0%
4	Food and Beverages	11.4	6.4%	9.5	5.1%	13.2	7.8%	4.5%
5	Furniture and Home	5.8	3.2%	14.8	7.9%	15.8	9.3%	26.3%
6	Health and Personal Care	13.8	7.7%	17.7	9.5%	19.0	11.3%	5.3%
7	Home electronics and Appliances	1.7	1.0%	1.8	0.9%	1.6	1.0%	0.4%
8	Hypermarket / Supermarket	5.8	3.2%	6.5	3.5%	6.5	3.8%	14.3%
9	Services	2.2	1.2%	2.1	1.1%	(4.2)	(2.5)%	0.7%
10	Sports and Leisure	9.7	5.4%	10.7	5.7%	7.7	4.6%	2.8%
11	Kiosks	11.9	6.7%	17.6	9.5%	21.1	12.5%	0.5%
	Total	**179.0**	**100%**	**186.1**	**100%**	**169.1**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	149.4	83.5%	162.1	87.1%	153.5	90.8%	82.1%
2	Internal Tenants	29.6	16.5%	23.9	12.9%	15.6	9.2%	17.9%
	Total	**179.0**	**100%**	**186.1**	**100%**	**169.1**	**100%**	**100%**

Source: Company information

4.8.7.1.3 *Mall of Arabia (Jeddah)*

Strategically located near the airport of Jeddah, Mall of Arabia opened in 2008G and was significantly renovated in 2016G with the addition of the "Grand Mall" section featuring high-end fashion brands. The mall has a built up area of 247,848 square meters with 2,053 parking bays. As at 31 December 2018G, the mall had 264 tenants which collectively occupied 334 retail units across a GLA of 100,697 square meters over four floors, making Mall of Arabia one of the largest malls in Jeddah. The average occupancy rate for FY2018G was 93.9% with an annual footfall of 7,916,709.

Mall of Arabia is positioned in the mid-to-high market segment. The mall is distinguished by its broad tenant mix which features a variety of leading international fashion brands, several department stores, a hypermarket and various dining options (including fine dining and casual dining). The mall also features a number of entertainment facilities, including an indoor soft play area and children's entertainment area.

Located 14 kilometers to the north of Jeddah city center close to Jeddah airport, and bounded by Madinah Road to the west and Nuzhah Road to the north, Mall of Arabia benefits from high visibility and accessibility and attracts religious visitor traffic. The mall also features a covered parking area.

Mall of Arabia is distinguished by the unique design of its Grand Mall, a spacious, triple floor height eye-shaped welcoming hall which contains leading fashion brand retail units. Other notable features include the Mall's drop off garden access, original skylights design and elegant curvilinear pure white ceiling.

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

Table 4-38: Overview of the tenant mix of Mall of Arabia (Jeddah):

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	146.8	56.1%	135.6	56.6%	131.3	52.6%	46.0%
2	Department Store	19.2	7.3%	13.4	5.6%	14.8	5.9%	7.9%
3	Entertainment	13.8	5.%3	13.8	5.8%	13.1	5.3%	19.4%
4	Food and Beverages	20.6	7.9%	20.3	8.5%	28.5	11.4%	7.5%
5	Furniture and Home	9.2	3.5%	7.9	3.3%	7.9	3.2%	1.6%
6	Health and Personal Care	19.7	7.5%	21.5	9.0%	21.6	8.6%	4.7%
7	Home electronics and Appliances	2.7	1.0%	1.4	0.6%	1.4	0.6%	0.4%
8	Hypermarket / Supermarket	2.9	1.1%	2.9	1.2%	2.9	1.2%	7.2%
9	Services	2.7	1.0%	1.5	0.6%	1.1	0.4%	0.2%
10	Sports and Leisure	14.4	5.5%	15.1	6.3%	15.0	6.0%	4.9%
11	Kiosks	9.6	3.7%	6.3	2.6%	12.1	4.8%	0.1%
	Total	**261.7**	**100%**	**239.7**	**100%**	**249.7**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	177.6	67.9%	170.9	71.3%	179.3	71.8%	53.0%
2	Internal Tenants	84.1	32.1%	68.7	28.7%	70.4	28.2%	47.0%
	Total	**261.7**	**100%**	**239.7**	**100%**	**249.7**	**100%**	**100%**

Source: Company information

4.8.7.2 *Regional Malls*

4.8.7.2.1 *Aziz Mall*

Located in Jeddah in the densely populated Prince Majed Street of Al Faysaliyah District, Aziz Mall opened in 2005G and has a built up area of 93,310 square meters with 1,422 parking bays. As at 31 December 2018G, the mall had 259 tenants which collectively occupied 281 retail units across a GLA of 68,340 square meters over two floors. The average occupancy rate for FY2018G was 97.5% with an annual footfall of 6,797,062.

Aziz Mall is positioned in the mid-market segment. The mall is anchored by a first floor hypermarket and includes a diverse selection of international brands. The mall also features a food court that is anchored by a large family entertainment center (which includes Billy Beez and Sparky's entertainment) and a diverse selection of coffee retail units.

Located at the intersection of Prince Majed Street (which is a short drive from Jeddah's airport) and Al-Imam Al-Shafei Street, the Mall is centrally located and orientated towards the vibrant city precinct.

The external façades of the mall comprise a distinctive red and grey rectilinear design. The food court and entertainment area connect to the fashion hallway and the hypermarket. The mall also features a covered parking area.

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

Table 4-39: Overview of the tenant mix of Aziz Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	93.1	59.3%	88.4	54.9%	73.2	51.3%	45.4%
2	Department Store	6.3	4.0%	4.0	2.5%	4.5	3.1%	6.7%
3	Entertainment	5.0	3.2%	5.4	3.4%	5.3	3.7%	11.5%
4	Food and Beverages	8.2	5.2%	10.5	6.6%	11.5	8.1%	4.4%
5	Furniture and Home	1.7	1.1%	1.6	1.0%	1.2	0.8%	0.5%
6	Health and Personal Care	17.8	11.3%	23.1	14.5%	21.0	14.7%	7.1%
7	Home electronics and Appliances	1.3	0.8%	1.4	0.9%	1.5	1.0%	0.3%
8	Hypermarket / Supermarket	6.3	4.0%	6.3	3.9%	6.3	4.4%	23.0%
9	Services	0.5	0.3%	0.2	0.1%	0.8	0.5%	0.2%
10	Sports and Leisure	1.9	1.2%	1.6	1.0%	1.7	1.2%	0.9%
11	Kiosks	14.9	9.5%	17.3	11.2%	15.8	11.1%	0.0%
	Total	**156.9**	**100%**	**159.8**	**100%**	**142.8**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	112.1	71.4%	123.5	77.3%	111.2	77.9%	66.0%
2	Internal Tenants	44.8	28.6%	36.3	22.7%	31.5	22.1%	34.0%
	Total	**156.9**	**100%**	**159.8**	**100%**	**142.8**	**100%**	**100%**

Source: Company information

4.8.7.2.2 *Noor Mall*

Located in the Sultanah District in Madinah, Noor Mall opened in 2008G and has a built up area of 93,917 square meters with 1,070 parking bays. As at 31 December 2018G, the mall had 233 tenants which collectively occupied 270 retail units across a GLA of 64,760 square meters over two floors. The average occupancy rate for FY2018G was 97.7% with an annual footfall of 7,095,085.

Noor Mall is positioned in the mid-to-high market segment. The mall has a blend of international retail brands and a large combination of entertainment and dining options (including casual dining as part of its food court). The mall also features a Sparky's family entertainment area and a hypermarket.

The mall is located three kilometers north of the Masjid Al Nabawi, four and half kilometers east of Taibah University and 16 kilometers south west of Prince Mohamad Bin Abdulaziz International Airport. It benefits from strong visibility and easy accessibility via a service road forming part of King Abdullah Road. It can also be directly accessed from the Masjid Al Nabawi via two main roads; namely, Othman Ibn Affan Road and Abu Bakr Al Siddiq Road (Sultanah Street), which are within close proximity to the mall.

Unlike many other regions of Saudi Arabia, Madinah offers a traditional Islamic architectural environment and Noor Mall provides a distinctive modern contrast to this traditional backdrop. The mall also features an elegant architectural feature in the form of a full glass curved façade and provides a contemporary and distinctive reference point in the city, containing a 20 meter high food court space with a panoramic view of the city and Al Haram.

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

Table 4-40: Overview of the tenant mix of Noor Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
Tenant Type								
1	Apparel, Shoes and Accessories	82.8	62.4%	75.1	57.0%	66.1	55.0%	47.1%
2	Department Store	6.5	4.9%	4.9	3.7%	5.5	4.6%	11.1%
3	Entertainment	3.4	2.5%	3.4	2.6%	3.4	2.8%	6.7%
4	Food and Beverages	8.7	6.6%	9.8	7.4%	10.4	8.7%	7.2%
5	Furniture and Home	0.6	0.5%	1.2	0.9%	1.5	1.2%	1.4%
6	Health and Personal Care	12.0	9.1%	15.1	11.5%	12.8	10.7%	5.8%
7	Home electronics and Appliances	2.0	1.5%	2.2	1.7%	2.2	1.8%	0.5%
8	Hypermarket / Supermarket	4.2	3.2%	4.2	3.2%	4.2	3.5%	18.8%
9	Services	1.4	1.0%	1.1	0.9%	0.7	0.6%	0.1%
10	Sports and Leisure	2.1	1.6%	4.4	3.3%	2.4	2.0%	1.3%
11	Kiosks	9.1	6.8%	10.3	7.8%	10.8	9.0%	0.0%
	Total	**132.8**	**100%**	**131.7**	**100%**	**120.1**	**100%**	**100%**
External Tenants and Internal Tenants								
1	External Tenants	95.0	71.6%	100.1	76.0%	94.2	78.4%	72.5%
2	Internal Tenants	37.7	28.4%	31.6	24.0%	25.9	21.6%	27.5%
	Total	**132.8**	**100%**	**131.7**	**100%**	**120.1**	**100%**	**100%**

Source: Company information

4.8.7.2.3 *Nakheel Mall (Riyadh)*

Located in Riyadh, Nakheel Mall was recognized at the Arab Luxury World Forum in 2017G as being among consumers' favorite shopping malls in Riyadh and has received a number of awards from the International Council of Shopping Centers. The mall opened in 2014G and has a built up area of 98,000 square meters with 1,473 parking bays. As at 31 December 2018G, the mall had 135 tenants which collectively occupied 253 retail units across a GLA of 55,286 square meters over two floors. The average occupancy rate for FY2018G was 95.5% and Nakheel Mall was the most visited center in Riyadh with an annual footfall of 9,469,525 (excluding footfall for the hypermarkets) according to Management's analysis.

Nakheel Mall is positioned in the mid-to-high market segment and is anchored by Zara and Virgin Megastores. Its retail units offer a broad blend of international brands. There is also a double floor height food court, fine dining and casual dining options as well as an entertainment area (including an indoor soft play area).

Nakheel Mall is located in the intersection of Uthman Ibn Affan Road and Imam Saud Bin Abdulaziz Bin Mohammed Road in Riyadh. The mall also has valet parking and an on ground car park facing the three main gates.

The mall's design features include a distinctive intersecting diagonal design, several internal water fountains and a palm tree garden with surrounding coffee retail units. The internal lighting design includes elegant fiber-optics used on the ceiling of the mall's three oval plazas. The mall's large hallways also provide a relaxing shopping experience for visitors. Convenience, visibility and transparency have been reflected in the mall's retail circuit.

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

Table 4-41: Overview of the tenant mix of Nakheel Mall (Riyadh):

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
Tenant Type								
1	Apparel, Shoes and Accessories	54.7	55.5%	93.7	61.5%	85.9	56.8%	61.3%
2	Department Store	-	0.0%	(1.0)	-0.6%	1.9	1.2%	1.2%
3	Entertainment	4.6	4.7%	4.8	3.2%	3.0	2.0%	9.5%
4	Food and Beverages	12.1	12.4%	12.6	8.2%	14.0	9.3%	7.4%
5	Furniture and Home	0.8	0.8%	2.1	1.4%	2.4	1.6%	1.6%
6	Health and Personal Care	14.9	15.1%	17.9	11.7%	20.3	13.4%	6.3%
7	Home electronics and Appliances	-	0.0%	-	0.0%	-	0.0%	0.1%
8	Hypermarket / Supermarket	-	%0.0	-	0.0%	-	0.0%	0.0%
9	Services	0.9	0.9%	3.6	2.4%	2.9	1.9%	5.2%
10	Sports and Leisure	6.6	6.7%	7.0	4.6%	6.5	4.3%	5.6%
11	Kiosks	3.9	4.0%	11.6	7.6%	14.2	9.4%	1.6%
	Total	**98.6**	**100%**	**152.4**	**100%**	**151.1**	**100.0%**	**100%**
External Tenants and Internal Tenants								
1	External Tenants	84.0	85.2%	97.3	63.8%	102.0	67.5%	37.2%
2	Internal Tenants	14.6	14.8%	55.2	36.2%	49.1	32.5%	62.8%
	Total	**98.6**	**100%**	**152.4**	**100%**	**151.1**	**100%**	**100%**

Source: Company information

4.8.7.2.4 *Yasmin Mall*

Situated in the north east region of Jeddah on Al Harameen Road, Yasmin Mall opened in 2016G and has a built up area of 101,672 square meters with 2,351 parking bays. As at 31 December 2018G, the mall had 170 tenants which collectively occupied 275 retail units across a GLA of 52,041 square meters over one floor. The average occupancy rate for FY2018G was 90.6% with an annual footfall of 8,060,942.

Yasmin Mall is positioned in the mid-to-high market segment. It includes a range of international retail brands as well as a food court (with casual dining), fine dining options and a supermarket. The mall also features Billy Beez as an indoor soft play entertainment venue and a number of other entertainment facilities.

Located at the intersection of Al Haramain Highway (Route 5) and Al Ajaward Street in Jeddah, Yasmin Mall benefits from high visitor traffic in the area. The variety of porticos providing access to visitors is a key characteristic of the design of the mall. The mall also features a water fountain and a palm garden with a variety of surrounding coffee retail units.

An overview of the tenant mix of Yasmin Mall is set out in the tables below:

Table 4-42: Overview of the tenant mix of Yasmin Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
Tenant Type								
1	Apparel, Shoes and Accessories	-	-	22.8	45.9%	68.6	57.9%	55.1%
2	Department Store	-	-	1.7	3.5%	0.9	0.8%	6.0%
3	Entertainment	-	-	-	0.0%	4.1	3.5%	12.8%
4	Food and Beverages	-	-	4.3	8.6%	9.3	7.8%	6.1%
5	Furniture and Home	-	-	0.6	1.2%	3.1	2.6%	2.7%
6	Health and Personal Care	-	-	16.3	32.8%	20.5	17.3%	9.0%
7	Home electronics and Appliances	-	-	-	0.0%	0.8	0.7%	0.7%
8	Hypermarket / Supermarket	-	-	1.7	3.5%	3.0	2.6%	6.6%
9	Services	-	-	-	0.0%	-	0.0%	0.2%
10	Sports and Leisure	-	-	1.1	2.2%	0.6	0.5%	0.7%
11	Kiosks	-	-	1.1	2.3%	7.6	6.4%	0.0%
	Total	**-**	**-**	**49.8**	**100%**	**118.6**	**100.0%**	**100%**
External Tenants and Internal Tenants								
1	External Tenants	-	-	49.8	100%	66.9	56.4%	49.2%
2	Internal Tenants	-	-	(0.1)	0%	51.7	43.6%	50.8%
	Total	**-**	**-**	**49.8**	**100%**	**118.6**	**100%**	**100%**

Source: Company information

4.8.7.2.5 *Hamra Mall*

Located along a major transverse highway in Riyadh, Hamra Mall opened in 2016G and has a built up area of 77,969 square meters with 1,026 parking bays. As at 31 December 2018G, the mall had 110 tenants which collectively occupied 197 retail units across a GLA of 48,228 square meters over three floors. The average occupancy rate for FY2018G was 90.0% with a footfall of 5,366,323.

Hamra Mall is positioned in the mid-to-high market segment and features a variety of leading retail brands, a food court (with casual dining) as well as an entertainment area (featuring Billy Beez). Its key brands include Zara and Centrepoint.

Located in King Faisal district on King Abdullah Road in Riyadh, which includes one of the new subway lines currently under construction, Hamra Mall will benefit from the metro station under construction as it will provide direct access to the mall which will increase accessibility. The mall also benefits from underground parking.

Hamra Mall features a corner gate with a geometrical and traditional "mashrabiyah" design that changes color at night. The glass box access of Gate 3 has a giant LED screen and the Company intends to install a three dimensional figure there. Other important features of the mall include its water fountain and central linear plaza.

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

Table 4-43: Overview of the tenant mix of Hamra Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	-	-	12.3	47.9%	54.6	54.9%	60.4%
2	Department Store	-	-	1.7	6.7%	3.3	3.3%	8.2%
3	Entertainment	-	-	-	0.0%	3.8	3.9%	8.5%
4	Food and Beverages	-	-	2.8	10.9%	10.8	10.8%	7.4%
5	Furniture and Home	-	-	0.4	1.4%	2.6	2.6%	3.1%
6	Health and Personal Care	-	-	5.4	21.1%	12.6	12.7%	6.7%
7	Home electronics and Appliances	-	-	-	0.0%	0.8	0.8%	0.2%
8	Hypermarket / Supermarket	-	-	-	0.0%	-	0.0%	0.0%
9	Services	-	-	-	0.0%	-	0.0%	0.0%
10	Sports and Leisure	-	-	2.6	10.2%	6.4	6.4%	5.5%
11	Kiosks	-	-	0.5	1.9%	4.5	4.5%	0.0%
	Total	**-**	**-**	**25.8**	**100%**	**99.4**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	-	-	25.8	100%	59.7	60.0%	50.3%
2	Internal Tenants	-	-	-	0.0%	39.7	40.0%	49.7%
	Total	**-**	**-**	**25.8**	**100%**	**99.4**	**100%**	**100%**

Source: Company information

4.8.7.2.6 *Ahsa Mall*

As the only major shopping mall in the eastern district of Hofuf city, Ahsa Mall opened in 2010G and has a built up area of 65,800 square meters with 1,608 parking bays. As at 31 December 2018G, the mall had 142 tenants which collectively occupied 148 retail units across a GLA of 43,942 square meters over one floor for ease of access and navigation. The average occupancy rate for FY2018G was 82.5% with an annual footfall of 2,918,138.

Ahsa Mall is positioned in the mid-market segment and is distinguished by having IKEA as one of its Anchor Tenants. The mall also features a hypermarket and a broad tenant mix which features local and international brands serving a diverse range of shopping needs. The mall notably features a 10 meter high entertainment area for soft play as well as a food court providing casual dining.

Located on the outskirts of Ahsa district in the south west of Hofuf, Ahsa Mall benefits from good visibility and accessibility due to its location on King Abdullah Road. The mall fronts the west side of King Abdullah Road approximately 450 meters north of King Abdullah Environmental Park. It is located approximately three kilometers south of the intersection with Riyadh Road and also connects to Ugair Road, which is one of the main routes to Dammam Metropolitan Area. Ahsa Mall features an vibrant outdoor lighting system which provides a well-lit night time façade. The mall has also a landscaped square adjacent to its retail units.

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

Table 4-44: Overview of the tenant mix of Ahsa Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	33.5	54.1%	27.4	49.8%	22.5	48.8%	41.7%
2	Department Store	1.4	2.2%	1.0	1.9%	-	0.0%	2.1%
3	Entertainment	3.0	4.8%	2.0	3.6%	2.0	4.4%	10.3%
4	Food and Beverages	4.6	7.4%	4.1	7.5%	3.1	6.7%	3.5%
5	Furniture and Home	0.4	0.7%	0.6	1.1%	2.2	4.8%	9.1%
6	Health and Personal Care	5.6	9.1%	6.6	12.0%	3.5	7.7%	4.2%
7	Home electronics and Appliances	1.2	2.0%	1.1	2.0%	0.5	1.0%	0.7%
8	Hypermarket / Supermarket	3.6	5.8%	3.6	6.5%	3.6	7.8%	23.6%
9	Services	1.6	2.5%	0.9	1.6%	1.3	2.8%	4.2%
10	Sports and Leisure	2.5	4.0%	2.4	4.4%	1.4	3.0%	0.4%
11	Kiosks	4.6	7.4%	5.3	9.6%	6.0	13.0%	0.1%
	Total	**61.9**	**100%**	**55.2**	**100%**	**46.0**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	45.8	73.9%	44.1	79.9%	36.5	79.2%	66.3%
2	Internal Tenants	16.2	26.1%	11.1	20.1%	9.6	20.8%	33.7%
	Total	**61.9**	**100%**	**55.2**	**100%**	**46.0**	**100%**	**100%**

Source: Company information

4.8.7.2.7 *Salaam Mall*

Located in the south-western district of Riyadh, Salaam Mall opened in 2005G and has a built up area of 67,421 square meters with 1,040 parking bays. As at 31 December 2018G, the mall had 198 tenants which collectively occupied 178 retail units across a GLA of 47,192 square meters over two floors. The average occupancy rate for FY2018G was 95.6% with an annual footfall of 4,146,276.

Salaam Mall is positioned in the mid-to-low market segment. The mall features a hypermarket as its principal Anchor Tenant, together with many other retail units such as Zara and Stradivarius, a wide coffee selection, a food court (providing casual dining) and a Sparky's entertainment zone for children.

Located on the Western Ring Branch Road, Salaam Mall is near the Hamza Ibn Abdul Muttalib Road on a curved area site with a view of the Wadi Hanifah valley. The mall also benefits from partially covered parking spaces.

Salaam Mall's food court and entertainment area have an elegant curvilinear design, with a view of Wadi Hanifah.

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

Table 4-45: Overview of the tenant mix of Salaam Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	36.4	56.0%	38.0	54.7%	31.9	52.2%	42.8%
2	Department Store	2.1	2.9%	2.2	3.2%	2.7	4.3%	7.1%
3	Entertainment	3.2	4.5%	3.3	4.7%	1.5	2.5%	6.7%
4	Food and Beverages	2.7	3.7%	3.0	4.3%	3.8	6.2%	3.7%
5	Furniture and Home	-	0.0%	0.6	0.8%	(0.6)	-1.0%	0.0%
6	Health and Personal Care	7.2	9.9%	8.4	12.1%	8.1	13.3%	4.6%
7	Home electronics and Appliances	1.2	1.7%	1.1	1.5%	1.0	1.7%	0.4%
8	Hypermarket / Supermarket	5.6	7.8%	5.6	8.1%	5.6	9.2%	34.2%
9	Services	1.2	1.6%	0.5	0.7%	0.6	0.9%	0.5%
10	Sports and Leisure	4.1	0.6%	0.6	0.9%	0.4	0.6%	0.0%
11	Kiosks	8.2	11.4%	6.3	9.0%	6.1	10.1%	0.0%
	Total	**71.9**	**100%**	**69.5**	**100%**	**61.1**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	55.2	76.7%	56.0	80.6%	51.0	83.4%	72.9%
2	Internal Tenants	16.8	23.3%	13.5	19.4%	10.1	16.6%	27.1%
	Total	**71.9**	**100%**	**69.5**	**100%**	**61.1**	**100%**	**100%**

Source: Company information

4.8.7.2.8 *Jouri Mall*

Located on the eastern side of Taif, Jouri Mall opened in 2015G and has a built up area of 92,663 square meters with 1,334 parking bays. As at 31 December 2018G, the mall had 141 tenants which collectively occupied 208 retail units across a GLA of 44,571 square meters over one floor. The average occupancy rate for FY2018G was 95.6% with an annual footfall of 4,873,574.

Jouri Mall is positioned in the mid-to-high market segment. The mall features a broad range of retail brands, including Gap and Coach, as well as a number of entertainment facilities including a Billy Beez soft play area and indoor children's entertainment area. The most active area of the mall is the food court (providing casual dining) and the surrounding entertainment area.

Located on King Khalid and Khalid bin Walid Road in the Al Qutibiyyah district on the eastern side of Taif, Jouri Mall benefits from benefits from high visitor traffic in the area. The variety of porticos providing access to visitors is a key characteristic of the design of the mall. The mall also features a water fountain with a variety of surrounding entertainment and other retail units.

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

Table 4-46: Overview of the tenant mix of Jouri Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	26.7	66.0%	49.0	54.9%	44.2	47.8%	56.1%
2	Department Store	-	0.0%	2.7	3.1%	3.6	3.9%	12.1%
3	Entertainment	1.1	2.6%	3.5	4.0%	3.6	3.9%	10.3%
4	Food and Beverages	3.6	8.8%	5.2	5.8%	9.0	9.7%	6.7%
5	Furniture and Home	0.4	1.0%	0.6	0.7%	1.1	1.2%	1.0%
6	Health and Personal Care	7.0	17.0%	14.5	16.3%	17.0	18.3%	10.7%
7	Home electronics and Appliances	0.3	0.1%	1.1	1.3%	0.7	0.8%	1.0%
8	Hypermarket / Supermarket	-	0.0%	-	0.0%	-	0.0%	0.0%
9	Services	0.1	0.4%	0.4	0.5%	0.5	0.5%	0.4%
10	Sports and Leisure	0.5	1.3%	3.8	4.3%	3.3	3.5%	1.7%
11	Kiosks	1.2	2.9%	8.2	9.2%	9.7	10.4%	0.0%
	Total	**40.9**	**100%**	**89.1**	**100%**	**92.6**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	38.8	94.8%	63.1	70.8%	66.5	71.8%	50.6%
2	Internal Tenants	2.1	5.2%	26.0	29.2%	26.1	28.2%	49.4%
	Total	**40.9**	**100%**	**89.1**	**100%**	**92.6**	**100%**	**100%**

Source: Company information

4.8.7.2.9 *Khurais Mall*

Located in the eastern side of Riyadh, Khurais Mall opened in 2004G. The mall has a built up area of 60,230 square meters with 917 parking bays. As at 31 December 2018G, the mall had 170 tenants which collectively occupied 154 retail units across a GLA of 37,957 square meters over two floors. The average occupancy rate for FY2018G was 96.7% with an annual footfall of 3,430,305.

Khurais Mall is positioned in the mid-to-low market segment. The tenant mix in the mall is diverse, blending local retailers with some of the region's leading international brands to satisfy a range of shopping needs. The mall also features a hypermarket, a food court (providing casual dining) and other facilities. The mall also includes a Billy Beez entertainment soft play area.

The mall's location is one of its important features as it is located among two major residential districts with high population density generating high levels of visitor traffic and footfall. Khurais Mall features a prominent red gate, a bridge linking the fashion area of the mall and the hypermarket facing the road, and three large double floor height halls scattered along the mall providing open areas for events and gatherings.

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

Table 4-47: Overview of the tenant mix of Khurais Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
Tenant Type								
1	Apparel, Shoes and Accessories	41.9	61.1%	35.4	54.8%	29.2	51.3%	34.7%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	1.4	2.1%	1.4	2.1%	1.4	2.5%	4.0%
4	Food and Beverages	3.9	5.7%	3.4	5.4%	3.4	5.9%	2.9%
5	Furniture and Home	1.2	1.8%	1.6	2.4%	1.2	2.1%	1.3%
6	Health and Personal Care	9.3	13.6%	9.2	14.3%	7.8	13.8%	6.2%
7	Home electronics and Appliances	0.7	1.0%	0.7	1.2%	0.8	1.3%	0.3%
8	Hypermarket / Supermarket	7.6	11.1%	7.6	11.7%	7.6	13.3%	49.6%
9	Services	1.4	2.1%	1.1	1.6%	1.3	2.3%	0.8%
10	Sports and Leisure	-	0.0%	-	0.0%	-	0.0%	0.0%
11	Kiosks	1.0	1.5%	4.2	6.6%	4.2	7.5%	0.1%
	Total	68.5	100%	64.7	100%	56.9	100.0%	100%
External Tenants and Internal Tenants								
1	External Tenants	44.5	64.9%	46.3	71.5%	41.5	73.0%	74.3%
2	Internal Tenants	24.0	35.1%	18.4	28.5%	15.3	27.0%	25.7%
	Total	68.5	100%	64.7	100%	56.9	100%	100%

Source: Company information

4.8.7.2.10 *Makkah Mall*

Located in Makkah, Makkah Mall opened in 2011G and has a built up area of 56,720 square meters with 1,000 parking bays. As at 31 December 2018G, the mall had 267 tenants which collectively occupied 289 retail units across a GLA of 36,292 square meters over two floors. The average occupancy rate for FY2018G was 97.7% with an annual footfall of 6,842,660.

Makkah Mall is positioned in the mid-to-high market segment. The mall represents the only comprehensive shopping mall in Makkah. Anchored by a diverse selection of international brands and featuring a hypermarket, food court (providing casual dining) and a Billy Beez soft play park area, the mall represents an attractive destination for Makkah residents and religious tourists. Makkah Mall also functions as a shopping hub and an entertainment center for many locals in the city due to its convenient location, premier brands and entertainment options for families.

The mall is located in Al Jamiah district, one of the areas in Makkah with the highest population density. It is situated approximately two kilometers south-west of Mina and seven kilometers south east of the Grand Mosque. The mall is bound by a single main road as it fronts King Abdullah Road to the west.

Makkah Mall features a palm lined central plaza with surrounding coffee retail units. Other notable design features include simple architectural design with protruded boxes marking the entrance gates. The mall also features a double height hallway with a glazed panoramic lift leading to the entertainment area, combined with a food court with a view on King Abdullah Road.

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

Table 4-48: Overview of the tenant mix of Makkah Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	100.9	68.3%	95.3	63.9%	84.1	59.4%	67.3%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	2.6	1.8%	2.6	1.8%	2.6	1.9%	7.3%
4	Food and Beverages	9.2	6.2%	9.1	6.1%	9.2	6.5%	5.4%
5	Furniture and Home	2.9	1.9%	3.2	2.2%	2.9	2.1%	2.2%
6	Health and Personal Care	14.2	9.6%	16.9	11.4%	20.5	14.5%	9.3%
7	Home electronics and Appliances	1.1	0.8%	2.4	1.6%	2.2	1.6%	1.0%
8	Hypermarket / Supermarket	2.5	1.7%	2.5	1.7%	2.7	1.9%	6.0%
9	Services	0.8	0.5%	0.5	0.3%	0.4	0.3%	0.2%
10	Sports and Leisure	1.1	0.8%	1.2	0.8%	1.8	1.3%	1.3%
11	Kiosks	12.5	8.4%	15.4	10.3%	15.0	10.6%	0.0%
	Total	**147.8**	**100%**	**149.1**	**100%**	**141.5**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	110.1	74.5%	119.1	79.9%	117.3	82.8%	68.3%
2	Internal Tenants	37.7	25.5%	29.9	20.1%	24.3	17.2%	31.7%
	Total	**147.8**	**100%**	**149.1**	**100%**	**141.5**	**100%**	**100%**

Source: Company information

4.8.7.3 *Community Malls*

4.8.7.3.1 *Nakheel Plaza (Qassim)*

Strategically located in the center of Qassim and Buraida, Nakheel Plaza was opened in 2004G and has a built up area of 63,904 square meters with 536 parking bays. As at 31 December 2018G, the mall had 145 tenants which collectively occupied 135 retail units across a GLA of 47,356 square meters over one floor. The average occupancy rate for FY2018G was 96.3% with an annual footfall of 4,389,460.

Nakheel Plaza (Qassim) is positioned in the mid-market segment. The mall offers a mix of retail, food and entertainment (including a Sparky's entertainment park) facilities and is considered a key family destination in Qassim. The brand selection provides a blend of local and international retailers. The main Anchor Tenants for the mall are Hyperpanda and Zara.

Nakheel Plaza (Qassim) is located at the intersection of King Abdullah and Prince Sultan Roads, in the city of Buraida. The mall has a multi-colored external façade with three front access gates. With a simple yet elegant design, Nakheel Plaza (Qassim) features a wave-like parapet line with protruding panels defining the entrance gates. Some of the retail units can be accessed directly from outside which gives visitors a similar experience to shopping on a boulevard.

An overview of the tenant mix of Nakheel Plaza (Qassim) is set out in the table below:

Table 4-49: Overview of the tenant mix of Nakheel Plaza (Qassim):

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	26.1	55.3%	25.4	48.9%	16.8	39.7%	27.7%
2	Department Store	-	0.00%	-	0.0%	-	0.0%	0.0%
3	Entertainment	1.5	3.2%	4.1	7.9%	3.7	8.9%	29.1%
4	Food and Beverages	1.3	2.8%	1.4	2.7%	1.6	3.8%	2.0%
5	Furniture and Home	0.0	0.0%	0.7	1.4%	1.3	3.0%	1.4%
6	Health and Personal Care	5.4	11.4%	7.3	14.1%	7.4	17.4%	5.6%
7	Home electronics and Appliances	0.9	1.9%	0.8	1.5%	0.9	2.1%	1.1%
8	Hypermarket / Supermarket	3.9	8.2%	3.9 -	7.5%	3.9	9.1%	31.5%
9	Services	0.6	1.3%	0.3	0.6%	0.2	0.4%	0.0%
10	Sports and Leisure	1.0	2.1%	1.8	3.5%	1.8	4.2%	1.6%
11	Kiosks	6.5	13.8%	6.1	11.8%	4.8	11.3%	0.0%
	Total	**47.8**	**100%**	**51.9**	**100%**	**42.2**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	40.1	83.9%	45.7	88.1%	39.4	93.3%	59.7%
2	Internal Tenants	7.7	16.1%	6.2	11.9%	2.8	6.7%	40.3%
	Total	47.8	100%	51.9	100%	42.2	100%	100%

Source: Company information

4.8.7.3.2 *Haifa Mall*

Strategically located in Jeddah's famous Palestine Street and Madina Road, Haifa Mall opened in 2011G and was built with one floor for ease of access and navigation. The mall has a built up area of 50,161 square meters with 914 parking bays. As at 31 December 2018G, the mall had 131 tenants which collectively occupied 167 retail units across a GLA of 28,203 square meters. The average occupancy rate for FY2018G was 93.9% with an annual footfall of 4,580,545.

Haifa Mall is positioned in the mid-market segment. The mall is anchored by leading fashion brands and features entertainment facilities (including a Billy Beez soft play area) and a palm lined central plaza with coffee retail units. The mall also features a supermarket and a food court (providing casual dining).

Located in Jeddah city center and bounded by Palestine Street and Madina Road, Haifa Mall benefits from high visitor traffic in the area.

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

Table 4-50: Overview of the tenant mix of Haifa Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	60.3	66.6%	52.6	62.2%	33.6	52.4%	62.7%
2	Department Store	2.4	2.7%	-	0.0%	1.3	2.0%	1.7%
3	Entertainment	2.2	2.4%	2.4	2.8%	2.2	3.4%	8.9%
4	Food and Beverages	5.5	6.1%	6.3	7.6%	5.2	8.1%	5.2%
5	Furniture and Home	1.3	1.4%	1.1	1.3%	1.1	1.7%	1.2%
6	Health and Personal Care	9.9	10.9%	11.3	13.4%	11.0	17.1%	11.4%
7	Home electronics and Appliances	0.5	0.6%	0.5	0.6%	0.2	0.3%	0.0%
8	Hypermarket / Supermarket	-	0.0%	1.5	1.7%	2.0	3.1%	7.4%
9	Services	-	0.0%	-	0.0%	-	0.0%	0.0%
10	Sports and Leisure	1.5	1.6%	1.5	1.8%	1.4	2.2%	1.5%
11	Kiosks	7.0	7.7%	7.4	8.7%	6.2	9.6%	0.0%
	Total	**90.6**	**100%**	**84.6**	**100%**	**64.1**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	53.4	59.0%	53.0	62.6%	43.3	67.6%	40.8%
2	Internal Tenants	37.1	41.0%	31.6	37.4%	20.8	32.4%	59.2%
	Total	**90.6**	**100%**	**84.6**	**100%**	**64.1**	**100%**	**100%**

Source: Company information

4.8.7.3.3 *Tala Mall*

Strategically situated in the center of Riyadh, the Company leased and redeveloped Tala Mall in 2014G. The mall has a built up area of 46,292 square meters with 680 parking bays. As at 31 December 2018G, the mall had 99 tenants which collectively occupied 118 retail units across a GLA of 19,995 square meters over two floors. The average occupancy rate for FY2018G was 90.3% with an annual footfall of 4,905,295.

Tala Mall is positioned in the mid-market segment and features a mix of international and local brands. It provides a broad range of facilities. The mall also includes a food court with casual dining options as well as family entertainment areas like Billy Beez, Sparky's and Shoot IFC.

Located on the north Ring Branch (exit 5) crossing King Abdul-Aziz road in Riyadh, Tala Mall is an easily accessible destination for visitors. The mall also features a covered car park (located underground). Tala Mall is considered one of Riyadh's landmarks as it faces the busy Northern Ring Road. One of its distinctive design characteristics is a glass light box.

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

Table 4-51: Overview of the tenant mix of Tala Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY 2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	11.1	34.9%	17.6	45.2%	17.0	48.1%	63.0%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	3.0	9.4%	3.1	8.0%	3.0	8.5%	18.5%
4	Food and Beverages	4.0	12.6%	4.0	10.4%	3.3	9.3%	5.5%
5	Furniture and Home	0.5	1.6%	0.6	1.4%	1.0	2.8%	2.7%
6	Health and Personal Care	7.3	23.1%	8.6	21.9%	7.4	20.9%	9.4%
7	Home electronics and Appliances	0.2	0.5%	0.3	0.7%	0.3	0.8%	0.1%
8	Hypermarket / Supermarket	-	0.0%	-	0.0%	-	0.0%	0.0%(1)
9	Services	0	0.0%	(0.0)	0.0%	0.0	0.1%	0.3%
10	Sports and Leisure	1.5	4.6%	1.6	4.2%	0.8	2.2%	0.5%
11	Kiosks	4.2	13.2%	3.2	8.3%	2.6	7.3%	0.0%
	Total	**31.7**	**100%**	**39.1**	**100%**	**35.4**	**100%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	28.1	88.7%	30.3	77.5%	24.3	68.6%	30.2%
2	Internal Tenants	3.6	11.3%	8.8	22.5%	11.1	31.4%	69.8%
	Total	**31.7**	**100%**	**39.1**	**100%**	**35.4**	**100%**	**100%**

Source: Company information

(1) The Hypermarket/Supermarket is not part of the Tala Mall Head Lease.

4.8.7.3.4 *Jubail Mall*

Located near the Jubail famous roundabout Daowwal al Kareeb and Jubail Mosque, Jubail Mall opened in 2015G and has a built up area of 37,366 square meters with 483 parking bays. As at 31 December 2018G, the mall had 62 tenants which collectively occupied 104 retail units across a GLA of 18,812 square meters over three floors. The average occupancy rate for FY2018G was 92.7% with an annual footfall of 1,325,802.

Jubail Mall is positioned in the mid-market segment. The mall features a variety of leading fashion brands, a supermarket, a food court (providing casual dining) as well as entertainment facilities including a Billy Beez soft play area.

Located at the intersection of Madinah Al Munawwarah Road and King Abdulaziz Road in Jubail City, Jubail Mall benefits from easy access via Jubail's major roads. One of the notable features of the mall is the sea view from the food court on the second floor.

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

Table 4-52: Overview of the tenant mix of Jubail Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	8.3	51.8%	18.4	54.7%	17.9	51.1%	55.4%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	0.2	1.3%	0.2	0.5%	2.4	6.9%	10.1%
4	Food and Beverages	3.3	20.6%	5.1	15.2%	4.6	13.1%	8.2%
5	Furniture and Home	-	0.0%	0.5	1.4%	0.8	2.3%	2.0%
6	Health and Personal Care	3.8	23.9%	7.7	22.9%	5.4	15.3%	6.7%
7	Home electronics and Appliances	0.2	1.5%	0.1	0.4%	0.3	0.9%	0.3%
8	Hypermarket / Supermarket	-	0.0%	0.7	2.0%	1.3	3.7%	16.8%
9	Services	-	0.0%	-	0.0%	-	0.0%	0.0%
10	Sports and Leisure	-	0.0%	0.4	1.1%	0.3	0.7%	0.6%
11	Kiosks	0.1	0.9%	0.6	1.8%	2.1	5.9%	0.0%
	Total	**16.0**	**100%**	**33.7**	**100%**	**35.0**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	13.5	84.0%	21.8	64.6%	23.5	67.2%	42.4%
2	Internal Tenants	2.6	16.0%	11.9	35.4%	11.5	32.8%	57.6%
	Total	**16.0**	**100%**	**33.7**	**100%**	**35.0**	**100%**	**100%**

Source: Company information

4.8.7.3.5 *Salma Mall*

Located in Hail city opposite the Hail Chamber of Commerce, Salma Mall opened in 2014G and has a built up area of 22,378 square meters with 1,040 parking bays. As at 31 December 2018G, the mall had 61 tenants which collectively occupied 78 retail units across a GLA of 15,583 square meters over two floors. The average occupancy rate for FY2018G was 99% with an annual footfall of 1,593,208.

Salma Mall is positioned in the mid-market segment. Management believes that the mall stands as a premier retail and entertainment destination in the region. The mall includes a diversified selection of local and international brands, with a diverse selection of coffee retail units and also features a food court, a hypermarket and a Billy Beez soft play area. Management expects to add an F&B component to the tenant mix of Salma Mall over the medium term.

Located on King Saud road in Hail, Salma Mall is an easily accessible destination for visitors. The mall is characterized by a cylindrical shape and is cladded by yellow and red aluminium panels. The remaining part of the building is rectilinear formed by four adjacent structures separated by corridors leading to pedestrian access points.

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

Table 4-53: Overview of the tenant mix of Salma Mall:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY2016G		FY 2017G		FY 2018G		
Tenant Type								
1	Apparel, Shoes and Accessories	3.1	27.6%	7.7	39.3%	5.0	35.3%	73.9%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	1.0	8.7%	1.4	7.1%	1.3	9.4%	13.5%
4	Food and Beverages	1.6	14.2%	2.4	12.1%	1.8	12.8%	4.1%
5	Furniture and Home	-	0.0%	-	0.0%	-	0.0%	0.0%
6	Health and Personal Care	2.5	22.9%	5.7	29.4%	4.4	30.9%	8.3%
7	Home electronics and Appliances	0.3	2.6%	0.3	1.6%	0.3	2.2%	0.1%
8	Hypermarket / Supermarket	-	0.0%	-	0.0%	-	0.0%	0.0%
9	Services	-	0.0%	-	0.0%	-	0.0%	0.0%
10	Sports and Leisure	0.1	1.1%	0.3	1.3%	0.2	1.3%	0.0%
11	Kiosks	2.5	22.9%	1.8	9.3%	1.1	8.0%	0.0%
	Total	**11.1**	**100%**	**19.6**	**100%**	**14.3**	**100.0%**	**100%**
External Tenants and Internal Tenants								
1	External Tenants	10.0	90.1%	16.3	83.1%	10.7	75.1%	19.5%
2	Internal Tenants	1.1	9.9%	3.3	16.9%	3.6	24.9%	80.5%
	Total	**11.1**	**100%**	**19.6**	**100%**	**14.3**	**100%**	**100%**

Source: Company information

4.8.7.3.6 *Sahara Plaza*

Located in the King Fahad Neighborhood in Riyadh, Sahara Plaza is the Company's first mall, having opened in 2002G in Riyadh, which was transferred to the Company in 2005G. The mall has a built up area of 28,364 square meters with 125 parking bays. As at 31 December 2018G, the mall had 22 tenants which collectively occupied 35 retail units across a GLA of 8,841 square meters over two floors. The average occupancy rate for FY2018G was 40.4% with an annual footfall of 730,000.

Sahara Plaza is positioned in the mid-market segment and since its opening in 2002G has evolved into a niche destination for fashion. The Company plans to reconfigure the mall to accommodate new brands, and management believes the mall has the potential to position itself as one of Riyadh's popular retail destinations. Management expects the costs associated with the reconfiguration to be approximately SAR 10,000,000 to 15,000,000 to be completed by the end of 2019G. The mall is currently focused on fashion retail. The success of the mall will continue to be defined by its concentration on fashion, but this will be complemented with a hypermarket, food court and entertainment area following completion of its reconfiguration.

Sahara Plaza benefits from good visibility and accessibility. It is accessible from both King Abdulaziz Road and King Abdullah Road as well as via internal service roads from the north and northwest. Sahara Plaza benefits from a frontage of approximately 160 meters onto King Abdullah Road. The mall has a simple and straight layout, a red main entrance on King Abdullah road and canopy as notable features.

An overview of the tenant mix of Sahara Plaza is set out in the table below:

Table 4-54: Overview of the tenant mix of Sahara Plaza:

No.	Tenant Type	Rental revenue (SAR millions)						% GLA (31 Dec 2018G)
		FY2016G		FY 2017G		FY 2018G		
	Tenant Type							
1	Apparel, Shoes and Accessories	9.3	9.3%	7.1	91.8%	4.0	91.0%	93.8%
2	Department Store	-	0.0%	-	0.0%	-	0.0%	0.0%
3	Entertainment	-	0.0%	-	0.0%	-	0.0%	4.5%
4	Food and Beverages	0.0	0.4%	-	0.0%	-	0.0%	0.4%
5	Furniture and Home	-	0.0%	-	0.0%	-	0.0%	0.0%
6	Health and Personal Care	0.2	1.8%	0.2	2.4%	0.0	1.0%	0.0%
7	Home electronics and Appliances	-	0.0%	-	0.0%	-	0.0%	0.0%
8	Hypermarket / Supermarket	-	0.0%	-	0.0%	-	0.0%	0.0%
9	Services	0.0	0.0%	-	0.0%	-	0.0%	0.0%
10	Sports and Leisure	0.2	1.9%	0.2	1.9%	0.1	2.5%	1.3%
11	Kiosks	0.4	3.9%	0.3	3.9%	0.2	5.4%	0.0%
	Total	**10.1**	**100%**	**7.8**	**100%**	**4.4**	**100.0%**	**100%**
	External Tenants and Internal Tenants							
1	External Tenants	2.6	25.3%	2.2	28.7%	0.3	6.6%	0.0%
2	Internal Tenants	7.6	74.7%	5.5	71.3%	4.1	93.4%	100.0%
	Total	**10.1**	**100%**	**7.8**	**100%**	**4.4**	**100%**	**100%**

Source: Company information

4.9 Future Plans and Growth Opportunities

4.9.1 Malls under Construction

As at the date of this Prospectus, the following malls, or extensions to existing Malls, are under development or construction that are expected to be completed and become operational by the date shown in the tables below. Based on the historical yield on cost of 30% and 18% achieved by the leasehold and freehold properties, respectively, the Company identified the target blended yield on cost for the three new malls below plus Nakheel Mall Extension Phase 1 to be between 15% and 20%.

4.9.1.1 *University Boulevard, Riyadh*

Located in the center of Riyadh, University Boulevard is expected to introduce a new scale for an open strip mall in the Kingdom, providing Riyadh residents with a different and enhanced retail, dining and leisure experience. It is located on one of the main routes in the city, Prince Turki Road, and is adjacent to one of the main universities in Riyadh, King Saud University, and one of Riyadh's premier business parks, Al Raidah Digital City. The Company's objectives for University Boulevard include leading the commercial development of the surrounding area by introducing a variety of retail units accompanied by an attractive public space comprising a one-kilometer pedestrian walkway. University Boulevard itself will include a core casual and light dining offering (restaurant and cafes), a cinema, a gym and other attractive retail and entertainment offerings. These will be connected through a public plaza with a Roman amphitheater design.

Additional information relating to University Boulevard is set out in the table below.

Table 4-55: Additional information relating to University Boulevard:

Item	Data
Location	Riyadh
Project land area	121,440 square meters
Total built-up area	71,471 square meters
Total GLA	51,804 square meters
Land owned or leased	Leased for a term of 30 years (20 years plus an automatically renewable 10 year term) commencing 1 August 2016G)
Date of project commencement	1 December 2016G
Expected date of completion of construction	1 September 2019G
Expected date of start of operations	By 2 September 2019G
Total project cost (including land cost)	SAR 253 million
Total project cost (excluding land cost)	SAR 253 million
Source of funding	Financing Facility
Cost incurred as at 31 December 2018G	SAR 168 million
Remaining cost for FY 2020G	SAR 47 million
Progress towards completion (construction of milestones) as at 31 December 2018G	80.9%
Pre-leasing as a % of GLA as at 31 December 2018G	70%
Construction Contractor	FARE Construction Company
Related Party	Yes

Source: Company information

4.9.1.2 *Nakheel Mall (Dammam)*

Following the success of Nakheel Mall in Riyadh, the Company is developing a new mall in Dammam, also called Nakheel Mall, on King Fahad road leading to Dammam airport. The mall is designed over two floors and includes a medium to high end range of retailers, as well as coffee retail units, dining options and entertainment facilities.

Additional information relating to Nakheel Mall, Dammam, is set out in the table below.

Table 4-56: Additional information relating to Nakheel Mall (Dammam):

Item	Data
Location	Dammam
Project land area	131,238 square meters
Total built-up area	88,480 square meters
Total GLA	52,918 square meters
Land owned or leased	Owned
Date of project commencement	1 December 2016G
Expected date of completion of construction	1 September 2019G
Expected date of start of operations	By 2 September 2019G
Total project cost (including land cost)	SAR 520 million
Total project cost (excluding land cost)	SAR 310 million
Source of funding	Financing Facility
Cost incurred as at 31 December 2018G	SAR 207 million
Remaining cost for FY 2020G	SAR 54 million
Progress towards completion (construction of milestones) as at 31 December 2018G	61.1%
Pre-leasing as a % of GLA as at 31 December 2018G	50%
Construction Contractor	FARE Construction Company
Related Party	Yes

Source: Company information

4.9.1.3 *Khaleej Mall*

Located in Riyadh, Khaleej Mall is named after Khaleej Bridge. The mall will provide a new shopping and entertainment experience for residents in central and eastern Riyadh. The site is in a prime location and is near Makkah Al Mukarramah Road from the south, Salahuddin Alayoubi Road from the west and Ali Izat Bughufich Street from the north east of the city. The mall will feature indoor and outdoor seating areas and integrated entertainment and F&B spaces.

Additional information relating to Khaleej Mall is set out in the table below.

Table 4-57: Additional information relating to Khaleej Mall:

Item	Data
Location	Riyadh
Project land area	101,950 square meters
Total built-up area	89,651 square meters
Total GLA	51,453 square meters
Land owned or leased	Owned
Date of project commencement	01 June 2016G
Expected date of completion of construction	1 December 2019G
Expected date of start of operations	By 2 December 2019G
Total project cost (including land cost)	SAR 819 million
Total project cost (excluding land cost)	SAR 529 million
Source of funding	Financing Facility
Cost incurred as at 31 December 2018G	SAR 207 million
Remaining cost for FY 2020G	SAR 157 million
Progress towards completion (construction of milestones) as at 31 December 2018G	60.2%
Pre-leasing as a % of GLA as at 31 December 2018G	50%
Construction Contractor	FARE Construction Company
Related Party	Yes

Source: Company information

4.9.1.4 *Nakheel Mall (Riyadh) Extension Phase 1*

The purpose of Nakheel Mall (Riyadh) Extension Phase 1 is to broaden the retail offering of Nakheel Mall, including through the introduction of new retail brands, casual dining and cinemas. The Phase 1 extension will be connected to Gate 4 of Nakheel Mall through a bridge in the first floor, lined by 12 retail units to facilitate the customer journey to the extension. The extension also provides two parking areas for direct access, which includes a total of 859 parking spaces. The Company expects the pre-leasing of Nakheel Mall (Riyadh) Phase 1 Extension to begin in the coming months with the majority of tenants being new to Nakheel Mall (Riyadh).

Nakheel Mall (Riyadh) Extension Phase 1 and Phase 2 are under additional and separate land lease agreements to Nakheel Mall (Riyadh), which secured tenures of 20 years each extending to January 2038G,

whilst the existing leasehold of Nakheel Mall (Riyadh) is in July 2034G. The Company has had a similar precedent for building extensions to Mall of Dhahran on two adjacent land parcels with separate lease agreements and different expiry schedules, which it is agreed are to be replaced by a single lease agreement with the landlord. Additional information relating to Nakheel Mall, Riyadh extension, is set out in the table below.

Table 4-58: Additional information relating to Phase 1 of Nakheel Mall (Riyadh) Extension:

Item	Data
Location	Riyadh
Project land area	66,625 Square meters
Total built-up area	28,249 Square meters
Total GLA	16,316 Square meters
Land owned or leased	Leasehold
Date of project commencement	1 December 2018G
Expected date of completion of construction	1 November 2019G
Expected date of start of operations	By 2 November 2019G
Total project cost (including land cost)	SAR 191 million
Total project cost (excluding land cost)	SAR 191 million
Source of funding	Financing Facility
Cost incurred as at 31 December 2018G	N/A (not under construction as at 31 December 2018G)
Remaining cost for FY20G	SAR 191 million
Progress towards completion (construction of milestones) as at 31 December 2018G	0%
Pre-leasing as a % of GLA as at 31 December 2018G	0%
Construction Contractor	Fawaz Al Hokair Real Estate Co.
Related Party	Yes

Source: Company information

4.9.1.5 *Jeddah Park*

The Company entered into a Head Lease agreement for Jeddah Park (for both the building and the land) on 4 March 2019G for both the building and the land, which is a new mall located in Jeddah and currently under construction by a developer other than FARE. The project is located in a strategic location on Tahlia Street in the heart of Jeddah with an attractive catchment area and target demographic. The Company's capex in respect of Jeddah Park is limited to SAR 50 million in relation to fit out. Jeddah Park is a mid to high-end Mall which will allow the Company to further cement its leadership position in Jeddah and complement both the Company's existing offering in Jeddah and its development pipeline. The Mall is expected to provide an F&B offering that will occupy over 30% of the GLA within Jeddah Park and include various fine dining options, which will in turn be complemented by a wide range of entertainment choices, including a cinema. Although the pre-leasing process has yet to be started, the Company expects that Jeddah Park will feature a medium to high end range of retailers, including Zara, Virgin Megastores, Coach and Massimo Dutti. In addition, Management expects that the presence of IKEA will increase footfall in the mall.

Table 4-59: Additional information relating to Jeddah Park:[1]

Item	Data
Location	Jeddah
Project land area	174,412 Square meters
Total built-up area	230,652 Square meters
Total GLA	128,740 Square meters
Land owned or leased	Leasehold
Annual cost of the leased land and building [(2)]	SAR 90 Million
Term of the lease	30 Gregorian years (commencing from the date of the completion of construction)
Expected date of completion of construction	March 2020G
Expected date of start of operations	By April 2020G
Progress towards completion (construction of milestones) as at 31 December 2018G	65%
Related Party	No

Source: Company information

(1) The Company leased Jeddah Park in a stage close to completion of construction, in which the lease begins after the owner completes the development of the mall. Therefore, the Company does not have data for the following with respect to Jeddah Park: date of project commencement; total project cost (and land cost); source of funding; pre-leasing as a % of GLA as at 31 December 2018G; and construction contractor.

*(2) This is annual rent for the first year of the Head Lease. The annual rent increases gradually after the first year from SAR 90 million up to SAR 150 million for the thirtieth year. For more information, please see Section 13.5.1.4 "**Malls Under Construction**".*

4.9.2 Lands for future development

In addition to the malls currently under construction, the Company owns or has leased on a long-term basis five additional plots of lands, which will be used for construction of new malls or for the expansion of Phase 2 of Nakheel Mall (Riyadh) extension over the medium term, with an expected additional cumulative GLA of over 355,000 square meters. The Company expects the gradual delivery of new Malls built on these five additional plots of land from FY2021G, including in respect of Mall of Arabia (Riyadh) site, Jawharat (Jeddah) site and Phase 2 of Nakheel Mall (Riyadh) extension. The Company has incurred approximately SAR 3.4 billion as of 31 December 2018G in respect of its investments (including plots of land themselves) and estimates that its additional spend will amount to SAR 3.2 billion from FY2020G onwards. Based on the historic yield on cost of 30% and 18% achieved by the leasehold and freehold properties, respectively, the Company identified the target blended yield on cost for the five additional plots of land to be between 15% and 20%.

The Company expects that the new malls and Phase 2 of the Nakheel Mall (Riyadh) extension on all five additional plots of land (described above) will be completed and operational by FY2023G. Management believes the plots are located in prime locations with strategic positioning in high income per capita areas in key cities, face limited competition in their catchment areas and feature access to both transportation and infrastructure. For the majority of these contemplated projects, the relevant planning or construction permits have already been obtained, the design and architecture studies have been completed and signed construction contracts are already in place. In addition, Management expects to raise additional debt financing over the next five years as the Company repays its existing external debt under the Re-Financing Facilities.

Table 4-60: Plots of land for future development

Land Name	Location	Project Land Area	Expected GLA	Expected opening date	Owned / leased	Lease Amount	Lease Start Date	Lease End Date	Land Cost (Book value as at 31 Dec 2018G)	Construction costs incurred (31 Dec 2018G) (excluding land cost)	Project status (Stage 1 - 5)
Sites for extensions to existing Malls											
Nakheel Mall, Phase 2 Riyadh, extension	Riyadh	39,750	13,538	H1 FY2022G	Leasehold	143,100,000	1/8/1435H (corresponding to 30/5/2014G)	29/7/1455H (corresponding to 23/10/2033G)	N/A	0	Stage 3 (Design Development)
Sites for planned development of new malls											
Najd site	Riyadh	103,104	36,286	H1 FY2021G	Leasehold	856,472,845	8/3/2015G (corresponding to 17/5/1436H)	7/3/2042G (corresponding to 14/3/1464H)	N/A	28,579,000	Stage 3 (Design Development)
Zahra site	Jeddah	148,276	70,412	H1 FY2022G	Leasehold	1,785,000,000	1/8/2017G (corresponding to 9/11/1438H)	31/7/2047G (corresponding to 8/10/1469H)	N/A	3,684,003	Stage 3 (Design Development)
Mall of Arabia, Riyadh site	Riyadh	623,371	135,340	H1 FY2023G	Freehold	N/A	N/A	N/A	SAR 1,770 million	291,598,332	Stage 3 (Design Development)
Jawharat, Jeddah site	Jeddah	170,746	102,022	H1 FY2023G	Freehold	N/A	N/A	N/A	SAR 1,067 million	47,612,072	Stage 3 (Design Development)

Source: Company information

4.9.3 Cinemas Programme

In December 2017G, the Kingdom announced that the prohibition on cinemas was to be lifted, and the first new cinema opened in the Kingdom in April 2018G. The Company has identified 15 of its Malls for the introduction of cinemas with the expected average GLA allocated to cinemas within each Mall being approximately 4,600 square meters, which translates into 1,300 seats and 10 screens per Mall. The Company plans to introduce cinemas into four Malls by the end of 2019G. The cinemas will be leased by Next Generation Company Limited, a related party of the Company owned by relatives of the Controlling Shareholders (for more information, please refer to Section 5.5.4 (**"Related Party Transactions Policy"**)).

The reconfiguration of GLA for use as cinemas has led to a short term loss of revenue from rental income from previous tenants because Next Generation Company Limited will not pay the Company any rent under the four leases described above until the cinemas become operational. In addition, the Company has incurred additional costs in the reconfiguration of the relevant GLA, where some tenants were required to relocate within the relevant Malls. The effect of these changes is not expected to be material on the financial condition and results of operation of the Company.

The second phase of the plan will see cinemas introduced by the Company in the remaining Malls over three to five years.

4.10 Certifications and Awards

The Company has received a multitude of awards since its establishment, with the most prestigious awards including the following:

- ***Saudi Excellence in Tourism Awards 2018G:*** for Nakheel Mall as the best Mall / Shopping Center;
- ***Saudi Excellence in Tourism Awards 2018G:*** best manager of a Mall / Shopping Center;
- ***Silver Award in the 2016G Middle East and North Africa Shopping Centre and Retailer Awards:*** for the "Tree of Life", the Company's annual Ramadan initiative, displaying the community's efforts to bring hope and change to the lives of orphaned children;
- ***Gold Award in the 2015G Middle East and North Africa Shopping Centre Awards:*** for Nakheel Mall (Riyadh) as the most innovative mall in the "New Media/Emerging Technology Marketing" category;

- ***Silver Award in the 2015G Middle East and North Africa Shopping Centre Awards:*** for Nakheel Mall (Riyadh) in the "Design and Development category";
- ***Arabian Centres 2014G Albert Sussman International Community Support Award:*** for promoting community engagement within the shopping malls industry and recognizing the charitable endeavors of industry leaders;
- ***Community Support Award in the 2014G Middle East and North Africa Shopping Centre Awards:*** for promoting community engagement within the industry, and recognizing the charitable endeavors of industry leaders;
- ***Saudi Excellence in Tourism Awards 2013G:*** for Mall of Dhahran as the best special shopping experience;
- ***Community Support Award in the 2013G Middle East and North Africa Shopping Centre Awards:*** for fighting breast cancer;
- ***Silver Award in the 2013G Middle East and North Africa Shopping Centre Award:*** for Salaam Mall leasing mix;
- ***Guinness Record 2013G – Billy Beez Mall of Dhahran:*** for the world's largest soft play area (2,316.79 square meters) of Billy Beez, an indoor entertainment center for children;
- ***Saudi Excellence in Tourism Awards 2012G - Mall of Dhahran:*** for best special shopping experience; and
- ***Gold Award in the International Council for Shopping Centres 2012G:*** for the Company's unified business using a set of emerging technologies to create and manage its online presence as a marketing tool to enhance visitor experience.

4.11 Administration and Human Resources Functions / Departments

The Company operates its business through several different departments, as follows:

4.11.1 Portfolio and Asset Management

Portfolio and Asset Management has the following main responsibilities:

- acts as the owner of the Company's Mall portfolio (operating properties) and is responsible for maximizing the value of the business and properties;
- develops the Company's portfolio management and development strategy in coordination with the Chief Executive Officer and the Board, and ensures adherence to the Company's strategy;
- oversees the consolidation of the Company's strategic plans, annual business plan, and annual mall business plans;
- works with other departments (leasing, digital and marketing, operations) for the implementation of the mall business plan;
- identifies opportunities to improve the value of the overall portfolio and of each Mall;
- recommends major acquisitions/disposals and the repositioning of assets;
- guarantees performance of work division on a quarterly basis; and
- defines the target risk profile of the Company in accordance with the board guidelines and ensures continuous monitoring and mitigation planning of business risk.

4.11.2 Development and Delivery

Development and Delivery has the following main responsibilities:

- oversees the entire IMDOP process for all projects in stages 1-4 up until the handover;
- coordinates with relevant departments in leading the development of the development brief (IMDOP Stage 1) and the feasibility and asset business plan (IMDOP Stage 2);
- coordinates with operations and leasing during the delivery stages (IMDOP Stage 4) for handover preparation; and
- at its core it also ensures the effective design, planning, delivery and control of projects through the design and delivery units, and through the monitoring of external design and construction service providers, ensuring adherence to budget, timeline, quality standards, sustainability and HSE standards, regulations, and the timely securing of permits from government and regulatory authorities.

4.11.3 Leasing

Leasing has the following main responsibilities:

- ensures end-to-end leasing of retail units to meet leasing targets as defined by overall and asset level Company business plan(s);
- ensures the placement of tenants in a timely fashion to reduce revenue leakage;
- maintains occupancy targets in all Malls;
- manages tenant relations;
- monitors and manages lease contracts;
- coordinates with asset management and marketing departments for pricing, revenue targets and tenant mix definitions;
- coordinates with the legal department for contract templates and lease terms and conditions;
- coordinates with the finance department on tenant credit checks;
- prepares advertising strategies for the Company's sales division from a financial and digital perspective;
- maintains good relations with major sales agencies and Key Account Tenants; and
- coordinates with the operations department for leasable unit handover or evacuation.

4.11.4 Digital and Marketing

Digital and Marketing has the following main responsibilities:

- develops business plans and key performance indicators in accordance with strategic planning and performance management guidelines;
- develops the digital and marketing's budget in coordination with finance;
- plans and oversees the implementation of branding and marketing strategies and initiatives at both corporate and property levels, in-line with Company strategy;
- ensures the performance of market intelligence and pricing research and provides input throughout the development stage;

- development and execution of an innovation and digital strategy to launch new products across the Company's Malls drives their commercialization;
- distributes and supervises the roll-out of new products to the Company's Malls;
- sets and manages standards for consumer experience;
- monitors their performance and develops the media sales strategy relating to consumer experience; and
- ensures the implementation of marketing initiatives and develops good relationships with media outlets and media sales agencies with a loc*al presence.*

4.11.5 Operations

For details of the Company's operations management, see Section 4.8.5 **("Operations Management of Malls")**.

4.11.6 Finance

Finance has the following main responsibilities:

- leads the annual budgeting process, and ensures the Company's departments adhere to it;
- manages the evaluation of the corporate financial structure and identification of funding structures, options and sources of capital;
- manages the evaluation of project financing needs, structure and potential sources of financing in coordination with development and delivery;
- provides critical input on the development committee and asset management committee on optimizing project returns and funding requirements;
- oversees the development of financial forecasts based on the strategic and business plans;
- manages the relationship with banks and insurers and negotiates interest rates, financing terms and insurance policies; and
- manages all relations with the *Company's investors.*

4.11.7 Information Technology

Information technology has the following main responsibilities:

- ensures the development of required IT systems and applications to serve other departments/ units and malls/ project needs;
- ensures the maintenance of communication networks across the Company;
- provides the development of the Company's communication portals;
- manages overall networks and systems operations for the Company; and
- the Company IT systems deploy a large number of security measures to address online and digital security challenges, such as cybersecurity threats including viruses, worm attacks (such as ransomware) or unwanted publication or loss of confidential data.

4.11.8 Support Services

Support services manages human resources, procurement, document control, inventory and administration and ensures they support the business objectives of the Company in an effective and efficient manner. It also operates a contact center to support its functions described above.

4.11.8.1 *Human resources and administration*

Human resources and administration has the following main responsibilities:

- creates and implements strategies that emphasize the integrity of the Company with regards to the management of human resources and administration;
- establishes policies and procedures for the effective management, development and utilization of the Company's human resources and administration;
- oversees the definition and review of the Company's organization structure and job descriptions;
- oversees the setting and review of the Company's overall grading, salary structure, compensation and benefit framework;
- promotes a culture of performance and enablement that encourages the achievement of individual and business objectives;
- ensures effective recruitment and development of employees; and
- ensures the provision of effective training programs to key functions and captures user feedback on programs.

4.11.8.2 *Procurement*

Procurement has the following main responsibilities:

- ensures the provision of tendering services and implementation of strategic partnerships and the protection of the Company's financial and legal interests;
- supports all departments in the procurement of materials, supplies, equipment and services at the most competitive terms, taking in consideration the quality and essence of time;
- ensures development and updating of the preferred list of vendors in coordination with the relevant unit and conducts periodical vendor evaluation; and
- ensures effective vendor management and the upholding of the principles of being fair and being seen to be fair always. Procurement unit staff, or whomsoever concerned with the procurement process, shall be vigilant to all situations which could be interpreted as improper or anti-competitive.

4.11.8.3 *Document Control*

Document Control has the following main responsibilities:

- provides safe storage and backup of all documents in a standard manner, and
- provides clarity regarding the latest version of the documents.

4.11.8.4 *Inventory*

Inventory has the following main responsibilities:

- ensures inventory levels remain at acceptable levels and that warehouses are run in an optimal manner, and
- defines mall product inventory and warehouse guidelines that minimize the risk of shortage while minimizing overall inventory, and warehouse costs, in coordination with the end-users of the products.

4.11.9 Legal and Company Secretary

Legal and Company Secretary has the following main responsibilities:

- acts as the legal focal point for the Company in any dispute resolution, litigation proceedings in Saudi Courts, arbitration or other dispute resolution proceedings affecting it;
- reviews and provides legal support and advice in the preparation and negotiation of all contracts and agreements to be entered by the Company;
- advises on legal translations and any changes in law that materially impact the Company;
- reviews all related-party transactions to ensure transparency and the meeting of regulatory and investor disclosure requirements;
- oversees Company Secretary activities of organizing board and general assembly meetings and collating information to report to the management team and the board;
- manages the service and scope of third party legal advisors; and
- offers legal opinions as requested by the Company, the Chief Executive Officer, the Managing Director, and the Board.

4.12 Business Continuity

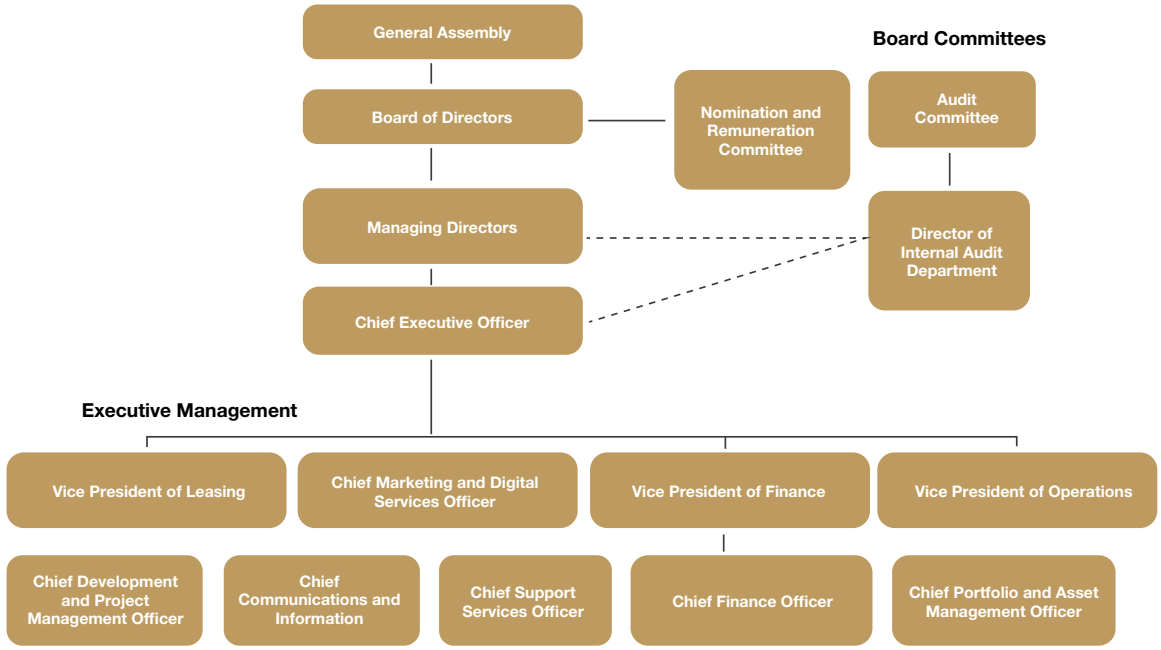
There has been no suspension or interruption in the Company's business or that of its subsidiaries during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on their financial position and no material change in the nature of its or their business is contemplated.

5. ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision and control of the Company. The Board of Directors delegates responsibility for overall day-to-day management of the Company to the senior management and, in particular, the Managing Director. The Board of Directors also granted the Managing Director the authority to delegate some or all of its authorities to the Chief Executive Officer.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus:

Figure 5-1: Company structure chart as at the date of this Prospectus



Source: Company information

Table 5-1: Direct Ownership in the Company pre and post Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership Percentage	Par Value (SAR)	No. of Shares	Ownership Percentage	Par Value (SAR)
Fawaz Abdulaziz Alhokair	44,500,000	10%	445,000,000	33,250,000	7%	332,500,000
Salman Abdulaziz Alhokair	44,500,000	10%	445,000,000	33,250,000	7%	332,500,000
Abdul Majeed Abdulaziz Alhokair	44,500,000	10%	445,000,000	33,250,000	7%	332,500,000
Al Farida Al Oula Company	22,250,000	5%	222,500,000	16,625,000	3.5%	166,250,000
Al Farida Al Thania Company	22,250,000	5%	222,500,000	16,625,000	3.5%	166,250,000
Al Farida Al Thalitha Company	22,250,000	5%	222,500,000	16,625,000	3.5%	166,250,000
FAS Real Estate Company	231,400,000	52%	2,314,000,000	172,900,000	36.4%	1,729,000,000
SAAF Al Alamiya Company	13,350,000	3%	133,500,000	9,975,000	2.1%	99,750,000
Public	-	-	-	95,000,000	20.0%	1,425,000, 000
Total	**445,000,000**	**100%**	**4,450,000,000**	**475,000,000**	**100%**	**4,750,000,000**

Source: Company information

5.1 Board Members and Secretary

5.1.1 Composition of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of nine (9) Directors appointed by the General Assembly by means of cumulative voting. The Companies' Law, Corporate Governance Regulations, the Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors, including the Chairman, is for a period of five (5) years. Subsequently, the term of the Board of Directors will be of three (3) years.

At the date of this Prospectus, the Board of Directors is comprised of six (6) Directors. The Company is actively seeking to fill the remaining 3 Board vacancies by canvassing potential candidates who are of a high caliber and are likely to add value to the Board. The Company intends for one of the new Directors to be independent in accordance with the Corporate Governance Regulations. The Company has identified a number of quality candidates and anticipates completing its review and appointment process following the Offering. Any decision to make further appointments will be determined primarily by the anticipated contribution the candidates will make to the Board. No employment contracts exist with Board members.

The following table sets out the names of the Directors as at the date of this Prospectus:

Table 5-2: Company's Board of Directors

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Fawaz Abdulaziz Fahad Alhokair	Chairman of the Board	Saudi	Non-Executive	19 June 2017G	10.00%	8.00%	23.33%(1)	18.67%
2	Salman Abdulaziz Fahad Alhokair	Vice-Chairman and Managing Director	Saudi	Executive	19 June 2017G	10.00%	8.00%	23.33%(2)	18.67%
3	Abdulrahman Abdulaziz Al Tuwaijri	Director	Saudi	Independent	19 June 2017G	-	-	-	-
4	Mohamed Abdullah Ibrahim Al Khorayef	Director	Saudi	Independent	19 June 2017G	-	-	-	-
5	Kamel Badih Al Qalam	Director	American	Non-Executive	19 June 2017G	-	-	-	-
6	Bernard Higgins	Director	British	Independent	6 December 2017G	-	-	-	-
7	Vacant	Director							
8	Vacant	Director							
9	Vacant	Director							

Source: Company information

(1) Fawaz Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Oula, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(2) Salman Abdulaziz Fahad Alhokair indirectly owns 23.3% of the shares of the Company pre-Offering as a result of his: (i) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in FAS Real Estate that, in turn, is a 52% shareholder in the Company; (ii) 33.4% shareholding in Fawaz Alhokair and Partners Holding, which is the owner of 3.5% shareholding in Saudi FAS Holding, being the owner of 95% shareholding in FAS Real Estate, which, in turn, is a 52% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thania, which is the owner of 5% shareholding in the Company; (iv) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 5% shareholder in FAS Real Estate Company that, in turn, is a 52% shareholder in the Company (v) 31.7% shareholding in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn, is a 3% shareholder in the Company; and (vi) an additional 0.41% indirect ownership that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

The current Secretary of the Board of Directors is Abdurraheem Kaldine who does not hold any Shares in the Company.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members and Secretary of the Board of Directors include the following:

5.1.2.1 *Board of Directors*

- Adopting the strategic aims and main objectives of the Company as well as overseeing their implementation, including:
  - Developing the Company's comprehensive strategy, main business plans and risk management policy.
  - Determining the optimal capital structure of the Company, its strategies and financial objectives, as well as approving annual budgets.
  - Overseeing the Company's capital expenditures and the ownership and disposal of assets.
  - Setting performance objectives and monitoring the Company's overall performance.
  - Periodically reviewing and adopting the Company's organizational and human resource structures.
- Developing and overseeing internal control systems and regulations:
  - Developing a written policy to regulate conflicts of interest and address possible conflicts of interest by directors, executive management and shareholders, including misuse of Company assets and facilities, and misconduct resulting from transactions with related parties.
  - Ensuring the integrity of the financial and accounting systems used, including relevant financial reporting systems.
  - Ensuring that appropriate risk management systems are in place by identifying the overall risks that the Company may face and transparently presenting such risks.
  - Annually reviewing the effectiveness of the Company's internal control procedures.
- Establishing and adopting clear and specific policies and criteria for Board membership subject to General Assembly approval, provided that these policies and criteria do not contravene the instructions issued by the relevant authorities in this regard.
- Developing a written policy governing the relationship with stakeholders in order to protect and preserve their rights, covering the following:
  - The mechanisms for compensating stakeholders when their rights are violated, as recognized by regulations and protected under contracts.
  - The mechanisms for resolving complaints or disputes that may arise between the Company and stakeholders.

- The appropriate mechanisms to establish good relations with customers and suppliers, and maintain confidentiality of their information.
- The rules of professional conduct for Company managers and employees in compliance with professional and ethical standards which shall regulate the relationship between them and stakeholders, provided that the Board of Directors sets up mechanisms to monitor the implementation of and adherence to such rules.
- The Company's corporate social responsibility.

- Developing policies and procedures to ensure that the Company complies with laws and regulations, while remaining committed to disclosing material information to the shareholders, reflecting the following principles:
  - Ultimate responsibility for the Company remains vested in the Board even if it has formed committees or delegated responsibilities to other parties or individuals. The Board shall avoid issuing general or indefinite authorities.
  - The Board must perform its duties with good faith, diligence and care. The Board decisions shall be based on adequate information received from the executive management or any other reliable source such as consultants and experts.
  - Board members represent all shareholders, and must commit themselves to upholding the Company's interest in general and not the interests of the companies that they represent or that voted to appoint to the Board of Directors.
- Responsibilities of the Board towards subsidiaries or affiliates (if any), including:
  - Setting financial targets.
  - Overseeing financial performance.
  - Approving main investments as mandated by the Board's internal policies.
  - Evaluating the performance of the boards and board members of subsidiaries or affiliates.
  - The Company's Board of Directors shall retain its responsibilities towards subsidiaries or affiliates in respect of all material decisions that have legal or financial repercussions on the Company. Towards that end, the Board of Directors shall develop a specific internal policy defining the respective powers of the Company's Board and those of its subsidiary boards, as well as the mechanism to follow-up and submit the latter to management. Said mechanisms include amending the articles of association of subsidiaries or affiliates, approve budgets and financial statements, and approve the distribution of profits and other such decisions.

5.1.2.2 *Chairman of the Board*

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

The Chairman's main responsibilities include:

- Draft an appropriate agenda for the Board meeting, where sufficient time is allocated for each agenda item.
- Effectively manage the flow of information to the Board for the purpose of supporting the business agenda.
- Manage board discussions and ensure that results/decisions are reached, clearly understood by all members and properly recorded.

- Endeavor to develop the role of independent members.
- Approve Board resolutions, abstracts and minutes.
- Ensure that Board members are aware of their role and responsibilities.
- Ensure that Board meetings are held once per quarter at least.
- Meet and review the qualifications and experience of new candidates for Board membership nominated by the Nomination and Remuneration Committee.
- Hold regular meetings with non-executive board members in the absence of any Company executive.

Other responsibilities of the Chairman include being the Board's official spokesman. In addition thereto, the Chairman is considered to be the principal link between management and the Board.

Among the Chairman's other responsibilities is the management of annual General Assembly meetings and playing the preeminent role in the Company's relationship with stakeholders.

5.1.2.3 *Managing Director*

The Managing Director shall represent shareholders in overseeing the day-to-day activities of the Company, directing management and reviewing important decisions prior to submitting them to the Board of Directors. The Managing Director's main responsibilities include:

- Endorse the Company's strategic plans, annual business plans and performance reports in preparation for approval by the Board of Directors.
- Inform the Board of Directors of the state of the market, trends, new ideas and innovations, and internal regulatory matters that may have an impact on the Company's objectives and performance.
- Review business performance reports pertaining to the Company's activities and coordinate with the Chief Executive Officer to remedy shortcomings.
- Provide monthly or quarterly reports to the Board and its Committees.
- Offer advice to the Board on operational issues and develop appropriate improvement plans.
- Approve small budget overruns and endorse larger overruns.
- Approve small budgetary transfers concerning operating expense items from or to capital expenditures, and endorse larger transfers.
- Sign non-binding land agreements (memoranda of understanding).
- Review and validate the business matters relating to land tenure before approval from higher management.
- Approve small development projects that include the design, implementation and review of all large investments and all exit strategies.
- Approve small and medium financial agreements that the Company or one of its projects intend to enter, or undertake amendments in existing agreements.
- Approve the opening or closing of bank accounts.
- Appoint direct subordinates to the Chief Executive Officer (Level II) and approve changes in the organizational structure of the Company.
- Review the Company's overall rewards and benefits structure, as well as job and salary levels.
- Undertake to deal with the media.

5.1.2.4 *Secretary*

- Organizing Board meetings:

  The Secretary is responsible for organizing Board meetings. Although Board meetings are ultimately the responsibility of the Chairman, the Secretary handles all administrative and organizational matters such as:

  - Preparing the Board meetings' calendar.
  - Helping the Chairman prepare the agenda.
  - Developing presentations on substantive and procedural issues under discussion.
  - Preparing briefs for boardroom discussions.
  - Giving advance notice of Board meetings to all board members.
  - Distributing voting ballots to Board members.
  - Collecting completed ballots and the written opinions of Board members who are not physically present at the meeting.
  - Forwarding written opinions to the Chairman.

  In addition thereto, the Secretary shall help ensure that procedures for Board meetings are followed. Along with the Chairman, the Secretary shall prepare Board meeting minutes, and shall also brief newly elected board members on:

  - Corporate procedures that regulate the operations of the Board.
  - The Company's organizational structure and officers.
  - The Company's internal documents.
  - The decisions of the annual General Assembly meeting and Board resolutions.
  - The availability of information required by board members to adequately perform their duties.

- Provide the Board with access to information.

  The Secretary plays a key role in assisting Board members to obtain the information they need for sound decision-making. The Secretary provides Board members with timely and full access to:

  - The minutes of Board meetings.
  - Decisions approved by the Managing Director.
  - Documents from the Managing Director.
  - The minutes of meetings and reports prepared by the external auditor
  - Financial documents.

- Organizing the Annual General Assembly meeting:

  The Secretary plays an important role in organizing the annual General Assembly meeting. Some of the Secretary's tasks include:

  - Notifying shareholders about the annual General Assembly meeting.
  - Ensuring that the list of shareholders is prepared.

- Answering procedural questions during the annual General Assembly meeting and resolving disputes related to preparing and conducting said meeting.
- Forwarding the report on the results of the annual General Assembly meeting to shareholders.
- Ensuring that minutes on the voting results and the annual General Assembly meeting minutes are kept.
- Ensuring compliance with the procedures for registering to attend the annual General Assembly meeting.

- Assisting the Board and the Managing Director in fulfilling their obligations relating to the disclosure of material information to the Company's shareholders and Tadawul:
  - Ensuring that the Company complies with procedures for disclosure of information.
  - Safekeeping of Company documents.
  - Certifying copies of documents before providing them to shareholders.
  - Ensuring unrestricted access to information for all shareholders in accordance with the applicable laws.

5.1.2.5 *Chief Executive Officer*

The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. He shall also act as a liaison between the Board of Directors, the Managing Director and the Management of the Company.

5.1.3 Biographies of the Members and Secretary of the Board

An overview of the experiences, qualifications, as well as current and previous positions of each of the Directors and the Secretary of the Board of Directors.

5.1.3.1 *Fawaz Abdulaziz Fahad Alhokair*

Age:	54 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors
Appointment Date:	Appointed as Director on: 19 June 2017G. Appointed as Chairman on: 19 June 2017G.
Academic Qualifications:	• Bachelor's degree in economics and accounting from Loughborough University, United Kingdom, in 1989G. • Doctorate in economics and accounting from Loughborough University, United Kingdom, in 2008G.
Current Executive Positions:	• Since 1991G, manager at Balad Al Riyadah, a sole proprietorship established in the KSA, and operating in the trading sector. • Since 2002G, manager at Fawaz Abdulaziz Alhokair & partners Real Estate, a limited liability company established in the KSA, and operating in the real estate investment sector. • Since 2005G, manager at Al Farida Real Estate Company Limited, a limited liability company established in the KSA, and operating in general contracting sector. • Since 2005G, manager at Fawaz Abdulaziz Alhokair & Partners Holding Company, a limited liability company established in the KSA, and operating in the investment sector.

Current Executive Positions:	• Since 2006G, manager at Fawaz Abdulaziz Alhokair & Co. Enterprises Company, a limited liability company established in the KSA, and operating in the property operation and maintenance sector. • Since 2006G, manager at FAS Construction Company Limited, a limited liability company established in the KSA, and operating in the real estate investment and contracting sectors. • Since 2007G, manager at Al Farida Information Technology & Communications Limited Company, a limited liability company established in the KSA, and operating in the technology sector. • Since 2008G, manager at Al Bawarij International for Development & Real Estate Investment, a limited liability company established in the KSA, and operating in the real estate development sector. • Since 2012G, manager of Fawaz Abdulaziz Alhokair and Sons Holding Company, a limited liability company established in the KSA, and operating in the investment sector. • Since 2017G, manager at Al Farida Al Oula Real Estate, a sole proprietorship established in the KSA, and operating in the real estate sector.
Other Current Memberships:	• Since 2005G, chairman of the board of FAS Saudi Holding Company, a closed joint stock company established in the KSA, and operating in the real estate development sector. • Since 2007G, chairman of the board of Egyptian Centers For Real Estate Development, a closed joint stock company established in the Arab Republic of Egypt, and operating in the real estate development sector. • Since 2007G, chairman of the board of Saudi Medical Company, a closed joint stock company established in the KSA, and operating in the ownership and management of hospitals. • Since 2007G, chairman of the board of Marakez for Real Estate Investment, a closed joint stock company established in Egypt, operating in the real estate development sector. • Since 2007G, member of the board of Arabian Falcon Limited, a limited liability company established in United Kingdom, with activities in the real estate development sector. • Since 2007G, member of the board of Focus Hospitality, a limited liability company established in United Arab Emirates, with activities in the hospitality sector. • Since 2012G, member of the board of Al Azizia Panda United Company, a closed joint stock company established in the KSA, and operating in the retail sector. • Since 2016G, Chairman of the board of FAS Holding - Italy, a closed joint stock company established in Italy, with activities in the real estate investment sector. • Since 2016G, member of the board of FAS Real Estate Development, a limited liability company established in the United Kingdom, operating in the real estate investment sector.
Previous Executive Positions:	• Since 1998G to 2018G, manager at Al-Waheedah Equipment Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2003G to 2018G, manager at Wahba Trading Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2006G to 2008G, manager at Eqar Al Arab Global Limited, a limited liability company established in the KSA, and operating in the real estate investment sector. • Since 2006G to 2008G, manager at Eqar Al Watan Limited, a limited liability company established in KSA, and operating in the real estate investment sector. • Since 2006G to 2018G, manager at Retail Group Egypt, a closed joint stock company established in the Egypt, and operating in the retail sector. • Since 2006G to 2017G, chairman of the board of Fawaz Abdulaziz Alhokair and Partners, a joint stock listed company established in the KSA, and operating in the fashion retail sector.

Previous Executive Positions:	• Since 2010G to 2018G, manager at Advanced Retail International Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2011G to 2018G, manager at Al-Waheedah Equipment General Trading Company, a limited liability Company established in the United Arab Emirates, and operating in the retail sector. • Since 2014G to 2018G, manager at International Fashion Concepts Company, a limited liability Company established in the United Arab Emirates, and operating in the retail sector.

5.1.3.2 *Salman Abdulaziz Fahad Alhokair*

Age:	51 years
Nationality:	Saudi
Current Position:	Vice-Chairman of the Board of Directors and Managing Director
Appointment Date:	19 June 2017G
Academic Qualifications:	Bachelor's degree in architecture from King Saud University, KSA, in 1990G.
Current Executive Positions:	• Since 1992G, manager at Tadarees Najad for Trading, a sole proprietorship established in the KSA, and operating in the trading sector. • Since 2003G, manager at Food and Entertainment Company, a limited liability company established in the KSA, and operating in the food and entertainment sector. • Since 2004G, manager at Arkan Salam Real Estate & Contracting Company, a limited liability company established in the KSA, and operating in the real estate investment and construction sector. • Since 2004G, manager at Salman Alhokair Engineering Consulting Office, an engineering firm established in the KSA, and operating in the engineering consulting sector. • Since 2005G, manager at Mall of Arabia Company Limited, a limited liability company established in the KSA, and operating in the real estate investment and construction sector. • Since 2005G, manager at Fawaz Abdulaziz Alhokair & Co. Holding Company, a limited liability company established in the KSA, and operating in the retail investor sector. • Since 2005G, manager at Al Farida Real Estate Company Limited, a limited liability company established in the KSA, and operating in the general contracting sector. • Since 2006G, manager at FAS Construction Company Limited, a limited liability company established in the KSA, and operating in the real estate investment and construction sector. • Since 2006G, manager at Aziz Mall Trading Company Limited, a limited liability company established in the KSA, and operating in the real estate investment and construction sector. • Since 2006G, manager at Dhahran Mall Trading Company, a limited liability company established in the KSA, and operating in the real estate investment and construction sector. • Since 2006G, manager at Al Noor Mall Trading Company Limited, a limited liability company established in the KSA, and operating in the trade investment sector. • Since 2006G, manager at Riyadh Centers Company Limited, a limited liability company established in the KSA, and operating in the commercial investment sector. • Since 2006G, manager at Fawaz Abdulaziz Alhokair & Co. for Real Estate Projects Company, a limited liability company established in the KSA, and operating in the real estate management and development sector.

Current Executive Positions:	• Since 2007G, manager at Al Farida Information Technology & Communications Limited Company, a limited liability company established in the KSA, and operating in the retail sector. • Since 2007G, manager at Yarmouk Complex Company, a limited liability company established in the KSA, and operating in the trade investment sector. • Since 2007G, manager at FAS Holding For Hotels Company, a limited liability company established in the KSA, and operating in the hotel sector. • Since 2007G, manager at Home Furniture Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2008G, manager at Al Makarem International Real Estate Development Company, a limited liability company established in the KSA, and operating in the real estate investment sector. • Since 2008G, manager at Al Bawarij International for Development & Real Estate Investment, a limited liability company established in the KSA, and operating in in the real estate investment sector. • Since 2008G, manager at FAS Real Estate Company Limited, a limited liability company established in the KSA, and operating in in the real estate investment sector. • Since 2008G, manager at SAAF International Limited, a limited liability company established in the KSA, and operating in in the real estate investment sector. • Since 2008G, manager at FAS for Retail & Trading Investment Company Limited, a limited liability company established in the KSA, and operating in the trading investments sector. • Since 2008G, manager at My Home Company Limited, a limited liability company established in the KSA, and operating in in the real estate investment sector. • Since 2012G, general manager of Kids Space Company, a limited liability company established in the KSA, and operating in the trade sector. • Since 2012G, manager at Billy Games Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2012G, manager at Riyadh Hotels Company Limited, a limited liability company established in the KSA, and operating in the hotel trade sector. • Since 2012G, manager at Fashion Retail Trading Company Limited, a limited liability company established in the KSA, and operating in the trade investment sector. • Since 2013G, manager at Salman Abdulaziz Alhokair & Sons Holding Company, a limited liability company established in the KSA, and operating in the trade investment sector. • Since 2014G, manager at Oyoun Al-Raed Mall Trading Company, a limited liability company established in the KSA, and operating in the contracting sector. • Since 2014G, general manager of FAS First Hotel Trading Company, a limited liability company established in the KSA, and operating in the hotels sector. • Since 2014G, general manager of FAS Second Hotel Trading Company, a limited liability company established in the KSA, and operating in the hotels sector. • Since 2014G, general manager of FAS Third Hotel Trading Company, a limited liability company established in the KSA, and operating in the hotels sector. • Since 2014G, general manager of FAS Fourth Hotel Trading Company, a limited liability company established in the KSA, and operating in the hotels sector. • Since 2014G, general manager of FAS Fifth Hotel Trading Company, a limited liability company established in the KSA, and operating in the hotels sector. • Since 2014G, manager at Coffee Centres Trading Company Limited, a limited liability company established in the KSA, and operating in the food retail sector. • Since 2014G, general manager of Al Erth Al Rasekh Trading Company, a limited liability company established in the KSA, and operating in the contracting sector.

Current Executive Positions:	• Since 2014G, general manager of Dammam Mall Trading Company, a limited liability company established in the KSA, and operating in the contracting sector. • Since 2014G, general manager of Al Hamra Mall Trading Company, a limited liability company established in the KSA, and operating in the maintenance and operation sector. • Since 2014G, general manager of Al Yasmin Mall Trading Company, a limited liability company established in the KSA, and operating in the maintenance and operation sector. • Since 2014G, general manager of Al Malaz Mall Trading Company, a limited liability company established in the KSA, and operating in the maintenance and operation sector. • Since 2014G, manager at FAS Spain, a sole proprietorship established in the Spain, and operating in the real estate sector. • Since 2015G, general manager of Fantastic Bakery Company, a limited liability company established in the KSA, and operating in the food trade sector. • Since 2015G, general manager of First Pies Company, a limited liability company established in the KSA, and operating in the food trade sector. • Since 2015G, manager at Oyoun Al-Basateen Mall Trading Company, a limited liability company established in the KSA, and operating in the maintenance and operations sector. • Since 2015G, manager at Cake Palace Company Limited, a limited liability company established in the KSA, and operating in the food trade sector. • Since 2015G, manager at First Chicken Company Limited, a limited liability company established in the KSA, and operating in the food trade sector. • Since 2015G, manager at Escan Plus Company Limited, a limited liability company established in the KSA, and operating in the real estate investment sector. • Since 2016G, general manager of Taste of Milk Trading Company, a limited liability company established in the KSA, and operating in the food trade sector. • Since 2016G, manager at Ice Cream Express Company Limited, a limited liability company established in the KSA, and operating in the food sector. • Since 2016G, manager at Arabic Pie Company Limited, a limited liability company established in the KSA, and operating in the food sector. • Since 2016G, manager at Fawaz Abdulaziz Alhokair & Company Trading, a limited liability company established in the KSA, and operating in the retail sector. • Since 2016G, manager at FAS Almeyah Real Estate, a limited liability company established in the KSA, and operating in the real estate investment sector. • Since 2017G, manager at MARAKEZ for Trading Vehicles, a limited liability company established in the KSA, and operating in the retail sector. • Since 2017G, manager at Mahara for Inventing Toys Trading Company Limited, a limited liability company established in the KSA, and operating in the entertainment sector. • Since 2017G, manager at Ibtikar Renewable Energy for Investment Company, a limited liability company established in the KSA, and operating in the energy sector. • Since 2017G, manager at ETQAN for Facilities Management Company, a limited liability company established in the KSA, and operating in the management sector. • Since 2017G, manager at FAS First Development for Real Estate Company, a limited liability company established in the KSA, and operating in the real estate development sector. • Since 2017G, manager at Al Farida Al Thaniya Real Estate, a sole proprietorship company established in the KSA, and operating in the real estate development sector. • Since 2017G, manager at FAS Tech Trading Company, a limited liability company established in the KSA, and operating in the technology sector.

Other Current Memberships:	• Since 2005G, member of the board of FAS Saudi Holding Company, a closed joint stock company established in the KSA, and operating in the real estate development sector. • Since 2007G, member of the board of Focus Hospitality, a limited liability company established in United Arab Emirates, with activities in the hospitality sector. • Since 2007G, member of the board of Saudi Medical Company, a closed joint stock company established in the KSA, and operating in the ownership and management of hospitals sector. • Since 2007G, member of the board of Egyptian Centers For Real Estate Development, a closed joint stock company established in Egypt, and operating in the real estate development sector. • Since 2007G, member of the board of Marakez for Real Estate Investment, a closed joint stock company established in Egypt, operating in the real estate development sector. • Since 2007G, member of the board of Arabian Falcon Limited, a limited liability company established in United Kingdom, with activities in the real estate development sector. • Since 2015G, member of the board of FAS Renewable Energy, a closed joint stock company established in the Egypt, and operating in the energy sector. • Since 2016G, a member of the board of ECHO Engineering Limited, a limited liability company established in United Kingdom, operating in the engineering consultancy sector. • Since 2016G, member of the board of FAS Holding, a closed joint stock company established in Italy, with activities in the real estate sector. • Since 2016G, member of the board of FAS Real Estate Development, a limited liability company established in the United Kingdom, operating in the real estate investment sector. • Since 2016G, a member of the board of J&A International Consultant, a limited liability company established in United Kingdom, operating in the engineering consultancy sector. • Since 2018G, member of the board of FAS Energy Limited., a limited liability company established in the United Kingdom, and operating in the energy sector.
Previous Executive Positions:	• Since 1998G to 2018G, manager at Al-Waheedah Equipment Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2003G to 2018G, manager at Wahba Trading Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2006G to 2017G, chairman of the Board of Fawaz Abdulaziz Alhokair and Co., a joint stock company established in the KSA, and operating in the fashion trade sector. • Since 2006G to 2018G, manager at Retail Group Egypt, a closed Joint stock company established in the Egypt, and operating in the retail sector. • Since 2010G to 2018G, manager at Advanced Retail International Company Limited, a limited liability company established in the KSA, and operating in the retail sector. • Since 2011G to 2018G, manager at Al-Waheedah Equipment General Trading Company, a limited liability Company established in the United Arab Emirates, and operating in the retail sector. • Since 2012G to 2018G, general manager of Al-Jeel Clothing Trading Company, a limited liability company established in the KSA, and operating in the trade sector.

5.1.3.3 *Abdulrahman Abdulaziz Al Tuwaijri*

Age:	64 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	19 June 2017G
Academic Qualifications:	• Bachelor's degree in economics from King Saud University, KSA, in 1978G. • Doctorate in economics from Iowa State University, United States of America, in 1985G.
Current Executive Positions:	Since 2013G, Owner at Doctor Abdulrahman Al Tuwaijri Economic Consulting Office, a professional office established in the KSA, and operating in the consulting sector.
Other Current Memberships:	Since 2017G, member of the board of Al Hanaf United Trading Company, a limited liability company established in the KSA, and operating in the capital investments sector.
Previous Executive Positions:	• From 1978G to 1984G, lecturer at the Department of Economics, King Saud University, a public university established in the KSA. • From 1985G to 1988G, assistant professor at the Department of Economics, King Saud University, a public university established in the KSA. • From 1988G to 1990G, economic consultant at the Gulf Cooperation Council, a governmental organization established in the KSA. • From 1991G to 1995G, alternate executive director of the International Monetary Fund (IMF), an intergovernmental agency established in the United States of America. • From 1995G to 1999G, managing director and the representative of the Kingdom of Saudi Arabia in the International Monetary Fund (IMF), an intergovernmental agency established in the United States of America. • From 1999G to 2009G, general secretary of the Supreme Economic Council, a Governmental Agency established in the KSA. • From 2001G to 2013G, member of the board of Aramco, a governmental company established in the KSA, and operating in the petroleum sector. • From 2009G to 2013G, chairman of the board of the CMA, a government agency established in the KSA, and operating in the financial market regulation and development sector. • From 2015G to 2018G chairman of the Board of Middle East Financial Investment Company, a closed joint stock company established in the KSA and operating in the capital investment sector.

5.1.3.4 *Mohamed Abdullah Ibrahim Al Khorayef*

Age:	55 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	19 June 2017G
Academic Qualifications:	Bachelor's degree in industrial engineering from King Saud University, KSA, in 1988G.
Current Executive Positions:	• Since 2016G, chief executive officer at Al Khorayef Group, a closed joint stock company established in the KSA with activities in the industrial sector.
Other Current Memberships:	• Since 1988G, member of the board of Abdullah Ebrahim Al Khorayef Sons Company, a limited liability company established in the KSA, and operating in the financial investment sector. • Since 2007G, member of the board of Al Khorayef Group Company, a closed joint stock company established in the KSA, and operating in the industrial and trade sector.

Other Current Memberships:	• Since 2013G, chairman of the board of Al Khorayef for Water and Energy Technologies Company, a limited liability company established in the KSA, and operating in the water and energy sectors. • Since 2013G, chairman of the board of Al Khorayef Trading Company, a limited liability company established in the KSA, and operating in the trade sector. • Since 2013G, chairman of the board of Al Khorayef Industries, a limited liability company established in the KSA, and operating in the industrial sector. • Since 2014G, member of the board of Al Khorayef Petroleum Company, a limited liability company established in the KSA, and operating in the petroleum sector.
Previous Executive Position	• From 2008G to 2013G, managing director of Al-Khorayef Water and Power Technology Company, a limited liability company established in the KSA, and operating in the water and energy sector.
Previous Memberships	• From 2014G to 2018G, chairman of the board of Saudi Paper Manufacturing Company, a listed joint stock company established in the KSA and operating in the industrial sector. • From 2013G to 2018G, member of the board of Saudi Steel Pipe Company, a listed joint stock company established in the KSA and operating in the industrial sector. • From 2006G to 2014G, member of the board of Saudi Paper Manufacturing Company, a listed joint stock company established in the KSA and operating in the industrial sector.

5.1.3.5 *Kamel Badih Al Qalam*

Age:	53 years
Nationality:	American
Current Position:	Member of the Board of Directors
Appointment Date:	19 June 2017G
Academic Qualifications:	• Bachelor's degree in architecture from the University of North Carolina, United States of America, in 1988G. • Master's degree in civil engineering from the University of North Carolina, United States of America, in 1990G.
Current Executive Positions:	• Since 2001G, consultant at Fawaz Abdulaziz Alhokair and Co. Real Estate, a limited liability company established in the KSA, and operating in the real estate development sector.
Other Current Memberships:	• Since 2014G, member of the board of FAS Entertainment Limited, a limited liability company established in Canada, and operating in the entertainment sector. • Since 2015G, member of the board of Egyptian Centers For Real Estate Development, a closed joint stock company established in Egypt, and operating in the real estate development sector. • Since 2015G, a member of the board of Escan Plus Co. Ltd, a limited liability company established in Saudi Arabia, operating in the real estate sector. • Since 2016G, a member of the board of J&A International Consultant, a limited liability company established in United Kingdom, operating in the engineering sector. • Since 2016G, a member of the board of Echo Development, a limited liability company established in Italy, operating in the engineering sector. • Since 2016G, a member of the board of Echo Architecture Limited, a limited liability company established in United Kingdom, operating in the engineering sector.

Other Current Memberships:	• Since 2016G, member of the board of FAS Holding, a closed joint stock company established in Italy, with activities in the real estate sector. • Since 2016G, a member of the board of Marakez for Real Estate Investment, a closed joint stock company established in Egypt, operating in the real estate development sector. • Since 2017G, member of the board of Ibtikar Renewable Energy for Investment Company, a limited liability company established in the KSA, and operating in the energy sector. • Since 2017G, chairman of the board of Falcon Malls Company, a limited liability company established in Italy, with activities in the real estate development sector.
Previous Executive Positions:	• From 1988G to 2001G, architect engineer at the Federal Highway Administration - United States Department of Transportation, United States, a government agency.
Previous Memberships	• From 2012G to 2018G, member of the board of Amlak International Real Estate Investments, a closed joint stock company, operating in the real estate development sector,

5.1.3.6 *Bernard Higgins*

Age:	58 years
Nationality:	British
Current Position:	Member of the Board of Directors and Chairman of the Audit Committee
Appointment Date:	6 December 2017G
Academic Qualifications:	• Bachelor's degree in Mathematics from University of Glasgow, United Kingdom, in 1983G. • Fellow of the Faculty of Actuaries at the University of Glasgow, United Kingdom, since 1986G. • Fellow of the Chartered Institute of Bankers in Scotland, United Kingdom, since 2003G.
Current Executive Positions:	• Since 2017G, honorary professor at Edinburgh Business School, Heriot-Watt University, a public university established in the United Kingdom, and operating in the educational sector. • Since 2018G, visiting professor at Strathclyde University, a public university established in the United Kingdom, and operating in the educational sector. • Since 2018G, strategic advisor at Scottish National Investment, a government agency established in the United Kingdom, and operating in the banking sector.
Other Current Memberships:	• Since 2011G, member of the Financial Services Advisory Board, a governmental advisory group established in the United Kingdom, and operating in the financial services advisory sector. • Since 2014G, member of the board of Buccleuch Group, a limited liability company established in the United Kingdom, and operating agricultural and energy sectors. • Since 2017G, member of the board of Glasgow Life, a charitable organization established in the United Kingdom, and operating in organizing cultural and touristic events. • Since 2017G, chairman of the National Galleries of Scotland, a charitable governmental organization established in the United Kingdom, and operating in the art sector. • Since 2018G, chairman of Sistema Scotland, a charitable governmental organization established in Scotland, and operating in supporting youth. • Since 2018G, chairman of Kyckr, a public limited company established in Australia, and operating in the technology sector.

Previous Executive Positions:	• From 1983G to 1996G, general manager of Standard Life, a public limited company established in the United Kingdom, and operating in the insurance sector. • From 1997G to 2006G, chief executive officer of retail banking at the Royal Bank of Scotland, a public joint stock company established in the United Kingdom, and operating in the banking sector. • From 2006G to 2008G, executive director of customer banking services at HBOS, a public limited company established in the United Kingdom, and operating in the banking sector. • Since 2008G to 2018, chief executive officer of Tesco Bank, a public limited company established in the United Kingdom, and operating in the banking sector.

5.1.3.7 *Abdurraheem Kaldine*

Age:	38 years
Nationality:	South Africa
Current Position:	Secretary of the Board of Directors
Appointment Date:	16 September 2018G
Academic Qualifications:	Bachelor's degree in Computer Engineering and Programming from S-T-E-C-H Havatech, Pretoria, South Africa in 2004G.
Current Executive Positions:	None
Other Current Memberships:	None
Previous Executive Positions:	None

5.2 Board Committees

The Board of Directors has established the Committees to improve the management of the Company. Each Committee is required to adopt a charter which sets out its role, powers and responsibilities and conduct meetings for the purpose of discharging its duties.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

5.2.1 Nomination and Remuneration Committee

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

- Identifying qualified candidates and nominating them to the Board of Directors.
- Conducting an annual review of Board membership requirements, which shall include the candidates'' capabilities, experience and availability to fulfill their Board responsibilities.
- Reviewing the structure of the Board and proposing required changes thereto beneficial to the Company's interests.
- Determining the strengths and weaknesses of the Board and proposing required changes thereto beneficial to the Company's interests.

- Nominating candidates for the positions of Chief Executive Officer and Managing Director, as well as nominating Committee members for approval by the Board of Directors or the General Assembly.
- Reviewing the approval policies and procedures for Board membership prior to their adoption through the General Assembly.
- Monitoring the independence of independent Board members and monitoring any conflicts of interest on an annual basis.
- Reviewing the preparatory materials and training courses destined to new Board members.
- Establishing clear policies regarding the remuneration of managers and senior executives.
- Reviewing and proposing plans for the assumption of key executive functions.
- Reviewing and approving the Company's overall structure of rewards and privileges, which includes employment grades, structure of wages and privileges, as well as rewards and incentives associated with performance.
- Approving changes to the remuneration of the Chief Executive Officer and recommending changes to the remuneration of the Managing Director, the Directors and members of the various Board Committees.
- Approving extraordinary remuneration (signing or performance bonuses) for the Chief Executive Officer and senior executives.

The Nomination and Remuneration Committee shall consist of at least three (3) members appointed by the Company's Board of Directors for a period of three (3) years.

Subject to the requirements that must be met by members of the Nomination and Remuneration Committee, the Board of Directors shall appoint the members of the Committee for a period of three years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

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

Table 5-3: Nomination and Remuneration Committee Members

	Name	Title
1	Mohamed Abdullah Ibrahim Al Khorayef	Chairman
2	Nadim Mustafa Hamid Ahmad Shabsogh	Member
3	Kamel Badih Al Qalam	Member

Source: Company information

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

5.2.1.1 *Mohamed Abdullah Ibrahim Al Khorayef*

Please refer to Mohamed Abdullah Ibrahim Al Khorayef biography under Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**").

5.2.1.2 *Nadim Mustafa Hamid Ahmad Shabsogh*

Age:	54 years
Nationality:	British
Current Position:	Member of the Nomination and Remuneration Committee
Appointment Date:	14 November 2017G
Academic Qualifications:	• Bachelor's degree in engineering from London University, United Kingdom, in 1987G. • Master's in business administration from University of Nottingham, United Kingdom, in 1988G.
Current Executive Positions:	• Since 2014G, managing director at Mesk International LLC, a limited liability company established in the United Arab Emirates, with activities in the food and beverage sector. • Since 2014G, Senior Advisor to Fawaz Alhokair Group, a group of companies (including the Company, Alhokair Fashion Retail, FARE, FAS Energy and TNS, among others) owned and controlled collectively, directly or indirectly, by Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdul Majeed Abdulaziz Alhokair. • Since 2013G, managing director at Broadview Strategic Partners JLT, a limited liability company established in the United Arab Emirates, with activities in the corporate strategy advisory sector.
Previous Executive Positions:	• From 2008G to 2012G, executive director at Morgan Stanley International, a limited liability company established in the United Arab Emirates, with activities in the financial sector. • From 2003G to 2008G, senior managing director at Bear Stearns International, a limited liability company established in the United Kingdom, with activities in capital investments. • From 1997G to 2003G, vice president at Credit Suisse First Boston, a limited liability company established in the United Kingdom, with activities in capital investments. • From 1989G to 1997G, associate at Arab Bank PLC (London and Singapore), a public joint stock company established in Jordan, with activities in the banking sector.

5.2.1.3 *Kamel Badih Al Qalam*

Please refer to Kamel Badih Al Qalam biography under Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**").

5.2.2 Audit Committee

The implementation of an effective internal control system is one of the responsibilities assigned to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for reviewing risk management policies, the annual risk report and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by the Capital Market Authority and the Company's Corporate Governance Manual and Policy. The scope of the Committee's work shall include all actions that enable it to fulfill its functions, including:

- Supervise the Internal Audit Department.
- Review and evaluate internal audit procedures and make recommendations for the improvement thereof.

- Review the internal audit reports and ensure that required changes are applied, as well as review the annual report before submitting it to the Board for approval.
- Make a recommendation to the Board of Directors to appoint, dismiss, determine the fees and ensure the independence of external certified accountants.
- Supervise the work of the certified accountants and approve any change in the scope of their audit.
- Review the audit plan with the accountant and make any observations thereon.
- Review the auditor's observations on the financial statements and follow up on developments in that regard.
- Review the Company's interim and annual financial statements before submitting them to the Board of Directors.
- Review accounting policies and submit recommendations for improvement to the Board of Directors.
- Approve/endorse the annual risk report and make proposals for the reduction of risks before submitting said report to the Board of Directors.
- Monitor and evaluate risk management policies.
- Monitor the effectiveness of the internal control system, and compliance with the laws and regulations pertaining to reports.
- Ensure that corporate governance rules and policies are implemented.
- Ratify the internal corporate governance manual, policies, and delegation of power before submitting the same to the Board for approval.
- Ensure that information is transparent and accessible to shareholders.
- Ensure that the Board of Directors and subcommittees meet their pre-defined functions in accordance with established policies and in accordance with their role.

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

Subject to the requirements that must be met by members of the Audit Committee, the Board of Directors shall appoint the members of the Committee for a period of three years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 18/03/1439H (corresponding to 6 December 2017G):

Table 5-4: Audit Committee Members

No.	Name	Title
1	Bernard Higgins	Chairman
2	Nadim Mustafa Hamid Ahmad Shabsogh	Member
3	Fahad Ibrahim Abdullah Al Khorayef	Member

Source: Company information

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

5.2.2.1 *Bernard Higgins*

Please refer to Bernard Higgins biography under Section 5.1.4 (“**Biographies of the Members and Secretary of the Board**”).

5.2.2.2 *Nadim Mustafa Hamid Ahmad Shabsogh*

Please refer to Nadim Mustafa Hamid Ahmad Shabsogh biography under Section 5.2.1 (“**Nomination and Remuneration Committee**”).

5.2.2.3 *Fahad Ibrahim Abdullah Al Khorayef*

Age:	39 years
Nationality:	Saudi
Current Position:	Member of the Audit Committee
Appointment Date:	6 December 2017G
Academic Qualifications:	Bachelor’s degree in finance from King Saud University, KSA, in 2000G.
Current Executive Positions:	Since 2017G, financial and business advisor at Fahad Ibrahim Al Khorayef Financial and Business Advisory Services Company, a limited liability company established in the KSA, with activities in the financial and business advisory sector.
Current Memberships:	Since 2017G, member of the board of Saudi Finance Company, a closed joint stock company established in the KSA, with activities in the financial sector.
Previous Executive Positions:	• From 2015G to 2017G, chief risk officer at Maceen Capital, a closed joint stock company established in the KSA, with activities in the financial sector. • From 2012G to 2015G, chief risk officer at Saudi Finance Company. • From 2008G to 2011G, export finance manager at Al Khorayef Group, a limited liability company established in the KSA, with activities in the industrial sector. • From 2004G to 2008G, manager at Samba Financial Group, a public joint stock company established in the KSA, with activities in the banking sector. • From 2001G to 2004G, senior accountant and financial analyst at Al Khorayef Group.

5.3 Senior Management

5.3.1 Overview of Senior Management

The Company’s senior management is comprised of qualified Saudi and non-Saudi members with significant international and local real estate development and commercial mall operation expertise. The primary responsibility of the Chief Executive Officer is to manage the Company’s business and supervise its performance in line with the objectives and guidance of the Board of Directors and shareholders.

The senior management team currently consists of the Managing Director, the Chief Executive Officer, the Chief Development and Vice President of Finance, the Vice President of Operations, the Vice President of Leasing, the Chief Financial Officer, the Chief Support Services Officer, the Chief Portfolio and Asset Management Officer, the Chief Development and Project Management Officer, the Chief Marketing and Digital Services Officer, the Director of the Internal Audit Department and the Chief Communications and IT Officer, as set out in the table below:

Table 5-5: Senior Management Details

Name	Position	Date of Appointment of Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares held Post-Offering
Salman Abdulaziz Fahad Alhokair	Managing Director	General Manager of the Company since 2005G	Saudi	51	44,500,000	38,000,000
Olivier Nougarou	Chief Executive Officer	January 2019G	French	50	-	-
Dr Lionel Ponsard	Vice President of Finance	January 2019G	Belgian	45	-	-
Majed Aiedh Batai Al Juaid	Vice President of Operations	September 2013G	Saudi	42	-	-
Khalid Mohamed Saleh Al Dubaihi	Vice President of Leasing	September 2014G	Saudi	40	-	-
Jabri Abdulfattah Hussein Maali	Chief Financial Officer	September 2006G	Jordanian	48	-	-
Turki Saleh Ahmed Al Zahrani	Chief Support Services Officer	September 2009G	Saudi	42	-	-
Bruno Wehbe	Chief Portfolio and Asset Management Officer	24/07/2018G	Lebanese	34	-	-
Ghassan Ahmed Abdulkader Abu Mutair	Chief Development and Project Management Officer	December 2015G	Jordanian	43	-	-
Vacant	Chief Marketing and Digital Services Officer	-	-	-	-	-
Naji Hassib Mohammed Fayad	Director of the Internal Audit Department	August 2017G	Lebanese	54	-	-
Rashed Abdullah Rashed Al Othman	Chief Communications and IT Officer	June 2016G	Saudi	56	-	-

Source: Company information

5.3.2 Biographies of Senior Executives

The experiences, qualifications and current and previous positions of each Senior Executive are set out below:

5.3.2.1 *Salman Abdulaziz Fahad Alhokair*

Please refer to Salman Abdulaziz Fahad Alhokair biography under Section 5.1.4 ("**Biographies of the Members and Secretary of the Board**").

5.3.2.2 *Olivier Nougarou*

Age:	50
Nationality:	French
Current Position:	Chief Executive Officer
Date of Appointment:	14/01/2019G
Academic Qualifications:	• Master in International Management from ISG (Institut Superieur de Gestion), France in 1991G. • Master of Business Administration from ESCP Europe, France, in 2001G.
Past Executive Positions:	• From 2001G to 2002G, deputy shopping center manager at Unibail-Rodamco, a European company established in France and operating in the real estate sector. • From 2002G to 2004G, shopping center manager at Unibail-Rodamco. • From 2005G to 2006G, area shopping center manager at Unibail-Rodamco. • From 2007G to 2008G, head of shopping center management at Unibail-Rodamco.

Past Executive Positions:	• From 2008G to 2009G, group Head of Operations at Unibail-Rodamco. • From 2009G to 2013G, Director of Operations for Central Europe at Unibail-Rodamco. • From 2013G to 2014G, Deputy Chief Operating Officer at Unibail-Rodamco Germany - MFI, a limited liability company established in Germany and operating in the commercial real estate sector. • From 2014G to 2015G, Chief Operating Officer at Unibail-Rodamco Germany. • From 2015G to 2016G, Deputy Chief Executive Officer and managing director at Unibail-Rodamco Germany. • From 2016G to 2017G, Chief Executive Officer at Unibail-Rodamco Germany. • From 2017G to 2018, Managing Director at Morgan Stanley Real Estate (Chief Executive Officer at Cubik and Briz, which are Asset Management platforms for Metropolis Moscow and Galeria St-Petersburg).
Current and Previous Memberships	• From 2009G to 2012G member of the Management Committee of Unibail-Rodamco Central Europe. • From 2014G to 2017G, member of the Board of Directors at Unibail-Rodamco Germany. • From 2014G to 2017G, member of the Executive Committee at Unibail-Rodamco Group.

5.3.2.3 *Dr Lionel Ponsard*

Age:	45 years
Nationality:	Belgian
Current Position:	Vice President of Finance
Date of Joining:	1 Jan 2019G
Academic Qualifications:	• Bachelor's degree in languages from the University of Louvain, Brussels, in 1997G. • Master's degree in international relations from King's College, London, in 1998G. • Doctoral degree in economics from Leiden University, Netherlands, in 2004G.
Past Executive Positions:	• From 1998G to 2003G, head of the Eastern Europe Unit of Belgium Ministry of Defense, a government organization established in Belgium and operating in Defense sector. • From 2004G to 2006G, chief operating officer and deputy director of research of the North Atlantic Treaty Organization (NATO) Defense College (NDC), an international military college for the North Atlantic Treaty Organization countries established in Rome/established through the North Atlantic Treaty of 1949 and operating in the international relations sector. • From 2006G to 2008G, chief operating officer and deputy director of the North Atlantic Treaty Organization (NATO) Information Office, an international organization established in Moscow/established through the North Atlantic Treaty of 1949 and operating in the international relations sector. • From 2008G to 2012G, chief financial officer and chief operating officer of the Boston Consulting Group (BCG), a Consulting Firm established in the United States and operating in the global management consultancy sector. • From 2012G to 2015G, chief financial officer and executive vice president of the Skolkovo Institute of Science & Technology 'Skoltech' a non-profit organization established in Moscow and operating in the education sector. • From 2015G to 2016G, group international controller of the Boston Consulting Group (BCG), a Consulting Firm established in the United States and operating in the global management consultancy sector. • From 2016G to 2018G, group chief financial officer of Al Faisaliah Group, a closed joint stock company established in Saudi Arabia and operating in the dairy, electronics, healthcare and food service sector.

Past and Current Memberships	• From 2016G to 2018G, board member at Accenture KSA, a limited liability company established in Saudi Arabia and operating in the consultancy sector. • From 2016G to 2018G, board member at Pharma International Company, a private company established in Jordan and operating in the health care sector. • From 2016G to 2018G, chairman of the audit committee of Al Safi Danone, a limited liability company established in Saudi Arabia and operating in the food and beverage sector.

5.3.2.4 *Majed Aiedh Batai Al Juaid*

Age:	42 years
Nationality:	Saudi
Current Position:	Vice President of Operations
Date of Appointment:	September 2013G
Academic Qualifications:	• Bachelor of commerce, with a focus on international business from King Saud University, KSA, in 2000G. • Attended the finance course for managers at INSEAD, France, in 2015G. • Attended the leadership and management development program at NIU Business School, the KSA, in 2014G. • Degree in commercial property management from Property Counsel, the United Arab Emirates, in 2006G.
Past Executive Positions:	• From 2010G to 2013G, manager of ACC Regional Operations. • From 2005G to 2010G, manager of an ACC mall. • From 2003G to 2005G, deputy manager of an Alhokair Fashion Retail mall. • From 2001G to 2003G, assistant operations manager at Basamh Trading Company, Max Discount Center, a limited liability company established in the KSA, and operating in the trade sector.
Past and Current Memberships	None

5.3.2.5 *Khalid Mohamed Saleh Al Dubaihi*

Age:	40 years
Nationality:	Saudi
Current Position:	Vice President of Leasing
Date of Appointment:	September 2014G
Academic Qualifications:	• Bachelor of arts in public communication from the American University in Cairo, Egypt, in 2006. • Degree in public administration information system from the University of Seattle Pacific, United States of America, in 2001G.
Past Executive Positions:	• From 2009G to 2011G, director of ACC Media Sales. • From 2008G to 2009G, chief of heavy household department at Geant Saudi Limited, a limited liability company established in the KSA and operating in the trade sector. • From 2007G to 2008G, store deputy general manager at Geant Saudi Limited.
Past and Current Memberships	• From 2014G to 2016G, member of the board of the Middle East Shopping Centers Council, a board established in the United Arab Emirates and operating in the field of trade.

5.3.2.6 *Jabri Abdulfattah Hussein Maali*

Age:	48 years
Nationality:	Jordanian
Current Position:	Chief Finance Officer
Date of Appointment:	September 2006G
Academic Qualifications:	Bachelor's degree in economics and accounting from Jordanian University, Jordan, in 1992G.
Past Executive Positions:	• From 2006G to 2012G, chief financial officer of ACC. • From 2002G to 2006G, finance manager of Planet Group, a limited liability company established in the United Arab Emirates and operating in the hotel and tourism sector. • From 1996G to 2002G, external audit supervisor at BDO, a limited liability company established in Jordan and operating in the audit and consultancy sector. • From 1992G to 1996G, senior accountant at Nuqul Group, a limited liability company established in Jordan and operating in the industrial sector.
Past and Current Memberships	None

5.3.2.7 *Turki Saleh Ahmed Al Zahrani*

Age:	41 years
Nationality:	Saudi
Current Position:	Chief Support Services Officer
Date of Appointment:	September 2009G
Academic Qualifications:	Bachelor's degree in business administration from King Abdulaziz University, KSA, in 2012G.
Past Executive Positions:	• From 2009G to 2015G, director of human resources at ACC. • From 2007G to 2009G, director of human resources at Geant Saudi Limited, a limited liability company established in the KSA and operating in trade sector. • From 2006G to 2007G, director of administration at Al Othaim Holding Company, a closed joint stock company established in the KSA and operating in the commercial, real estate and industrial sector. • From 2003G to 2006, director of public relations and administration at Geant Saudi Limited • From 2000G to 2003G, support services supervisor at Alshaya International Trading Limited, a limited liability company established in the KSA and operating in the trade sector. • From 1998G to 2000G, chief of the public relations team at RMD Kwikform Saudi Limited, a limited liability company established in the KSA and operating in the concrete and real estate sector.
Past and Current Memberships	None

5.3.2.8 *Bruno Wehbe*

Age:	34
Nationality:	Lebanese
Current Position:	Chief Portfolio and Asset Management Officer
Date of Appointment:	24 July 2018G
Academic Qualifications:	• AUB Exchange Program, Harvard Summer School, the United States of America, in 2004G. • Bachelors in Computer Engineering and Communications from the American University of Beirut, Lebanon, in 2006G • Masters of Science (MSc.) in Management from the London School of Economics and Political Science (LSE) – with Merit • Masters of Business Administration (MBA) from INSEAD, France, in 2010G
Other Current Position:	None
Past Executive Positions:	• From 2016G to 2018G, Principal at Strategy& (formerly Booz & Company), a global management consulting firm established in the United States of America • From 2008G to 2016G, senior consultant at Strategy& • From 2007G to 2008G, consultant at Booz Allen Hamilton, a global management consulting firm established in the United States of America.
Past and Current Memberships	None

5.3.2.9 *Ghassan Ahmad Abu Mutair*

Age:	43 years
Nationality:	Jordanian
Current Position:	Chief Development and Project Management Officer
Date of Appointment:	December 2015G
Academic Qualifications:	Bachelor's degree in geology and environment sciences from Yarmouk University, Jordan, in 1997G.
Past Executive Positions:	• From 2002G to 2015G, manager of the supply chain group at Fawaz Abdulaziz Alhokair Real Estate Company, a limited liability company established in the KSA and operating in the real estate sector. • During 2001G, fixed asset monitor at General Electric - Jordan Branch, a public joint stock company established in the United States of America and operating in the industrial sector. • From 1997G to 2001G, operations manager at Saudi Binladin Group - Jordan Branch, a limited liability company established in the KSA and operating in the contracting and real estate development sector.
Past and Current Memberships	None

5.3.2.10 *Naji Hassib Mohammed Fayad*

Age:	54 years
Nationality:	Lebanese
Current Position:	Director of Internal Audit Department
Date of Appointment:	August 2017G
Academic Qualifications:	• Bachelor's degree in business administration from the American University of Beirut, Lebanon, in 1984G. • Master's degree in business administration from the American University of Beirut, Lebanon, in 1988G. • Postgraduate degree in public accounting from McGill University, Canada, in 1996G. • Chartered Accountant (CA) degree from the Canadian Institute of Chartered Accountants, Canada, in 1996G. • Certified Internal Auditor (CIA) degree from the Institute of Internal Auditors, the United States of America, in 2003G. • Certified Information Systems Auditor (CISA) degree from Information Systems Audit and Control Association, the United States of America, in 2005G. • Certified Risk Management Auditor (CRMA) degree from the Institute of Internal Auditors, the United States of America, in 2012G.
Past Executive Positions:	• From 2007G to 2017G, chief financial officer, and acting chief risk officer, of Arabia Insurance Company, a closed joint-stock company established in Lebanon and operating in the insurance sector. • From 2000G to 2007G, director of the internal audit department at Arabia Insurance Company. • From 1994G to 2000G, audit director, at Deloitte and Touche, Canada, a limited liability company established in Canada and engaged in accounting consultancy. • From 1984G to 1991G, chief of letters of credit department at Beirut Riyad Bank, a closed joint stock company established in Lebanon and operating in the banking sector.
Past and Current Memberships	• From June 2013G to December 2016G, member of the board and Chairman of the Audit Committee of the Arab Cooperative Insurance Company, a public joint stock company established in the KSA and operating in the insurance sector. • From December 2013G to December 2016G, member of the board of Arab International Insurance Company, a closed joint stock company established in the Kingdom of Bahrain and operating in the insurance sector. • From June 2013G to December 2016G, member of the board of Mashreq, a limited liability company established in the Republic of Lebanon and operating in the investment sector. • Since January 2002G, member of the board of the Association of Internal Auditors in Lebanon, a professional association established in the Republic of Lebanon and operating in the non-profit sector.

5.3.2.11 *Rashed Abdullah Rashed Al Othman*

Age:	56 years
Nationality:	Saudi
Current Position:	Chief Communications and IT Officer
Date of Appointment:	June 2016G

Academic Qualifications:	• Bachelor's degree in computer science from Arkansas State University, United States of America, in 1988G. • Master's degree in computer science from Arkansas State University, United States of America, in 1993G.
Past Executive Positions:	• From 2010G to 2016G, chief of the information office at Al Bilad Bank, a public joint stock company established in the KSA and operating in the banking sector. • From 2007G to 2009G, senior vice president of Riyad Bank, a public joint stock company established in the KSA and operating in the banking sector. • From 1999G to 2006, senior vice president, IT department, chief engineer, and chief of services and control department at Riyad Bank. • From 1998G to 2003G, director of the technical department of the Alliance Project at Riyad Bank. • From 1997G to 1998G, senior manager of the technical support unit of the technical services department of the Samba Financial Group, a public joint stock company established in the KSA and operating in the banking sector. • From 1995G to 1996G, senior manager of the security services unit of the quality and security department of the Samba Financial Group. • From 1994G to 1995G, manager of Samba Financial Group transfer unit. • From 1993G to 1994G, assistant director of technical services at the department of the Saudi Automated Customs Management Department, a government body established in the KSA. • From 1991G to 1993G, assistant at the computer laboratory of the Arkansas State University during his masters' studies. • From 1987G to 1988G, assistant at the computer laboratory of the Arkansas State University during his undergraduate studies. • From 1986 until 1987G, applied programmer at the Saudi Customs, a government body established in the KSA.
Past and Current Memberships	• Since February 2019G, member of the board of Manafeh Company, a limited liability company established in the KSA and operating in the group financing sector.

5.3.3 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the senior management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience. These contracts include a number of benefits such as a monthly allowance for transportation or housing allowance or both. These contracts are renewable and subject to the Saudi Labor Law.

In 2019G, Olivier Nougarou joined the Company as CEO. An employment contract was concluded between him and the Company. The following is a summary of the duties and responsibilities of the CEO:

- Develop and monitor the financial and operational performance of the Company in general.
- Develop and implement the Company's strategy.
- Implement the annual business plans of the Company as approved by the Board of Directors.
- Shall also acts as a link between the Board of Directors and the Managing Director and the Executive Management of the Company.

Jabri Abdel Fattah Hussein Maali is the Chief Financial Officer. A contract was concluded between him and the Company. The following is a summary of the duties and responsibilities of the Chief Financial Officer:

- Assist senior management in shaping goals, chart strategic plans and public policies, and participate in decisions that concern the Company as a whole.
- Provide suggestions for the development of financial and structural organization of the Company
- Prepare the draft annual budget of the Company.

The table below shows the main details of the employment contracts in question.

Table 5-6: Summary of Employment Contracts with Senior Executives

No.	Name	Position	Contract Date	Contract Termination Date
1.	Olivier Nougarou	Chief Executive Officer	14 January 2019G	Two years, automatically renewable
2.	Lionel Ponsard	Vice President of Finance	1 January 2019G	One year, automatically renewable
3.	Majed Aiedh Batai Al Juaid	Vice President of Operations	5 July 2003G	Two years, automatically renewable
4.	Khalid Mohamed Saleh Al Dubaihi	Vice President of Leasing	1 September 2009G	Two years, automatically renewable
5.	Jabri Abdulfattah Hussein Maali	Chief Finance Officer	19 September 2006G	Two years, automatically renewable
6.	Turki Saleh Ahmed Al Zahrani	Chief Support Services Officer	1 September 2009G	Two years, automatically renewable
7.	Bruno Wehbe	Chief Portfolio and Asset Management Officer	24 July 2018G	Two years, automatically renewable
8.	Ghassan Ahmad Abdulkader Abu Mutair	Chief Development and Project Management Officer	25 December 2015G	Two years, automatically renewable
9.	Naji Hassib Mohammed Fayad	Director of the Internal Audit Department	7 August 2017G	Two years, automatically renewable
10.	Rashed Abdullah Rashed Al Othman	Chief Communications and IT Officer	19 May 2016G	Two years, automatically renewable

Source: Company information

5.4 Remuneration of Directors and Senior Executives

Pursuant to the Company's Bylaws, neither the Directors nor Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by the Chairman of the Remuneration Committee.

Furthermore, neither the Directors nor Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

No remuneration was paid to the Directors for the years ended 31 March 2016G, 2017G and 2018G.

Total remuneration paid to Senior Executives including the CEO and CFO was SAR 8,329,401 for the year ended 31 March 2016G, SAR 11,665,199 for the year ended 31 March 2017G, and SAR 19,872,260 for the year ended 31 March 2018G. Such expenses include salaries, housing, transportation and other benefits.

Table 5-7: Remuneration Paid to Directors and Senior Executives

In SAR	2016G	2017G	2018G
Directors	Nil	Nil	Nil
Audit Committee	Nil	Nil	Nil
Nomination and Remuneration Committee	Nil	Nil	Nil
Senior Management (10 employees)	8,329,401	11,665,199	19,872,260
Senior Management (5 employees) [1]	6,964,872	12,475,022	13,078,154

Source: Company information

(1) Includes CEO and CFO, who received the highest remuneration of any Senior Management members during these periods.

5.5 Corporate Governance

5.5.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies' Law and corporate governance best practice in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision making processes with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations apply to the Company from the date of Admission. However, the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Admission. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

5.5.2 Key Corporate Governance Requirements

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

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

5.5.3 Corporate Governance Manual and Internal Policies

As part of the preparations for the Company to become a public listed company, the Board of Directors approved the Corporate Governance Manual of the Company on 29/12/1438H (corresponding to 20 September 2017G).

The Company's Corporate Governance Manual includes the following internal policies and charters:

- Board of Directors policies and procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committee principles and policies;
- monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;

- dividend distribution policy;
- Shareholder communication policies;
- disclosure and transparency policies;
- Audit Committee charter;
- Nomination and Remuneration Committee charter; and
- Corporate social responsibility policy.

5.5.4 Related Party Transactions Policy

The Company relies upon a number of important relationships with various Related Parties as tenants and suppliers of construction and other services which are material to the conduct of its business. In view of the significance of these relationships and to reflect the conflict of interest provisions contained in the Corporate Governance Regulations and the Companies' Law, the Company adopted a Related Party Transactions Policy on 06/01/1440H (corresponding to 16/09/2018G) to ensure that these relationships are conducted on an arms' length basis and on normal commercial terms. The Board believes that this policy will not only assist the Company in fully complying with its legal obligations with respect to Related Party Transactions, but will promote best practice standards of corporate governance and transparency in the way that it conducts its business.

The Related Party Transactions Policy requires that Management conduct a review of its list of Related Party relationships on a periodic basis and that all Related Party transactions be subject to a process of internal review involving Management, the Company's internal audit function, the Audit Committee and the Board (with only "non-interested Directors" being entitled to vote, being those directors who do not have an interest in the relevant transaction) before being recommended for approval by a majority of the non-interested Shareholders at a General Assembly of the Company. Non-interested Shareholders are those Shareholders through which no Director has an interest in the relevant transaction. Pursuant to the Companies Law and the Corporate Governance Regulations, Shareholders through which a Director has an interest in the relevant Related Party transaction are not permitted to vote on the resolution for the approval of such transaction.

The Related Party Transactions Policy contemplates that the Company will enter into "Framework Agreements" to govern relationships with certain Related Parties which are material to the conduct of the Company's business (For further details on the mechanisms of Framework Agreements, see Section 13.6.3 "Framework Agreements"). The Framework Agreements are intended to set forth a broad framework for the parties' relationship to ensure that transactions entered into between the Company and the Related Party are conducted on an arm's length basis. Framework Agreements will not be entered into with Related Parties where the Related Party transactions involved are more likely to be less material, low value and/or conducted on an ad hoc basis. Nevertheless, all Related Party transactions, whether or not conducted pursuant to a Framework Agreement, will be subject to the review and approval procedures described above.

Related Party transactions are regulated by relevant Saudi laws and regulations regarding the entering into of such transactions. A number of terms under certain of the Company's historical contracts with Related Parties fall outside of arm's length parameters. These contracts include construction contracts with FARE, which do not include requirements for FARE (as the contractor) to provide security for the advance payment (10% of the contract value) or a performance bond (usually given at the commencement of works for 10% of the contract value), as well as a special level of rental discount provided to Internal Tenants in excess of discounts provided to External Tenants. As noted above, on 06/01/1440H (corresponding to 16/9/2018G) the Company's Board approved a policy for dealing with Related Parties. In addition, in the case of FARE, Alkohair Fashion Retail and Food and Entertainment Company, being the Related Parties with which the Company undertakes the most material Related Parties Transactions, such transactions are entered into based upon the principles set out in the related Framework Agreement(s) (for further details, see section 5.5.4 ("Related Party Transactions Policy").

A summary of the Related Parties with whom the Company conducts business together with a description of the relationship and a confirmation of whether a Framework Agreement will be entered into, is set out below.

Table 5-8: Summary of key Related Party relationships as at 31 December 2018G

Entity	Nature of Transactions with the Company	Aggregate Value of Dealings as at 31 December 2018G	Framework Agreement?	Nature of related party relationship
Fawaz Abdulaziz Al Hokair Company	Fawaz Abdulaziz Al Hokair Company is a "Key Account Tenant" in the Company's shopping malls. Fashion Retail Group has a portfolio of premium, international fashion brands which play an important role in attracting other tenants and generating consumer traffic. Fashion Retail Group generally occupies 25% to 30% in the Company's shopping malls, often securing tenancies through pre-leasing during the development phase.	315,173,988	Yes	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Food and Entertainment Company and its Subsidiaries	Food and Entertainment Company leases space for food courts and numerous kiosks across the Company's shopping malls.	40,070,103	Yes	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Abdul Mohsin Al Hokair Group for Tourism and Development	Abdul Mohsin Al Hokair Group for Tourism and Development leases space for an indoor and outdoor family entertainment centers across the Company's shopping malls.	32,009,977	No	Owned by a relative of the Controlling Shareholders
Billy Games Company	Billy Games Company leases space for an indoor soft play entertainment venues across the Company's shopping malls.	11,702,169	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Kids Space Company	Kids Space Company leases space in Mall of Arabia (Jeddah) for 'Kidzania', a children's interactive play center.	1,850,923	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Next Generation Company Limited	Next Generation Company Limited leases space for the introduction of cinemas in the Company's shopping malls	2,300,813	No	Owned by relatives of the Controlling Shareholders
Coffee Centres Trading Co.	Coffee Centres Trading Co. leases space for a food court and kiosks in several of the Company's shopping malls.	929,859	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Saudi Global Academy for Training	Saudi Global Academy is an anchor tenant in Salaam Mall (Jeddah) and leases space for the purpose of training employees of Alhokair Fashion Retail in retail management.	93,900	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Fawaz Al Hokair Real Estate Company	Currently, the Company exclusively relies on FARE for the design and construction of its shopping malls.	262,545,829	Yes	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Tadaris Al Najd Security Company	TNS provides security services to all of the Company's shopping malls.	45,041,011	No	Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder

Entity	Nature of Transactions with the Company	Aggregate Value of Dealings as at 31 December 2018G	Framework Agreement?	Nature of related party relationship
FAS Energy	FAS Energy plans to install solar panels on rooftops and parking lots of various shopping malls for the production and sale of electricity.	-	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Hajen Company Limited	Hajen provides marketing production and printing services on an ad hoc basis.	1,141,275	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders
Etqan Facilities Management Company	Etqan is the single external provider for all facilities management services to the Company.	28,871,048	No	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect Controlling Shareholders

Other than Abdul Mohsin Al Hokair Group for Tourism and Development and Next Generation Company Limited, each of the Related Parties listed in the table above is an entity in which one or more directors (who are also Controlling Shareholders), have a direct or indirect ownership interest. Both Abdulmohsen Al Hokair Group for Tourism and Development and Next Generation Company Limited are entities owned by relatives of the Controlling Shareholders. Accordingly, the Company considers that transactions with these Related Parties are subject to the requirements of Article 71 of the Companies Law. Please Section 5.5.5 ("**Corporate Governance Compliance**") below.

Please refer to Section 13.6 ("**Transactions and Contracts with Related Parties**") for a summary of the agreements relating to the transactions described above. There is currently no formal agreement between the Company and Hajen Company Limited.

5.5.5 Corporate Governance Compliance

The Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Admission.

In particular, a majority of the Company's Board of Directors, which currently consists of six (6) Directors, are non-executive members and the Board has three (3) independent Directors (*Article 16*). In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors at the Conversion General Assembly meeting held on 24/09/1438H (corresponding to 19 June 2017G). This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate (*Article 8*).

In compliance with the Corporate Governance Regulations, the Ordinary General Assembly of the Company formed the Audit Committee, consisting of three non-executive members, on 18/03/1439H (corresponding to 6 December 2017G), and the Board of Directors formed the Nomination and Remuneration Committee on 29/12/1438H (corresponding to 20 September 2017G). The Company has also prepared its Committee charters, which were approved by the Board in its session held on 29/12/1438H (corresponding to 20 September 2017G), and recommended to the Ordinary General Assembly for ratification. The Ordinary General Assembly ratified the Committee charters during its session held on 18/03/1439H (corresponding to 6 December 2017G) (*Articles 50 and 54*). The minutes of all meetings will be prepared, reviewed and approved by the Board of Directors (*Article 53*).

In addition, the Management has established a number of management committees in order to oversee certain functions within the Company and assist the Board in ensuring effective supervision and operation of the Company's through several different departments as described in Section 4.11 ("**Administration and Human Resources Functions / Departments**"). The management committees are not formal committees

of the Board and include the following: (i) Executive Management Committee; (ii) Development Committee; (iii) Asset Management Committee; (iv) IT & Technology Committee; and (v) Tendering Committee.

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (*Articles 71, 72 and 73 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations*). The Company will comply with the requirements of these provisions when it seeks the approval of the General Assembly for Related Party transactions as described in Section 13.6 ("**Transactions and Contracts with Related Parties**") following Admission.

Pursuant to the Corporate Governance Regulations, each board member is prohibited from voting on a decision taken by the board or the general assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (*Article 44(b)(1)*). The Companies Law sets out similar requirements to the effect that a director, without prior consent from the ordinary general assembly may not have any direct or indirect interest in transactions or contracts made for the account of the company. The director also has an obligation to inform the board of directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the board of directors or shareholder assemblies. The chairman of the board of directors must inform the general assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the company's external auditor (*Article 71*).

In accordance with its Related Party Transactions Policy, the Company has interpreted the requirements of the Companies Law broadly such that approval of the General Assembly is required whenever any entity in which a Director has a direct or indirect form of ownership enters into a transaction with the Company. Likewise the Company has interpreted the scope of the voting restrictions in both the Companies Law and the Corporate Governance Regulations broadly, such that not only is the relevant Board member restricted from voting on the resolution to approve the relevant transaction, but that any shareholder which is controlled by that director or a relative of that director (such as Abdul Majeed Abdulaziz Alhokair, who is the brother of Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair) would also be restricted from voting at the relevant General Assembly. Given this, the Company is of the view that no current Shareholder would be permitted to vote on the relevant resolutions at the General Assembly to approve such related party transactions. Accordingly, General Assembly approval will be sought at the first General Assembly following completion of the Offering, see Section 17 ("**The Company's Post-Listing Undertakings**").

The Corporate Governance Regulations also provide that if a member of the board wishes to engage in a business that may compete with the company or any of its activities, he/she must notify the board of the competing businesses and abstain from voting on the related decision in the board meeting and general assemblies; the chairman of the board must inform the ordinary general assembly of the competing businesses that the member of the board proposes to be engaged in; and the authorization of the company's general assembly must be obtained for the member to engage in the competing business (*Article 46*). The Companies' Law sets out similar requirements (*Article 72*).

5.6 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies' Law which states that a member of the board of directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the ordinary general assembly.

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

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

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

As of the date hereof, none of the members of the board of Directors, Senior Executives or Current Shareholders is party to any agreement, arrangement or understanding under which it is subject to any non-compete or similar obligation with respect to the business of the Company.

As at the date hereof, the table below presents information on members in the Company's Board of Directors and sets out their shareholding in, or representation of companies engaged in similar or competing activities.

Table 5-9: Directors participating in companies that perform activities similar or competing with those of the Company through their membership on the Board or participation in the capital thereof.

Another company related to a board director	Director title in the related company		Nature of the Related Company's Business	Does it compete?
	Owner	Director/Manager		
Fawaz Abdulaziz Fahad Alhokair				
Egyptian Centers For Real Estate Development - Arab Republic of Egypt	Yes	Yes	Ownership and management of commercial complexes	No - The activities of the Egyptian Centers for Real Estate Development are confined to the Arab Republic of Egypt. The Egyptian Real Estate Development Company has no activities in the KSA.
Alhokair Fashion Retail	Yes	No	Commerce, ownership and management of commercial complexes	Yes - the Director owns 6.19% of the capital of Alhokair Fashion Retail, which owns 16.66% of the shares of Riyadh Gallery Mall in Riyadh.
Arabian Centres Company Jordan	Yes	No	Ownership and management of commercial complexes	No - Arabian Centres Company Jordan has no activities in the KSA.
Marakez for Real Estate Investment - Arab Republic of Egypt	Yes	Yes	Ownership and management of commercial complexes	No - Marakez for Real Estate Investment has no activities in the KSA.
Salman Abdulaziz Fahad Alhokair				
Egyptian Centers For Real Estate Development - Arab Republic of Egypt	Yes	Yes	Ownership and management of commercial complexes	No - The activities of the Egyptian Centers for Real Estate Development are confined to the Arab Republic of Egypt. The Egyptian Real Estate Development Company has no activities in the KSA.
Alhokair Fashion Retail	Yes	No	Commerce, ownership and management of commercial complexes	Yes - whereas the Director owns 7% of the capital of Alhokair Fashion Retail, which owns 16.66% of the shares in Riyadh Gallery Mall in Riyadh.
Arabian Centres Company Jordan	Yes	No	Ownership and management of commercial complexes	No - Arabian Centres Company Jordan has no activities in the KSA.
Marakez for Real Estate Investment - Arab Republic of Egypt	Yes	Yes	Ownership and management of commercial complexes	No - Marakez for Real Estate Investment has no activities in the KSA.

Another company related to a board director	Director title in the related company		Nature of the Related Company's Business	Does it compete?
	Owner	Director/Manager		
Kamel Badih Al Qalam				
Egyptian Centers For Real Estate Development - Arab Republic of Egypt	No	Yes	Ownership and management of commercial complexes	No - The activities of the Egyptian Centers for Real Estate Development are confined to the Arab Republic of Egypt. The Egyptian Real Estate Development Company has no activities in the KSA.
Falcon Malls Company – Italy	No	Yes	Ownership and management of commercial complexes	No - The activities of Falcon Malls Company are confined to Italy. Falcon Malls Company has no activities in the KSA.
Arabian Centres Company Jordan	No	No	Ownership and management of commercial complexes	No - Arabian Centres Company Jordan has no activities in the KSA.
Marakez for Real Estate Investment - Arab Republic of Egypt	No	Yes	Ownership and management of commercial complexes	No - Marakez for Real Estate Investment has no activities in the KSA.

Source: Company information

Given the scope of the voting restrictions applicable to the General Assembly approvals pursuant to Article 46 of the Corporate Governance Regulations which the Company has interpreted broadly as noted above, no Shareholders would be permitted to vote on the relevant resolution at the General Assembly. Accordingly, General Assembly approval to approve the participation of Directors in competing businesses will be sought at the first General Assembly following completion of the Offering, see Section 17, ("**The Company's Post-Listing Undertakings**").

5.7 Employees

As at 31 December 2018G, the Company had 400 employees (60.5% of whom are Saudi nationals). The following tables set out the distribution and Saudization rate of employees per sector.

Below is a table setting out the number of Company employees by sector, as at 31 March 2016G, 2017G, 2018G and 31 December 2018G.

Table 5-10: Number of Company Employees by Business Segment as at 31 March 2016G, 2017G, 2018G and 31 December 2018G.

Department	31 March 2016G			31 March 2017G			31 March 2018G			31 December 2018G		
	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees
Executives	1	1	0	4	3	1	1	1	0	0	0	0
Project Development Sector	18	0	18	43	1	42	21	1	20	25	3	22
Marketing Sector	11	1	10	19	7	12	15	10	5	7	3	4
Finance Sector	40	9	31	41	13	28	41	13	28	29	6	23
IT Sector	12	1	11	23	3	20	18	6	12	19	7	12
Internal Audit Department	6	1	5	6	1	5	6	1	5	6	1	5
Leasing Sector	43	23	20	41	22	19	30	5	15	50	32	18
Legal Affairs Sector	0	0	0	3	2	1	2	1	1	3	2	1

Department	31 March 2016G			31 March 2017G			31 March 2018G			31 December 2018G		
	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees	Total Employees	Saudi Employees	Non-Saudi Employees
General Manager's Office	3	1	2	2	1	1	3	2	1	7	6	1
Operations Sector	225	143	82	265	181	84	224	167	57	201	164	37
Management of Portfolios and Assets	1	1	0	4	1	3	3	1	2	4	1	3
Support Services Sector	44	8	36	50	10	40	37	5	32	48	17	31
PMO Office	0	0	0	0	0	0	2	1	1	1	0	1
Maintenance (1)	266	4	262	294	1	293	0	0	0	0	0	0
Total	**670**	**193**	**477**	**797**	**245**	**550**	**403**	**224**	**179**	**400**	**242**	**158**
Saudization Percentage	29%			31%			56%			61%		
Nitaqat Category	Green (middle)			Green (middle)			Green (middle)			Green (middle)		

Source: Company information

(1) In August 2017G, the Company outsourced maintenance services to FARE and transferred employment of all maintenance employees to FARE. This arrangement was terminated in February 2018G and the Company subsequently entered into an agreement with Etqan Facilities Management Company (an Associated Company) for the outsourcing of maintenance services.

Below is a table setting out the number of employees in the Operating Subsidiaries as at 31 March 2016G, 2017G, 2018G and 31 December 2018G.

Table 5-11: Number of Employees in Operating Subsidiaries as at 31 March 2016G, 2017G, 2018G and 31 December 2018G.

Subsidiaries	31 March 2016G			31 March 2017G			31 March 2018G			31 December 2018G		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Riyadh Centres Company	-	-	-	2	3	5	2	3	5	0	0	0
Oyoun al Raed Company	-	-	-	-	-	-	1	0	1	1	0	1
Oyoun al Basateen Company	-	-	-	-	-	-	1	0	1	1	0	1
Al Bawarej Company	-	-	-	-	-	-	1	0	1	1	0	1
Al Makarem Company	-	-	-	-	-	-	1	0	1	1	0	1
Al Qaseem Company for Entertainment and Commercial Projects	-	-	-	-	-	-	1	0	1	1	0	1
Total	**-**	**-**	**-**	**2**	**3**	**5**	**7**	**3**	**10**	**5**	**0**	**5**

Source: Company information

5.8 Saudization

The Saudization program was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10 September 2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27 October 1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10 September 2011G), with the Ministry of Labor beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "Nitaqat" program, the performance of any company is evaluated based on specific categories

(classifications), namely the platinum category, the green (subdivided, into low, middle and high), yellow and red categories. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the yellow or red categories (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

For further details on the classification of the Company and its subsidiaries under the "Nitaqat" program, please refer to Table 5-10 (**"Number of Employees by Business Segment, as at 31 March 2016G, 2017G, 2018G and 31 December 2018G**") above.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

6.1 Introduction

The following Management Discussion and Analysis of the Company presents an analytical review of the operational performance and financial position as at and during the years ended 31 March 2016G (**"FY16G"**), 31 March 2017G (**"FY17G"**), 31 March 2018G (**"FY18G"**), and for the nine month period ended 31 December 2018G (**"9MFY19G"**). This section should be read in conjunction with the statutory audited consolidated financial statements of the Company for FY16G and FY17G, together with the notes thereto, the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G (representing the last statutory financial statements for the Company as a Limited Liability Company) and for the period from 28 September 2017G to 31 March 2018G (representing the first statutory financial statements for the Company as a Closed Joint Stock Company), together with the notes thereto, the special purpose audited consolidated financial statements for FY18G, together with the notes thereto, all of which have been prepared in accordance with Saudi GAAP, and audited by EY as stated in their respective report included herein, and the consolidated financial statements for FY18G **("FY18G (IFRS-KSA) Financial Statements")**, together with the notes thereto, which have been prepared in accordance with the IFRS-KSA and audited by EY as stated in their report included herein. This section should also be read in conjunction with the audited consolidated interim financial statements for 9MFY19G together with the notes thereto, which have been prepared in accordance with IFRS-KSA, and audited by KPMG as stated in their report included herein. The aforementioned financial statements are part of this Prospectus.

The special purpose consolidated financial statements for FY18G have been prepared in accordance with Saudi GAAP following the conversion of the Company from a Limited Liability Company to a Closed Joint Stock Company from 28 September 2017G.

The data for FY17G and FY18G (except as otherwise stated) have been extracted from the special purpose audited consolidated financial statements for FY18G prepared in accordance with Saudi GAAP and the data for FY16G have been extracted from the audited consolidated financial statements for FY17G.

The data for the periods ended 9MFY18G and 9MFY19G have been extracted from the consolidated interim financial statements for the nine month period ended 31 December 2018G prepared in accordance with IFRS-KSA. The data for the year ended 31 March 2018G has been extracted from the consolidated financial statements for the year ended 31 March 2018G prepared in accordance with IFRS-KSA except for the reclassifications made recently in the 9MFY19G consolidated interim financial statements for the nine month period ended 31 December 2018G prepared in accordance with IFRS-KSA (refer to table 6-66-1"Statement of financial position data reclassifications as at 31 March 2018G" under Section 6.13 ("Statement of financial position data as at 31 March 2018G" and 31 December 2018G in this Prospectus)).

Throughout this Prospectus, unless otherwise stated, (i) the Company's financial information for the financial years ended 31 March 2016G, 2017G and 2018G has been extracted from the Company's audited consolidated financial statements for the years ended 31 March 2017G and 2018G prepared in accordance with Saudi GAAP; and (ii) the Company's interim financial information for the nine month period ended 31 December 2017G ("9MFY18G") and 9MFY19G has been extracted from the Company's audited consolidated financial statements prepared in accordance with IFRS-KSA.

Reclassifications

Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus. For more information, including a reconciliation of the reclassified FY16G figures to the FY16G reported figures in the FY17G Financial Statements, see the footnotes to the table of selected financial information included in Section "1.5 – Key Developments of the Company since Establishment"

in this Prospectus. However, some of the utilities revenue are still presented net of the related expense pertaining to those wherein the Company is acting as an agent (included in Revenue). Previously, all of the utilities revenue were netted off against related expenses and presented as cost of revenue (whether on a net positive or negative position). However, the Company segregated those utilities revenue wherein:

- the Company acts as a principal (utilities revenue is recorded within revenue and the related expenses are still recorded under cost of revenue).
- the Company acts as an agent (utilities revenue is netted off against their related expenses and presented as part of revenue).

In line with the classification and presentation of the balances for the financial year ended 31 March 2018G, write-off of investment properties was reclassified as a direct cost (and thus part of gross profit) rather than as indirect costs (below gross profit). For consistency purposes, SAR 8.4 million of write-off of investment properties was reclassified as a direct cost for FY16G in this Prospectus (see the footnotes to the table of selected financial information included under section "1.6 – Summary of Financial Information" in this Prospectus).

In addition, in line with the classification and presentation of the balances at 31 March 2018G, SAR 223.2 million of advances made to a contractor – related party at 31 March 2016G were reclassified from non-current to current portion; and SAR 249.8 million of initial direct costs for operating leases at 31 March 2016G were reclassified under investment properties from a separate line item on the balance sheet as at 31 March 2016G (see the footnotes to the table of selected financial information included under section "1.6 – Summary of Financial Information" in this Prospectus.

Ernst & Young & Co. (Public Accountants) did not themselves, their employees (forming part of the engagement team serving the Arabian Centres Company), or any of such employees' spouse or dependent relatives have any shareholding or interest of any kind in the Company or any of its subsidiaries as at 6 March 2019G (the date of its audit report on the FY18G (IFRS-KSA) Financial Statements) which would impair their independence.

KPMG Al Fozan and Partners (Public Accountants) do not themselves, their employees (forming part of the engagement team serving the Arabian Centres Company), or any of their employees' spouse or dependents relatives have any shareholding or interest of any kind in the Company or any of its subsidiaries as at the date of this prospectus which would impair their independence. As at the date of this Prospectus, Ernst & Young & Co. (Public Accountants) have furnished and not withdrawn their written consent to the reference in this Prospectus as to their role as auditors of the Company in respect of the statutory audited consolidated financial statements of the Company for FY16G and FY17G, together with the notes thereto, the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G (representing the last statutory financial statements for the Company as a Limited Liability Company) and for the period from 28 September 2017G to 31 March 2018G (representing the first statutory financial statements for the Company as a Closed Joint Stock Company), together with the notes thereto, the special purpose audited consolidated financial statements for FY18G, together with the notes thereto, all of which have been prepared in accordance with Saudi GAAP, and the audited consolidated financial statements for FY18G, together with the notes thereto, which have been prepared in accordance with IFRS-KSA. KPMG Al-Fozan and Partners (Chartered Accountants) have, as at the date of this Prospectus, furnished and not withdrawn their written consent to the reference in this Prospectus as their role as auditors of the audited consolidated financial statements for the period ended 31 December 2018G "), together with the notes thereto, which have been prepared in accordance with IFRS-KSA.

This section may contain forward-looking statements in connection with the Company's future prospects, which reflect the current views Management and are based on its plans and prospects, which may involve prospective risks and uncertainties. Actual performance of the Company can differ materially from those contemplated by these forward-looking statements, as a result of various factors, including future factors and conditions discussed in this section and elsewhere in this Prospectus, particularly those set out in Section 2 (**"Risk Factors"**).

Please note that the figures in this section have been rounded up to the nearest million. As such, if summed, the numbers may differ to those which are stated in the tables as they have been rounded up to the nearest thousand.

6.2 Directors' Declaration for Financial Statements

The Directors declare that the financial information presented in this section is extracted without material change from the Financial Statements and in a manner which is consistent to the Financial Statements. The Directors also declare that the statutory audited consolidated financial statements for the years ended 31 March 2016G and 2017G and the special purpose audited consolidated financial statements for the year ended 31 March 2018G, the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G and for the period from 27 September 2017G to 31 March 2018G, were prepared in accordance with Saudi GAAP. The Directors declare that the audited consolidated financial statements for FY18G and the consolidated interim financial statements for the nine month period ended 31 December 2018G were prepared in accordance with IFRS-KSA.

The Company's Directors declare that the Company has working capital sufficient for the next 12 months following the date of publication of this Prospectus.

The Directors declare that there has been no material adverse change in the Company's financial or business position in the three financial years directly preceding the application for registration and offer of securities that are subject to this Prospectus.

The Directors declare that there is no intention to make any fundamental change in the nature of the Company's activity.

The Directors confirm that operations have not stopped in a way that could affect or has affected its financial position significantly during the past twelve months.

The Directors confirm that all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading.

The Directors confirm that the Company has 6 operational subsidiaries and 12 other subsidiaries that were established in the past in order to operate the malls separately as independent companies. In FY18, the Company decided to transfer 17 malls and their assets to the Company, and 2 malls remained within one of the subsidiaries (Qassim Entertainment Co.).

The directors confirm that the Company and its subsidiaries do not have any properties, including contractual securities or other assets the value whereof is subject to fluctuations or is difficult to ascertain, which significantly affects the evaluation of the financial situation.

The Directors represent that no commissions, discounts, brokerage fees or non-cash compensations were given by the Company, in the three years immediately preceding the date of submission of its application for registration and offer of securities that are the subject of this Prospectus in connection with the offer of securities by the Company or any of the Company's subsidiaries.

The Directors confirm that the Company's and its Subsidiaries' capital is not under option.

The Directors declare that the Company does not hold any debt instruments issued, outstanding or authorised, or otherwise created but unissued, or term loans, or secured loans except for what is presented in Sections 6.7.4/6.13.4 ("**Non-current liabilities including current portion of long-term loans**"), and Section 13.7 ("**Credit Facilities and Loans**") of this Prospectus.

The Directors declare that the Company does not hold any other borrowing or indebtedness, including bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments, except for what is presented Section 6.7.4.1 ("**Loans and borrowings**"), Sections 6.7.4./6.13.4 ("**Non-current liabilities including current portion of long-term loans**"), and Section 13.7 ("**Credit Facilities and Loans**") of this Prospectus.

The Directors declare that the Company does not have any loans, mortgages, or charges on its properties as at the date of this Prospectus, except as disclosed in Section 6.7.4.1 "Loans and borrowings", Section 6.7.4/6.13.4 "Non-current liabilities including current portion of long term loans", and Section 13.7 "Credit Facilities and Loans" of this Prospectus.

The Directors declare that there are no significant fixed assets to be purchased or leased, except for what is disclosed in this Section 6 (**"Management's Discussion and Analysis of the Company's Financial Position and Results of Operations"**) and in Section 4 (**"The Company"**) of this Prospectus.

6.3 Summary of significant accounting policies

6.3.1 Summary of significant accounting policies based on SOCPA standards (FY16G-FY18G)

Basis for preparation

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the KSA.

6.3.1.1 *Accounting convention*

The consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

6.3.1.2 *Use of estimates*

The preparation of consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

6.3.1.3 *Accounts receivable*

Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

6.3.1.4 *Investment in an associate*

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Company's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Company and the associates are eliminated to the extent of interest in an associate.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss of the Company's investment in its associates. The Company determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Company calculates the amount of impairment as being the difference between the fair value of the investment in associate and the acquisition cost and recognises the amount in the consolidated statement of income. The financial statements of the associates are prepared for the same period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

6.3.1.5 *Available for sale investments*

Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting period. Changes in fair value are credited or charged to the consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Where partial holdings are sold, these are accounted for on a weighted average basis.

6.3.1.6 *Investment properties*

Investment properties comprise completed property and property under construction and re-developed that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at property cost including transaction costs. Transaction costs include transfer of ownership 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 cost 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 accumulated impairment in value. Land and projects under construction are not depreciated. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

6.3.1.7 *Property and equipment*

Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any accumulated impairment in value. The cost less estimated residual value of property and equipment, if any, is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leaseholds improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditures for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

6.3.1.8 *Impairment of non-financial assets*

The Company conducts periodic review of the carrying amount of its non-financial assets to determine whether there is any evidence that those non-financial assets may have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately in the consolidated statement of income.

6.3.1.9 *Leases*

6.3.1.9.1 Operating lease contracts — the Company as lessor

The Company has entered into commercial property leases on its investment properties portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned.

6.3.1.9.2 Lease contracts — the Company as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

6.3.1.10 *Accounts payable and accruals*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

6.3.1.11 *Provisions*

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6.3.1.12 *Unearned revenue*

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the year end.

6.3.1.13 *Loans and borrowings*

Loans and borrowings are recognised at the proceeds received value by the Company.

6.3.1.14 *Zakat*

The Company is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

6.3.1.15 *Employees' end-of-service indemnities*

End of service indemnities, required by the Saudi Arabian labour law, are provided in the consolidated financial statements based on the employees' length of services.

6.3.1.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. Amounts disclosed as revenue are net of trade allowances and rebates. The Company has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed later in this section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

6.3.1.16.1 Rental income

The Company is the lessor in 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 income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

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

6.3.1.16.2 Turnover rent

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

6.3.1.16.3 Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the year 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 Company 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 income, since the management considers that the Company acts as an agent in this respect.

6.3.1.16.4 Dividend income

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

6.3.1.16.5 Other income

All other incomes are recognised on an accrual basis when the Company's right to earn the revenue is established.

6.3.1.17 *Borrowing costs*

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

6.3.1.18 *Expenses*

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

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

6.3.1.19 *Segment reporting*

An operating segment is a component of the Company:

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

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

A geographical segment is a Company 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 Company's operation are conducted in KSA hence only one geographic segment has been identified. For the purpose of the analysis, each mall is assessed separately by Management.

6.3.1.20 *Foreign currency transactions*

Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the consolidated statement of income.

6.3.2 Summary of significant accounting policies based on IFRS-KSA standards (9MFY18G-9MFY19G)

The significant accounting policies applied by the Company in the preparation of these consolidated interim financial statements are set out below:

6.3.2.1 *Basis of consolidation*

6.3.2.1.1 Subsidiaries

The Company 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 Company

obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the financial statements from the date the Company gains control until the date the Company 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 Company's accounting policies. All intra-Company asset and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A list of subsidiaries is provided in note (1). This note also discloses the country of incorporation, principal activities and percentages of ownership.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company 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 Company had directly disposed of the related assets or liabilities.

When the Company ceases to consolidate for an investment in subsidiaries 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 Company 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.

6.3.2.1.2 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.

6.3.2.1.3 Associate

An associate is an entity over which the Company has significant influence. 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.

6.3.2.1.4 Equity method

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 Company's share of the post-acquisition profits or losses of the investee in the consolidated statement of

profit or loss, and the Company's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

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

When the Company'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 Company 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 Company and its associate are eliminated to the extent of the Company'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 Company'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 Company determines whether it is necessary to recognize an impairment loss on its investment in an associate. At each reporting date, the Company determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Company 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 Company 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.

6.3.2.2 *Foreign currencies*

6.3.2.2.1 Transactions and balances

Foreign currency transactions are translated into 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).

6.3.2.3 *Current versus non-current classification*

The Company 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 equivalent 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 Company classifies all other liabilities as non-current.

6.3.2.4 *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 Company 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 Company 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 Company 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.

6.3.2.5 *Revenue recognition*

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The new revenue standard introduces a single principle-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company 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. Amounts disclosed as revenue are net of trade allowances and rebates. Accordingly there is no material effect of adopting IFRS 15 on the recognition of revenue of the Company.

The Company revenue mainly consists of rental income from lease contracts with in scope of IAS 17 Leases. For other revenue streams IFRS 15 applies.

6.3.2.5.1 Rental income

The Company 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 interim statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. 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. 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, the management are reasonably certain that the tenant will exercise that option.

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

6.3.2.5.2 Turnover rent

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

6.3.2.5.3 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 Company 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 interim statement of profit or loss, since the management considers that the Company acts as an agent in this respect.

6.3.2.5.4 Principal versus agent consideration

The Company 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 Company 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 Company 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. There was no restatement due to this change as the Company's policy is already in line with the requirements of IFRS 15.

6.3.2.5.5 Presentation and disclosure requirements

As required for the consolidated financial statements, the Company 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. Refer to the consolidated financial statements for the disclosure on disaggregated revenue.

6.3.2.5.6 Interest income

Interest income is recognized using the Effective Interest Rate (**"EIR"**) method. When a receivable is impaired, the Company 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.

6.3.2.5.7 Dividend income

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

6.3.2.5.8 Other income

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

6.3.2.6 *Expenses*

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

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.

6.3.2.7 *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 Company'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.

6.3.2.8 *Zakat*

The Company is subject to Zakat according to the regulations of the General Authority for Zakat and Tax "GAZT". Zakat provision is estimated based on the Company's individual zakat base, even though the Ultimate Parent Company submits a combined zakat returns including its wholly owned subsidiaries and adjust zakat provision when final assessment for the combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries is received. Any differences in the estimates are recognised when the final assessment is approved by "GAZT" at Ultimate Parent Company level and such differences are recognised in the Statement of profit or loss in the year in which the final assessment is approved by "GAZT".

6.3.2.9 *Property and equipment*

Property and equipment is 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. Betterments 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:

	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.

6.3.2.10 *Investment properties*

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

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

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

Expenditure for repair 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.

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

Transfers are made to/from investment properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company 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.

The Company 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 Company 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 (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company'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 Company 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.

6.3.2.11 *Financial instruments*

Effective 1 April 2018, the Company has adopted IFRS 9 which replaces the requirements under IAS 39, 'Financial Instruments: Recognition and Measurement' relating to classification and measurement of financial instruments.

As a result of adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 'Presentation of Financial Instruments', which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in general and administration expenses. Consequently, the Company reclassified impairment losses amounting to SAR 87.7 million recognized under IAS 39.

Additionally, the Company has adopted consequential amendments to IFRS 7 'Financial Instruments: Disclosures' that are applied to disclosures about 2018G but have not been generally applied to comparative information.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost 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 to hold assets to collect contractual cash flows; 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 Company 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 amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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 amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. 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.

The Company has classified its investments in units of a mutual fund as FVTPL since contractual cash flows are not limited to principal and interest only.

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised 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 derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 recognised 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 recognised in profit or loss.

Offsetting

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

Impairment of financial assets

The Company 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 trade receivables 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 Company 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 Company'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 Company 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 Company 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company 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 Company's procedures for recovery of amounts due.

The effect of adopting IFRS 9 is disclosed in note 34 to the consolidated interim financial statements which pertains to the new impairment requirements and reclassification of original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial instruments.

6.3.2.12 *Provisions*

Provisions are recognized when the Company 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.

6.3.2.13 *Employee benefits*

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.

End-of-services benefits obligation

The Company primarily has end of service benefits which qualifies as defined benefit plans.

The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

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

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

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

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

6.3.2.14 *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. In accordance with the Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

6.3.2.15 *Leases*

6.3.2.15.1 Company as lessor

The Company has entered into commercial property leases on its investment properties portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

6.3.2.15.2 Company as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of profit or loss on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost (which primarily represents initial leasing commission included in the cost of investment property), made under operating leases are charged to the consolidated statement of profit or loss in the form of depreciation over shorter of the economic life of the investment property or the terms of the lease contracts based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

6.3.2.16 *Segment reporting*

An operating segment is a component of the Company:

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

Management considers the operations of the Company 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 Company's operation are conducted in KSA hence only one geographic segment has been identified. For the purpose of the analysis, each mall is assessed separately by Management.

6.3.2.17 *Unearned revenue*

Unearned revenues include advance rent collected against the properties for which rental agreements commence subsequent to the end of the reporting period.

6.3.2.18 *Standards issued but not yet effective*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated interim financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16: Leases

The International Accounting Standards Board (IASB) has issued a new standard for the recognition of leases. This standard will replace:

- International Accounting Standard (IAS) 17 – 'Leases'
- International Financial Reporting Interpretations Committee (IFRIC) 4 – 'Whether an arrangement contains a lease'
- Standard Interpretations Committee (SIC) 15 – 'Operating leases – Incentives'
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption of certain short-term leases and leases of low-value assets. Under IFRS 16, 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.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2019G, with earlier application permitted. Management is currently assessing the effect of this standard on the future financial reporting periods of the Company.

Management anticipates that IFRS 16 will be adopted for the annual year beginning 1 April 2019G. The application of IFRS 16 have an impact on amounts reported and disclosures made in the Company's consolidated financial statements in respect of the Company's lease arrangements.

Management's estimates of the principal changes resulting from IFRS 16 based on its current lease portfolio include (taking into account Jeddah Park):

- the recognition of right of use assets (which resulted from capitalization of leases) with a net present value (covering all current lease agreements) for an estimated amount of SAR six billion;
- the recognition of liabilities (which resulted from capitalization of leases) with a net present value (covering all current lease agreements) that equals the estimated value of SAR six billion;
- the estimated decrease in net profits of the Company by an average from FY2020G to FY2024G of approximately SAR 90 million annually, as a result of applying IFRS 16, noting that this impact is due to the Company's depreciation of a higher portion of the lease cost over the first half of the lease term compared to the straight line method (noting that this is not an impact related to cash (according to the Management's estimates)); and
- the difference between IFRS 16 expected expense charged to the profit and loss statement (comprising amortization of capitalized lease assets – right of use assets – and interest expenses on outstanding lease obligations) and the expected annual lease cash payments, which has been estimated at an average of SAR 160 million per annum over the period FY2020G to FY2024G.

This will apply to each of the initial five years as of the first application of IFRS 16.

6.4 Overview

The Company is the leading owner and operator of shopping malls in Saudi Arabia by total GLA, according to the Market Study, as at 31 March 2018G. The Company's core operating portfolio comprises 19 Malls, which are located strategically throughout Saudi Arabia and appeal to a broad socio-economic spectrum to optimize market coverage. As at 31 December 2018G, the Company's Malls had a total GLA of 1.079 million square meters, 4,100 occupied retail units and an average GLA occupancy rate of 92.8%. The Company's Malls generated footfall of more than 108.5 million for the financial year ended 31 March 2018G. The Company operates some of the most iconic malls in the Kingdom, including Mall of Arabia (Jeddah) and Mall of Dhahran, two of the Company's landmark Super-Regional Malls, and Nakheel Mall (Riyadh), which was recognized at the Arab Luxury World Forum in 2017G, which specializes in the field of entertainment in the Arab world, as being consumers' favorite shopping mall in Riyadh. The Company generated total revenue of SAR 1,914.5 million (refer to section 6.6.1 "Consolidated and Special-purpose Consolidated Statement of Income Data which include the reclassification made in FY16G), SAR 2,123.8 million, SAR 2,159.4 million

and SAR 1,620.0 million for the financial years ended 31 March 2016G, 2017G and 2018G and for the nine month period ended 31 December 2018G, respectively. As at 31 December 2018G, the valuation of the Subject Properties was SAR 19,087.5 million, according to the Real Estate Valuation Report (see "Appendix I: JLL Valuation Report").

Management believes that one of the Company's major competitive advantages in its business model is its long-term relationships with its key Related Parties including Alhokair Fashion Retail and the Food and Entertainment Company. Alhokair Fashion Retail typically pre-leases approximately 20-25% of the GLA in the Company's new malls. As at 31 December 2018G, the Company had 872 leases with Alhokair Fashion Retail with a total contract value of SAR 564.4 million and 180 leases with the Food and Entertainment Company with a total contract value of SAR 25.1 million. The Company also benefits from its strategic relationship with FARE, a class 1 contractor certified by the Ministry of Industry and the Chamber of Commerce specializing in the design and construction of shopping malls in the Kingdom, in its position as another Related Party. FARE is engaged in multiple projects in both the government and private sectors. FARE designed and constructed 16 of the Company's Malls and it is currently involved in the malls pipeline, making it an expert in the field. Management believes that the size of the Company's operations grants it additional advantages in negotiating and entering into lease agreements with its tenants and to expand the tenants' businesses.

The Company intends to create an additional 172,500 square meters by the end of Q4 2019G through the completion of three new malls currently under construction, in addition to an extension of Nakheel Mall (Riyadh) – Phase I. As at 31 December 2018G, these three new malls under construction were valued at SAR 2,382.0 million, according to the valuation prepared by JLL, with a total net book value of SAR 1,360.7 million at 31 December 2018G. In addition, the Company entered into the Head Lease for Jeddah Park on 4 March 2019G, which is a new mall located in Jeddah and currently under construction by a developer other than FARE. Jeddah Park is expected to commence operations by Q2 2020G and is expected to increase the Company's GLA by 128,740 square meters.

In addition, the Company has four additional malls (in addition to Phase 2 of Nakheel Mall (Riyadh) extension) it plans to develop over the medium term, with an expected additional cumulative GLA of over 355,000 square meters. As at 31 December 2018G, these five sites had a combined book value (comprising land and other costs incurred as at that date), based on the audited consolidated balance sheet of the Company as at 31 December 2018G, of SAR 3,859.6 million.

6.4.1 The Company's malls are split into the following three business categories: Super-Regional Malls, Regional Malls and Community Malls.

- *Super Regional Malls* comprises three malls: Mall of Dhahran, Mall of Arabia Jeddah and Salaam Mall Jeddah, and accounted for of 37.5% of ACC's total revenue in FY18G. Due to their size (GLA of at least 74,000 square meters), Super Regional Malls typically contain more GLA and retail units per mall and therefore offer a wider range of retail categories and a wider range of retailers for each retail category;

- *Regional malls* comprises 10 malls, including Nakheel Mall (Riyadh), Aziz Mall (Jeddah), Makkah Mall (Makkah), Noor Mall (Madinah), Yasmin Mall (Jeddah), Hamra Mall (Riyadh), Jouri Mall (Taif), Salaam Mall (Riyadh), Khurais Mall (Riyadh), and Ahsa Mall (Hofuf), and accounted for 52.1% of ACC's total revenue in FY18G. The regional mall category experienced a 10.0% increase in revenue from FY17G to FY18G, mainly driven by the increase in the average occupied area from 443,821 sqm in FY17G to 499,301 sqm in FY18G.

- *Community Malls* comprises 6 malls, including Haifa Mall (Jeddah), Nakheel Plaza (Qassim), Tala Mall (Riyadh), Jubail Mall (Jubail), Salma Mall (Hail) and Sahara Plaza (Riyadh), and accounted for 10.1% of ACC's total revenue in FY18G. Revenue from community malls decreased by 16.2% from SAR 259.9 million in FY17G to SAR 217.8 million in FY18G, mainly driven by the drop in average revenue per sqm from SAR 2,169 per sqm in FY17G to SAR 1,740 per sqm in FY18G.

6.5 Principal factors affecting the operations of the Company

The following is a discussion of the most significant factors that have affected or are expected to affect the results of operations of the Company.

6.5.1 Expansion of Mall Portfolio

New mall openings have been a primary driver of the Company's revenue growth in the periods under review (FY16G – FY18G) and are expected to continue to materially affect the Company's results of operations going forward.

The Company opened 2 new malls in FY16G (Jubail Mall and Jouri Mall) with a total combined GLA of 69,148 square meters, and 2 other new malls in FY17G (Yasmin Mall and Hamra Mall) with a total combined GLA of 108,220 square meters. The Company also has a development program for new malls, of which it currently has 3 under construction, Khaleej Mall (estimated to open in December 2019G), University Boulevard and Nakheel Mall Dammam (both estimated to open in September 2019G). This expansion helped contribute to an increase in the Company's revenue at a CAGR of 6.2%, from SAR 1,914.5 million in FY16G to SAR 2,159.4 million in FY18G.

While contributing to the Company's revenue growth in the periods under review, the expansion has also resulted in increased cost of revenue and expenses, including in relation to depreciation of investment properties. Cost of revenue increased at a CAGR of 9.2% from SAR 444.7 million in FY16G to SAR 530.7 million in FY18G, mainly driven by increases in rent expenses and overhead costs (utilities, security, cleaning, maintenance and staff costs) largely resulting from the opening of the new malls. Similarly, depreciation on investment properties increased at a CAGR of 21.7% from SAR 180.5 million in FY16G to SAR 267.5 million in FY18G, driven in part by the growth of the properties included in the Company's investment property portfolio (malls that opened in FY16G and FY17G, which represented 16.5% of the Company's GLA as at 31 December 2018G compared to 7.0% of the Company's GLA as at 31 March 2016G).

In connection with new mall openings, the Company also incurs significant capital expenditure. See "**Capital Expenditures and Financing**" below.

6.5.2 Macroeconomic conditions in Saudi Arabia

All of the Company's shopping malls are located in Saudi Arabia. As a result, the operations of the Company are, and will continue to be, significantly affected by financial, economic and/or political developments in or affecting Saudi Arabia, more generally, and, in particular, the impact of such developments on the demand for retail units in the Company's shopping malls along with the rental rates the Company agrees with its tenants. Softer economic conditions generally result in lower consumer spending, and have in the past resulted, and may in the future result, in the Company's tenants seeking to renegotiate the terms of their leases.

Over the course of 2018G and 9MFY19G, the macroeconomic conditions in the KSA retail market have been challenging, which has led to a reduction in revenue growth for certain of the Company's tenants, particularly tenants operating in fashion and ready-to-wear, including Alhokair Fashion Retail (who is the Company's largest tenant and had leased 32.6% of total malls GLA as at 31 December 2018G), who experienced a decline in revenues in FY2018G as compared with FY2017G. In addition, during both FY2018G and 9MFY19G the Company experienced challenges in collecting rent from its tenants. This resulted in, among other things, an increase in rental discounts granted to tenants by the Company and the non-payment by tenants of rent due to the Company. (See **"Discounts"** and **"Provisions"**).

6.5.3 Discounts

The Company grants discounts to tenants based on various factors. Discounts are more likely to be offered during a new mall's ramp-up period, primarily to tenants who either pre-sign during the construction phase and commit to lease retail space from the mall opening date or who are affected by the temporary construction works in the mall which may affect footfall. During the period under review, the Company offered its tenants

three types of discounts: (i) contractual grace period discounts at the start of the tenants' rental contracts, (ii) discounts offered to related party tenants in new malls (who had pre-signed) to compensate them for delays in opening of these mall and/or to attract related party tenants to open shops at new malls given the positive impact that their presence has in attracting other tenants to those malls, and (iii) discounts that were offered to both related party and external tenants in FY18G (primarily to related party tenants), in view of the prevailing market conditions at the time and importance of the related party's brands to footfall in the Company's malls.

A slowdown in retail spending in the past has led management to increase the level of discounts awarded to the Company's tenants on a case by case basis, taking into consideration the tenant's sales, the occupied area and the volume of tenant's portfolio with the Company, and this increase in discounts granted has negatively affected the Company's financial performance. Total discounts increased at a CAGR of 51.6% from SAR 146.6 million in FY16G to SAR 337.1 million in FY18G. Discounts (excluding kiosks and warehouses) as a percentage of related party gross revenue increased from 20.1% in FY16G to 32.0% in FY18G; over the same period, discounts as a percentage of external tenants gross rental revenue increased at a slower rate, from 2.6% in FY16G to 7.7% in FY18G. As a result, the average rental revenue in SAR per square meter decreased at a CAGR of 2.2% from SAR 2,043 in FY16G to SAR 1,955 in FY18G.

Furthermore, the ability of the Company to offer such discounts is limited and even if offered they may not be sufficient to encourage the tenants to renew their leases on favorable terms or at all. As a result, the Company would need to find suitable replacement tenants and any new leases entered into with those tenants could be on terms less favorable than those contained in the expiring leases. In addition, the loss of certain tenants may adversely affect the Company's ability to optimise the tenant mix at its malls.

Management established a new discount policy, which became effective in April 2018G, which provides the following:

- For customers that occupy more than 20% of the overall mall's total GLA: the discount is limited to 15% per customer and 30% per individual store but without exceeding 15% of the total base rent value of the overall leased area;
- For customers that occupy between 10-20% of the overall mall's total GLA: the discount is limited to 5% per customer and 15% per individual store but without exceeding 5% of the total base rent value of the overall leased area; and
- For customers that occupy less than 10% of the overall mall's GLA: the discount is limited to 2.5% per customer and 10% per individual store but without exceeding 2.5% of the total base rent value of the overall leased area.

The above discount limits are indicative only under the discount policy. Any discount to be granted remains at the discretion of the Company and tenants do not have any right (by default or otherwise) to the indicative discount percentage upon reaching the relevant GLA threshold. The discount policy also states that exceptions on the discount percentages could be given to customers for significant reasons at the discretion of the Management. During the 9MFY19G as compared to the 9MFY18G, discounts for related party tenants decreased as a percentage of gross rental revenue from 36.4% to 18.2%, and discounts for external tenants dropped from 5.3% to 4.9%.

Although the Company had adopted the discount policy in 9MFY19G, several exceptions to the discounts policy have been granted, mainly in connection with related party tenants as their discounts have exceeded the 15% limit as per the approved policy. At 31 December 2018G, the new discount policy was still in the process of implementation; as such, discounts are expected to gradually align with the established policy guidelines in the last three months of FY19G.

6.5.4 Occupancy Levels

The occupancy levels of the Company's malls directly affect the Company's rental income and the Company needs to continually lease space in its malls. The Company's ability to find tenants for its malls is influenced by macroeconomic factors, including the balance of supply and demand in the Saudi Arabian retail real

estate market, the competitiveness of the rental rates and operating costs, location, condition and features of the Company's malls as compared to competing properties in Saudi Arabia, the level of footfall that the Company's malls are able to attract, as well as the attractiveness of Saudi Arabia to global retail brands. The Company has in the past applied, and may in the future elect to apply, rent adjustments and discounts to retain and / or attract certain tenants in order to maintain occupancy levels. (See Section 6.5.3 ("**Discounts**") above.)

The Company also needs to re-lease space on economically favorable terms as and when leases expire. 713 lease contracts which were expected to expire prior to 31 March 2019G were renewed in the fourth quarter of FY19G (1 January 2019G till 31 March 2019G) (representing 17.4% of the 4,100 leases for retail units in the Malls). In addition, 2,047 leases of retail units will expire during the year ending 31 March 2020G (representing 49.9% of total leases) and a further 715 leases will expire in the year ending 31 March 2021G (representing 17.4% of the total leases), and 422 leases will expire in the year ending 31 March 2022G (representing 10.3% of the total leases).

None of those leases contain automatic renewal provisions. Accordingly, the Company agrees on the terms of new lease with existing tenants when their leases expire to retain those tenants. The ability of tenants to renew those leases, however, is dictated in part by the level of consumer retail spending, and the attractiveness of the Company's shopping mall, which can vary from one year to another. Factors that affect retail spending include consumer confidence, growth in real household income, interest rates, direct and indirect taxes (including VAT) and population and demographic changes in cities where the Company operates, amongst others. The Company's renewal rate in FY18G amounted to 92.8%.

6.5.5 Provisions

The Company began providing for doubtful receivables in FY16G on a case-by-case basis. In June 2017G, the Company established a provisioning policy which recognises a specific provision against the full balance of accounts under dispute and a systematic (general) provision for key and normal tenants. Accordingly, provisions taken in FY16G and FY17G on a case-by-case basis (and recorded as general and administration expenses) amounted to SAR 26.2 million in FY16G and SAR 22.9 million in FY17G.

The Company changed its basis of estimating provisions under its internal provisioning policy, beginning in FY18G, allocating a systematic provision based on the ageing of receivables and a specific provision for balances under dispute resulting in an increase in impairment loss for receivables from SAR 48.4 million at 31 March 2017G to SAR 138.6 million at 31 March 2018G.

In July 2014G, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018G.

As of 1 April 2018G the Company has implemented an expected credit loss ("**ECL**") impairment allowance model for its trade receivables book in line with the IFRS 9 requirements, which resulted in impairment loss for receivables of SAR 154.2 million at 31 December 2018G (compared to SAR 138.6 million at 31 March 2018G).

6.5.6 Capital Expenditures and Financing

The Company finances its significant capital expenditures (such as the acquisition of investment property and the construction of new malls) primarily through loans and credit facilities. Growth in the Company's operations, including four new mall openings and the development of others during the periods under review, have resulted in capital expenditures of SAR 2,491.7 million, SAR 2,605.1 million and SAR 2,573.3 million in FY16G, FY17G and FY18G, respectively, and SAR 2,420.3 million in 9MFY19G. Over the same periods, the Company's total long-term loans (including current portion of the long-term loans) increased from SAR 4,405.2 million as at 31 March 2016G to SAR 5,858.1 million as at 31 March 2017G, SAR 5,810.6 million as at 31 March 2018G and SAR 6,550.8 million as at 31 December 2018G. As such, financial charges increased from SAR 105.8 million in FY16G to SAR 179.1 million in FY17G, SAR 288.7 million in FY18G, and SAR 361.8 million in 9MFY19G.

On 26 April 2018G, the Company completed a refinancing of its existing debt facility through a new SAR 7.2 billion facility. The new debt facility comprises of two tranches of which the first tranche of SAR 5.955 billion has been used to refinance existing debt facilities. A second tranche totalling SAR 1.25 billion is available to the Company (subject to complying with certain conditions) for financing its development programme for its new malls. To the extent the Company is unable to comply with the conditions attached to availing the second tranche, this will negatively impact the Company's development program, thus affecting its future growth prospects and potentially also exposing the Company to liabilities. The interest on this loan is linked to the Saudi Arabian Interbank Offered Rate ("SIBOR"), a daily reference rate, published by the Saudi Arabian Monetary Authority (SAMA), based on the averaged interest rates at which Saudi banks offer to lend unsecured funds to other banks in the Saudi Riyal wholesale money market (or interbank market). Should SIBOR increase in the future, the Company's cost of financing will also increase, which will negatively impact the Company's financial performance (See Section 13.7 ("**Credit Facilities and Loans**")).

6.6 Results of operations (FY16G-FY18G)

6.6.1 Consolidated and Special-purpose Consolidated Statement of Income Data

Table 6-1: Consolidated and special-purpose statement of income data for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G Audited	FY17G Audited	FY18G Special Purpose Audited	YoY FY16G -FY17G	YoY FY17G -FY18G	CAGR FY16G-FY18G
Revenue*	1,914,500	2,123,774	2,159,410	10.9%	1.7%	6.2%
Cost of revenue*	(444,733)	(543,226)	(530,729)	22.1%	(2.3%)	9.2%
Depreciation of investment properties	(180,543)	(221,582)	(267,494)	22.7%	20.7%	21.7%
Write-off of investment properties**	(8,443)	(45,942)	-	444.1%	na	na
Gross profit	**1,280,781**	**1,313,023**	**1,361,187**	2.5%	3.7%	3.1%
Advertisement and promotion	(23,899)	(19,123)	(13,444)	(20.0%)	(29.7%)	(25.0%)
General and administration	(137,380)	(158,637)	(265,741)	15.5%	67.5%	39.1%
Total expenses	(161,280)	(177,760)	(279,185)	10.2%	57.1%	31.6%
Income from main operations	**1,119,502**	**1,135,263**	**1,082,001**	**1.4%**	**(4.7%)**	**(1.7%)**

Share in net income of an associate	8,648	8,822	9,651	2.0%	9.4%	5.6%
Financial charges	(105,800)	(179,121)	(288,661)	69.3%	61.2%	65.2%
Other income, net	10,613	12,026	12,454	13.3%	3.6%	8.3%
Income before Zakat	**1,032,963**	**976,989**	**815,446**	(5.4%)	(16.5%)	(11.2%)
Zakat	(32,999)	(27,154)	(32,684)	(17.7%)	20.4%	(0.5%)
Net income for the year	**999,964*** **	**949,835**	**782,762**	(5.0%)	(17.6%)	(11.5%)
Net income for the year attributable to:						
Shareholders of the Parent Company	981,125***	931,731	770,873	(5.0%)	(17.3%)	(11.4%)
Non-controlling interest	18,839***	18,104	11,888	(3.9%)	(34.3%)	(20.6%)
Net income for the year	**999,964**	**949,835**	**782,762**	(5.0%)	(17.6%)	(11.5%)

Source: Financial information in the table above has been extracted from the Company's audited consolidated financial statements for the financial years ended 31 March 2017G and 2018G prepared in accordance with Saudi GAAP, Company information

**Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus. Refer to Reclassifications table under section "1.6 Summary of Financial Information" for further details.*

***In line with the classification and presentation of the balances at 31 March 2018G, write-off of investment properties was reclassified as a direct cost (and thus part of Gross Profit) rather than as indirect costs. For consistency purposes, SAR 8.4 million of write-off of investment properties was reclassified as a direct cost for FY16G in this Prospectus. Refer to Reclassifications table under "section 1.6 Summary of Financial Information" for further details*

****Presented in the prospectus in line with presentation of 31 March 2018G special-purpose consolidated financial statements*

Table 6-1-1: Key performance indications for the years ended 31 March 2016G, 2017G and 2018G

	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
As % of revenue					**Var**	
Gross profit	66.9%	61.8%	63.0%	(5.1%)	1.2%	(3.9%)
General and administration expenses	7.2%	7.5%	12.3%	0.3%	4.8%	5.1%
Income from main operations	58.5%	53.5%	50.1%	(5.0%)	(3.4%)	(8.4%)
Net income	52.2%	44.7%	36.2%	(7.5%)	(8.5%)	(16.0%)
KPIs					**Var/ppt**	
Year-end number of malls	17	19	19	11.8%	0.0%	5.7%
Total available GLA (sqm.)	965,191	1,069,914	1,074,530	10.8%	0.4%	5.5%
Year-end occupied GLA (sqm.)	900,503	971,429	994,990	7.9%	2.4%	5.1%
Occupancy at year end (sqm.)	93.3%	90.8%	92.6%	(2.5%)	1.8%	(0.7%)
Weighted average occupied GLA (sqm.)	873,029	938,482	1,002,063	7.5%	6.8%	7.1%
Average yearly occupancy rate*	90.5%	87.7%	93.3%	(2.8%)	5.6%	2.8%
Average yearly efficiency rate**	92.4%	91.0%	85.8%	(1.4%)	(5.2%)	(6.6%)
Funds from operations (SAR 000s)***	1,182,974	1,220,141	1,070,524	3.1%	(12.3%)	(4.9%)
Recurring net income (SAR 000s)	1,025,532	1,012,669	742,953	(1.3%)	(26.6%)	(14.9%)

Source: Company information

**Excluding kiosks and warehouses*

***Average yearly efficiency rate (Net rental revenue+Service charges/Gross rental revenue) measures the discounts granted to tenants*

Table 6-1-2: ***The funds from operations

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net income for the year attributable to Shareholders of the Parent Company	981,125	931,731	770,873	(5.0%)	(17.3%)	(11.4%)
Depreciation of investment properties	180,543	221,582	267,494	22.7%	20.7%	21.7%
Depreciation of property and equipment	12,863	20,886	30,525	62.4%	46.2%	54.0%
Write-off of investment properties	8,443	45,942	-	444.1%	na	na
Loss on sale of land	-	-	1,632	na	na	na
Funds from operations	**1,182,974**	**1,220,141**	**1,070,524**	**3.1%**	**(12.3%)**	**(4.9%)**

Source: Company information

Revenue of the Company increased at a CAGR of 6.2% from SAR 1,914.5 million in FY16G to SAR 2,159.4 million in FY18G following the opening of 2 new malls in FY16G, in addition to the opening of 2 malls in FY17G, ramp-up in operations of other malls within the Company's portfolio and increase in rental rates upon renewal of tenancy contracts. In addition, the Company had opened a mall in Jubail (Fanateer Mall) in FY16G which it decided to discontinue in the same year. This growth in revenue, however, was partially offset by an increase in cost of revenue (as three of the four new malls were leasehold properties resulting in an overall increase in lease costs) and depreciation expense. General and administration expenses also increased during this period because the Company began to recognise provisions for doubtful debt (receivables which the Company has determined that it is unlikely to be able to collect) from FY16G onwards and laid the groundwork needed to embark on an expansion program which included upgrading its MIS infrastructure and hiring the personnel needed to support its expected growth in operations. The Company's Net Income Margin fell from 52.2% in FY16G to 36.2% in FY18G due to (i) higher financial charges reflecting the expensing of financial charges that had been previously capitalized under investment properties (as some projects were temporarily put on hold by Management), in addition to an increase in utilisation of debt during the period to finance the construction of new malls; and (ii) write off of certain development projects that were in initial stages as the Company re-evaluated its development program and abandoned/stopped projects that were deemed not to meet the Company's investment criteria.

Overview of comparison of financial performance in FY17G versus FY16G:

- Revenue increased by 10.9% from SAR 1,914.5 million in FY16G to SAR 2,123.8 million in FY17G which was mainly driven by the increase in weighted average occupied GLA from 873,029 sqm in FY16G to 938,482 sqm in FY17G following the (i) opening of two new malls (Al Yasmin Mall in February 2016G and Hamra Mall in July 2015G) and (ii) the ramp up in operations of malls that started operations in FY16G (Jouri Mall in July 2015G and Jubail Mall in July 2015G), and (iii) an increase in rental rates charged to tenants upon renewal of their lease contracts; partially offset by the increase in discounts granted to tenants which increased from SAR 146.6 million in FY16G to SAR 193.9 million in FY17G. Most of these discounts were granted to related party tenants in view of the prevailing market conditions at the time and the importance of related party brands to footfall in the Company's malls. (for more information please refer to the discounts under Section 6.6.2 (**Revenue by Type**);

- Cost of revenue increased by 22.1% from SAR 444.7 million in FY16G to SAR 543.2 million in FY17G which was mainly due to the increase in rent expense following the opening of two new malls and the effect of the full year rents paid for the malls that opened in FY16G, along with continued increase in cost related to security and cleaning expenses;

- Depreciation expense of investment properties increased by 22.7% from SAR 180.5 million in FY16G to SAR 221.6 million in FY17G which was mainly due to the opening of new malls during that year along with the effect of full year depreciation expense related to malls that opened in FY16G;

- Write-offs of investment properties related to expenses incurred by the Company in relation to the design and feasibility studies carried with respect to mall development activity and improvement projects undertaken at existing locations that management later decided not to pursue. Write-off of investment properties amounted to SAR 8.4 million and SAR 45.9 million in FY16G and FY17G, respectively, consisting of projects under construction and investment properties mainly relating to (i) Aziz Mall leasehold improvement (SAR 1.0 million) and Dammam Mall (SAR 7.4 million) in FY16G, and (ii) Mall of Arabia (SAR 17.4 million), Nakheel Riyadh (SAR 5.7 million), Al Hamraa Mall (SAR 2.9 million), Jouri Mall (SAR 5.4 million), Salaam Mall-Jeddah (SAR 3.2 million), Mall of Dhahran (SAR 2.7 million) and Yasmin Mall (SAR 5.9 million) in FY17G;

- General and administration expenses increased by 15.5% from SAR 137.4 million in FY16G to SAR 158.6 million in FY17G mainly due to the continued increase in number of staff from 210 in FY16G to 279 in FY17G as a result of the implementation of the new organisational structure that was developed in FY16G; and

- Financial charges increased by 69.3% from SAR 105.8 million in FY16G to SAR 179.1 million in FY17G mainly due to the expensing of financial charges that had been previously capitalized under investment properties (as some projects were temporarily put on hold by Management), in addition to an increase in the utilisation of debt facilities obtained for the purposes of purchasing land and financing the construction of new malls.

Overview of comparison of financial performance in FY18G versus FY17G:

- Revenue increased by 1.7% from SAR 2,123.8 million in FY17G to SAR 2,159.4 million in FY18G which was mainly driven by the increase in weighted average occupied GLA from 938,482 sqm in FY17G to 1,002,063 sqm in FY18G following the ramp up in operations of malls that opened in FY17G partially offset by the increase in discounts granted to tenants, which increased from SAR 193.9 million in FY17G to SAR 337.1 million in FY18G. Most of these discounts were granted to related party tenants in view of the prevailing market conditions at the time and importance of related party brands to footfall in the Company's malls (for more information please refer to the Discounts Section under 6.6.2 - Revenue by Type);

- Cost of revenue decreased by 2.3% from SAR 543.2 million in FY17G to SAR 530.7 million in FY18G mainly due to the decrease in rent expense by SAR 14.6 million between FY17G and FY18G, mainly due to adjustments made on rent expense in FY17G in connection with Yasmin Mall (for more information please refer to the Cost Of Revenue Section 6.6.8.1 - rent expenses), coupled with a decrease in security expenses over the same period.

- Depreciation expense of investment properties increased by 20.7% from SAR 221.6 million in FY17G to SAR 267.5 million in FY18G mainly due to the effect of full year depreciation expense related to malls that were opened in FY17G (Yasmin Mall and Hamra Malls) coupled with an increase in existing malls due to renovation works (leasehold improvements) made over the same period.

- General and administration expenses increased by 67.5% from SAR 158.6 million in FY17G to SAR 265.7 million in FY18G mainly due to (i) an increase in employees' salaries and other benefits from SAR 74.4 million in FY17G to SAR 91.7 million in FY18G; and (ii) the Company changed the basis of estimating provisions under its internal provisioning policy that implemented in FY18G consisting of the allocation of a systematic provision based on the ageing of receivables and a specific provision for balances under dispute, which resulted in an increase in provision for doubtful receivables by SAR 71.9 million in FY18G.

- Financial charges increased by 61.2% from SAR 179.1 million in FY17G to SAR 288.7 million in FY18G mainly due to the (i) increase in outstanding debt facilities obtained for the purposes

of purchasing land and financing the construction of new malls, and (ii) the expense of financial charges that were capitalized in previous periods as the construction of certain shopping malls were temporarily put on hold by Management.

6.6.2 Revenue by type

Table 6-2: Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Rental revenue						
Gross rental revenue	1,702,624	1,884,814	2,023,789	10.7%	7.4%	9.0%
Service charges	227,424	261,406	272,056	14.9%	4.1%	9.4%
Total rental revenue	**1,930,048**	**2,146,220**	**2,295,845**	**11.2%**	**7.0%**	**9.1%**
Total discounts	(146,591)	(193,922)	(337,116)	32.3%	73.8%	51.6%
Net rental revenue	**1,783,456**	**1,952,298**	**1,958,730**	**9.5%**	**0.3%**	**4.8%**
Utilities revenue*	62,287	84,772	98,365	36.1%	16.0%	25.7%
Media sales	61,407	52,180	61,245	(15.0%)	17.4%	(0.1%)
Other rental revenue	7,350	34,524	41,070	369.7%	19.0%	136.4%
Total revenue	**1,914,500**	**2,123,774**	**2,159,410**	**10.9%**	**1.7%**	**6.2%**
KPIs						
Number of malls	17	19	19	11.8%	0.0%	5.7%
Year-end number of retail units	3,581	3,964	4,068	10.7%	2.6%	6.6%
Of which: Year-end number of kiosks**	595	733	866	23.2%	18.1%	20.6%
Average occupied GLA (sqm)	873,029	938,482	1,002,063	7.5%	6.8%	7.1%
Gross rental revenue per sqm	2,211	2,287	2,291	3.4%	0.2%	1.8%
Net rental revenue per sqm	2,043	2,080	1,955	1.8%	(6.0%)	(2.2%)
Total discounts as a percentage of total rental revenue	7.6%	9.0%	14.7%	1.4%	5.7%	7.1%

**Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus.*

*** Kiosks are not included in mall GLA and are not included in the year-end number of retail units*

Source: Company information

The Company's revenue is primarily generated from leasing of retail space to tenants across the Company's different Malls. As at 31 March 2018G, the Company operated 19 Malls located in 10 major cities across the Kingdom in addition to other properties that included Nakheel Plaza Extension in Qassim along with Olaya Retail Center and a leased office space in Riyadh. The Company's rental revenue primarily comprised of rent generated from leasing space in its Malls, amount collected from tenants in relation to the payment of service charges and revenue generated from media sales (the rental of advertising space in Malls). Going forward, the Company expects to provide additional disclosure on revenue breakdown either through Financial Statements or Earnings Release/Presentations that could split total revenues into net rental revenue, media sales, utilities and other rental revenue.

6.6.2.1 *Gross Rental Revenue*

Gross rental revenue is an annual fee/rent charged to tenants under the terms of the lease contract. Base rent is generally determined based on (i) location, type and positioning of the mall, (ii) the location and prominence of the shop within the mall, (iii) the activity of the shop and retail category within which it falls, (iv) the size of the shop, (v) the brand the tenant represents and its ability to generate footfall, and (vi) relationship with the tenant in the context of the space and number of retail units leased across the Company's mall portfolio. Rental rates are generally subject to periodic escalations which are negotiated individually with each tenant.

The Company began selectively introducing turnover rent in FY14G, where the tenants are required to pay the higher of base rent or an agreed percentage of the tenant's annual sales. The Company typically recognises income from turnover rent on the basis of audited turnover reports submitted by the tenant. The percentage that determines the amount of turnover rent ranged from 3% to 10% in FY18G, depending on the retail category of the tenant, the mall in which the unit was leased and other considerations. Turnover rent accounted for 1.5%, 0.7% and 0.6% of gross rental revenue in FY16G, FY17G and FY18G respectively. Management plans to gradually role out turnover rent across all its malls.

Gross rental revenue increased at a CAGR of 9.0% over the period under analysis from SAR 1,702.6 million in FY16G to SAR 2,023.8 million in FY18G.

Gross rental revenue increased by 10.7% from SAR 1,702.6 million in FY16G to SAR 1,884.8 million in FY17G driven by the:

- Increase in the average occupied GLA from 873,029 sqm in FY16G to 938,482 sqm in FY17G as a result of opening two new malls (Yasmin Mall in February 2016G and Hamra Mall in October 2016G) that were added to the Company's portfolio and contributed SAR 75.5 million to the revenue growth in FY17G; and
- Ramp-up in operations of malls that started operations in late FY15G and/or during FY16G which included Nakheel Mall (+SAR 53.9 million), Jouri Mall (+SAR 48.2 million) and Jubail Mall (+SAR 17.6 million).

Gross rental revenue increased by 7.4% from SAR 1,884.8 million in FY17G to SAR 2,023.8 million in FY18G driven by the increase in total average occupied GLA from 938,482 sqm in FY17G to 1,002,063 sqm in FY18G mainly as a result of the ramp up of the two malls that opened in FY17G Yasmin Mall (+SAR 68.3 million) and Hamra Mall (+SAR 70.7 million).

6.6.2.2 *Discounts*

The Company grants discounts to tenants based on various factors (see the discussion under section 6.5 "Principal factors affecting the operations of the Company" for further details). Total discounts increased at a CAGR of 51.6% over the period under analysis from SAR 146.6 million in FY16G to SAR 337.1 million in FY18G.

Discounts increased by 32.3% from SAR 146.6 million in FY16G to SAR 193.9 million in FY17G mainly driven by discounts given to related party tenants of SAR 167.0 million in view of the prevailing market conditions at the time and importance of the related party's brands to footfall in the Company's malls. As such, discounts increased as a percentage of total rental revenue from 7.6% in FY16G to 9.0% in FY17G.

Discounts increased by 73.8% from SAR 193.9 million in FY17G to SAR 337.1 million in FY18G mainly driven by additional special discounts given to related party tenants of SAR 221.4 million and external tenants of SAR 115.8 million, in view of the challenging retail market conditions in FY18G. As such, discounts also increased as a percentage of total rental revenue from 9.0% in FY17G to 14.7% in FY18G.

6.6.2.3 *Service Charges*

Service charges mainly represent mall management and operating services fees that are received from certain categories of tenants over and above the amount collected from them as base and turnover rent. The purpose of the service charges is primarily to recover common area expenses in the malls relating to general maintenance and repairs, insurance, lighting and cleaning. Service charges are classified under rental revenue and are not netted off against actual costs (that are shown in cost of revenue). Service charges increased at a CAGR of 9.4% over the period under analysis from SAR 227.4 million in FY16G to SAR 272.1 million in FY18G.

Service charges increased by 14.9% from SAR 227.4 million in FY16G to SAR 261.4 million in FY17G in line with the increase in gross rental revenue, driven by the increase in the number of malls from 17 in FY16G to 19 in FY17G and in occupied GLA from 873,029 sqm to 938,482 sqm over the same period. Service charges remained relatively stable as a percentage of gross rental revenue increasing slightly from 13.4% in FY16G to 13.9% in FY17G.

Service charges increased by 4.1% from SAR 261.4 million in FY17G to SAR 272.1 million in FY18G in line with the increase in gross rental revenue over the same period, and the increase in occupied GLA from 938,482 sqm in FY17G to 1,002,063 sqm in FY18G. Service charges remained relatively stable as a percentage of gross rental revenue decreasing slightly from 13.9% in FY17G to 13.4% in FY18G.

6.6.2.4 *Utilities Revenue*

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under Cost of revenue in the audited consolidated financial statements of FY16G. However, utilities revenue was later recorded under revenue in the special purpose audited consolidated financial statements of FY18G and the nine month period ended 31 December 2018G. As such, for consistency purposes utilities revenue for FY16G has been presented under revenue in this section of the Prospectus.

Utilities revenue increased by 36.1% from SAR 62.3 million in FY16G to SAR 84.8 million in FY17G, mainly due to the opening of two new malls in FY17G (Yasmin Mall and Hamra Mall). In FY18G, utilities revenue increased by 16.0% from SAR 84.8 million in FY17G to SAR 98.4 million in FY18G as a result of the increase in average occupied GLA (from 938,482 sqm in FY17G to 1,002,063 sqm in FY18G) mainly as a result of the ramp up of the two malls that opened in FY17G: Yasmin Mall (+SAR 4.5 million) and Hamra Mall (+SAR 5.4 million).

6.6.2.5 *Media Sales*

Media sales represent promotional and marketing activities (i.e. billboard advertisements and special events in the Company's malls). The Company outsourced the Malls' main advertising activities to an external advertising company over the period from FY16G to the end of FY17G. However, the Company has since decided to look into the possibility of managing media sales in-house (starting FY18G) and accordingly, terminated the contract with the external advertising company.

Media sales slightly decreased from SAR 61.4 million in FY16G to SAR 61.2 million in FY18G. Media sales decreased by 15.0% from SAR 61.4 million in FY16G to SAR 52.2 million in FY17G driven by the decrease in media sales income from the external advertising company from SAR 37.2 million in FY16G to SAR 31.9 million in FY17G.

Media sales increased by 17.4% from SAR 52.2 million in FY17G to SAR 61.2 million in FY18G on the back of signing a one-time contract with a related party agency (FAS for Trading Company) of SAR 20 million in October 2017G.

6.6.2.6 *Other Rental Revenue*

Other rental revenue includes key money income (which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls), payments from tenants with respect to early termination penalties and footfall camera income from specific malls.

Footfall cameras are sensors that count the number of visitors to the malls, and for which tenants are charged on an annual basis as part of their contracts.

Other rental revenue also included an adjustment for differences between Hijri-based contracts and the Gregorian fiscal year that amounted to negative SAR 3.8 million in FY16G. In FY17G and FY18G, there was no differences between hijri and gregorian based contracts. Other rental revenue increased at a CAGR of 136.4% over the period under analysis from SAR 7.4 million in FY16G to SAR 41.1 million in FY18G following an increase in penalties charged to tenants in connection with premature terminations of contracts, delays in opening and other breaches of contract clauses.

6.6.3 *Revenue* by mall

Table 6-3: Revenue by mall for the years ended 31 March 2016G, 2017G and 2018G*

SAR in 000s	Ownership type	Opening year	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Mall of Dhahran	Leasehold	2005G	364,162	367,424	343,644	0.9%	(6.5%)	(2.9%)
Mall of Arabia – Jeddah	Freehold	2008G	283,939	262,648	276,260	(7.5%)	5.2%	(1.4%)
Salaam Mall - Jeddah	Leasehold	2012G	200,719	202,684	190,049	1.0%	(6.2%)	(2.7%)
Nakheel Mall - Riyadh	Leasehold	2014G	99,373	169,595	167,915	70.7%	(1.0%)	30.0%
Aziz Mall	Leasehold	2005G	170,901	172,974	155,778	1.2%	(9.9%)	(4.5%)
Makkah Mall	Freehold	2011G	155,559	159,194	153,156	2.3%	(3.8%)	(0.8%)
Noor Mall	Freehold	2008G	140,811	142,072	132,264	0.9%	(6.9%)	(3.1%)
Haifaa Mall	Leasehold	2011G	99,919	92,927	71,843	(7.0%)	(22.7%)	(15.2%)
Salaam Mall - Riyadh	Freehold	2005G	78,678	73,483	65,696	(6.6%)	(10.6%)	(8.6%)
Khurais Mall	Leasehold	2002G	74,564	68,708	61,699	(7.9%)	(10.2%)	(9.0%)
Ahsa Mall	Freehold	2010G	67,291	61,145	53,055	(9.1%)	(13.2%)	(11.2%)
Nakheel Plaza	Leasehold	2004G	48,260	51,297	41,812	6.3%	(18.5%)	(6.9%)
Tala Mall	Leasehold	2014G	32,623	45,239	41,554	38.7%	(8.1%)	12.9%
Salma Mall	Leasehold	2014G	11,903	23,952	18,470	101.2%	(22.9%)	24.6%
Other properties	Leasehold	Na	7,735	7,235	5,769	(6.5%)	(20.3%)	(13.6%)
Sahara Plaza	Freehold	2002G	11,182	9,132	5,142	(18.3%)	(43.7%)	(32.2%)
Total revenue from malls that opened prior to FY16G			**1,847,619**	**1,909,709**	**1,784,106**	**3.4%**	**(6.6%)**	**(1.7%)**
Jouri Mall	Leasehold	2015G	37,975	96,808	101,973	154.9%	5.3%	63.9%
Jubail Mall	Freehold	2015G	14,197	37,401	38,947	163.4%	4.1%	65.6%
Fanateer Mall	Leasehold	2015G	14,709	-	-	na	na	na
Total revenue from malls that opened in FY16G			**66,881**	**134,209**	**140,920**	**100.7%**	**5.0%**	**45.2%**
Yasmin Mall	Leasehold	2016G	-	52,931	127,338	na	140.6%	0.0%
Hamra Mall	Freehold	2016G	-	26,925	107,046	na	297.6%	0.0%
Total revenue from malls that opened in FY17G			**-**	**79,856**	**234,384**	**na**	**193.5%**	**0.0%**
Total revenue**			**1,914,500**	**2,123,774**	**2,159,410**	**10.9%**	**1.7%**	**6.2%**

SAR in 000s	Ownership type	Opening year	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
KPIs								
Prior to FY16G								
Number of retail units			3,324	3,372	3,300	1.4%	(2.1%)	(0.4%)
Average occupied GLA			831,802	839,389	838,445	0.9%	(0.1%)	0.4%
Revenue per average occupied GLA (SAR/sqm)			2,221	2,275	2,128	2.4%	(6.5%)	(2.1%)
Occupancy at year end			94.0%	94.3%	92.4%	0.3%	(1.9%)	(1.6%)
Average yearly occupancy rate			92.6%	94.1%	93.5%	1.5%	(0.6%)	0.9%
Average yearly efficiency rate			94.0%	91.7%	84.8%	(2.3%)	(6.9%)	(9.2%)
Malls opened in FY16G								
Number of retail units			257	310	322	20.6%	3.9%	11.9%
Average occupied GLA			41,227	58,081	65,483	40.9%	12.7%	26.0%
Revenue per average occupied GLA (SAR/sqm)			1,622	2,311	2,152	42.5%	(6.9%)	15.2%
Occupancy at year end			84.5%	91.2%	94.1%	6.7%	2.9%	9.6%
Average yearly occupancy rate			61.5%	83.9%	94.7%	22.4%	10.8%	33.2%
Average yearly efficiency rate***			65.5%	88.0%	80.0%	22.5%	(8.0%)	14.5%
Malls opened in FY17G								
Number of retail units			-	282	446	na	58.2%	na
Average occupied GLA			-	41,012	98,135	na	139.3%	na
Revenue per average occupied GLA (SAR/sqm)			na	1,947	2,388	na	22.7%	na
Occupancy at year end			na	61.6%	93.0%	na	31.4%	na
Average yearly occupancy rate			na	37.8%	90.3%	na	52.5%	na
Average yearly efficiency rate			na	80.3%	93.5%	na	13.2%	na

Source: Company information

**The breakdown in the table has been shown to facilitate revenue analysis by mall for the period under analysis (FY16G, FY17G, and FY18G) in order to present the growth in revenue for each year (like-for-like analysis)*

*** Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus.*

****Average yearly efficiency (calculated by dividing net rental income by overall rental income) is used to measure the discounts granted to the tenants*

Total revenue increased at a CAGR of 6.2% over the period under analysis from SAR 1,914.5 million in FY16G to SAR 2,159.4 million in FY18G. In FY17G, total revenue increased by 10.9% from SAR 1,914.5 million in FY16G to SAR 2,123.8 million in FY17G due to:

- The ramp-up in operations of three shopping malls that opened in FY15G (Nakheel Mall – Riyadh, Tala Mall and Salma Mall). Revenue generated from these Malls increased by 65.9% in FY17G from SAR 143.9 million in FY16G to SAR 238.8 million in FY17G. The growth in revenue was mainly due to the reduction in discounts granted to related party tenants in FY16G to compensate them for delays in the opening of these malls during FY15G;

- The opening of two new shopping Malls during FY17G (Yasmin Mall and Hamra Mall) that generated SAR 79.9 million in revenue during the year. The average occupancy level of these new malls was 37.8% in FY17G with an average efficiency rate of 80.3%; and
- The effect of full year of operations at two shopping Malls that opened in FY16G (Jouri Mall and Jubail Mall), as their total revenue increased by 157.2% from SAR 52.2 million in FY16G to SAR 134.2 million in FY17G. This growth in revenue was also driven by the increase in average annual efficiency rate from 65.5% in FY16G to 88.0% in FY17G as a result of the reduction in discounts that were granted to some of the tenants in the first year of operations (FY16G).

In FY18G, total revenue increased by 1.7% from SAR 2,123.8 million in FY17G to SAR 2,159.4 million in FY18G due to:

- The ramp-up in operations of two shopping Malls that opened in FY16G (Jouri Mall and Jubail Mall). Revenue generated from these malls increased by 5.0% in FY18G from SAR 134.2 million in FY17G to SAR 140.9 million in FY18G;
- The effect of full year of operations at two shopping malls that opened in FY17G (Yasmin Mall and Hamra Mall), as their total revenue increased by 193.5% from SAR 79.9 million in FY17G to SAR 234.4 million in FY18G. The revenue growth was further driven by the increase in the average annual efficiency rate from 80.3% in FY17G to 93.5% in FY18G as a result of the reduction in discounts that were granted to some of the tenants in the first year of operations (FY17G); and
- The increase in FY18G revenue for the reasons mentioned above was partially offset by the decrease in revenue from shopping malls opened prior to FY16G by 6.6% from SAR 1,909.7 million in FY17G to SAR 1,784.1 million in FY18G in line with the decrease in average yearly efficiency rate from 91.7% in FY17G to 84.8% in FY18G as a result of discounts offered primarily to related party tenants in FY18G. The Company granted such discounts in FY17G and FY18G in view of the market conditions at the time and the fact that related party tenants had occupied 33.0% of the average occupied GLA in FY18G through key brands that are a major driver of footfall in the Company's Malls.

6.6.3.1 *Malls that opened prior to FY16G*

16 malls within the Company's portfolio along with the other properties (discussed under 6.6.2 - Revenue by type) were operational prior to FY16G.

Within the Malls that were opened prior to FY16G, Mall of Dhahran, Mall of Arabia – Jeddah, Salaam Mall – Jeddah, Nakheel Riyadh and Aziz Mall were the largest contributors to the Company's total revenue over the period from FY16G to FY18G with combined revenues of SAR 1,119.1 million, SAR 1,175.3 million and SAR 1,133.6 million in FY16G, FY17G and FY18G respectively representing 58.5%, 55.3% and 52.5% of the Company's total revenue.

Makkah Mall, which commenced operations in 2011G, is located on land that is owned by the Company. The mall's total available GLA is 37,439 sqm. Makkah Mall had, 286, 291 and 294 retail units as at 31 March 2016G, 2017G and 2018G, respectively and recorded an average occupancy rate of 98.4% during the same period. The mall's revenue increased by 2.3% from SAR 155.6 million in FY16G to SAR 159.2 million in FY17G driven by new leases that were entered into at higher rental rates in FY17G, partially offset by the increase in discounts offered to related party tenants over the same period. In FY18G, the mall's total revenue decreased by 3.8% from SAR 159.2 million in FY17G to SAR 153.2 million in FY18G because of the discounts offered to tenants in view of the markets conditions at the time.

Haifa Mall, which commenced operations in 2011G, is located in Jeddah and is built on a leased land. The mall's total available GLA is 32,846 sqm. Haifa Mall had 176, 179 and 174 retail units as at 31 March 2016G, 2017G and 2018G respectively and recorded an average occupancy rate of 93.1% over the period under analysis. Haifa Mall's revenue decreased by 7.0% from SAR 99.9 million in FY16G to SAR 92.9 million in FY17G primarily because of the discounts offered to internal tenants in view of the market conditions at the time in spite of the fact that some of the unoccupied space within the mall was leased to a supermarket

while the rest of the unoccupied space was converted into an indoor soft play area. In FY18G, total revenue decreased by 22.7% from SAR 92.9 million in FY17G to SAR 71.8 million in FY18G due to the additional increase in discounts granted to tenants by SAR 11.4 million coupled with the replacement of expired tenant contracts at lower rates due to market conditions.

Salaam Mall – Riyadh, which commenced operations in 2005G, is located in Riyadh and is built on land that is owned by the Company. The mall's total available GLA is 49,909 sqm. Salaam Mall had 186, 180 and 177 retail units as at 31 March 2016G, 2017G and 2018G respectively, which resulted in a decrease in average occupancy rate 98.4% 98.9% and 95.6% in each of these periods respectively. Revenue decreased by 6.6% from SAR 78.7 million in FY16G to SAR 73.5 million in FY17G mainly due to the decrease in the number of tenants, in addition to an increase in discounts provided in view of the market conditions. In FY18G, total revenue decreased even further by 10.6% from SAR 73.5 million in FY17G, to SAR 65.7 million in FY18G due to the decrease in average occupancy rate from 98.9% in FY17G to 95.6% in FY18G in line with the decrease in the number of retail units, together with an additional increase in discounts granted to tenants by SAR 5.8 million and the replacement of expired tenant contracts at lower rates.

Khurais Mall, which commenced operations in 2002G, is located in Riyadh and is built on a leased land. The mall's total available GLA is 41,256 sqm. Khurais Mall had 171, 168 and 159 retail units as at 31 March 2016G, 2017G and 2018G respectively, which resulted in a decrease in average occupancy rate from 98.6% in FY16G to 98.0% and 96.7% in FY17G and FY18G, respectively. Khurais Mall's total revenue decreased by 7.9% from SAR 74.6 million in FY16G to SAR 68.7 million in FY17G mainly due to the discounts granted to tenants. In FY18G, rental revenue decreased by 10.2% from SAR 68.7 million in FY17G to SAR 61.7 million in FY18G due to a decrease in average occupancy rate from 98.0% in FY17G to 96.7% in FY18G due to the drop in the number of retail units, coupled with an additional increase in discounts granted to tenants.

Ahsa Mall, which commenced operations in 2010G, is located in the city of Ahsa and is built on land owned by the Company. The mall's total available GLA is 51,535 sqm. Ahsa Mall had 171, 165 and 156 retail units as at 31 March 2016G, 2017G and 2018G, which resulted in a decrease in average occupancy rate from 89.1% in FY16G to 85.3% and 82.5% in FY17G and FY18, respectively. Reduction in occupancy during FY17G was mainly driven by the termination of the lease agreement of a department store at the end of FY16G. As at 31 March 2017G, the space was still in the process of being leased to another tenant. Ahsa mall's total revenue decreased by 9.1% from SAR 67.3 million in FY16G to SAR 61.1 million in FY17G as a result of discounts granted to related party tenants during FY17G and the department store tenant leaving the mall. Rental revenue further decreased in FY18G by 13.2% from SAR 61.1 million in FY17G to SAR 53.1 million as a result of a drop in average occupancy level over the same period in line with the decrease in the number of retail units, coupled with an additional increase in discounts to tenants in view of the market conditions.

Nakheel Plaza, which commenced operations in 2004G, is located in the city of Qassim and is built on land that is leased by the Company. The Mall's total available GLA is 34,145 sqm. Nakheel Plaza had 150, 143 and 132 retail units as at 31 March 2016G, 2017G and 2018G respectively and recorded an average occupancy rate of 87.2%, 88.7% and 96.3% in each of these periods respectively. The increase in average occupancy over the period, despite the decrease in the number of retail units was due to reconfiguration of some GLA into larger retail units. Total revenue increased by 6.3% from SAR 48.3 million in FY16G to SAR 51.3 million in FY17G primarily driven by new leases being entered into at higher rental rates. In FY18G, total rental revenue decreased by 18.5%, from SAR 51.3 million in FY17G to SAR 41.8 million in FY18G primarily due to the increase in discounts granted to tenants in view of the market conditions.

Tala Mall, which commenced operations in 2014G, has a total GLA of 22,702 sqm. Tala Mall has currently 113 tenants as at 31 March 2018G. Tala Mall total revenue increased from SAR 32.6 million in FY16G to SAR 45.2 million in FY17G mainly due to the decrease in discounts granted to tenants in FY17G by SAR 9.9 million as compared to FY16G, as exceptional discounts were offered to tenants in FY16G to compensate for delays in mall opening. Subsequently in FY18G, rental revenue decreased from SAR 45.2 million in FY17G to SAR 41.6 million in FY18G on the back of additional discounts of SAR 3.1 million offered to tenants.

Salma Mall, which commenced operations in 2014G, is located in Hail on leased land. It is a single story mall with total available GLA of 16,948 sqm. Salma Mall had 91, 91 and 82 retail units as at 31 March 2016G, 2017G and 2018G respectively and had an average occupancy rate increasing from 94.6% in FY16G to 94.9% and 99.0% in FY17G and FY18G respectively. The increase in average occupancy over the period, despite the decrease in the number of retail units, was driven by the reconfiguration of some GLA into larger retail units. Salma Mall's total revenue increased by 101.2% from SAR 11.9 million in FY16G to SAR 24.0 million in FY17G mainly due to the reduction in discounts that were granted exceptionally in FY16G as exceptional discounts were offered to tenants in FY16G to compensate for delays in mall opening in FY15G. In FY18G, total revenue decreased from SAR 24.0 million in FY17G to SAR 18.5 million in FY18G mainly due to the increase in discounts offered to tenants in view of the market conditions.

Sahara Plaza, which started operations in 2002G, is located in Riyadh and is built on land that is owned by the Company. It is an outlet mall that is relatively small in size with total available GLA of 12,222 sqm. Sahara Plaza had 41, 29 and 27 retail units as at 31 March 2016G, 2017G and 2018G. Sahara Plaza average occupancy rates decreased from 83.5% and 79.7% in FY16G and FY17G, respectively to 40.4% in FY18G mainly as a reflection of the construction work being carried out in the vicinity of the mall. Total revenue decreased from SAR 11.2 million in FY16G to SAR 9.1 million in FY17G mainly due to the reduction in occupied GLA over the same period, in addition to the increase in discounts granted to tenants. Total revenue decrease further in FY18G, from SAR 9.1 million in FY17G to SAR 5.1 million in FY18G mainly due to additional discounts offered to tenants and the reduction in average occupied GLA in FY18G.

6.6.3.2 *Malls that opened in FY16G*

Jouri Mall, which started operations in July 2015G, is located in Taif and is built on leased land. The mall's total GLA is 48,172 sqm with an average occupancy rate that increased from 63.8% in FY16G to 90.2% and 95.6% in FY17G and FY18G. Jouri Mall had 170, 201 and 215 retail units as at 31 March 2016G, 2017G and 2018G respectively. Total revenue increased by 154.9% from SAR 38.0 million in FY16G to SAR 96.8 million in FY17G in line with the increase in average occupancy rates over the same period. Total revenue in FY18G increased from SAR 96.8 million in FY17G to SAR 102.0 million on the back of a further increase in average occupied GLA as occupancy increased from 90.2% to 95.6% over the same period.

Jubail Mall, which commenced operations in July 2015G, is located in Jubail on a plot of land that is owned by the Company. The mall's total GLA is 20,976 sqm, with an average annual occupancy rate increasing from 55.8% and 69.6% in FY16G and FY17G to 92.7% in FY18G. Jubail Mall had 93, 107 and 107 retail units as at 31 March 2016G, 2017G and 2018G, respectively. Revenue generated by the mall increased by 163.4% from SAR 14.2 million in FY16G to SAR 37.4 million in FY17G mainly due to the increase in average occupied GLA as occupancy increased from 55.8% in FY16G to 69.5% in FY17G. In FY18G, total revenue increased from SAR 37.4 million in FY17G to SAR 38.9 million in FY18G mainly due to the increase in the average occupied GLA as occupancy increased from 69.6% in FY17G to 92.7% in FY18G, partly offset by an increase in discounts offered to tenants.

The Company had entered into an agreement to lease Fanateer Mall in Jubail in FY16G but decided to terminate the agreement later that year as a result of the extensive renovations that needed to be carried out to the mall and the fact that the Company had opened Jubail Mall in the same year in the same city. Fanateer Mall generated revenue of SAR 14.7 million in FY16G.

6.6.3.3 *Malls that opened in FY17G*

Yasmin Mall commenced operations in February FY17G. It is located in Jeddah and is constructed on leased plot of land. The mall's total GLA is 54,752 sqm. Total revenue increased from SAR 52.9 million in FY17G to SAR 127.3 million in FY18G mainly as a result of the full year effect as average occupied area increased over the period driving average occupancy rate from 36.1% to 90.6% over the same period.

Hamra Mall commenced operations in October FY17G. It is located in Riyadh on a plot of land that is owned by the Company. The mall's total GLA is 53,932 sqm. Total revenue increased from SAR 26.9 million in FY17G to SAR 107.0 million in FY18G mainly as a result of the full year effect as average occupied area increased over the period driving average occupancy rate from 39.5% to 90.0% over the same period.

6.6.4 Top 5 Malls based on Revenue

6.6.4.1 *Mall of Dhahran*

Mall of Dhahran, which opened in 2005G, is located in Khobar and has been developed on leased land with total available GLA of 160,612 sqm. As at 31 March 2018G, the mall had 504 retail units, that included 104 kiosks located in the mall's common area.

Table 6-4: Mall of Dhahran - Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net rental revenue (excluding services charges)	293,771	293,915	269,144	0.0%	(8.4%)	(4.3%)
Service charges revenue	44,464	45,663	43,481	2.7%	(4.8%)	(1.1%)
Net rental revenue	**338,235**	**339,577**	**312,625**	**0.4%**	**(7.9%)**	**(3.9%)**
Utilities revenues	12,067	12,765	12,544	5.8%	(1.7%)	2.0%
Media sales	12,120	7,704	7,578	(36.4%)	(1.6%)	(20.9%)
Other rental revenue	1,740	7,378	10,897	324.0%	47.7%	150.3%
Total revenue	**364,162**	**367,424**	**343,644**	**0.9%**	**(6.5%)**	**(2.9%)**
KPIs						
Year-end number of retail units	494	510	504	3.2%	(1.2%)	1.0%
Of which kiosks	91	95	104	4.4%	9.5%	6.9%
Year-end total available GLA	156,770	155,327	160,612	(0.9%)	3.4%	1.2%
Weighted average occupied GLA	150,311	149,746	149,331	(0.4%)	(0.3%)	(0.3%)
Weighted average yearly occupancy rate	95.9%	95.8%	93.0%	(0.1%)	(2.8%)	(2.9%)
Year-end occupancy rate	96.6%	95.8%	91.2%	(0.8%)	(4.6%)	(5.4%)
Revenue per weighted average occupied GLA (SAR/sqm)	2,423	2,454	2,301	1.3%	(6.2%)	(2.6%)
Average yearly efficiency rate	98.2%	92.9%	86.5%	(5.3%)	(6.4%)	(11.7%)

Source: Company information

**Average yearly efficiency (calculated by dividing net rental income including service charges by overall rental income) is used to measure the discounts granted to the tenants*

Mall of Dhahran accounted for 19.0%, 17.3% and 15.9% of the Company's total revenue in FY16G, FY17G and FY18G, respectively. Mall of Dhahran had 494, 510 and 504 retail units in FY16G, FY17G and FY18G respectively. The mall is the Company's largest shopping mall by total built-up area (approximately 220,550 sqm), and by total available GLA (160,612 sqm). Total available GLA decreased by 1,443 sqm between FY16G and FY17G as additional common areas were added to allow more public space for specific events. Furthermore, total available GLA increased by 5,285 sqm from FY17G to FY18G due to the reconfiguration of the common area to accommodate the expansion of Home Center (2,480 sqm) and Centerpoint (2,129 sqm). Mall of Dhahran recorded an average annual occupancy rate of 95.9%, 95.8% and 93.0% in FY16G, FY17G and FY18G respectively, coupled with an efficiency rate of 98.2%, 92.9% and 86.5% over the same period. The Mall of Dhahran had an estimated annual footfall of 13.1 million visitors in FY18G.

Mall of Dhahran's total revenue increased by only 0.9% from SAR 364.2 million in FY16G to SAR 367.4 million in FY17G as a result of annual rental escalations that was offset by discounts given to related party tenants (as explained under the discounts section in 6.6.3 - Revenue by type).

Mall of Dhahran's net rental revenue decreased by 7.9% from SAR 339.6 million in FY17G to SAR 312.6 million in FY18G as a result of the increase in discounts offered to tenants in FY18G.

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges. Utilities revenue for Mall of Dhahran increased by 5.8% from SAR 12.1 million in FY16G to SAR 12.8 million in FY17G mainly due to the increase in number of tenants. In FY18G, utilities revenue decreased by 1.7% from SAR 12.8 million in FY17G to SAR 12.5 million in FY18G as a result of the decrease in occupancy level.

Media sales mainly consisted of sales of small banners in the mall in addition to the outsourcing of the main advertising activities to Faden Media. Media sales decreased at a CAGR of (20.9%) from SAR 12.1 million in FY16G to SAR 7.6 million in FY18G mainly in line with the general limited spending on advertising due to the prevailing slowdown in the market.

Other rental revenue amounted to SAR 1.7 million in FY16G and SAR 7.4 million in FY17G and consisted mainly of key money income received from new tenants. Other rental revenue increased to SAR 10.9 million in FY18G mainly due to the increase in penalty income relating to the premature termination of tenant contracts.

6.6.4.2 *Mall of Arabia*

Mall of Arabia is located in Jeddah and is built on land owned by the Company. It started operations in 2008G with a total available GLA of 105,524 sqm as at FY2018G. As at 31 March 2018G, the mall had 337 retail units and 54 kiosks located in the mall's common area.

Table 6-5: Mall of Arabia - Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net rental revenue (excluding service charges)	227,990	207,537	216,213	(9.0%)	4.2%	(2.6%)
Service charges revenue	33,717	32,126	33,512	(4.7%)	4.3%	(0.3%)
Net rental revenue	**261,707**	**239,663**	**249,725**	**(8.4%)**	**4.2%**	**(2.3%)**
Utilities revenue	9,851	10,986	12,131	11.5%	10.4%	11.0%
Media sales	7,511	7,084	8,888	(5.7%)	25.5%	8.8%
Other rental revenue	4,871	4,915	5,516	0.9%	12.2%	6.4%
Total revenue	**283,939**	**262,648**	**276,260**	**(7.5%)**	**5.2%**	**(1.4%)**
KPIs						
Year-end number of retail units	281	305	337	8.5%	10.5%	9.5%
Of which kiosks	27	40	54	48.1%	35.0%	41.4%
Year-end total available GLA	108,438	105,562	105,524	(2.7%)	0.0%	(1.4%)
Weighted average occupied GLA	94,569	94,736	99,054	0.2%	4.6%	2.3%
Weighted average yearly occupancy rate	87.2%	89.7%	93.9%	2.5%	4.2%	6.7%
Year-end occupancy rate	86.7%	91.8%	95.1%	5.1%	3.3%	8.4%
Revenue per weighted average occupied GLA (SAR/sqm)	3,002	2,772	2,789	(7.7%)	0.6%	(3.6%)
Average yearly efficiency rate*	98.6%	89.9%	84.9%	(8.7%)	(5.0%)	(13.7%)

Source: Company information
**Average yearly efficiency (calculated by dividing net rental income including service charges by overall rental income) is used to measure the discounts granted to the tenants*

Mall of Arabia accounted for 14.8%, 12.4% and 12.8% of the Company's total revenue in FY16G, FY17G and FY18G, respectively. The mall had 281, 305 and 337 retail units in FY16G, FY17G and FY18G, respectively. Mall of Arabia is one of the largest malls in Jeddah with a total built-up area of approximately 247,848 sqm

and a total available GLA of 105,524 sqm. Total available GLA decreased from 108,438 sqm in FY16G to 105,524 sqm in FY18G due to the expansion of the food court area at the expense of closing several retail units, in addition to changes in the Mall main entrance. Mall of Arabia recorded average occupancy rate of 87.2% in FY16G, 89.7% in FY17G and 93.9% in FY18G coupled with an efficiency rate of 98.6%, 89.9% and 84.9% respectively over the same period. The Mall of Arabia had an estimated footfall of 7.9 million visitors in FY18G.

Mall of Arabia's net rental revenue decreased by 8.4% from SAR 261.7 million in FY16G to SAR 239.7 million in FY17G mainly due to the discounts that were awarded to related party tenants in FY17G in view of the prevailing market conditions at the time and the importance of related party brands in driving footfall in Mall of Arabia.

Mall of Arabia's total rental revenue subsequently increased by 4.2% from SAR 239.7 million in FY17G to SAR 249.7 million in FY18G mainly driven by an increase in average occupied GLA as occupancy level increased from 89.7% to 93.9% over the same period.

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges. Utilities revenue for Mall of Arabia increased by 11.5% from SAR 9.9 million in FY16G to SAR 11.0 million in FY17G. In FY18G, utilities revenue increased by 10.4% from SAR 11.0 million in FY17G to SAR 12.1 million in FY18G.

Media sales included revenue from contract with an external advertising agency. Media sales decreased from SAR 7.5 million in FY16G to SAR 7.1 million in FY17G due to the general slowdown in the market which limited the tenants' spending on media activities. Media sales subsequently increased from SAR 7.1 million in FY17G to SAR 8.9 million in FY18G in connection with the outsourcing of the Mall's main advertising activities for an annual contract fee, as well as the increase in other media sales which are managed by the in-house advertising department.

Other rental revenue amounted to SAR 4.9 million in FY16G and mainly related to the differences resulting from conversion of Hijri contracts to Gregorian calendar. Other rental revenue remained relatively stable at SAR 4.9 million in FY17G and mainly consisted of key money income received from new tenants. Other rental revenue subsequently increased to SAR 5.5 million in FY18G due to the increase in penalty income and decrease in cost of footfall cameras, partly offset by the decrease in key income.

6.6.4.3 Salaam Mall - Jeddah

Salaam Mall is located in Jeddah and is leased by the Company. It opened in 2012G with total available GLA of 122,322 sqm. As at 31 March 2018G, the mall had 368 retail units that included 85 kiosks located in the mall common area.

Table 6-6: Salaam Mall - Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net rental revenue (excluding service charges)	156,133	162,261	146,489	3.9%	(9.7%)	(3.1%)
Service charges revenue	22,857	23,790	22,577	4.1%	(5.1%)	(0.6%)
Net rental revenue	**178,990**	**186,051**	**169,066**	**3.9%**	**(9.1%)**	**(2.8%)**
Utilities revenue	11,385	11,533	12,091	1.3%	4.8%	3.1%
Media sales	8,474	2,928	5,942	(65.4%)	102.9%	(16.3%)
Other rental revenue	1,870	2,172	2,950	16.1%	35.8%	25.6%
Total revenue	**200,719**	**202,684**	**190,049**	**1.0%**	**(6.2%)**	**(2.7%)**

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
KPIs						
Year-end number of retail units	370	394	368	6.5%	(6.6%)	(0.3%)
Of which kiosks	65	85	85	30.8%	0.0%	14.4%
Year-end total available GLA	118,641	120,134	122,322	1.3%	1.8%	1.5%
Weighted average occupied GLA	97,270	111,214	112,071	14.3%	0.8%	7.3%
Weighted average yearly occupancy rate	82.0%	92.6%	91.6%	10.6%	(1.0%)	9.6%
Year-end occupancy rate	97.1%	93.3%	90.1%	(3.8%)	(3.2%)	(7.0%)
Revenue per weighted average occupied GLA (SAR/sqm)	2,064	1,822	1,696	(11.7%)	(6.9%)	(9.4%)
Average yearly efficiency rate	97.0%	94.1%	88.0%	(2.9%)	(6.1%)	(9.0%)

Source: Company information

**Average yearly efficiency (calculated by dividing net rental income including service charges by overall rental income) is used to measure the discounts granted to the tenants*

Salaam Mall accounted for 10.5%, 9.5% and 8.8% of the Company total revenue in FY16G, FY17G and FY18G respectively. The mall had 370, 394 and 368 retail units in FY16G, FY17G and FY18G respectively with average occupancy rate of 82.0%, 92.6% and 91.6% over the same period coupled with an efficiency rate of 97.0%, 94.1% and 88.0% in FY16G, FY17G and FY18G respectively. Salaam Mall had an estimated footfall of 11.0 million visitors in FY18G.

Net rental revenue increased by 3.9% from SAR 179.0 million in FY16G to SAR 186.1 million in FY17G due to the increase in the average occupied GLA from 97,270 sqm in FY16G to 111,214 sqm in FY17G (mainly driven by the full year effect of the opening of the IKEA shop in late FY16G). The decrease in revenue per weighted average occupied GLA in FY17G from SAR 2,064 per sqm in FY16G to SAR 1,822 per sqm in FY17G was a result of: i) leasing of space to an anchor tenant at lower rental rates; and ii) discounts granted to related party tenants. Total rental revenue subsequently decreased by 9.1% from SAR 186.1 million in FY17G to SAR 169.1 million in FY18G as a result of the increase in discounts granted to tenants.

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges. Utilities revenue for Salaam Mall increased by 1.3% from SAR 11.4 million in FY16G to SAR 11.5 million in FY17G. In FY18G, utilities revenue increased by 4.8% from SAR 11.5 million in FY17G to SAR 12.1 million in FY18G as a result of the increase in utility charges recovered from tenants.

Media sales decreased by 65.4% from SAR 8.5 million in FY16G to SAR 2.9 million in FY17G due to reduced utilization of advertising space at the mall. The contract (signed at a Company level for all the malls) with the advertising agency was renewed in FY18G and limited to digital media advertising only. As such, Media sales increased in FY18G from SAR 2.9 million in FY17G to SAR 5.9 million in FY18G.

Other rental revenue amounted to SAR 1.9 million in FY16G, SAR 2.2 million in FY17G and SAR 3.0 million in FY18G and mainly related to key money income received from new tenants as well as footfall camera revenue and maintenance.

6.6.4.4 *Nakheel Mall*

Nakheel Mall is located in Riyadh and is built on leased land. It started operations in 2014G and has total available GLA of 55,343 sqm. As at 31 March 2018G, the mall had 240 retail units that included 35 kiosks located in the mall common area.

Table 6-7: Nakheel Riyadh Mall Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net rental revenue (excluding service charges)	84,671	131,518	130,192	55.3%	(1.0%)	24.0%
Service charges revenue	13,886	20,909	20,925	50.6%	0.1%	22.8%
Net rental revenue	**98,557**	**152,427**	**151,117**	54.7%	(0.9%)	23.8%
Utilities revenue	3,303	8,085	8,307	144.8%	2.7%	58.6%
Media sales	2,970	5,046	4,627	69.9%	(8.3%)	24.8%
Other rental revenue	(5,457)	4,037	3,864	na	(4.3%)	na
Total revenue	**99,373**	**169,595**	**167,915**	70.7%	(1.0%)	30.0%
KPIs						
Year-end number of retail units	227	238	240	4.8%	0.8%	2.8%
Of which kiosks	15	30	35	100.0%	16.7%	52.8%
Year-end total available GLA	55,553	58,607	55,343	5.5%	(5.6%)	(0.2%)
Weighted average occupied GLA	51,271	53,898	52,843	5.1%	(2.0%)	1.5%
Weighted average yearly occupancy rate	92.3%	92.0%	95.5%	(0.3%)	3.5%	3.2%
Year-end occupancy rate	92.8%	91.4%	96.2%	(1.4%)	4.8%	3.4%
Revenue per weighted average occupied GLA (SAR/sqm)	1,938	3,147	3,178	62.4%	1.0%	28.1%
Average yearly efficiency rate	62.6%	88.2%	83.9%	25.6%	(4.3%)	21.3%

**Average yearly efficiency (calculated by dividing net rental income including service charges by overall rental income) is used to measure the discounts granted to the tenants.*

Source: Company information

Nakheel Mall accounted for 5.2%, 8.0% and 7.8% of the Company total revenue in FY16G, FY17G and FY18G respectively. The mall had 227, 238 and 240 retail units in FY16G, FY17G and FY18G respectively with average occupancy rate of 92.3%, 92.0% and 95.5% over the same period coupled with an efficiency rate of 62.6%, 88.2% and 83.9% in FY16G, FY17G and FY18G respectively. The increase in average occupancy rate from 92.0% in FY17G to 95.5% in FY18G was mainly due to the decrease in total available GLA over the same period as Management cancelled a plan to lease the Mall's roof. Nakheel Mall had an estimated footfall of 9.5 million visitors in FY18G.

Total net rental revenue increased by 54.7% from SAR 98.6 million in FY16G to SAR 152.4 million in FY17G as a result of an increase in weighted average occupied GLA and improved efficiency rate (from 62.6% in FY16G to 88.2% in FY17G) as the Company had granted higher discounts to several tenants in FY16G to compensate them for delays in opening of the mall. Net rental revenue subsequently decreased by 0.9% from SAR 152.4 million in FY17G to SAR 151.1 million in FY18G as a result of the increase in discounts offered to tenants. The increase in revenue per weighted average occupied GLA, from SAR 3,147 per sqm in FY17G to SAR 3,178 per sqm in FY18G was mainly due to the decrease in average occupied GLA from 53,898 sqm in FY17G to 52,843 sqm in FY18G.

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges. Utilities revenue for Nakheel Mall increased by 144.8% from SAR 3.3 million in FY16G to SAR 8.1 million in FY17G. In FY18G, utilities revenue increased by 2.7% from SAR 8.1 million in FY17G to SAR 8.3 million in FY18G.

Media sales increased by 69.9% from SAR 3.0 million in FY16G to SAR 5.0 million in FY17G driven by the ramp-up in operations of the mall. Media sales decreased by 8.3% from SAR 5.0 million in FY17G to SAR 4.6 million in FY18G as the new contract with the advertising agency was limited to digital media advertising only.

Other rental revenue included (i) key income charged to tenants in exchange for their right to lease certain key locations, (ii) footfall camera and maintenance revenue, and (iii) penalty income collected from tenants in case of early contract termination. Other rental revenue increased from a deficit of SAR 5.5 million in FY16G to SAR 4.0 million in FY17G and SAR 3.9 million in FY18G as FY16G included differences arising from the conversion of Hijri to Gregorian calendar which amounted to a negative adjustment of SAR 5.7 million.

6.6.4.5 *Aziz Mall*

Aziz Mall is located in Jeddah and is built on leased land. It opened in 2006G with total available GLA of 72,010 sqm. As at 31 March 2018G, the mall had 286 retail units that included 70 kiosks located in the mall common area.

Table 6-8: Aziz Mall Revenue by type for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net rental revenue (excluding service charges)	137,406	139,852	124,587	1.8%	(10.9%)	(4.8%)
Service charges revenue	19,510	19,962	18,193	2.3%	(8.9%)	(3.4%)
Net rental revenue	**156,916**	**159,814**	**142,780**	**1.8%**	**(10.7%)**	**(4.6%)**
Utilities revenue	3,889	4,234	4,737	8.9%	11.9%	10.4%
Media sales	5,821	4,863	4,693	(16.5%)	(3.5%)	(10.2%)
Other rental revenue	4,275	4,062	3,568	(5.0%)	(12.2%)	(8.7%)
Total revenue	**170,901**	**172,973**	**155,778**	**1.2%**	**(9.9%)**	**(4.5%)**
KPIs						
Year-end number of retail units	288	295	286	2.4%	(3.1%)	(0.3%)
Of which kiosks	62	66	70	6.5%	6.1%	6.3%
Year-end total available GLA	71,944	72,263	72,010	0.4%	(0.4%)	0.0%
Weighted average occupied GLA	71,168	71,244	70,232	0.1%	(1.4%)	(0.7%)
Weighted average yearly occupancy rate	98.9%	98.6%	97.5%	(0.3%)	(1.1%)	(1.4%)
Year-end occupancy rate	99.1%	98.4%	96.4%	(0.7%)	(2.0%)	(2.7%)
Revenue per weighted average occupied GLA (SAR/sqm)	2,401	2,428	2,218	1.1%	(8.6%)	(3.9%)
Average yearly efficiency rate	99.0%	92.4%	85.0%	(6.6%)	(7.4%)	(14.0%)

Source: Company information

**Average yearly efficiency (calculated by dividing net rental income including service charges by overall rental income) is used to measure the discounts granted to the tenants*

Aziz Mall accounted for 8.9%, 8.1% and 7.2% of the Company's total revenue in FY16G, FY17G and FY18G respectively. The mall had 288, 295 and 286 retail units in FY16G, FY17G and FY18G respectively with average occupancy rate of 98.9% in FY16G, 98.6% in FY17G and 97.5% in FY18G coupled with an efficiency rate of 99.0%, 92.4% and 85.0% respectively over the same period. Aziz Mall had an estimated footfall of 6.8 million visitors in FY18G.

Total net rental revenue increased by only 1.8% from SAR 156.9 million in FY16G to SAR 159.8 million in FY17G mainly driven by the annual rate escalations, offset by discounts granted to related party tenants (as explained under the discounts section in 6.6 - Revenue by type). Total rental revenue subsequently decreased by 10.7% from SAR 159.8 million in FY17G to SAR 142.8 million in FY18G mainly driven by the increase in discounts offered to tenants.

Utilities revenue represented the contractual amount charged to tenants for the recovery of water and electricity charges. Utilities revenue for Aziz Mall increased by 8.9% from SAR 3.9 million in FY16G to SAR 4.2 million in FY17G. In FY18G, utilities revenue increased by 11.9% from SAR 4.2 million in FY17G to SAR 4.7 million in FY18G as a result of the increase in utility charges recovered from tenants.

The Company has sold advertising rights at Aziz Mall through a contract entered into with an outside advertising agency. Media sales revenue decreased by 16.5% in FY17G from SAR 5.8 million in FY16G to SAR 4.9 million in FY17G due to discount granted to the agency. Media sales decreased in FY18G from SAR 4.9 million in FY17G to SAR 4.7 million in FY18G mainly due to limiting the advertising agency to digital media advertising only.

Other rental revenue consisted of key income charged to tenants in exchange for their right to lease certain key locations, footfall camera and maintenance revenue and penalty income collected from tenants in case of early contract termination.

6.6.5 Top 5 Customers based on Revenue

Table 6-9: Revenue by top clients for the years ended 31 March 2016G, 2017G and 2018G

	FY16G			FY17G			FY18G			Change in rental revenue		
Name of customer	Nb. Of retail units	Rental revenue (SAR 000s)	% of total	Nb. Of retail units	Rental revenue (SAR 000s)	% of total	Nb. Of retail units	Rental revenue (SAR 000s)	% of total	YoY 2016G-2017G	YoY 2017G-2018G	CAGR 2016G-2018G
Alhokair Fashion Retail and its subsidiaries*	881	458,355	25.7%	1,138	453,595	23.2%	1,117	483,751	24.7%	(1.0%)	6.6%	2.7%
Landmark Arabia Co.	83	123,037	6.9%	95	127,446	6.5%	81	101,872	5.2%	3.6%	(20.1%)	-9.0%
Apparel Trading Co.	58	39,325	2.2%	74	46,294	2.4%	81	50,890	2.6%	17.7%	9.9%	13.8%
Farouk Contracting and Trading Co.	64	39,849	2.2%	74	49,193	2.5%	70	50,806	2.6%	23.4%	3.3%	12.9%
Kamal Othman Jamjoom Trading Co.	77	36,690	2.1%	89	46,243	2.4%	81	47,761	2.4%	26.0%	3.3%	14.1%
Total top 5 customers	1,163	697,256	39.1%	1,484	722,771	37.0%	1,430	735,080	37.5%	3.7%	1.7%	2.7%

**Related party tenants are Fawaz Al Hokair and Co., they comprise of FAS Holding Company for Hotels, Food and Entertainment Trading Company Limited, and Abdul Mohsin Al Hokair Group for Tourism and Development, among others.*
Source: Company information

Rental revenue generated by the top five tenants amounted to SAR 697.3 million in FY16G, SAR 722.8 million in FY17G and SAR 735.1 million in FY18G which represented 39.1%, 37.0% and 37.5% of total rental revenue respectively over the period under analysis. The Company's top five customers had rented 1,163 retail units in FY16G, 1,484 retail units in FY17G and 1,430 retail units in FY18G, occupying a weighted average area of 392,052 sqm in FY16G, 416,651 sqm in FY17G and 469,122 sqm in FY18G, representing 44.9%, 44.4% and 46.8% of the Company's total weighted average occupied GLA respectively, over the same period.

Alhokair Fashion Retail and its subsidiaries had rented 881, 1,138 and 1,117 retail units in FY16G, FY17G, and FY18G respectively, occupying a weighted average GLA of 277,216 sqm in FY16G, 284,894 sqm in FY17G and 331,963 sqm in FY18G (which accounted for 31.8%, 30.4% and 33.1% of the Company's

total weighted average occupied area in FY16G, FY17G and FY18G respectively). Net rental revenue from Alhokair Fashion Retail and its subsidiaries decreased by 1.0% from SAR 458.4 million in FY16G to SAR 453.6 million in FY17G due to the increase in special discounts offered to related party tenants in FY17G, whereby they increased as a percentage of gross revenue from 19.9% in FY16G to 26.9% in FY17G (as explained under the discounts section in 9 - Revenue split between related and non-related tenants). Net rental revenue subsequently increased by 6.6% to SAR 483.8 million in FY18G due to the increase in the weighted average occupied GLA from 284,894 sqm to 331,963 sqm over the same period, which was partially offset by a further increase in special discounts granted to internal tenants from SAR 167.0 million in FY17G to SAR 220.3 million in FY18G (as explained under the discounts Section 9 (**Revenue split between related and non-related tenants**)).

Landmark Arabia had rented 83 retail units in FY16G, 95 retail units in FY17G and 81 retail units in FY18G, occupying an average occupied GLA of 81,472 sqm in FY16G, 93,173 sqm in FY17G and 94,097 sqm in FY18G, which represented 9.3% of the Company's total weighted average occupied GLA in FY16G, 9.9% in FY17G and 9.4% in FY18G. Net rental revenue increased by 3.6% from SAR 123.0 million in FY16G to SAR 127.4 million in FY17G as a result of the increase in the weighted average occupied GLA following the opening of two new malls (Hamra Mall and Yasmin Mall) in FY17G. Rental revenue subsequently decreased by 20.1%, from SAR 127.4 million in FY17G to SAR 101.9 million in FY18G, as a result of the increase in discounts (from SAR 1.4 million in FY17G to SAR 17.8 million in FY18G), coupled with the decrease in turn-over revenue from SAR 14.9 million to SAR 6.6 million over the same period, mainly as a result of decreasing sales activity over the period.

Apparel Trading Co. had rented 58 retail units in FY16G, 74 retail units in FY17G and 81 retail units in FY18G, occupying an average occupied GLA of 11,455 sqm, 12,964 sqm and 15,448 sqm in FY16G, FY17G and FY18G, respectively, which represented 1.3%, 1.4% and 1.5% of the Company's total weighted average occupied GLA in FY16G, FY17G and FY18G, respectively. Net rental revenue from Apparel Trading Co increased at a CAGR of 13.8% over the historical period, from SAR 39.3 million in FY16G to SAR 50.9 million in FY18G, reflecting the increase in average occupied GLA from 11,455 sqm to 15,448 sqm over the same period, mainly due to the opening of Yasmin Mall (+1,520 sqm) and Hamra Mall (+1,135 sqm) in FY17G, in addition to the expansion of its space in Mall of Dhahran (+1,659 sqm).

Farouk Contracting and Trading Co. had rented 64 retail units in FY16G, 74 retail units in FY17G and 70 retail units in FY18G, occupying an average occupied GLA of 11,409 sqm, 13,489 sqm and 14,543 sqm in FY16G, FY17G and FY18G, respectively, which represented 1.3% of the Company's total weighted average occupied GLA in FY16G, 1.4% in FY17G and 1.5% in FY18G. Net rental revenue from Farouk Contracting and Trading Co. increased at a CAGR of 12.9% from SAR 39.8 million in FY16G to SAR 50.8 million in FY18G as a result of the increase in average occupied GLA from 11,409 sqm to 14,543 sqm over the same period, mainly due to the addition in Mall of Arabia (+853 sqm) and the opening of Hamra Mall (+896 sqm) and Yasmin Mall (+752 sqm) in FY17G.

Kamal Othman Jamjoom Trading Co. had rented 77 retail units in FY16G, 89 retail units in FY17G and 81 retail units in FY18G, occupying an average occupied GLA of 10,500 sqm, 12,131 sqm and 13,071 sqm in FY16G, FY17G and FY18G, respectively, which represented 1.2% of the Company's total weighted average occupied GLA in FY16G, and 1.3% in both FY17G and FY18G. Net rental revenue from Kamal Othman Jamjoom Trading Co. increased at a CAGR of 14.1% from SAR 36.7 million in FY16G to SAR 47.8 million in FY18G as a result of the increase in average occupied GLA from 10,500 sqm to 13,071 sqm over the same period mainly due to the opening of Yasmin Mall (+852 sqm) and Hamra Mall (+723 sqm) in FY17G and the expansion of its space in Mall of Arabia (+184 sqm) and Noor Mall (+167 sqm).

6.6.6 Rental revenue by tenant category

Table 6-10: Revenue by tenant category for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Apparel, Shoes, Accessories	1,053,177	1,071,480	1,027,720	1.7%	(4.1%)	(1.2%)
Health & Personal Care Products	175,900	243,955	253,088	38.7%	3.7%	20.0%
Food & Beverage	137,089	153,444	179,960	11.9%	17.3%	14.6%
Sport & Leisure	62,350	81,231	69,733	30.3%	(14.2%)	5.8%
Entertainment	54,932	60,305	65,411	9.8%	8.5%	9.1%
Furniture and Home	42,867	54,921	62,956	28.1%	14.6%	21.2%
Hypermarket/Supermarket	49,004	54,752	56,082	11.7%	2.4%	7.0%
Department Store	51,082	51,148	47,480	0.1%	(7.2%)	(3.6%)
Home Electronics and Appliances	16,816	17,758	18,575	5.6%	4.6%	5.1%
Services	15,788	13,445	7,678	(14.8%)	(42.9%)	(30.3%)
Total rental revenue from stores	**1,659,005**	**1,802,439**	**1,788,683**	**8.6%**	**(0.8%)**	**3.8%**
Rental revenue from Kiosks	124,451	149,859	170,047	20.4%	13.5%	16.9%
Total Rental Revenue	**1,783,456**	**1,952,298**	**1,958,730**	**9.5%**	**0.3%**	**4.8%**
As a % of total rental revenue						
Apparel, Shoes, Accessories	59.1%	54.9%	52.5%	(4.2%)	(2.4%)	(6.6%)
Health & Personal care Products	9.9%	12.5%	12.9%	2.6%	0.4%	3.0%
Food & Beverages	7.7%	7.9%	9.2%	0.2%	1.3%	1.5%
Sport & Leisure	3.5%	4.2%	3.6%	0.7%	(0.6%)	0.1%
Entertainment	3.1%	3.1%	3.3%	0.0%	0.2%	0.2%
Furniture and Home	2.4%	2.8%	3.2%	0.4%	0.4%	0.8%
Hypermarket/Supermarket	2.7%	2.8%	2.9%	0.1%	0.1%	0.2%
Department Store	2.9%	2.6%	2.4%	(0.3%)	(0.2%)	(0.5%)
Home Electronics and Appliances	0.9%	0.9%	0.9%	0.0%	0.0%	0.0%
Services	0.9%	0.7%	0.4%	(0.2%)	(0.3%)	(0.5%)
Kiosks	7.0%	7.7%	8.7%	0.7%	1.0%	1.7%
Average occupied area (in sqm)						
Apparel, Shoes, Accessories	446,579	476,291	491,751	6.7%	3.2%	4.9%
Health & Personal care Products	45,538	54,849	61,451	20.4%	12.0%	16.2%
Food & Beverages	45,692	46,943	53,933	2.7%	14.9%	8.6%
Sport & Leisure	28,358	33,144	28,293	16.9%	(14.6%)	(0.1%)
Entertainment	84,184	87,322	98,922	3.7%	13.3%	8.4%
Furniture and Home	29,620	48,071	59,530	62.3%	23.8%	41.8%
Hypermarket/Supermarket	129,887	134,064	138,319	3.2%	3.2%	3.2%
Department Store	46,960	41,346	54,054	(12.0%)	30.7%	7.3%
Home Electronics and Appliances	4,968	5,361	4,814	7.9%	(10.2%)	(1.6%)
Revenue per average occupied area (SAR/sqm)						
Apparel, Shoes, Accessories	2,358	2,250	2,090	(4.6%)	(7.1%)	(5.9%)
Health & Personal care Products	3,863	4,448	4,119	15.1%	(7.4%)	3.3%
Food & Beverages	3,000	3,269	3,337	9.0%	2.1%	5.5%
Sport & Leisure	2,199	2,451	2,465	11.5%	0.6%	5.9%
Entertainment	653	691	661	5.8%	(4.3%)	0.6%
Furniture and Home	1,447	1,142	1,058	(21.1%)	(7.4%)	(14.5%)
Hypermarket/Supermarket	377	408	405	8.2%	(0.7%)	3.6%
Department Store	1,088	1,237	878	13.7%	(29.0%)	(10.2%)
Home Electronics and Appliances	3,385	3,312	3,859	(2.2%)	16.5%	6.8%

Source: Company information

Arabian Centres seeks to maximize its revenue by increasing occupancy rates while optimizing its tenant mix. "Apparel, Shoes and Accessories" was the largest tenant category accounting for 52.5% of the total rental revenue in FY18G, followed by Health & Personal Care Products (12.9%) and Food & Beverage (9.2%).

6.6.6.1 Apparel, Shoes and Accessories

"Apparel, Shoes and Accessories" tenants included various international brands such as Zara, New Look, Marks & Spencer, F&F, LC Waikiki, and Red Tag amongst others. Net rental revenue increased from SAR 1,053.2 million in FY16G to SAR 1,071.5 million in FY17G driven by the increase in weighted average occupied GLA from 446,579 sqm in FY16G to 476,291 sqm in FY17G as a result of new malls that were opened during this period. In FY18G, although weighted occupied GLA increased to 491,751 sqm, net rental revenue decreased to SAR 1,027.7 million which was mainly driven by the decrease in average revenue per sqm from SAR 2,250 per sqm in FY17G to SAR 2,090 per sqm in FY18G.

Despite the annual rent escalation, average revenue per sqm decreased at a CAGR of 5.9% over the historical period, from SAR 2,358 per sqm in FY16G to SAR 2,090 per sqm in FY18G due to the discounts given to tenants. As such, revenue from Apparel, Shoes and Accessories decreased as a percentage of total revenue from 59.1% in FY16G to 52.5% in FY18G.

6.6.6.2 *Health & Personal Care Products*

"Health and Personal Care Products" primarily include pharmacies and cosmetic retail units. Key brands within this category included Arabian Oud, Sephora, Woojooh and Magrabi amongst others.

Net rental revenue increased at a CAGR of 20.0% over the historical period, from SAR 175.9 million in FY16G to SAR 253.1 million in FY18G driven by the increase in weighted average occupied GLA at a CAGR of 16.2% from 45,538 sqm in FY16G to 61,451 sqm in FY18G driven by new mall openings and also opening of new health and personal care retail stores across a number of malls. In line with the increase in net rental revenue, average revenue per sqm increased at a CAGR of 3.3% from SAR 3,863 per sqm in FY16G to SAR 4,119 per sqm in FY18G. As a result, revenue from Health & Personal Care Products increased as a percentage of total revenue from 9.9% in FY16G to 12.9% in FY18G.

6.6.6.3 *Food & Beverage*

"Food and Beverage" tenants consisted mainly of restaurants, food court retail units and coffee retail units such Paul Café, Simit Saray, Costa Coffee amongst others.

Net rental revenue increased at a CAGR of 14.6% over the historical period, from SAR 137.1 million in FY16G to SAR 180.0 million in FY18G driven by the increase in the average occupied GLA at a CAGR of 8.6%, from 45,692 sqm in FY16G to 53,933 sqm in FY18G due to the opening of new malls coupled with the annual increase in rents resulting in an increase in average revenue per sqm at a CAGR of 5.5% from SAR 3,000 per sqm in FY16G to SAR 3,337 per sqm in FY18G. As such, revenue from Food & Beverage increased as a percentage of total revenue from 7.7% in FY16G to 9.2% in FY18G.

6.6.6.4 *Sport & Leisure*

"Sport & Leisure" tenants included retailers of sportswear, toys and games amongst others. Sport & Leisure retail units mainly included Sun & Sand Sports, Hamley's, Sports Direct and Athletic Co. amongst others.

Net rental revenue increased at a CAGR of 5.8% from SAR 62.4 million in FY16G to SAR 81.2 million in FY17G driven by the increase in weighted average occupied GLA by 16.9% from 28,358 sqm in FY16G to 33,144 sqm in FY17G. In FY18G, net rental revenue decreased to SAR 69.7 million mainly due to the decrease in weighted average occupied GLA by 14.6% from 33,144 sqm in FY17G to 28,293 sqm in FY18G mainly due to the expiry of several tenant contracts over the period that were not renewed mainly due to market conditions. Average revenue per sqm, however, increased at a CAGR of 5.9% from SAR 2,199 per sqm in FY16G to SAR 2,465 per sqm in FY18G.

6.6.6.5 *Entertainment*

"Entertainment" tenants are generally considered as anchor tenants, as a result of which average revenue per sqm generated from these tenants is considerably less than those from other tenants. The average revenue per sqm was SAR 653 per sqm in FY16G, which increased at a CAGR of 0.6% to SAR 661 per sqm in FY18G. Entertainment revenue increased at a CAGR of 9.1% from SAR 54.9 million in FY16G to SAR 65.4 million in FY18G mainly in connection with the opening of two new malls in FY17G. Main tenants within this category included Sparky's, Entertainment City and Billy Beez.

6.6.6.6 *Furniture and Home*

Net rental revenue increased at a CAGR of 21.2% over the historical period, from SAR 42.9 million in FY16G to SAR 63.0 million in FY18G, driven by the increase in the average occupied GLA at a CAGR of 41.8% from 29,620 sqm in FY16G to 59,530 sqm in FY18G due to the opening of new malls over the period.

Despite the annual rent escalation, average revenue per sqm decreased at a CAGR of 14.5% from SAR 1,447 per sqm in FY16G to SAR 1,058 per sqm in FY18G due to the full year effect of the Ikea contract in Salaam Mall – Jeddah, which had a lower than average rate per sqm.

6.6.6.7 *Hypermarket/Supermarket*

"Hypermarket and Supermarket" tenants included Panda Hypermarket, Manuel and Danube Hypermarket.

Net rental revenue increased at a CAGR of 7.0% over the historical period, from SAR 49.0 million in FY16G to SAR 56.1 million in FY18G driven by the increase in the average occupied GLA at a CAGR of 3.2% from 129,887 sqm in FY16G to 138,319 sqm in FY18G due to the opening of new malls over the period coupled with the opening of Manuel supermarket in 3 malls in FY17G. In line with the increase in net rental revenue, average revenue per sqm increased at a CAGR of 3.6% from SAR 377 per sqm in FY16G to SAR 405 per sqm in FY18G.

6.6.6.8 *Department Store*

"Department Store" tenants mainly included Centrepoint, Debenhams, and Marks & Spencer.

Despite the increase in average rental revenue for the Department store from SAR 1,088 per sqm in FY16G to SAR 1,237 per sqm in FY17, net rental revenue remained relatively stable at SAR 51.1 million in FY16G and FY17G, due to the decrease in the average occupied GLA by 12.0% from 46,960 sqm in FY16G to 41,346 sqm in FY17G mainly as a result of the reclassification of Marks & Spencer under apparel, shoes and accessories in FY17G.

Net rental revenue decreased by 7.2% from SAR 51.1 million in FY17G to SAR 47.5 million in FY18G driven by the decrease in the average revenue per sqm from SAR 1,237 per sqm in FY17G to SAR 878 per sqm in FY18G mainly as a result of discounts offered over the same period.

6.6.6.9 *Home Electronics and Appliances*

"Home Electronics and Appliances" tenants included Axiom Telecom, Ahmed Abdul Wahid, Abdul Ghani and Virgin Mobile amongst others.

Net rental revenue increased at a CAGR of 5.1% over the historical period, from SAR 16.8 million in FY16G to SAR 18.6 million in FY18G driven by the increase in the average revenue per sqm at a CAGR of 6.8% from SAR 3,385 per sqm in FY16G to SAR 3,859 per sqm in FY18G as a result of new tenants added over the period at higher rates.

6.6.6.10 *Services*

Services mainly includes tenants providing different services including banking, training and beauty amongst others.

Net rental revenue decreased at a CAGR of 30.3% over the historical period, from SAR 15.8 million in FY16G to SAR 7.7 million in FY18G mainly driven by the decrease in average revenue per sqm from SAR 1,946 per sqm in FY16G to SAR 1,011 per sqm in FY18G as a result of discounts offered to tenants, coupled with the decrease in the weighted average occupied GLA from 8,113 sqm in FY16G to 7,594 sqm in FY18G.

6.6.6.11 *Kiosks*

Net rental revenue from kiosks increased at a CAGR of 16.9% over the historical period, from SAR 124.5 million in FY16G to SAR 170.0 million in FY18G as a result of the opening of new malls in FY17G which resulted in an increase in the number of kiosks over the period.

6.6.7 Revenue by mall category

Table 6-11: Total revenue by mall category for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Super-regional malls	848,820	832,756	809,953	(1.9%)	(2.7%)	(2.3%)
Regional malls	825,152	1,023,835	1,125,921	24.1%	10.0%	16.8%
Community malls	218,084	259,948	217,768	19.2%	(16.2%)	(0.1%)
Other properties	22,444	7,235	5,769	(67.8%)	(20.3%)	(49.3%)
Total Revenue*	**1,914,500**	**2,123,774**	**2,159,410**	**10.9%**	**1.7%**	**6.2%**
Average occupied GLA (sqm)						
Super-Regional malls	342,712	355,696	360,455	3.8%	1.3%	2.6%
Regional malls	392,400	443,821	499,301	13.1%	12.5%	12.8%
Community malls	115,647	119,849	125,168	3.6%	4.4%	4.0%
Others	22,270	19,115	17,139	(14.2%)	(10.3%)	(12.3%)
Revenue per average occupied GLA (SAR per sqm)						
Super-Regional malls	2,477	2,341	2,247	(5.5%)	(4.0%)	(4.8%)
Regional malls	2,103	2,307	2,255	9.7%	(2.3%)	3.6%
Community malls	1,886	2,169	1,740	15.0%	(19.8%)	(3.9%)
Others	1,008	378	337	(62.5%)	(10.8%)	(42.2%)

**Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus.*

Source: Company information

International Council of Shopping Centers defines super-regional malls as those with GLA of more than 74,000 sqm. Similarly, the council defines regional malls as those with GLA of 37,000 – 74,000 sqm and community malls as those with GLA of 11,600 – 37,000 sqm.

6.6.7.1 *Super-Regional Malls*

Super-regional malls included Mall of Dhahran, Mall of Arabia Jeddah and Salaam Mall Jeddah. Revenue from super-regional malls decreased by 1.9% from SAR 848.8 million in FY16G to SAR 832.8 million in FY17G, despite the increase in average occupied GLA from 342,712 sqm in FY16G to 355,696 sqm in FY17G, as a result of discounts granted to related-party tenants.

Revenue from super-regional malls decreased further by 2.7% from SAR 832.8 million in FY17G to SAR 810.0 million in FY18G despite the increase in average occupied GLA from 355,696 sqm in FY17G to 360,455 sqm in FY18G, mainly driven by a decrease in revenue per average occupied GLA from SAR 2,341 per sqm in FY17G to SAR 2,247 per sqm in FY18G as a result of discounts granted to related-party tenants.

6.6.7.2 *Regional Malls*

Regional malls included Nakheel Mall Riyadh, Aziz Mall, Makkah Mall, Noor Mall, Yasmin Mall, Hamra Mall, Jouri Mall, Salaam Mall Riyadh, Khurais Mall, and Ahsa Mall. Revenue from regional malls increased by 24.1% from SAR 825.2 million in FY16G to SAR 1,023.8 million in FY17G following the increase in average occupied GLA from 392,400 sqm in FY16G to 443,821 sqm in FY17G as a result of the effect of the full year of operations at Jouri Mall and Nakheel Mall Riyadh, coupled with the opening of two new malls in FY17G (Yasmin Mall and Hamra Mall), partially offset by an increase in discounts offered mostly to related party tenants over the same period. As such, the regional malls contribution towards the Company's total revenue increased from 43.1% in FY16G to 48.2% in FY17G.

Revenue from regional malls increased by 10.0% from SAR 1,023.8 million in FY17G to SAR 1,125.9 million in FY18G despite the drop in revenue per average occupied GLA from SAR 2,307 per sqm in FY17G to SAR 2,255 per sqm in FY18G, mainly driven by the increase in average occupied GLA from 443,821 sqm in FY17G to 499,301 sqm in FY18G, as a result of the full year of operations at Yasmin Mall and Hamra Mall, partially offset by the increase in discounts offered to tenants over the same period across the malls.

6.6.7.3 *Community Malls*

Community malls included Haifa Mall, Nakheel Plaza, Tala Mall, Jubail Mall, Salma Mall and Sahara Plaza. Revenue from community malls increased by 19.2% from SAR 218.1 million in FY16G to SAR 259.9 million in FY17G as a result of the increase in the average occupied area from 115,647 sqm in FY16G to 119,849 sqm in FY17G, coupled with an increase in revenue per average occupied GLA from SAR 1,886 per sqm in FY16G to SAR 2,169 per sqm in FY17G mainly due to the ramp-up and the full year effect of Jubail Mall that started its operations in FY16G. This also resulted in increased contribution of community malls towards the Company's total revenue from 11.4% in FY16G to 12.2% in FY17G.

Revenue from community malls decreased by 16.2% from SAR 259.9 million in FY17G to SAR 217.8 million in FY18G, despite an increase in average occupied GLA from 119,849 sqm in FY17G to 126,168 sqm in FY18G, mainly driven by the drop in revenue per average occupied GLA from SAR 2,169 per sqm in FY17G to SAR 1,740 per sqm in FY18G due to discounts offered over the same period.

6.6.7.4 *Other Properties*

Other properties over the period from FY16G to FY18G included Nakheel Plaza Extension in Qassim (according to the ownership structure of Al-Nakheel Plaza (Qassim), the Company benefits from half of the shopping mall revenues while benefiting from the entire revenues of the extension of Nakheel Plaza (Qassim) according to the agreement with Abdul Mohsen Al Hokair Group for Tourism and Development) along with Olaya Retail Center, Fanateer Mall (closed by the end of FY16G) and a leased office space in Riyadh. Revenues from other properties decreased by 67.8% from SAR 22.4 million in FY16G to SAR 7.2 million in FY17G as operations at Fanateer Mall were discontinued during FY16G.

Revenues from others decreased even further from SAR 7.2 million in FY17G to SAR 5.8 million in FY18G mainly driven by the decrease in average occupied GLA from 19,115 sqm in FY17G to 17,139 sqm in FY18G.

6.6.8 Revenue split between related and non-related party

Table 6-12: Revenue from related party and external tenants for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Gross rental revenue for retail units						
Rental revenue – Related party tenants	563,716	609,655	687,386	8.1%	12.7%	10.4%
Rental revenue – External retail units tenants	1,240,931	1,385,834	1,432,320	11.7%	3.4%	7.4%
Discounts						
Discounts – Related party tenants	(113,462)	(166,353)	(220,306)	46.6%	32.4%	39.3%
Discounts – External tenants	(32,181)	(26,397)	(110,717)	(18.0%)	319.4%	85.5%
Net rental revenue for retail units*	**1,659,004**	**1,802,739**	**1,788,683**	**8.7%**	**(0.8)%**	**3.8%**
KPIs						
Weighted average occupied GLA (sqm) – related party	277,050	292,096	330,558	5.4%	13.2%	9.2%
Weighted average occupied GLA (sqm) – related party as a % of total weighted average occupied GLA	31.7%	31.1%	33.0%	(0.6%)	1.9%	1.3%
Weighted average occupied GLA (sqm) – external	592,979	643,295	668,103	8.5%	3.9%	6.1%
Gross rental revenue per sqm – related party (SAR/sqm)	2,035	2,087	2,079	2.6%	(0.4%)	1.1%
Gross rental revenue per sqm – external (SAR/sqm)	2,093	2,154	2,144	2.9%	(0.5%)	1.2%
Net rental revenue per sqm – related party (SAR/sqm)	1,625	1,518	1,413	(6.6%)	(6.9%)	(6.8%)
Net rental revenue per sqm – external (SAR/sqm)	2,038	2,113	1,978	3.7%	(6.4%)	(1.5%)
Average GLA per retail unit – related party (sqm/shop)	309	299	321	(3.2%)	7.4%	1.9%
Average GLA per retail unit - external (sqm/shop)	284	286	308	0.7%	7.7%	4.1%

** The above analysis excludes the rental revenues generated from kiosks and warehouses, as these are excluded from the GLA*

Source: Company information

The Company had leased 31.7%, 31.1% and 33.0% of the malls' total weighted average occupied GLA in FY16G, FY17G and FY18G respectively to related party tenants, including Alhokair Fashion Retail and its subsidiaries. Alhokair Fashion Retail and its subsidiaries is one of the largest franchise retailers in Saudi Arabia with franchise agreements for over 116 brands. Other related party tenants including Food and Entertainment, Billy Beez and Kidzania companies.

The weighted average occupied GLA for the tenants grew over the period between FY16G and FY18G driven by the opening of new malls, however the share of occupied GLA for related party tenants increased from 31.7% in FY16G to 33.0% in FY18G. This was because of the new malls opened during the period from FY16G to FY18G and importance of related party's brands in driving the footfall in the Company's malls and attracting other tenants.

Gross rental revenue for related party tenants grew by a CAGR of 10.4% from FY16G to FY18G from SAR 563.7 million to SAR 687.4 million, respectively primarily as a result of increase in occupied GLA at a CAGR of 9.2% from 277,050 sqm to 330,558 sqm, respectively mainly due to the opening of four new malls over the same period. Gross rental revenue per sqm for related party tenants increased between FY2016G and

FY2018G (from SAR 2,035 per sqm in FY16G to SAR 2,079 per sqm in FY18G) mainly due to the annual increment in rental contracts, partially offset by the introduction of new related party tenants at lower rates in view of the market conditions.

Net rental revenue per sqm for related party tenants reduced from SAR 1,625 per sqm in FY16G to SAR 1,413 per sqm in FY18G because of the increase in discounts granted during this period from SAR 113.5 million in FY16G to SAR 220.3 million in FY18G. Discounts as a percentage of related party gross revenue increased from 20.1% to 32.0% over the same period. The discounts granted by the Company were on account of delays in opening of the new malls and ongoing construction works in certain malls (which affected visitor traffic) as well as special discounts (in FY17G and FY18G) given the market conditions affecting the retail sector. The level of discounts offered over the review period reflected the related party tenants importance to the Company in terms of both leasing of retail space within the malls and also the strength of their brands and their positive impact in driving footfall and thus attracting other tenants.

Gross rental revenue for external tenants grew at a CAGR of 7.4% from SAR 1,240.9 million in FY16G to SAR 1,432.3 million in FY18G as a result of both increased occupied GLA from 592,979 sqm in FY16G to 668,103 sqm in FY18G in line with the opening of the four new malls over the period, in addition to the increase in gross rental rates per sqm from SAR 2,093 per sqm in FY16G to SAR 2,144 per sqm in FY18G mainly due to contractual escalations in rental rates.

Net rental revenue per sqm for external tenants reduced from SAR 2,038 per sqm in FY16G to SAR 1,978 per sqm in FY18G mainly due to the increase in discounts offered to external tenants over the same period from SAR 32.2 million in FY16G to SAR 110.7 million in FY18G. Discounts as a percentage of external tenants gross revenue increased from 2.6% in FY16G to 7.7% in FY18G in view of the market conditions.

6.6.9 Cost of revenue

Table 6-13: Cost of revenue for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Rent expense	183,536	209,598	194,976	14.2%	(7.0%)	3.1%
Utilities expense*	82,209	107,768	108,569	31.1%	0.7%	14.9%
Security expense	61,781	89,440	84,765	44.8%	(5.2%)	17.1%
Cleaning expense	64,914	74,676	74,897	15.0%	0.3%	7.4%
Repair & maintenance	34,287	32,785	39,780	(4.4%)	21.3%	7.7%
Staff costs	18,006	28,959	27,742	60.8%	(4.2%)	24.1%
Total	**444,733**	**543,226**	**530,729**	**22.1%**	**(2.3%)**	**9.2%**
Year-end head count	142	217	181	52.8%	(16.6%)	12.9%
Cost of revenue per total available GLA (SAR/sqm)						
Rent expense	190.2	195.9	181.0	3.0%	(7.6%)	(2.4%)
Utilities expense	85.2	100.7	101.0	18.2%	0.3%	8.9%
Security expense	64.0	83.6	78.9	30.6%	(5.6%)	11.0%
Cleaning expense	67.3	69.8	69.7	3.7%	(0.1%)	1.8%
Repair and maintenance	35.5	30.6	37.0	(13.8%)	20.9%	2.1%
Staff costs	18.7	27.1	25.8	44.9%	(4.8%)	17.5%
Total	**460.8**	**507.7**	**493.9**	**10.2%**	**(2.7 %)**	**3.5%**

**Utilities revenue represents the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants. Utilities revenue was netted-off against their corresponding expenses and were, as such, presented under cost of revenue in the audited financial statements of FY16G and FY17G. For consistency purposes, SAR 62.3 million of utilities revenue for FY16G was reclassified under Revenue in this Prospectus.*
Source: Company information

Cost of revenue comprises of rent expense, utilities expense, security expense, cleaning expense, repairs and maintenance and staff costs.

Cost of revenue increased from SAR 444.7 million in FY16G to SAR 530.7 million in FY18G at a CAGR of 9.2%, mainly driven by (i) the increase in lease expense following the opening of new malls in FY17G coupled with the full year effect of FY16G openings, (ii) the increase in overhead costs relating to the two newly opened malls in FY17G and (iii) the increase in overhead costs from existing malls, mainly in security, in connection with the new government regulation to increase mall security, coupled with, higher rates per security guard, and staff cost following the increase in headcount.

6.6.9.1 *Rent expenses*

In addition to building malls on owned lands, the Company also leases lands on a long-term basis to develop shopping malls. In addition, the Company also selectively leases existing developed malls on a long-term basis after undertaking required design modifications and improvements.

The total available GLA for leasehold properties amounted to 676,027 sqm at 31 March 2018G, which represented 62.9% of the Company's total available GLA of 1,074,530 sqm at 31 March 2018G. Rent expenses largely relate to land and building lease charges with respect to the Company's malls and shopping centres.

Rent expense increased at a CAGR of 3.1% over the historical period, from SAR 183.5 million in FY16G to SAR 195.0 million in FY18G.

Rent expense increased by 14.2% from SAR 183.5 million in FY16G to SAR 209.6 million in FY17G mainly driven by newly leased properties for Yasmin Mall with a total amount of SAR 29.7 million in FY17G, partially offset by the decrease in the one-time rent expense incurred in relation to Fanateer Mall.

Rent expense decreased by 7.0% from SAR 209.6 million in FY17G to SAR 195.0 million in FY18G, mainly on the back of, (i) the decrease in Yasmin Mall as the rent expense recorded in FY17G was higher than the annual contractual rate to adjust for previous periods, and (ii) the decrease in rent expense for Olaya Center as Management decided to cease operations in the mall, which had been classified under other properties.

Average rent expense per available GLA for leased malls decreased at a CAGR of 2.4% from SAR 190.2 per sqm in FY16G to SAR 181.0 per sqm in FY18G.

6.6.9.2 *Utilities expenses*

Utilities expense consisted of water and electricity charges. Utilities expense increased at a CAGR of 14.9% from SAR 82.2 million in FY16G to SAR 108.6 million in FY18G. Utilities cost recovery (the percentage of utilities expense, that is incurred by the Company and recovered from tenants as utilities revenue) – wherein the Company acts as principal and agent reached a ratio of 75.8%, 78.7% and 90.6%, respectively over the FY16G, FY17G and FY18G period. The growth in the utilities cost recovery ratio is the result of an increased rate (per sqm) for newly signed contracts and a revised rate for existing tenants upon renewal of their contracts.

Utilities expense increased significantly from SAR 82.2 million in FY16G to SAR 107.8 million in FY17G following the reduction of subsidies by the government in FY16G and the opening of 2 new malls in FY17G.

In FY18G, utilities expense remained relatively stable compared to FY17G, slightly increasing by 0.7% from SAR 107.8 million in FY17G to SAR 108.6 million in FY18G. This was mainly driven by an increase in Al Hamra mall which became fully operational in FY18G.

6.6.9.3 *Security expenses*

Security services are outsourced to a related party "Tadaris Najd Security Company" (owned in a direct way by one of the main shareholders). Security expense increased at a CAGR of 17.1% from SAR 61.8 million in FY16G to SAR 84.8 million in FY18G.

Security expense increased by 44.8% from SAR 61.8 million in FY16G to SAR 89.4 million in FY17G, following (i) the opening of Yasmin and Hamra Malls in FY17G, (ii) the full year effect of operations at Jouri Mall and Jubail Mall that had opened in FY16G, and (iii) an increase in the number of guards required in each mall following additional security regulations introduced by municipal and governmental authorities.

Security expense decreased by 5.2% from SAR 89.4 million in FY17G to SAR 84.8 million in FY18G, as the regulations have been revised leading to a decrease in the number of security guards required.

Accordingly, average security expense per available GLA fluctuated over the FY16G, FY17G and FY18G period, increasing from SAR 64.0 per sqm in FY16G to SAR 83.6 per sqm in FY17G and then decreasing to SAR 78.9 per sqm in FY18G.

6.6.9.4 *Cleaning expenses*

Cleaning services are outsourced to external service providers. Cleaning expense increased at a CAGR of 7.4% from SAR 64.9 million in FY16G to SAR 74.9 million in FY18G driven by the renewal of outsourced cleaning contracts at higher rates, coupled with (i) the opening of malls in FY17G (Yasmin Mall and Hamra Mall) which contributed to SAR 6.4 million and SAR 5.2 million, respectively in FY18G; and (ii) the opening of new malls in FY16G (Jouri Mall and Jubail Mall) and their full year impact which contributed SAR 4.0 million and SAR 2.3 million, respectively in FY18G).

Average cleaning expense per available GLA increased at a CAGR of 1.8% from SAR 67.3 per sqm in FY16G to SAR 69.7 per sqm in FY18G as a result of newly negotiated rates and the opening of new malls over the same period.

6.6.9.5 *Repairs & maintenance expenses*

Repairs & maintenance expense related to the electrical works and housekeeping services carried out at the Company's malls. Repairs & maintenance expense increased at a CAGR of 7.7% from SAR 34.3 million in FY16G to SAR 39.8 million in FY18G.

Repairs & maintenance expense decreased by 4.4% from SAR 34.3 million in FY16G to SAR 32.8 million in FY17G due to the reversal of overprovisions booked in FY16G amounting to SAR 1.0 million as actual invoices were received in FY17G relating to prior periods.

Repairs & maintenance expense increased by 21.3% from SAR 32.8 million in FY17G to SAR 39.8 million in FY18G, mainly driven by the full year effect during FY18G of the malls that opened in FY17G (Al Hamra and Yasmin Malls).

Average repairs & maintenance expense per available GLA fluctuated over the FY16G, FY17G and FY18G period, decreasing from SAR 35.5 per sqm in FY16G to SAR 30.6 per sqm in FY17G and then increasing to SAR 37.0 per sqm in FY18G. The overall increase over the period was due to increasing repair and maintenance requirements in the Company's mature malls that opened before 2010G and that have a relatively higher footfall (such as Mall of Dhahran, Mall of Arabia, Haifa Mall and others).

6.6.9.6 *Staff costs*

Staff costs related to the remuneration of mall management and customer service staff at each mall. Staff costs increased at a CAGR of 24.1% from SAR 18.0 million in FY16G to SAR 27.7 million in FY18G.

Staff costs increased by 60.8% from SAR 18.0 million in FY16G to SAR 29.0 million in FY17G, mainly driven by i) the increase in headcount from 142 in FY16G to 217 in FY17G following the opening of two new malls in FY17G (Al Yasmin Mall and Hamra Mall), ii) the full year effect of malls that were opened in FY16G, and (iii) new pay scale introduced throughout the organization.

Staff costs decreased by 4.2% from SAR 29.0 million in FY17G to SAR 27.7 million in FY18G in line with the decrease in the number of staff from 217 in FY17G to 181 in FY18G.

6.6.10 Depreciation of investment properties

Table 6-14: Depreciation expense of investment properties for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G Audited	FY17G Audited	FY18G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Depreciation of investment properties	180,543	221,582	267,494	22.7%	20.7%	21.7%

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Depreciation expense related to the amortisation of all costs incurred to develop the properties over their estimated useful lives which is the lesser of their economic life or lease term (if applicable). Depreciation expense increased at a CAGR of 21.7% from SAR 180.5 million in FY16G to SAR 267.5 million in FY18G mainly as a result of (i) the opening of four new malls during FY16G and FY17G, (ii) the full year effect of the expense related to malls opened in prior years; and (iii) renovation works (leasehold improvements) undertaken in existing malls over the same period.

Average depreciation expense per mall was SAR 10.6 million in FY16G, SAR 11.7 million in FY17G and SAR 14.1 million in FY18G.

6.6.11 Advertisement and promotion

Table 6-15: Advertisement and promotion expense for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G Audited	FY17G Audited	FY18G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Advertisement and promotion	23,899	19,123	13,444	(20.0%)	(29.7%)	(25.0%)

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Advertising and promotion expenses are mainly in respect of the fees paid to advertising agencies to promote the Company's malls along with specific advertising initiatives related to new malls. Advertisement and promotion expense decreased at a CAGR of 25.0% from SAR 23.9 million in FY16G to SAR 13.4 million in FY18G.

Advertisement and promotion decreased by 20.0% from SAR 23.9 million in FY16G to SAR 19.1 million in FY17G driven by the decision taken by management to rationalise advertising and promotion activities in view of the market conditions at the time.

Advertisement and promotion decreased the following year by 29.7% from SAR 19.1 million in FY17G to SAR 13.4 million in FY18G in light of the general slow-down in the economy which led to limited spending on advertising and promotional activities. Total advertisement and promotions expenses in FY18G consisted mainly of marketing events of SAR 6.2 million, materials for advertisements of SAR 3.7 million, amongst others.

6.6.12 General and administration expenses

Table 6-16: Total General and administration expenses for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G Audited	FY17G Audited	FY18G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Provision for doubtful receivables	26,164	22,931	94,814	(12.4%)	313.5%	90.4%
Employees' salaries and other benefits	50,486	74,369	91,702	47.3%	23.3%	34.8%
Depreciation	12,863	20,886	30,525	62.4%	46.2%	54.0%
Communication and software license	736	1,341	11,810	82.2%	780.7%	300.6%
Professional fees	35,990	25,933	10,421	(27.9%)	(59.8%)	(46.2%)
Insurance	5,740	7,026	7,989	22.4%	13.7%	18.0%
Government expenses	2,590	1,739	6,682	(32.9%)	284.2%	60.6%
Rent expense	-	1,645	3,403	na	106.9%	na
Write-off of receivables	-	-	1,562	na	na	na
Others	2,811	2,768	6,832	(1.5%)	146.8%	55.9%
Total general and administration expenses	137,380	158,637	265,741	15.5%	67.5%	39.1%

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Headcount at year end	210	279	198	32.9%	(29.0%)	(2.9%)
Average salary per employee (annual) (in SAR)	20,034	22,213	38,595	10.9%	73.7%	38.8%
As % of revenue						
Provision for doubtful receivables	1.4%	1.1%	4.4%	(0.3%)	3.3%	3.0%
Employees' salaries and other benefits	2.6%	3.5%	4.2%	0.9%	0.7%	1.6%
Depreciation	0.7%	1.0%	1.4%	0.3%	0.4%	0.7%
Communication and software license	0.0%	0.1%	0.5%	0.1%	0.4%	0.5%
Professional fees	1.9%	1.2%	0.5%	(0.7%)	(0.7%)	(1.4%)
Insurance	0.3%	0.3%	0.4%	0.0%	0.1%	0.1%
Total	**7. 2%**	**7.5%**	**12.3%**	**0.3%**	**4.8%**	**5.1%**

Source: Company information

6.6.12.1 *Provision for doubtful receivables*

Provision for doubtful receivables increased at a CAGR of 90.4% over the period from FY16G to FY17G from SAR 26.2 million in FY16G to SAR 94.8 million in FY18G.

The Company started providing for doubtful receivables in FY16G. Provisions for past due receivables amounting to SAR 26.2 million in FY16G and SAR 22.9 million in FY17G were taken on a case-by-case basis.

In FY18, the Company changed the basis of estimating provisions under its internal provisioning policy (refer to accounts receivable section 6.7.1.2) based on the ageing of receivables, resulting in an increase in provision for doubtful receivables from SAR 22.9 million in FY17G to SAR 94.8 million in FY18G.

6.6.12.2 *Employees' salaries and other benefits*

Employees' salaries and other benefits related to the remuneration of management employees and other non-operational staff (leasing, accounting, internal audit, human resources, and other departments). Employees' salaries and other benefits increased at a CAGR of 34.8% over the period under analysis, from SAR 50.5 million in FY16G to SAR 91.7 million in FY18G.

Employees' salaries and other benefits increased by 47.3% from SAR 50.5 million in FY16G to SAR 74.4 million in FY17G following the increase in the number of employees from 210 in FY16G to 279 in FY17G as a result of the implementation of the new organizational structure developed in consultation with a management consulting firm to support the Company's ongoing operations.

Despite the drop in the number of employees from 279 in FY17G to 198 at the end of FY18G due to the reduction in employee numbers in order to optimize costs in unfavorable market conditions, total employees' salaries and other benefits increased further by 23.3% from SAR 74.4 million in FY17G to SAR 91.7 million in FY18G, mainly driven by an increase in average monthly salary per employee from SAR 22,213 in FY17G to SAR 38,595 in FY18G, following the revised salary scale and grading system applied based on the study conducted by Mercer, an HR consulting firm, partially offset by the reduction in staffing that occurred at the end of FY18G (during February and March 2018G), which resulted in minimal cost savings impact in FY18G.

6.6.12.3 *Depreciation*

Depreciation charges related to tools & equipment, furniture & fixtures and vehicles and other fixed assets at the Company's head office. Depreciation expense increased over the period under analysis at a CAGR of 54.0% from SAR 12.9 million in FY16G to SAR 30.5 million in FY18G in line with the growth in operations of the Company.

This growth was mainly driven by the increase in property and equipment over the period under analysis from SAR 60.9 million at 31 March 2016G to SAR 135.8 million at 31 March 2018G, driven by additions of tools and equipment and furniture and fixtures by a total of SAR 95.3 million over the same period.

6.6.12.4 *Communication expenses*

Communication expenses mainly related to the payment of telephone, mobile, postage and internet expenses. Communication expenses increased from SAR 0.7 million in FY16G to SAR 11.8 million in FY18G following the transition to a cloud based information storage system which requires an annual subscription and a high speed internet at higher associated costs.

6.6.12.5 *Professional fees*

Professional fees related to the fees paid to advisors and consultants who were engaged to assist the Company in relation to its expansion strategy, advise on corporate governance related matters, upgrade of MIS infrastructure throughout the organization, and legal advice obtained by the Company on various corporate matters. Professional fees decreased at a CAGR of 46.2% from SAR 36.0 million in FY16G to SAR 10.4 million in FY18G.

Over the historical period, consultant fees mainly consisted of (i) strategy consulting in connection with business planning, strategy and management consulting services, (ii) operations consulting which mainly related to advisory services provided at a mall level mainly construction, legal fees and valuations for internal purposes, and (iii) financial advisory consulting in connection with financial and tax due diligence services.

The decrease between FY16G and FY18G was due to the completion of several phases of management consulting services over the period as strategy consultants fees decreased from SAR 21.0 million in FY16G to SAR 1.0 million in FY18G.

6.6.12.6 *Insurance*

Insurance expense related to property and vehicles insurance in addition to insurance against terrorism. Insurance expense increased at a CAGR of 18.0% over the period under analysis from SAR 5.7 million in FY16G to SAR 8.0 million in FY18G as a result of the opening of four new malls over the period under analysis.

6.6.12.7 *Government expenses*

Government expenses related to charges paid to GOSI, municipality fees, chamber of commerce fees and fees related to renewal of iqamas and transfer of sponsorships. Government expenses increased at a CAGR of 60.6% from SAR 2.6 million in FY16G to SAR 6.7 million in FY18G due to an increase in penalties on the back of late VAT payments and the purchase of a license for a billboard in Mall of Dhahran.

Government expenses decreased from SAR 2.6 million in FY16G to SAR 1.7 million in FY17G mainly due to the higher costs paid in FY16G in connection with the transfer of employees' sponsorships from other related parties to Arabian Centres.

Government expenses increased from SAR 1.7 million in FY17G to SAR 6.7 million in FY18G due to an increase in penalties from late VAT payments and the purchase of a license for a billboard in Mall of Dhahran.

6.6.12.8 *Rent expense*

Rent expense related to the payment of lease expenses for new offices of the Company. Lease rent expense amounted to SAR 1.6 million in FY17G in relation to the newly leased offices in Riyadh with an annual lease contract value of SAR 3.5 million per annum. In FY18G, rent expenses reached SAR 3.4 million due to the full year effect of the leased offices.

6.6.12.9 *Other expenses*

Table 6-17: Other expenses breakdown for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Transportation & travel	1,037	1,654	2,665	59.5%	61.1%	60.3%
Loss on disposal	-	-	1,463	na	na	na
Printing & Stationary	741	719	687	(3.0%)	(4.5%)	(3.7%)
Miscellaneous	1,033	394	2,017	(61.9%)	411.9%	39.7%
Total	**2,811**	**2,768**	**6,832**	**(1.5%)**	**146.8%**	**55.9%**

Source: Company information

6.6.13 Net income

Table 6-18: Net income for the years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G Audited	FY17G Audited	FY18G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Income from main operations	1,119,502	1,135,263	1,082,001	1.4%	(4.7%)	(1.7%)
Share in net income of an associate	8,648	8,822	9,651	2.0%	9.4%	5.6%
Financial charges	(105,800)	(179,121)	(288,661)	69.3%	61.2%	65.2%
Other income, net	10,613	12,026	12,454	13.3%	3.6%	8.3%
Income before Zakat	**1,032,963**	**976,989**	**815,446**	**(5.4%)**	**(16.5%)**	**(11.2%)**
Zakat	(32,999)	(27,154)	(32,684)	(17.7%)	20.4%	(0.5%)
Net income for the year*	**999,964**	**949,835**	**782,762**	**(5.0%)**	**(17.6%)**	**(11.5%)**
Net income for the year is attributable to:						
Shareholders of the Parent Company	981,125*	931,731	770,873	(5.0%)	(17.3%)	(11.4%)
Non-controlling interest	18,839*	18,104	11,888	(3.9%)	(34.3%)	(20.6%)
Net income for the year*	999,964	949,835	782,762	(5.0%)	(17.6%)	(11.5%)

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

** Presented in the prospectus in line with presentation of 31 March 2018G special-purpose consolidated financial statements*

SAR in 000s	FY16G	FY17G	FY18G Special Purpose	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
KPIs				**Var**		
Net income for the year margin	52.2%	44.7%	36.2%	(7.5%)	(8.5%)	(16.0%)

Source: Company information

Share in net income of an associate related to the Company's 25% shareholding in Aswaq Al Mustaqbal for Trading Company that is the ultimate owner of the Panorama Mall. This amounted to SAR 8.6 million, SAR 8.8 million and SAR 9.7 million in FY16G, FY17G and FY18G.

Financial charges mainly consisted of (i) interest on a loan amounting to SAR 2.0 billion, relating to the construction of Mall of Arabia, at a financing rate of 3.0% with the last instalment due on January 2024G, (ii) a long-term loan amounting to SAR 1.6 billion at a cost of financing rate of SIBOR plus 3.0% with the last instalment due on April 2025G, and (iii) a long-term loan amounting to SAR 5.6 billion at a cost of financing rate of 6-months SIBOR plus 2.0% with the last instalment due on April 2026G. Financial charges relating to facilities for mall development in Riyadh and Jeddah were capitalised as part of construction costs in FY16G and FY17G, however these financial charges were expensed in FY18G as Management decided to temporarily halt construction on these two projects awaiting more favorable market conditions

Financial charges increased from SAR 105.8 million in FY16G to SAR 179.1 million in FY17G following the significant increase in the balance of outstanding facilities (SAR 3.9 billion at 31 March 2017G) coupled with an increase in SIBOR rates. The increase in finance charges from SAR 179.1 million in FY17G to SAR 288.7 million in FY18G was due the expense of financial charges in connection with financings for new projects (Mall of Arabia – Riyadh and Jawharat Jeddah) that were previously (in FY16G and FY17G) capitalized following Management's decision to temporarily halt the construction of these projects in FY18G.

Other income, net in FY16G and FY17G comprised mainly of dividend income from available for sale investments amounting to SAR 8.9 million and SAR 5.7 million in FY16G and FY17G, respectively. In addition to other exceptional revenues (SAR 2.2 million) in FY17G.

Other income, net in FY18G mainly comprised of a reversal of liability of SAR 16.1 million representing untraceable collections (unearned revenue) between FY07G and FY09G that were not reconciled to related tenants. In FY18G, other income also included dividend income from available for sale investments (SAR 5.7 million) netted off against impairment loss of advances to suppliers (SAR 7.8 million) and loss on sale of land (SAR 1.6 million).

Non-controlling interest amounting to SAR 18.8 million in FY16G, SAR 18.1 million in FY17G and SAR 11.9 million in FY18G is mainly related to Abdul Mohsin Al Hokair Group for Tourism and Development share (50% ownership) in Al Qasseem Company for Entertainment and Commercial Projects (i.e. Nakheel Plaza).

6.6.14 Recurring net income

Table 6-19: Recurring net income for tars ended 31 March 2016G, 2017G and 2018G

SAR in 000s	FY16G	FY17G	FY18G	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Net income for the year attributable to the shareholders of the Company*	**981,125**	**931,731**	**770,873**	**(5.0%)**	**(17.3%)**	**(11.4%)**
Adjustments to revenue	4,679	(2,167)	(13,853)	(146.3%)	539.3%	na
Discontinued projects**	(5,471)	-	-	na	na	na
Professional fees expense	33,757	24,013	4,425	(28.9%)	(81.6%)	(63.8%)
Write-off of investment properties	8,443	45,942	-	444.1%	na	na
Exceptional waived-off liabilities	-	-	(16,093)	na	na	na

Exceptional rent expense	-	13,150	(11,866)	na	(190.2%)	na
Exceptional repair and maintenance expense	1,000	-	-	na	na	na
Non-recurring other income	-	-	9,467	na	na	na
Exceptional legal fees	2,000	-	-	na	na	na
Recurring net income	1,025,532	1,012,669	742,953	(1.3%)	(26.6%)	(14.9%)

**In the above table, only net income has been extracted from the Company's audited consolidated financial statements for the financial years ended 31 March 2017G and 2018G prepared in accordance with Saudi GAAP*
*** This amount is related to Fanateer Mall which discontinued in FY16.*

Source: Company information

The analysis of the recurring net income above included several adjustments, mainly relating to exceptional and non-recurring revenues and expenses on net income within the period. The adjustments included (i) adjustments to the revenue due to exceptional revenues such as revenue from discontinued projects, and (ii) adjustments related to exceptional expenses (legal fees expense, write-off of projects under development, rent expense, and repair and maintenance expenses).

6.7 Balance sheets as at 31 March 2016G, 2017G and 2018G

Table 6-20: Consolidated balance sheets data as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Assets						
Current Assets						
Cash and bank balances	242,834	158,218	80,351	(34.8%)	(49.2%)	(42.5%)
Accounts receivable, net	169,568	233,779	246,733	37.9%	5.5%	20.6%
Amounts due from related parties	160,244	172,253	238,579	7.5%	38.5%	22.0%
Prepayments and other current assets	104,164	85,555	53,901	(17.9%)	(37.0%)	(28.1%)
Advances to a contractor-related party*	223,221	180,687	274,508	(19.1%)	51.9%	10.9%
Total Current Assets	**900,031**	**830,492**	**894,072**	**(7.7%)**	**7.7%**	**(0.3%)**
Non-Current Assets						
Advances to a contractor, related party – non-current portion*	420,722	11,963	80,692	(97.2%)	574.5%	(56.2%)
Amounts due from related parties	364,445	214,445	200,323	(41.2%)	(6.6%)	(25.9%)
Prepaid rent	176,654	162,337	175,999	(8.1%)	8.4%	(0.2%)
Investment in an associate	36,197	35,018	39,669	(3.3%)	13.3%	4.7%
Available for sale investments	234,454	232,170	128,476	(1.0%)	(44.7%)	(26.0%)
Investment properties**	8,101,789	10,298,993	10,225,699	27.1%	(0.7%)	12.3%
Property and equipment	60,887	120,746	135,826	98.3%	12.5%	49.4%
Total Non-Current Assets	**9,395,148**	**11,075,673**	**10,986,685**	**17.9%**	**(0.8%)**	**8.1%**
Total Assets	**10,295,178**	**11,906,164**	**11,880,757**	**15.6%**	**(0.2%)**	**7.4%**
Liabilities and Equity						
Current Liabilities						

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited	YoY FY16G - FY17G	YoY FY17G - FY18G	CAGR FY16G - FY18G
Current portion of long term loans	351,000	66,000	433,000	(81.2%)	556.1%	11.1%
Accounts payable	227,507	245,864	276,725	8.1%	12.6%	10.3%
Amounts due to related parties	321,482	226,100	221,620	(29.7%)	(2.0%)	(17.0%)
Unearned revenue	446,117	325,347	277,252	(27.1%)	(14.8%)	(21.2%)
Accruals and other current liabilities	119,370	224,778	215,416	88.3%	(4.2%)	34.3%
Zakat payable	88,493	117,354	146,560	32.6%	24.9%	28.7%
Total Current Liabilities	**1,553,969**	**1,205,443**	**1,570,573**	**(22.4%)**	**30.3%**	**0.5%**
Non-Current Liabilities						
Long term loans	4,054,241	5,792,132	5,377,626	42.9%	(7.2%)	15.2%
Employees' end of service indemnities	20,939	26,843	25,158	28.2%	(6.3%)	9.6%
Total Non-Current Liabilities	**4,075,180**	**5,818,975**	**5,402,785**	**42.8%**	**(7.2%)**	**15.1%**
Total Liabilities	**5,629,148**	**7,024,417**	**6,973,357**	**24.8%**	**(0.7%)**	**11.3%**
Equity						
Shareholders' Equity						
Capital	4,450,000	4,450,000	4,450,000	0.0%	0.0%	0.0%
Statutory reserve	200,479	293,652	370,739	46.5%	26.3%	36.0%
Retained earnings	13,166	136,724	84,510	938.5%	(38.2%)	153.4%
Unrealised gain/(loss) on revaluation of available for sale investments	1,671	335	(24)	(80.0%)	(107.2%)	na
Total Shareholders' Equity	**4,665,316**	**4,880,711**	**4,905,226**	**4.6%**	**0.5%**	**2.5%**
Non-controlling interest	714	1,036	2,174	45.1%	109.8%	74.5%
Total Equity	**4,666,030**	**4,881,747**	**4,907,400**	**4.6%**	**0.5%**	**2.6%**
Total Liabilities and Equity	**10,295,178**	**11,906,164**	**11,880,757**	**15.6%**	**(0.2%)**	**7.4%**

**Advances made to a contractor – related party of SAR 643.9 million at 31 March 2016G have been reclassified between current and non-current portions amounting to SAR 223.2 million and SAR 420.7 million, respectively, in line with classifications basis at 31 March 2018G and 31 March 2017G. Refer to reclassifications table under section "Summary of financial information"*

*** Initial direct costs for operating leases as at 31 March 2016G amounting to SAR 249.8 million have been reclassified under investment properties from a separate line item on the consolidated balance sheet in line with classifications and presentation basis at 31 March 2018G. Refer to reclassifications table under section "1.6 Summary of financial information"*

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information .

6.7.1 Current assets

Table 6-21: Current assets as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Cash and bank balances	242,834	158,218	80,351
Accounts receivable, net	169,568	233,779	246,733
Amounts due from related parties	160,244	172,253	238,579
Prepayments and other current assets	104,164	85,555	53,901
Advances to a contractor-related party*	223,221	180,687	274,508
Total current assets	900,031	830,492	894,072

**Advances made to a contractor – related party of SAR 643.9 million at 31 March 2016G have been reclassified between current and non-current portions amounting to SAR 223.2 million and SAR 420.7 million, respectively, in line with classifications basis at 31 March 2018G and 31 March 2017G. Refer to reclassifications table under section "1.6 Summary of financial information"*

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information.

6.7.1.1 *Cash and bank balances*

Table 6-22: Cash and bank balances as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Cash at banks	241,932	157,403	79,509
Cash in hand	902	814	842
Total	**242,834**	**158,218**	**80,351**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

The Company's cash policy is intended to ensure an optimum level of liquidity is maintained to meet operational needs.

Cash and bank balances decreased from SAR 242.8 million as at 31 March 2016G to SAR 158.2 million as at 31 March 2017G due to an increase in net cash used in investing activities from SAR 793.9 million in FY16G to SAR 2,270.6 million in FY17G, reflecting additions made to investment properties. The decrease was partly offset by the increase in cash generated from financing activities from net cash used in financing activities of SAR 278.2 million in FY16G to a net cash from financing activities of SAR 1,093.9 million in FY17G due to the utilization of a new financing facility for the purchase of six plots of land, and an increase in cash from operating activities from SAR 984.7 million in FY16G to SAR 1,092.2 million in FY17G.

Cash and bank balances further decreased from SAR 158.2 million as at 31 March 2017G to SAR 80.4 million as at 31 March 2018G due to an increase in net cash used in financing activities from net cash from financing activities of SAR 1,093.9 million in FY17G to a net cash used financing activities of SAR 786.5 million in FY18G, partly offset by the decrease in cash used in investing activities from SAR 2,270.6 million in FY17G to SAR 535.6 million in FY18G (refer to section 6.8 "Cash flow statements" for further details), coupled with an increase in cash from operating activities from SAR 1,092.2 million in FY17G to SAR 1,244.2 million in FY18G.

6.7.1.2 *Accounts receivable, net*

Table 6-23: Accounts receivable as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G	31 March 2017G	31 March 2018G Special Purpose
Up to 30 days	63,141	47,872	55,500
31 – 90 days	13,988	27,503	40,764
91-180 days	24,308	62,115	82,019
Greater than 180 days	94,295	144,705	207,067
Gross receivables	**195,732**	**282,195**	**385,350**
Provision for doubtful receivables	(26,164)	(48,416)	(138,617)
Net receivables	**169,568**	**233,779**	**246,733**

Source: Company information

Accounts receivable related to rental balances from external tenants that were not collected in advance as per the rental contracts. In line with rental contracts and industry practice, rents are generally received in advance on a semi-annual basis. Accounts receivable from related party tenants are presented under section 6.7.1.3 – Due from related parties – current portion. While the overall accounts receivable balance for FY16G, FY17G and FY18G accounted for only 9.5%, 12.0% and 12.6% of total rental revenue, respectively,

accounts receivable increased from SAR 169.6 million as at 31 March 2016G to SAR 246.7 million as at 31 March 2018G.

The increase in accounts receivable from SAR 169.6 million at 31 March 2016G to SAR 233.8 million at 31 March 2017G was mainly due to the addition of new malls in FY17G and the ramp-up in operations of malls that opened in FY16G. Accounts receivable increased further from SAR 233.8 million at 31 March 2017G to SAR 246.7 million at 31 March 2018G, mainly due to the delays in payments from certain tenants evidenced by the increase in the accounts receivable balances outstanding for more than 180 days from SAR 144.7 million at 31 March 2017G to SAR 207.1 million at 31 March 2018G.

Accounts receivable included past due balances outstanding at the end of the reporting period but against which the Company has not recognized an allowance for doubtful receivables because these amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements with respect to these balances nor does it have a legal right to offset against any amounts owed by the Company to the counterparty.

Provision for doubtful receivables increased from SAR 26.2 million at 31 March 2016G to SAR 48.4 million at 31 March 2017G, whereby the Company provided for selected accounts receivables that were deemed not recoverable.

Table 6-24: Provision for doubtful receivables as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
At the beginning of the year	-	26,164	48,416
Provision for the year	26,164	22,931	94,814
Write-off	-	(679)	(4,614)
At the end of the year	**26,164**	**48,416**	**138,617**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

As at 31 March 2018G, the Company changed the basis of estimating provisions under its internal provisioning policy which stipulates that (i) the ageing of the outstanding receivables balances should be reviewed on a monthly basis, (ii) a systematic provision should be taken to normal and key tenants calculated for all aged receivable balances as per predefined rates and (iii) balances under dispute with tenants identified as a "legal customer / account under dispute" are fully provided for. As such, provision for doubtful debts increased from SAR 48.4 million as at 31 March 2017G to SAR 138.6 million as at 31 March 2018G, which also included write-offs of SAR 0.7 million and SAR 4.6 million during the years ended 31 March 2017G and 31 March 2018G, respectively.

6.7.1.3 *Amounts due from related parties – current portion*

Table 6-25: Amounts due from related parties – current portion as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
FAS Holding Company for Hotels	50,000	150,000	150,000
Retail units rent receivable*	89,514	18,395	87,334
Tadaris Al Najd Security Company	15,600	3,314	-
Others	5,130	545	1,245
Total	**160,244**	**172,253**	**238,579**

** See table 6-25-1*

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

The current portion of amounts due from related parties amounted to SAR 238.6 million as at 31 March 2018G (SAR 172.3 million as at 31 March 2017G and SAR 160.2 million as at 31 March 2016G) and mainly related to receivable balance from the sale of properties to affiliate companies in addition to receivables and prepayments in the normal course of business.

The current portion of the receivable balance from FAS Holding Company for Hotels that amounted to SAR 50.0 million at 31 March 2016G and SAR 150 million at 31 March 2017G and 31 March 2018G, represented the current portion of the amount due from the sale of land in Riyadh to FAS Holding Company for Hotels in FY16G based on valuations performed by independent appraisals. The increase in the current portion as at 31 March 2017G was due to the reclassification of SAR 150.0 million from the non-current portion as per the underlying sales contract. This amount remained unchanged as at 31 March 2018G as the Company has reached an agreement with FAS Holding Company for Hotels to reschedule the payment terms until March 2020G (SAR 150.0 million) and March 2021G (SAR 200.3 million).

Retail units rent receivable related mainly to amounts due from the subsidiaries of Alhokair Fashion Retail of SAR 87.7 million at 31 December 2018G (Food and Entertainment Trading Company Limited of SAR 34.0 million, Abdul Mohsin Al Hokair Group for Tourism and Development of SAR 22.9 million and FAS for Trading of SAR 20.5 million, among others). Retail units rent receivable decreased from SAR 89.5 million at 31 March 2016G to SAR 18.4 million at 31 March 2017G following collection of the balances due from the subsidiaries of Alhokair Fashion Retail. The subsequent increase to SAR 87.3 million at 31 March 2018G, reflected accumulated balances from Food and Entertainment Company Limited, FAS for trading, Abdul Mohsin Al Hokair Group for Tourism and Development, and Billy Games Company. The Company had rent paid in advance of SAR 200.3 million from related party tenants as at 31 March 2018G (refer to due to related parties under Section 6.7.3 (**Current liabilities excluding loans**)). Refer to the following table for further details.

Balance with Tadaris Al Najd Security Company represented advance payments made to Tadaris Al Najd Security Company in relation to the provision of security services at the Company's malls.

Others amounted to SAR 1.2 million at 31 March 2018G and mainly related to balances due from design consultants.

Table 6-25-1: Retail units rent receivable as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Food and Entertainment Trading Company Limited	24,266	8,546	34,042
Abdul Mohsin Al Hokair Group for Tourism and Development	10,473	5,183	22,909
FAS for Trading	-	-	20,500
Billy Games Company Limited	20,655	-	8,047
Coffee Centers Company Limited	3,709	4,665	1,253
Kids Space Company Limited	30,410	-	510
Nesk Trading Project Company Limited	-	-	74
Total	**89,514**	**18,395**	**87,334**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Rent receivable from Food and Entertainment Trading Company Limited decreased from SAR 24.3 million as at 31 March 2016G to SAR 8.5 million as at 31 March 2017G due to settlement of receivables from Food and Entertainment Trading Company Limited through Saudi FAS Holding account. Receivables from Food and Entertainment Trading Company Limited increased from SAR 8.5 million at 31 March 2017G to SAR 34.0 million as at 31 March 2018G due to delays in collections.

Rent receivable from Abdul Mohsin Al Hokair Group for Tourism and Development decreased from SAR 10.5 million at 31 March 2016G to SAR 5.2 million at 31 March 2017G mainly due to collections made over the period. At 31 March 2018G, receivables from Abdul Mohsin Al Hokair Group for Tourism and Development increased from SAR 5.2 million at 31 March 2017G to SAR 22.9 million, due to delay in collections.

Amounts due from FAS for Trading amounted to SAR 20.5 million at 31 March 2018G in connection with media sales revenue for advertising and promotion across Arabian Centres Malls in FY18G. All outstanding receivables from FAS for Trading were collected as at 31 December 2018G.

Amounts due from Billy Games Company Limited and Kids Space Company Limited decreased from SAR 20.7 million and SAR 30.4 million at 31 March 2016G, respectively, to nil balances at 31 March 2017G due to settlement of receivables through Saudi FAS Holding account. At 31 March 2018G, receivables from Billy Games Company Limited and Kids Space Company Limited increased to SAR 8.0 million and SAR 0.5 million at 31 March 2018G, respectively, due to delays in collections.

Amounts due from Coffee Centers Company Limited increased from SAR 3.7 million at 31 March 2016G to SAR 4.7 million at 31 March 2017G due to delays in collections. At 31 March 2018G, receivables from Coffee Centers Company Limited subsequently decreased SAR 1.3 million due to settlement of receivables.

Amounts due from Kids Space Company Limited which amounted to SAR 30.4 million at 31 March 2016G were entirely collected at 31 March 2017G, which accordingly resulted in a nil balance at 31 March 2017G. At 31 March 2018G, amounts due from Kids Space Company Limited amounted to SAR 0.5 million due to delays in collections.

6.7.1.4 *Prepayments and other current assets*

Table 6-26: Prepayments and other current assets as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Advances to suppliers	72,870	60,643	34,374
Prepaid rent – current	22,798	8,235	2,192
Prepaid expenses	-	5,144	7,530
Letters of guarantee	-	5,400	5,900
Employees' receivables	4,823	5,740	3,230
Others*	3,673	392	675
Total	**104,164**	**85,555**	**53,901**

** Includes other prepaid expenses*
Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Prepayments and other current assets amounted to SAR 53.9 million as at 31 March 2018G and comprised of advances to suppliers (SAR 34.4 million), prepaid rent (SAR 2.2 million), employees' receivables (SAR 3.2 million) and other current assets (comprising prepaid expenses, letters of guarantees and others) (SAR 14.1 million).

Advances to suppliers (SAR 34.4 million as at 31 March 2018G) mainly related to advances in connection with leasehold improvement works, purchase of equipment (power generators, cameras for monitoring footfall, security cameras, etc.) and payments made in relation to the maintenance work carried out at the malls.

Advances to suppliers decreased from SAR 72.9 million as at 31 March 2016G to SAR 60.6 million at 31 March 2017G, mainly driven by the opening of two new malls of Yasmin and Hamra during FY16G (that were previously under construction) and the related capitalization of their costs.

Advances to suppliers decreased from SAR 60.6 million as at 31 March 2017G to SAR 34.4 million at 31 March 2018G mainly due to the completion of work across several malls.

Prepaid rent – current mainly related to rent expenses with respect to operational malls built on leased lands. Land lease contracts relating to existing malls had an average remaining life of 9.4 years as at 31 March 2018G of which four (out of 14) had outstanding lease terms of 2-4 years.

Prepaid rent - current decreased from SAR 22.8 million as at 31 March 2016G to SAR 8.2 million at 31 March 2017G driven by the amortization of prepaid rent and delays in payment of land lease charges (refer to due to Section 6.7.3.1 – Accounts payable).

Prepaid rent - current decreased from SAR 8.2 million at 31 March 2017G to SAR 2.2 million at 31 March 2018G driven by amortisation of prepaid rent and delays in payment of land lease charges (refer to Accounts payable section under 6.7.3.1).

Employees' receivables represented advances granted to employees in line with the Company's policies. Employee's receivables increased from SAR 4.8 million at 31 March 2016G to SAR 5.7 million as at 31 March 2017G mainly driven by the increase in the number of employees from 670 employees as at 31 March 2016G to 798 employees as at 31 March 2017G.

Employees' receivables decreased from SAR 5.7 million as at 31 March 2017G to SAR 3.2 million as at 31 March 2018G mainly driven by decrease in number of employees from 798 employees as at 31 March 2017G to 403 employees as at 31 March 2018G.

Current assets - Others amounted to SAR 0.7 million at 31 March 2018G and mainly included balances related to prepayment of insurance, municipality fees and security cameras.

6.7.2 Non-current assets

Table 6-27: Non-current assets as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Advances to a contractor – related party - non-current portion*	420,722	11,963	80,692
Amounts due from related parties – non-current	364,445	214,445	200,323
Prepaid rent – non-current	176,654	162,337	175,999
Investment in an associate	36,197	35,018	39,669
Available for sale investments	234,454	232,170	128,476
Investment properties**	8,101,789	10,298,993	10,225,699
Property and equipment	60,887	120,746	135,826
Total non-current assets	**9,395,148**	**11,075,673**	**10,986,685**

**Advances made to a contractor – related party of SAR 643.9 million at 31 March 2016G have been reclassified between current and non-current portions amounting to SAR 223.2 million and SAR 420.7 million, respectively, in line with classifications basis at 31 March 2018G and 31 March 2017G. Refer to reclassifications table under section "Summary of financial information"*

*** Initial direct costs for operating leases as at 31 March 2016G amounting to SAR 249.8 million have been reclassified under investment properties from a separate line item on the consolidated balance sheet in line with classifications and presentation basis at 31 March 2018G. Refer to reclassifications table under section "Summary of financial information"*

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

6.7.2.1 *Advances to a contractor - related party – non-current portion*

All contracts related to the construction of malls during the periods under review were awarded to Fawaz Abdulaziz Al Hokair & Real Estate Company, which is a related party, without a formal bidding process. Management believes that awarding the contracts to Fawaz Abdulaziz Al Hokair & Real Estate Company allows the Company to benefit from the knowledge and expertise that Fawaz Abdulaziz Al Hokair & Real Estate Company has built over the years of the Company's needs with respect to the design and construction of its malls and also gives them the flexibility to make any amendments to the design if needed. Total value of current contracts was SAR 3.4 billion as at 31 March 2018G. Current contracts with Fawaz Abdulaziz Al Hokair & Real Estate Company consist of the projects (shopping malls) that are currently under construction and that are expected to become operational during 2019G, in addition to the other projects in the pipeline that are expected to be developed in three to five years (refer to investment properties section). The Company usually settles 10% of the contract value in advance and subsequently pays an agreed sum on a monthly basis.

Advances decreased from SAR 420.7 million at 31 March 2016G to SAR 12.0 million at 31 March 2017G due to the completion of Yasmin and Hamra Malls, in addition to the completion of leasehold improvements in the existing malls.

Advances increased from SAR 12.0 million at 31 March 2017G to SAR 80.7 million at 31 March 2018G in connection with payments made by the Company for construction of several malls coupled with delayed invoicing, mainly related to the ongoing construction work for Khaleej Mall, Nakheel Mall Dammam, and University Boulevard.

6.7.2.2 *Amounts due from related parties – non-current*

Table 6-28: Amounts due from related parties – non-current as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
FAS Holding Company for Hotels	350,323	200,323	200,323
Al Madaen Star Real Estate	14,122	14,122	-
Total	**364,445**	**214,445**	**200,323**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Non-current portion of the amounts due from related parties were SAR 200.3 million as at 31 March 2018G (SAR 214.4 million as at 31 March 2017G and SAR 364.4 million as at 31 March 2016G) and related to the non-current portion of the receivable from the sale of land in Riyadh to FAS Holding Company for Hotels. The non-current portion of the amounts due from related parties amounted to SAR 200.3 million at 31 March 2018G (SAR 214.4 million at 31 March 2017G, and SAR 364.4 million at 31 March 2016G) and it relates to the non-current portion of the amounts due from related parties relating to the sale of lands in Riyadh to FAS Holding Company for Hotels (refer to section 6.7.1.3 – "Amounts due from related parties – current portion" for further details about current amounts due from FAS Holding Company for Hotels). In FY18G, the contract with FAS Holding Company for Hotels was adjusted to account for the rescheduling of the current portion to March 2020G (SAR 150.0 million) and the non-current portion to March 2021G (SAR 200.3 million).

Amounts due from related parties – non-current decreased from SAR 364.4 million at 31 March 2016G to SAR 214.4 million at 31 March 2017G following the transfer of SAR 150 million due from FAS Holding Company for Hotels to the current portion in FY17G as it is expected to be collected in FY19G as per the underlying sales contract. The remaining balance of SAR 200.3 million is expected to be settled in FY20G.

Amounts due from related parties – non-current from related parties decreased subsequently from SAR 214.4 million at 31 March 2017G to SAR 200.3 million as at 31 March 2018G mainly due to the transfer of the receivable balance from Maden Star Real Estate to Saudi FAS.

6.7.2.3 *Prepaid rent – non-current*

Non-current portion of prepaid rent mainly relates to rent paid in advance for properties under development.

Prepaid rent decreased from SAR 176.7 million at 31 March 2016G to SAR 162.3 million at 31 March 2017G due to the discontinuation of the Dammam Park Mall project that had a prepaid rent balance of SAR 12.0 million at 31 March 2016G.

Prepaid rent increased from SAR 162.3 million at 31 March 2017G to SAR 176.0 million at 31 March 2018G was mainly driven by the increase in prepayments related to Mall of Arabia - Riyadh project.

6.7.2.4 *Investment in an associate*

Investment in an associate represented a 25.0% investment in the share capital of a real estate company, Aswaq Al Mustaqbal for Trading Company. Aswaq Al Mustaqbal is a real estate company incorporated in the Kingdom of Saudi Arabia and is the operator of Panorama Mall in Riyadh.

Investment in Aswaq Al Mustaqbal decreased by an amount of SAR 1.2 million from SAR 36.2 million at 31 March 2016G to SAR 35.0 million at 31 March 2017G, as a result of dividend distribution of SAR 10.0 million partly offset by the share in net income of SAR 8.8 million in FY17G.

Investment subsequently increased from SAR 35.0 million at 31 March 2017G to SAR 39.7 million at 31 March 2018G, driven by the increase from the share in net income of SAR 9.7 million in FY18G partially offset by the distribution of dividends of SAR 5.0 million.

6.7.2.5 *Available for sale investments*

Table 6-29: Available for sale investments as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Amlak International for Real Estate Finance Company	121,500	121,500	121,500
Yanbu Real Estate	53,384	53,334	-
Khomasiat Taibah Limited Company	50,000	50,000	-
Digital City Fund	8,671	7,335	6,976
Akwan properties	899	-	-
Total	**234,454**	**232,170**	**128,476**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G

Investments that are bought neither with the intention of being held to maturity nor for trading purposes are stated at fair value and are included under non-current assets. Changes in fair value are credited to the consolidated statement of changes in equity. Fair value is determined by reference to the market value if an open active market exists, or by the use of alternative valuation methods. Otherwise, they are reported at cost.

The Company's available for sales investments amounted to SAR 128.5 million as at 31 March 2018G (SAR 232.1 million as at 31 March 2017G and SAR 234.5 million as at 31 March 2016G) and consisted of the following:

- Amlak International for Real Estate Finance Company (the investment included a premium amounting to SAR 45.0 million): Indirect Investment through Al Bawarij International for Development & Real

Estate Investment Company Al Makarem International for Real Estate Development Company in 8.5% of the share capital of Amlak International for Real Estate Finance Company;

- Yanbu Real Estate: Ownership in a large parcel of land in Yanbu. Original contribution of the Company towards the purchase of that land was SAR 73 million which was subsequently reduced to SAR 53.4 million following the sale of some plots. During FY18G, the investment was transferred at book value to FAS Holding Company;
- Khomasiat Taibah Limited Company (previously known as Al Khomasiat Yathrib Company): Saudi FAS Holding Company is the legal owner of 7.14% of the share capital of Khomasiat Taibah Limited Company and has assigned it to the benefit of ACC;
- Digital City Fund: The Company owns 0.25% of the Digital City Fund which invests in acquiring and developing plots of lands. The investment represents units purchased for SAR 6.8 million (68 units each for SAR 100,000). Market value of the investment amounted to SAR 7.0 million as at 31 March 2018G according to the statement of account issued by the fund manager. The investment decreased from SAR 8.7 million at 31 March 2016G to SAR 7.3 million and SAR 7.0 million at 31 March 2017G and 2018G as a result of unrealised losses on revaluation of available for sale investments that amounted to SAR 1.3 million and SAR 0.4 million in FY17G and FY18G respectively;
- Akwaan properties: Saudi FAS Holding Company owned 4.5% of the share capital of Akwaan Properties and assigned it to the benefit of the Company. The investment was transferred to Saudi FAS Holding Company in FY17G.

Available for sale investments decreased from SAR 234.5 million and SAR 232.2 million at 31 March 2016G and 2017G, respectively to SAR 128.5 million at 31 March 2018G due to the transfer of the Yanbu Real Estate investment (SAR 53.4 million) and Khomasiat Taibah Limited Company (SAR 50.0 million) to Saudi FAS Holding Company at net book value.

6.7.2.6 *Investment properties*

Table 6-30: Investment properties as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G	31 March 2017G	31 March 2018G
Land	3,473,601	4,889,210	4,771,814
Buildings	1,462,091	2,259,300	2,172,882
Buildings on leasehold land	1,711,824	2,057,066	1,904,985
Projects under construction	1,204,473	882,302	1,167,038
Initial direct cost*	249,800	211,115	208,980
Total	**7,851,989**	**10,298,993**	**10,225,699**

Source: Company information and the special purpose financial statements for the financial year ended on 31 March 2018G

** Initial direct costs for operating leases as at 31 March 2016G amounting to SAR 249.8 million have been reclassified under investment properties from a separate line item on the consolidated balance sheet in line with classifications and presentation basis at 31 March 2018G. Refer to reclassifications table under Section **1.6 "Summary of financial information"***

The Company's business model is to develop shopping malls on land parcels that it either owns or leases on a long-term basis. In certain limited instances, the Company has also leased developed malls that are then refurbished according to the Company's requirements. Please refer to Sections **13.5.1 "Head Leases"** for information about the real estate properties owned and/or leased by the Company. The Company owns

all the fixtures, fittings and other equipment in its shopping malls. However, the Company leases land and buildings through operating leases (typically for a period ranging between 5 years and 28 years from the beginning date of the contract).

The Company had 3 malls under development for which it will be incurring capital expenditures (including the construction of buildings, purchase of equipment, furniture and fittings) during FY2019G and FY2020G. In addition, the Company had plans to develop a further 5 malls in the coming three to five years on land parcels it owns or has already leased (construction for some of these malls will begin in FY2020G). Capital expenditure typically includes items such as materials, labour, contract costs, insurance, and finance costs incurred during the construction period.

Investment properties are stated at cost less accumulated depreciation. Depreciation of investment properties (excluding lands) is calculated according to the straight-line method over the shorter of the useful life of the asset or lease term (if applicable).

Investment properties amounted to SAR 10,225.7 million as at 31 March 2018G mainly comprising of land (SAR 4,771.8 million), buildings (SAR 2,172.9 million), and buildings on leasehold land (SAR 1,905.0 million) and projects under construction (SAR 1,167.0 million).

Land properties amounting to SAR 4,771.8 million as at 31 March 2018G consisted of 14 plots of land across the Kingdom as follows:

Table 6-31: Net book value of the lands as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Oyoun Al Raed (Mall of Arabia – Riyadh)	1,770,440	1,770,440	1,770,440
Oyoun Al Basateen (Jawharat Jeddah)	1,067,163	1,067,163	1,067,163
Qaseem Land	-	350,000	350,000
Khaleej Mall	-	290,209	290,209
Al Hamra Mall	-	256,100	256,100
Salaam Mall – Riyadh	-	250,000	250,000
Dammam Airport (Nakheel Mall Dammam)	-	210,000	210,000
Aziziah Mall – Makkah (Makkah Mall)	178,228	178,228	178,228
Mall of Arabia – Jeddah	141,115	141,115	141,115
Dammam Mall	117,395	117,395	-
Sahara Plaza	75,240	75,240	75,240
Al Noor Mall	68,120	68,120	68,120
Abha Mall	-	62,000	62,000
Al Jubail Mall	32,500	32,500	32,500
Al Ahsa Mall	20,700	20,700	20,700
Aziz Mall	2,700	-	-
Total	**3,473,601**	**4,889,210**	**4,771,814**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information .

- *Land properties as at 31 March 2018G relating to operational malls consisted of 8 plots of land relating mainly to Hamra Mall (SAR 256.1 million), Salaam Mall – Riyadh (SAR 250.0 million), Makkah Mall (SAR 178.2 million) and Mall of Arabia – Jeddah (SAR 141.1 million) amongst others; and*
- *Land properties as at 31 March 2018G relating to malls under construction/to be developed in the future that amounted to SAR 3.7 billion and consisted of 6 plots of land, including: 2 land plots in connection with malls under development (Khaleej and Nakheel Mall Dammam), 2 land plots for malls where construction has been temporarily put on hold (Mall of Arabia – Riyadh (SAR 1.8 billion) and Jawharat Jeddah (SAR 1.1 billion)) and, two land plots for future development (Qassim and Abha lands).*

The Company's land properties increased from SAR 3,473.6 million at 31 March 2016G to SAR 4,889.2 million at 31 March 2017G following the Company's purchase of six plots of land from Saudi FAS Holding amounting to SAR 1,418.3 million. The purchase of lands was funded by a long term loan facility obtained in FY17G. (Refer to Loans and Borrowings under 6.7.4 Non-current liabilities including current portion of long term loans).

Land properties decreased from SAR 4,889.2 million at 31 March 2017G to SAR 4,771.8 million at 31 March 2018G mainly due to the transfer of Dammam Mall land that had a net book value of SAR 117.4 million to FAS Holding Company as the project was discontinued by Management.

Buildings amounting to SAR 2,172.9 million at 31 March 2018G and consisted of the Company's malls built on owned lands. The Company's buildings related mainly to Mall of Arabia – Jeddah (SAR 873.8 million), Hamra Mall (SAR 391.1 million), Noor Mall (SAR 240.3 million), Makkah Mall (SAR 188.0 million), amongst others.

Net book value of buildings increased from SAR 1,462.1 million at 31 March 2016G to SAR 2,259.3 million at 31 March 2017G mainly driven by the transfer of Hamra Mall from projects under construction in FY17G in addition to the improvements carried out at Mall of Arabia in Jeddah, partially offset by the depreciation of investment properties in FY17G.

Net book value of buildings decreased from SAR 2,259.3 million at 31 March 2017G to SAR 2,172.9 million at 31 March 2018G mainly driven by the depreciation of investment properties in FY18G.

Buildings on leasehold land amounted to SAR 1,905.0 million as at 31 March 2018G and related to the Company's malls built on leased lands. Building on leasehold land related mainly to Yasmin Mall (SAR 397.4 million), Nakheel Mall – Riyadh (SAR 388.3 million), Mall of Dhahran (SAR 345.5 million), Jouri Mall (SAR 310.1 million), amongst others.

Buildings on leasehold lands increased from SAR 1,711.8 million at 31 March 2016G to SAR 2,057.1 million at 31 March 2017G mainly driven by the transfer of Yasmin Mall from projects under construction in FY17G, partially offset by the depreciation of investment properties in FY17G.

Buildings on leasehold lands decreased from SAR 2,057.1 million at 31 March 2017G to SAR 1,905.0 million at 31 March 2018G mainly driven by the depreciation of investment properties in FY18G.

Costs associated with project under construction are transferred to buildings or buildings on leasehold land upon completion of the projects. Expenditure included as part of construction cost includes material, labour, engineering and contract costs, insurance, rent, and finance costs incurred during the construction period.

Projects under construction amounted to SAR 1,167.0 million at 31 March 2018G and consisted mainly of 9 shopping malls under development amongst other projects. Four of the current malls under development are expected to become operational in FY20G, whereas the other five are estimated to become operational in the coming three to five years.

Projects under construction decreased from SAR 1,204.5 million at 31 March 2016G to SAR 882.3 million at 31 March 2017G as a result of (i) transfers to buildings and buildings on leasehold land in connection with the completion of Yasmin Mall and Hamra Mall and (ii) transfers of SAR 123.1 million to Saudi FAS Holding related to the design works carried out for discontinued projects. The transfers were partially offset by additions of SAR 672.5 million relating to the construction of 3 new malls and design works carried out for malls that are being considered for future development.

Projects under construction increased from SAR 882.3 million at 31 March 2017G to SAR 1,167.0 million at 31 March 2018G as a result of additional construction works in FY18G in connection with Khaleej Mall, Qaseem Land and University Boulevard.

Initial direct cost for operating leases included fees paid to brokers with respect to land lease contracts entered into by the Company. Commission rates are determined during land lease negotiations between the broker and the Company.

Initial direct cost for operating leases decreased from SAR 249.8 million at 31 March 2016G to SAR 211.1 million at 31 March 2017G due to the transfer of some projects under construction to Saudi FAS Holding Company in FY17G as management decided to discontinue the related projects. Accordingly, initial direct

cost of operating leases for these projects was also transferred to Saudi FAS Holding Company.

Initial direct cost for operating leases decreased from SAR 211.1 million as at 31 March 2017G to SAR 209.0 million at 31 March 2018G as a result of depreciation in investment properties given that no additional projects were added during the year.

6.7.2.7 *Property and equipment*

Table 6-32: Property and equipment as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Tools and equipment	30,115	55,935	72,016
Furniture and fixtures	30,214	40,609	40,466
Leasehold improvements	-	23,846	23,158
Vehicles	558	355	185
Total	**60,887**	**120,746**	**135,826**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Property and equipment amounted to SAR 135.8 million as at 31 March 2018G and comprised of tools and equipment (SAR 72.0 million), furniture and fixtures (SAR 40.5 million), leasehold improvements (SAR 23.2 million) and vehicles (SAR 0.2 million).

Tools and equipment amounted to SAR 72.0 million at 31 March 2018G and consisted of computer equipment and software, lighting, electronics and other equipment. Net book value of tools and equipment increased from SAR 30.1 million as at 31 March 2016G to SAR 55.9 million at 31 March 2017G, driven by additions of SAR 36.7 million in FY17G mainly in connection with Mall of Dhahran. Net book value of tools and equipment increased from SAR 55.9 million at 31 March 2017G to SAR 72.0 million at 31 March 2018G, driven by additions of SAR 30.5 million in FY18G mainly in connection with Mall of Arabia due to the implementation of new lighting and camera security systems and other computer equipment.

Net book value of furniture and fixtures increased from SAR 30.2 million as at 31 March 2016G to SAR 40.6 million as at 31 March 2017G due to the additions of SAR 18.8 million in connection with the opening of new shopping malls as well as the replacement of some furniture and fixtures at existing malls. Net book value of furniture and fixtures remained relatively stable at SAR 40.5 million as at 31 March 2018G due to the additions of SAR 9.3 million offset by the depreciation of SAR 9.4 million.

Leasehold improvements related to the costs incurred for the fit out of the head office building leased in FY17G.

Net book value of motor vehicles relates to the vehicles used for transportation of employees.

Property and equipment are stated at cost less accumulated depreciation. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in the income statement when incurred. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method.

Table 6-33: Depreciation rates

Depreciation rate (%)	Rate
Tools and equipment	12.5% - 25%
Furniture and fixtures	10% - 25%
Leasehold improvements	Shorter of economic life or lease term
Vehicles	25%

Source: Company information

6.7.3 Current liabilities excluding loans

Table 6-34: Current liabilities excluding loans as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Accounts payable	227,507	245,864	276,725
Amounts due to related parties	321,482	226,100	221,620
Unearned revenue	446,117	325,347	277,252
Accruals and other current liabilities	119,370	224,778	215,416
Zakat payable	88,493	117,354	146,560
Total current liabilities excluding loans	**1,202,969**	**1,139,443**	**1,137,573**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

6.7.3.1 Accounts payable

Table 6-35: Accounts payable as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G	31 March 2017G	31 March 2018G Special Purpose
Land lease	112,245	113,833	118,619
Maintenance	32,155	56,258	79,259
Power supplier	44,097	43,438	41,652
Cleaning	22,845	24,084	28,486
Professional fees	10,233	5,807	5,153
Others	5,932	2,445	3,557
Total	**227,507**	**245,864**	**276,725**

Source: Company information

Accounts payable amounted to SAR 276.7 million as at 31 March 2018G, comprising mainly land lease payables of SAR 118.7 million, payables to maintenance suppliers of SAR 79.3 million, payables to power suppliers of SAR 41.7 million, and payables to cleaning suppliers of SAR 28.5 million.

Accounts payable increased from SAR 227.5 million at 31 March 2016G to SAR 245.9 million at 31 March 2017G, driven mainly by the increase in payables to maintenance suppliers from SAR 32.2 million to SAR 56.3 million.

Accounts payable further increased from SAR 245.9 million at 31 March 2017G to SAR 276.7 million at 31 March 2018G, also driven mainly by the increase in payables to maintenance suppliers from SAR 56.3 million to SAR 79.3 million.

Land lease payables represented lease payments due to land owners in connection with malls built on leasehold land. These payments are typically made on an annual basis within the first 90 days of the start of the contract period. At 31 March 2018G, land lease payables amounted to SAR 118.7 million and related mainly to Haifa Mall, Mall of Dhahran, and Tala Mall amongst others.

Land lease payables increased from SAR 112.2 million at 31 March 2016G to SAR 113.8 million at 31 March 2017G due to (i) the end of the grace period under the lease contract of Yasmin Mall; and (ii) the increase in amounts due in relation to the lease contract of Jouri Mall. The increase was partly offset by the decrease in land lease payable related to Mall of Dhahran from SAR 44.9 million at 31 March 2016G to SAR 15.4 million at 31 March 2017G and the decrease in the land lease payable of Other properties (Ibn Khaldoon Plaza which closed) from SAR 7.6 million as at 31 March 2016G to nil at 31 March 2017G.

Land lease payables subsequently increased from SAR 113.8 million at 31 March 2017G to SAR 118.6 million at 31 March 2018G mainly due to delays in payments in connection with Khurais Mall (SAR 11.3 million), Mall of Dhahran (SAR 8.3 million), and Salam Jeddah (SAR 4.6 million) amongst others.

Accounts payable to maintenance suppliers represented payments due to providers of maintenance services across the Company's malls. Accounts payable to maintenance suppliers amounted to SAR 79.3 million at 31 March 2018G and related mainly to ongoing construction and maintenance work across malls including building maintenance, HVAC systems, and elevators amongst other required maintenance services for day to day operations. The increase from SAR 32.2 million at 31 March 2016G to SAR 56.3 million at 31 March 2017G and SAR 79.3 million at 31 March 2018G was mainly related to the increase in the number of malls during the same period (4 additional Malls: Jouri and Jubail in FY17G, Hamra and Yasmin in FY18G).

Accounts payable to power suppliers represented payments due to suppliers of electricity and power generators. Accounts payable to power suppliers amounted to SAR 41.7 million as at 31 March 2018G.

Accounts payable to cleaning suppliers increased from SAR 22.8 million at 31 March 2016G to SAR 24.1 million at 31 March 2017G mainly due to the increase in the number of malls and new contracts entered into with suppliers. Accounts payable to cleaning suppliers increased from SAR 24.1 million at 31 March 2017G to SAR 28.5 million at 31 March 2018G due to the increase in the payable to Afras (SAR 4.9 million) offset by the decrease in payables to Al Masaq (SAR 1.6 million).

Professional fees payable represented payments due to the Company's auditors, legal advisors, strategy consultants, financial advisors, IT consultants and others. Professional fees payable amounted to SAR 5.2 million as at 31 March 2018G.

Other payables balance amounted to SAR 3.6 million as at 31 March 2018G and consisted mainly of payables to tax authority in connection with the delayed VAT settlement.

6.7.3.2 *Amounts due to related parties*

Table 6-36: Amounts due to related parties, as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Audited Special Purpose
Fawaz Abdulaziz Al Hokair & Co.	197,297	209,502	200,288
Nesk Trading Company Limited	55,503	13,530	-
Saudi FAS Holding Company	68,682	3,068	15,627
Tadaris Najd Security Company	-	-	4,456
Etqan Facilities Management	-	-	1,249
Total	**321,482**	**226,100**	**221,620**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose consolidated financial statements for the year ended 31 March 2018G, Company information

Amounts due to related parties amounted to SAR 221.6 million at 31 March 2018G (SAR 321.5 million at 31 March 2016G and SAR 226.1 million at 31 March 2017G) and consisted mainly of rental income received in advance from a related party tenants (Fawaz Abdulaziz Al Hokair & Co.), in addition to balance due to Saudi FAS Holding Company, Tadaris Najd Security Company, and Etqan Facilities Management.

Balances due to Fawaz Abdulaziz Al Hokair & Co. represented rental income received in advance from the Company's affiliates, mostly consolidated under Alhokair Fashion Retail and its subsidiaries. Balances due

to Alhokair Fashion Retail increased from SAR 197.3 million at 31 March 2016G to SAR 209.5 million as at 31 March 2017G following the opening of two new Malls (Hamra Mall and Yasmin Mall) in FY17G. Amounts due to Alhokair Fashion Retail slightly decreased from SAR 209.5 million at 31 March 2017G to SAR 200.3 million at 31 March 2018G as a result of recognition of rental revenue partially offset by additional advances received in FY18G.

Balance payable to Nesk Trading Company Limited decreased from SAR 55.5 million as at 31 March 2016G to SAR 13.5 million as at 31 March 2017G. The higher balance as at 31 March 2016G was mainly due to prepayment of one year of rents in advance as opposed to advance payment of 3 months of rent as at 31 March 2017G. Balance payable to Nesk Trading Company Limited was nil as at 31 March 2018G.

Table 6-37: Saudi FAS Holding Company accounts movement March 2016G – March 2018G

SAR in 000s	31 March 2017G	31 March 2018G Special Purpose
Balance at the beginning of the year	68,682	3,068
Dividend declared, and payable to (Saudi FAS on behalf of) shareholders	715,000	746,000
Transfer of balances	(148,652)	-
Investments transferred	(205,509)	(136,106)
Dividends paid to Saudi FAS on behalf of shareholders	(230,000)	(374,000)
AFS transferred	-	(103,334)
Other transfers	(196,453)	(120,000)
Balance at the end of the year	**3,068**	**15,627**

Source: Company information

The balance payable to Saudi FAS Holding Company decreased from SAR 68.7 million at 31 March 2016G to SAR 3.1 million at 31 March 2017G. The Company declared dividends of SAR 715.0 million in FY17G, which were reflected under the Saudi FAS Holding Company account on behalf of the ACC shareholders. These dividends were settled mainly through (i) the transfer of investment properties amounting to SAR 205.5 million, (ii) transfer of balances settled by ACC on behalf of Saudi FAS Holding amounting to SAR 148.7 million, and cash dividends paid amounting to SAR 230.0 million, (iii) the settlement of payments due from related party tenants that were transferred to FAS Holding Company (SAR 196.0 million).

The balance payable to Saudi FAS Holding Company subsequently increased from SAR 3.1 million at 31 March 2017G to SAR 15.6 million at 31 March 2018G. The Company declared dividends of SAR 746.0 million in FY18G, which were reflected under the Saudi FAS Holding Company account on behalf of the ACC shareholders. These dividends were settled mainly through (i) the transfer of investment properties amounting to SAR 136 million, (ii) the transfer of AFS investment balances amounting to SAR 103.3 million, (iii) cash dividends paid amounting to SAR 374.0 million, and (iv) payments made by ACC on behalf of Saudi FAS Holding amounting to SAR 120 million to settle due for various Saudi FAS Holding suppliers ((mainly including the settlement of payments due from related party tenants that were transferred to FAS Holding Company (SAR 86.6 million).

6.7.3.3 *Unearned revenue*

Unearned revenue amounted to SAR 277.3 million at 31 March 2018G mainly related to rental revenue received in advance from tenants across the Company's malls. Rents are typically received in advance on a semi-annual basis.

Rental income received in advance decreased from SAR 446.1 million as at 31 March 2016G to SAR 325.3 million at 31 March 2017G mainly due to the decrease in unearned revenue relating to the rent received from tenants for malls that were under development (Hamra Mall and Yasmin Mall) in FY16G and started their operation in FY17G.

Rental income received in advance subsequently decreased from SAR 325.3 million at 31 March 2017G to SAR 277.3 million at 31 March 2018G mainly due to a decrease in advances in relation with Hamra Mall

related to delayed revenue recognition in FY18G as new contracts with tenants (occupying the mall) were pending due to ongoing rate negotiation.

6.7.3.4 *Accruals and other current liabilities*

Table 6-39: Accruals and other current liabilities as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Audited Special Purpose
Tenants security deposits	70,238	94,979	102,905
Output value added tax, net	-	-	45,584
Accrued expenses	10,329	6,990	21,616
Accrued finance charges	23,262	97,757	21,420
Employees' accruals	13,067	17,765	21,118
Other	2,474	7,287	2,772
Total	**119,370**	**224,778**	**215,416**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Accruals and other current liabilities amounted to SAR 215.4 million at 31 March 2018G and consisted mainly of security deposits from tenants (SAR 102.9 million), output value added tax (SAR 45.6 million), and accrued expenses (SAR 21.6 million).

The Company receives tenants security deposits from certain tenant categories to cover for any unpaid bills and damages to property (if any). Retail units' security deposits increased from SAR 70.2 million at 31 March 2016G to SAR 95.0 million at 31 March 2017G as a result of new malls that opened in FY17G (Al Yasmin Mall and Hamra Mall). The increase in security deposits from SAR 95.0 million at 31 March 2017G to SAR 102.9 million at 31 March 2018G is in line with the increase in number of tenants during the same period.

Output value added tax (VAT), net payable is in relation to the introduction of 5% VAT as at January 2018G and amounted to SAR 45.6 million at 31 March 2018G representing payable balance for the 1st quarter of the calendar year 2018G. The VAT balances relating to rent collected in advance before 31 December 2017G and relating to 2018G periods amounted to SAR 9.7 million. Such balances were reported and processed through quarterly VAT filings.

Accrued expenses amounted to SAR 21.6 million at 31 March 2018G and consisted mainly of accrued utilities expenses (SAR 9.2 million) and accrued professional fees (SAR 5.1 million), amongst others. Accrued expenses decreased from SAR 10.3 million at 31 March 2016G to SAR 7.0 million at 31 March 2017G mainly due to the decrease in accrued utilities. Subsequently, accrued expenses increased from SAR 7.0 million at 31 March 2017G to SAR 21.6 million at 31 March 2018G mainly due to the increase in accrued lease rentals, accrued maintenance and accrued utilities.

Accrued finance charges amounted to SAR 21.4 million at 31 March 2018G and related to finance charges in connection with the Company's debt facilities. Accrued finance charges increased from SAR 23.3 million at 31 March 2016G to SAR 97.8 million at 31 March 2017G mainly due to the higher loan balance outstanding at 31 March 2017G. The decrease in accrued finance charges from SAR 97.8 million at 31 March 2017G to SAR 21.4 million at 31 March 2018G was mainly due to the change in settlement terms of one of the credit facilities, which was amended from semi-annual settlements to monthly settlements.

Employees' accruals amounted to SAR 21.1 million at 31 March 2018G and related mainly to accrued employees' vacations and tickets allowance that are estimated by Management as a percentage of basic salary. Employees' benefits increased from SAR 13.1 million at 31 March 2016G to SAR 17.8 million 31 March 2017G as a result of the hiring of several senior management personnel. Employees' accruals increased from SAR 17.8 million at 31 March 2017G to SAR 21.1 million at 31 March 2018G in line with the increase in employees' salaries and other benefits.

Other accrued expenses amounted to SAR 2.8 million as at 31 March 2018G and included fees paid to consulting firms.

6.7.3.5 *Provision for Zakat*

Table 6-40: Provision for Zakat as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Balance at the beginning of the year	53,462	88,493	117,354
Provision for the year	32,999	27,154	32,684
Prior years adjustment	4,032	1,968	-
Paid during the year	(2,000)	(261)	(3,478)
Balance as at 31 December	88,493	117,354	146,560

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

The Company has filed its Zakat returns from its inception up to the year ended 31 March 2006G with GAZT and received the related Zakat certificates. The Zakat assessments have been completed up to year ended 31 March 2006G.

The Company's Zakat returns have been filed by Saudi FAS Holding Company on a consolidated basis for the group since 2007G as per resolution No. 1005 issued by the Ministry of Finance. In February 2015G, Saudi FAS Holding Company received a letter from GAZT revoking the approval to file consolidated Zakat returns for all years from 2007G. In December 2015G, Saudi FAS Holding Company obtained Fatwa No. 37001836 from the Grand Mufti approving its position to file consolidated Zakat returns, which was communicated to GAZT. GAZT subsequently acknowledged the Fatwa through an internal circular dated March 2016G. As such, Saudi FAS Holding Company continues to file consolidated Zakat returns for the group companies including ACC.

At 31 March 2018G, the yearly assessments for all the periods prior to 31 March 2016G were undertaken and final assessment was issued up to 31 March 2016G, and currently, the GAZT are undertaking the review of for FY17G and FY18G (Refer to section 6.13.3 - Provision for Zakat).

In FY16G, FY17G, and FY18G provisions recorded for Zakat amounted to SAR 33.0 million, SAR 27.2 million and SAR 32.7 million respectively.

6.7.4 Non-current liabilities including current portion of long term loans

Table 6-41: Non-current liabilities including current portion of long term loans as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Current portion of long term loans	351,000	66,000	433,000
Long term loans	4,054,241	5,792,132	5,377,626
Employees' end of service indemnities	20,939	26,843	25,158
Total non-current liabilities including current portion of long term loans	**4,426,180**	**5,884,975**	**5,835,784**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

6.7.4.1 *Loans and borrowings*

Table 6-42: Loans and borrowings as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Current portion of long term loans	351,000	66,000	433,000
Non-current portion of long term loans	4,054,241	5,792,132	5,377,626
Total	**4,405,241**	**5,858,132**	**5,810,626**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Long-term loans (including current portion of long term loans) amounted to SAR 5,810.6 million as at 31 March 2018G, of which SAR 5,377.6 million were non-current in nature and SAR 433.0 million were payable within a year.

Long-term loans were utilised to finance the capital expenditure requirements related to land acquisition and malls' construction and development.

The long-term loans balance increased from SAR 4.4 billion as at 31 March 2016G to SAR 5.9 billion as at 31 March 2017G due to a new facility of SAR 5.5 billion obtained in 2017G of which SAR 3.9 billion was utilised for the settlement of an earlier loan facility (balance of SAR 2.3 billion) and for the purchase of six plots of land (refer to Section 6.7.2.6 (**"Investment properties"**)).

The long-term loans balance slightly decreased from SAR 5.9 billion as at 31 March 2017G to SAR 5.8 billion as at 31 March 2018G as a result of the repayment of SAR 66.0 million during the year.

On March 18, 2018G, the Company entered into an agreement with Samba Financial Group, Al Rajhi Bank, National Commercial Bank and Arab National Bank to refinance and restructure all its existing debt facilities. For more details, please refer to Sections **2.1.20** and **13.7 (Credit Facilities and Loans)** of the Prospectus.

6.7.4.2 *Employees' end-of-service indemnities*

Non-current liabilities included provision for end of service compensation that is calculated in accordance with the Saudi Labor Law. Employees' end of service indemnities increased from SAR 20.9 million as at 31 March 2016G to SAR 25.2 million as at 31 March 2018G as a result of Management's decision to grant increments to its employees during 2015G and its full year impact on the subsequent period.

6.7.5 Total equity

Table 6-43: Total equity as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Capital	4,450,000	4,450,000	4,450,000
Statutory reserve	200,479	293,652	370,739
Retained earnings	13,166	136,724	84,510
Unrealized gain/(loss) on revaluation of available for sale investments	1,671	335	(24)
Non-controlling interest	714	1,036	2,174
Total equity	4,666,030	4,881,747	4,907,400

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

Total equity increased from SAR 4,666.0 million as at 31 March 2016G to SAR 4,907.4 million as at 31 March 2018G; an increase of SAR 241.4 million as a result of the increase in retained earnings and the statutory reserve, driven by the Company's net income in FY17G and in FY18G. The Company's share capital as at 31 March 2018G was SAR 4,450.0 million divided into 445 million shares of SAR 10 each.

Net income generated in FY17G amounted to SAR 931.7 million of which SAR 93.2 million was transferred to statutory reserve. The increase in retained earnings as a result of the income in FY17G was offset by dividends of SAR 715.0 million.

Net income generated in FY18G amounted to SAR 770.9 million of which SAR 77.1 million was transferred to statutory reserve. The increase in retained earnings as a result of income generated in FY18G was offset by dividends of SAR 746.0 million.

In accordance with Regulations for Companies in Saudi Arabia and the Company's by-laws, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equals 30% of the share capital. This reserve is not available for dividend distribution.

Table 6-44: Distribution of dividends for the years 2016G, 2017G and 2018G

SAR in 000s	Net income	Declared dividends	Dividend payout ratio	Dividends paid in cash during the year	Dividends paid in kind during the year
31 March 2016G	999,964	902,673	90.3%	-	902,673
31 March 2017G	949,835	733,500	77.2%	230,000	503,500
31 March 2018G	782,762	756,750	96.7%	374,000	382,750

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

The Company paid dividends, both in kind and in cash during the years FY16G, FY17G, and FY18G (shown in the table above). The dividends paid in kind were paid in form of land transfer.

In FY16G, the Company declared dividends of SAR 902.7 million (that represented a dividend pay-out ratio of 90.3%) that were settled through the transfer of investment properties of SAR 516.0 million and other transfers of related party retail units receivable balance to Saudi FAS Holding Company (refer to due to related parties).

In FY17G, the Company declared dividends of SAR 733.5 million (that represented a dividend pay-out ratio of 77.2%) of which SAR 230.0 million were settled in cash, while SAR 485.0 million was settled against dues to Saudi FAS Holding Company (under due to related parties), and the remaining SAR 18.5 million were attributable to the distributed dividends to non-controlling interests in Al Qaseem Company for Entertainment and Commercial Projects.

In FY18G, the Company declared dividends of SAR 756.8 million (that represented a dividend pay-out ratio of 96.7%) of which SAR 374.0 million were settled in cash, while SAR 372.0 million was settled against dues to Saudi FAS Holding Company (under due to related parties), and the remaining SAR 10.8 million were attributable to the distributed dividends to non-controlling interests in Al Qaseem Company for Entertainment and Commercial Projects.

6.7.6 Contingent liabilities

6.7.6.1 *Operating lease commitments*

Table 6-45: Operating lease commitments as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Less than one year	404,192	285,746	286,321
One to five years	2,309,824	1,401,743	1,353,059
More than five years	10,285,168	5,652,813	4,783,678
Total	**12,999,185**	**7,340,302**	**6,423,059**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G

Operating lease payments represented rentals payable for land leased for the purpose of construction of malls in addition to the leasing of malls (such as Tala Mall and Salaam Mall).

Payments under operating leases are recognised as expenses under cost of revenue during the year, which amounted to SAR 194.0 million in FY18G (SAR 212.0 million in FY17G and SAR 161.0 million in FY16G).

6.7.6.2 *Capital expenditures commitments*

The Company had capital commitments relating to projects under construction amounted of SAR 2,573.3 million as at 31 March 2018G compared to SAR 2,605.1 million as at 31 March 2017G.

Capital expenditure related to structural upgrades carried out at existing properties and construction of new malls.

The table below presents the capital expenditures:

Table 6-46: Capital expenditure commitments as at 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G	31 March 2017G	31 March 2018G
Existing portfolio	64,790	1,249	31,363
New developments	2,426,944	2,603,889	2,541,940
Total capital expenditures	**2,491,734**	**2,605,139**	**2,573,303**

Source: Company Information

Capital expenditure relating to existing portfolio amounted to SAR 64.8 million as at 31 March 2016G and consisted of leasehold improvements carried out at Mall of Arabia. Capital expenditure relating to existing portfolio amounted to SAR 1.2 million as at 31 March 2017G and amounted to SAR 31.4 million as at 31 March 2018G.

Capital expenditure relating to new developments amounted to SAR 2,541.9 million at 31 March 2018G and related mainly to the purchase under construction Mall of Arabia in Riyadh (SAR 724.5 million), under construction Jawharat Jeddah (SAR 547.0 million) and Zahra Land (SAR 354.7 million).

6.7.7 Related party transactions

Table 6-47: The Company's related party transactions for the financial years ended 31 March 2016G, 2017G and 2018G

SAR in 000s	31 March 2016G Audited	31 March 2017G Audited	31 March 2018G Special Purpose Audited
Dividends settled through shareholders' account	870,000	485,000	372,000
Dividends paid in cash to shareholders	-	230,000	374,000
Construction work included in projects under construction	592,818	1,170,307	255,140
Dividend settled through other related party's account	-	-	10,750
Lands acquired from the Ultimate Parent Company	-	1,418,309	-
Rental revenue, net of discounts	459,204	453,205	530,115
Services revenue	60,527	89,393	88,509
Rental discounts	-	150,000	218,486
Transfer of investment properties to Ultimate Parent Company	(915,905)	(193,081)	(20,860)
Available for sale investments transferred to the Ultimate Parent Company	-	(949)	(103,334)
Sale of land settled through Ultimate Parent Company's account	-	-	115,764
Prepaid rent transferred to the Ultimate Parent Company	-	(14,317)	-
Settlement of balances through other related parties	-	-	77,658
Payment to suppliers in behalf of the Ultimate Parent Company	-	-	19,934
Transfer of equipment	(437)	-	-

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G, Company information

The related party transactions included dividends paid to shareholders through Saudi FAS Holding Company, development of malls through FARE, rental revenue from the related party tenants, services provided by related party companies such as cleaning and security services across the malls, in addition to properties purchased from/sold to FAS Holding Company for the construction of malls as part of the company's preparation process for the IPO.

As presented in the below analysis, the company has decided to dispose of a number of investments and projects as part of the company's preparation process for the IPO. The company has decided to dispose of all investments and projects that are not aligned with the company's growth strategy in the short and medium term and to focus on its core business in developments and operating the shopping centers. Accordingly, the company has sold or transferred all the lands, the leasehold projects and other investments in real estate projects that are not aligned with the company strategy.

Dividends settled through shareholders' accounts represented the Company's declared dividends that were routed through ACC's shareholders account to FAS Holding Company account and amounted to SAR 870.0 million, SAR 485.0 million and SAR 372.0 million for the financial years ended 31 March 2016G, 31 March 2017G and 31 March 2018G, respectively.

Dividends paid in cash to shareholders represented the actual dividend payments that were paid in cash to the Company's shareholders that amounted to SAR 230.0 million and SAR 374.0 million in FY17G and FY18G, respectively.

Construction work included in projects under construction represented the progress invoices in connection with building new malls or refreshing of existing malls to FARE. The total progress invoices that submitted by FARE amounted to SAR 592.8 million, SAR 1,170.3 million and SAR 255.1 million in FY16G, FY17G and FY18G , respectively.

Dividend settled through other related party account amounted to SAR 10.8 million in FY18G and represented the dividend settled through shareholder's accounts of the minority partner in Al-Qasseem Company for Entertainment and Commercial Projects.

Lands acquired from the Ultimate Parent Company amounted to SAR 1,418.3 million in FY17G, and represented the purchase of six land plots from FAS Holding Company that related to Hamra Mall, Khaleej Mall, Salaam Mall – Riyadh, Nakheel Mall Dammam, Qassim Land and Abha Mall.

Rental revenue, net of discounts that amounted to SAR 459.2 million, SAR 453.2 million and SAR 530.1 million in FY16G, FY17G and FY18G, respectively represented the rental revenue recognized from related-party tenants for leasing retail units in the Company's Malls over the period.

Service revenue that amounted to SAR 60.5 million, SAR 89.4 million and SAR 88.5 million in FY16G, FY17G and FY18G, respectively represented the fees charged to related-party tenants to cover for electricity charges and other utilities, as per retail units lease agreement.

Rental discounts that amounted to SAR 150.0 million and SAR 218.5 million in FY17G and FY18G, respectively represented the discounts offered to related party tenants over the period.

Transfer of investment properties from ACC to the Ultimate Parent Company, that amounted to SAR 915.9 million, SAR 193.1 million and SAR 20.9 million in FY16G, FY17G and FY18G, respectively related mainly to:

- In 2016G, to the sale of a land in Riyadh at net book value for a total amount of SAR 400.0 million, in addition to the sale of Qassim land at net book value for a total amount of SAR 364.9 million and the sale of other projects under construction at net book value for SAR 151.0 million comprising mostly of the discontinued projects of Malaz Street, Dammam coastal Mall, Qassim Mall, Salaam Mall Riyadh – extension and Salma Mall renovation).
- In 2017G, to the transfer of design works and related costs of the discontinued projects of Dammam Boulevard (SAR 41.1 million), Jeddah Airport Mall (SAR 39.2 million), Dammam Park Mall (SAR 26.0 million), Al Malaz Mall (SAR 25.5 million), Abha Mall (SAR 18.2 million), Dammam Gulf Mall (SAR 14.0 million), Meena Mall (SAR 8.4 million), Dammam Mall (SAR 8.3 million), and others.
- In 2018G, to the transfer of Dabab Building (SAR 4.9 million), Dhahran Boulevard (SAR 14.4 million) and Mercato (SAR 1.5 million).

Available for sale investments transferred to the Ultimate Parent Company amounted to SAR 0.9 million and SAR 103.3 million in FY17G and FY18G, respectively and represented the transfer at book value to Saudi FAS Holding of the investments of Akwan properties in 2017G and of Yanbu Real Estate investment for SAR 53.3 million and Khomasiat Yathrib Company investment for SAR 50.0 million in FY18G.

Sale of land settled through the Ultimate Parent Company represented the settled from the sale of the Dammam Land in FY18G, at a price of SAR 115.8 million (as compared to its net book value of SAR 117.4 million).

Prepaid rent transferred to the Ultimate Parent Company related to the transfer of Dammam Park Mall to Saudi FAS Holding Company that amounted to SAR 14.3 million in FY17G.

Settlement of balances through other related parties amounted to SAR 77.7 million in FY18G and mainly represented the settlement of certain rent receivables from related parties by the Ultimate Parent Company for Food and Entertainment Trading Company Limited, Billy Games Company Limited, Coffee Centers Company Limited and Kids Space Company Limited amounting to SAR 42.0 million, SAR 13.1 million, SAR 5.1 million and SAR 3.5 million, respectively. In addition to that, a settlement of receivable balance related to the available for sale investment transferred to the Ultimate Parent Company (Yanbu Real Estate) amounting to SAR 14.1 million.

Payment to suppliers on behalf of the Ultimate Parent Company amounted to SAR 19.9 million in FY18G.

6.8 Consolidated cash flow statements data

Table 6-48: Consolidated Statement of Cash Flows Data for FY16G, FY17G and FY18G

SAR in 000s	2016G Audited	2017G Audited	2018G Special Purpose Audited
Operating Activities			
Income before Zakat	1,032,963	976,989	815,446
Adjustments for non-cash transactions	**231,586**	**488,006**	**672,443**
Financial charges	-	179,121	288,661
Depreciation of investment properties	180,543	221,582	267,494
Provision for doubtful debts	26,164	22,931	94,814
Depreciation of property and equipment	12,863	20,886	30,525
Impairment of advances to suppliers	-	-	7,835
Provision for employees' end-of-services indemnities	3,280	6,365	5,664
Loss on sale of land	-	-	1,632
Accounts receivable written off	-	-	1,562
Share in net income of an associate	(8,648)	(8,822)	(9,651)
Reversal of liabilities no longer payable	-	-	(16,093)

SAR in 000s	2016G Audited	2017G Audited	2018G Special Purpose Audited
Investment properties written-off	8,443	45,942	-
Amortisation of transaction costs	5,404	-	-
Amortisation of initial direct cost for operating leases	3,536	-	-
Changes in operating assets and liabilities:			
Accounts receivable	(57,772)	(87,142)	(109,331)
Amounts due from/to related parties, net	(309,003)	(232,077)	(199,476)
Prepayments and other current assets	50,091	18,609	10,156
Accounts payable	94,774	18,357	32,447
Unearned revenue	108,444	(120,771)	(33,587)
Accruals and other current liabilities	(13,319)	30,913	66,975
Prepaid rent	(150,151)	-	-
Cash generated from operations	**987,612**	**1,092,885**	**1,255,073**
Employees' end of service indemnities paid	(878)	(461)	(7,348)
Zakat paid	(2,000)	(261)	(3,478)
Net cash from operating activities	984,733	1,092,163	1,244,247
Investing Activities			
Additions to investment properties	(701,401)	(2,651,196)	(332,456)
Purchase of property and equipment	(41,442)	(80,745)	(45,604)
Dividend received from an associate	20,000	10,000	5,000
Advances to a contractor-related party	(71,095)	451,292	(162,549)
Net cash used in investing activities	**(793,939)**	**(2,270,649)**	**(535,610)**
Financing activities			
Proceeds from long term loans	900,000	3,886,000	-
Long term accounts payable settled through long term loans	(900,000)	-	-
Payment of financial charges	(16,000)	(91,697)	(346,504)
Payment of transaction costs	-	(103,652)	-

SAR in 000s	2016G Audited	2017G Audited	2018G Special Purpose Audited
Repayment of long term loans	(229,500)	(2,349,000)	(66,000)
Non-controlling interest	(32,673)	(17,782)	-
Dividends paid	-	(230,000)	(374,000)
Net cash (used in) from financing activities	**(278,173)**	**1,093,869**	**(786,504)**
Net Decrease In Cash And Bank Balances	**(87,378)**	**(84,617)**	**(77,867)**
Cash and bank balances at the beginning of the year	330,212	242,834	158,218
Cash And Bank Balances At The End Of The Year	**242,834**	**158,218**	**80,351**

Source: Consolidated Financial Statements for the year ended 31 March 2017G and special-purpose financial statements for the year ended 31 March 2018G

Cash and bank balances decreased from SAR 242.8 million as at 31 March 2016G to SAR 158.2 million as at 31 March 2017G due to an increase in cash used in investing activities from SAR 793.9 million in FY16G to SAR 2,270.6 million in FY17G, mainly as a result of the additions made to investment properties. This was partly offset by the increase in cash from financing activities from a deficit of SAR 278.2 million in FY16G to SAR 1,093.9 million in FY17G due to the utilization of a new loan used to settle an old outstanding loan and for the purchase of six plots of land.

Cash and bank balances decreased from SAR 158.2 million as at 31 March 2017G to SAR 80.4 million as at 31 March 2018G due to a decrease in cash generated from financing activities from SAR 1,093.9 million in FY17G to cash used in financing activities of SAR 786.5 million in FY18G, as no additional debt facilities were utilized during the year. The decrease in cash and bank balances was partly offset by the increase in cash from operating activities from SAR 1,092.2 million in FY17G to SAR 1,244.2 million in FY18G, as well as a decrease in cash used in investing activities from SAR 2,270.6 million in FY17G to SAR 535.6 million in FY18G.

6.8.1 Cash from operating activities

Net cash generated from operating activities increased from SAR 984.7 million in FY16G to SAR 1,092.2 million in FY17G, driven mainly by the payments made to related parties (SAR 232.1 million) in FY17G relating primarily to the settlement of declared dividends amounting to SAR 485.0 million (out of the SAR 715.0 million in total declared dividends), offset by the transfer of investment properties to related parties (SAR 193.1 million).

Net cash generated from operating activities further increased from SAR 1,092.2 million in FY17G to SAR 1,244.2 million in FY18G mainly as a result of payments made to related parties of SAR 199.5 million, coupled with dividend payments of SAR 374.0 million, as well as a transfer of investment properties to related parties of SAR 115.8 million and available for sales investments of SAR 103.3 million, during the same period.

6.8.2 Cash used in investing activities

Net cash used in investing activities amounted to SAR 793.9 million in FY16G and mainly related to the construction of Yasmin Mall and Hamra Mall.

Net cash used in investing activities amounted to SAR 2,270.6 million in FY17G and mainly related to six plots of land purchased in FY17G (SAR 1.4 billion), construction work carried out at existing malls (SAR

497.8 million) and construction work on properties under development (SAR 418.5 million).

Net cash used in investing activities amounted to SAR 535.6 million in FY18G and was mainly related to additions to investment properties in Khaleej Mall and University Boulevard, which totaled SAR 171.8 million and SAR 77.7 million respectively.

6.8.3 *Cash (used in) from financing activities*

Net cash used in financing activities amounted to SAR 278.2 million in FY16G and related mainly to repayment of SAR 229.5 million of long term loans. In FY16G, the Company obtained a long-term loan facility of SAR 1.6 billion for the construction of a mall in Jeddah, of which SAR 900.0 million was utilised to settle long term payable in relation to purchase of the land for this project.

Net cash from financing activities amounted to SAR 1,093.9 million in FY17G and related mainly to i) the utilisation of SAR 3,886.0 million of new debt facility used to settle the previous loan balance and to buy six plots of land.

In FY16G, the Company declared dividends of SAR 902.7 million (that represented a dividend pay-out ratio of 90.3%) that were settled through the transfer of investment properties of SAR 516.0 million and other transfers of related party receivable balances to Saudi FAS Holding (refer to due to related parties).

In FY17G, the Company declared dividends of SAR 733.5 million (that represented a dividend pay-out ratio of 77.2%), of which (i) SAR 715.0 million were attributable to shareholders, whereby SAR 230.0 million were settled in cash, while the remaining SAR 485.0 million were transferred to Saudi FAS Holding Company's account (under due to related parties) to offset outstanding balances, and (ii) SAR 18.5 million were attributable to non-controlling interests.

Net cash used in financing activities amounted to SAR 786.5 million in FY18G and was mainly related to financing charges pertaining to the expansion of a number of different malls (SAR 346.5 million), which were augmented by an increase in SIBOR rated from 1.5% in FY17G to 2.0% in FY18G, and loan payments concerning the Mall of Arabia (SAR 66.0 million).

In FY18G, the Company declared dividends of SAR 756.8 million, of which (i) SAR 746.0 million were attributable to shareholders, whereby SAR 374.0 million were settled in cash, whereas the remaining SAR 372.0 million were transferred to Saudi FAS holding accounts to offset the outstanding balances, and (ii) SAR 10.8 million were attributable to non-controlling interests.

6.9 Contractual obligations and commitments

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

Table 6-49-1: Maturity profile of the Company's financial liabilities based on contractual undiscounted payments at 31 March 2018G

Contractual maturities of financial liabilities	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 2018G (SAR in 000s)						
Accounts payable	276,725	-	-	-	-	276,725
Amounts due to related parties	221,620	-	-	-	-	221,620
Tenants' security deposits	102,905	-	-	-	-	102,905
Long-term loans	307,196	403,468	926,391	3,959,273	1,547,743	7,144,072
Total	**908,446**	**403,468**	**926,391**	**3,959,273**	**1,547,743**	**7,745,322**

Source: Consolidated financial statements for the year ended 31 March 2018G prepared under IFRS-KSA

Table 6-49-2: Maturity profile of the Company's financial liabilities based on contractual undiscounted payments at 31 March 2017G

Contractual maturities of financial liabilities	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 2017G (SAR in 000s)						
Accounts payable	245,864	-	-	-	-	245,864
Amounts due to related parties	226,100	-	-	-	-	226,100
Tenants' security deposits	94,979	-	-	-	-	94,979
Long-term loans	144,600	184,466	562,381	2,452,964	4,280,323	7,624,733
Total	**711,543**	**184,466**	**562,381**	**2,452,964**	**4,280,323**	**8,191,676**

Source: Consolidated financial statements for the year ended 31 March 2018G prepared under IFRS-KSA

Table 6-49-3: Maturity profile of the Company's financial liabilities based on contractual undiscounted payments at 31 March 2016G

Contractual maturities of financial liabilities	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 2016G (SAR in 000s)						
Accounts payable	227,507	-	-	-	-	227,507
Amounts due to related parties	321,482	-	-	-	-	321,482
Tenants' security deposits	70,238	-	-	-	-	70,238
Long-term loans	213,535	287,547	1,167,327	2,515,706	1,503,473	5,687,587
Total	**832,762**	**287,547**	**1,167,327**	**2,515,706**	**1,503,473**	**6,306,814**

Source: Consolidated financial statements for the year ended 31 March 2018G prepared under IFRS-KSA

6.10 SAUDI GAAP/IFRS-KSA Reconciliation for the year ended 31 March 2018G

6.10.1 Statement of financial position

The following table sets out the Saudi GAAP / IFRS-KSA reconciliation as at 31 March 2018G for the Company's balance sheets:

Table 6-50: Saudi GAAP/IFRS-KSA reconciliation of the statement of financial position as at 31 March 2018G

Year	Line item	SAUDI GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
2018G	Accrued revenue (current and non-current)	-	98,954	98,954	The difference is due to the amortization of rental leases under IFRS-KSA (which includes periodical rental escalations) using the straight line method which resulted in an accrued revenue balance to account for revenues that have been earned but will be amortized gradually over the remaining life of the tenant's rental lease contract. Accrued revenue consisted of a current portion which amounted to SAR 33.0 million and a non-current which amounted to SAR 66.0 million.
	Investment properties	10,225,699	10,781,870	556,170	The difference mainly comprised The difference mainly comprised (i) the negative impact of applying the concept of componentization of assets which classifies significant asset classes separately and amortize them over their useful life and depreciate capitalized rent amounting to SAR 24.9 million, (ii) the increase resulting from the amortization of leases on a straight line method as opposed to contract terms including rent free period capitalization of SAR 578.8 million.
	Property and equipment	135,826	136,828	1,001	The difference is a result of the amortization of leases on a straight line method as opposed to contract terms including rent free period capitalization.

Year	Line item	SAUDI GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
	Accrued lease rental (current and non-current)	-	635,990	635,990	The balance represents the impact of the amortization of leases on a straight line method as opposed to contract terms under Saudi GAAP standards in addition to capitalizing the rent during the free period. Accrued lease rental consisted of a current portion which amounted to SAR 11.3 million and a non-current which amounted to SAR 624.7 million.
	Long term loan (current and non-current)	5,810,626	5,828,029	17,403	The difference represents the capitalization of loan transaction costs for loans taken to funds projects under construction which is calculated based on the effective interest rate method. Long term loans consisted of a current portion amounting to SAR 433.0 million and a non-current portion amounting to SAR 5,395.0 million.
	Employees' end-of-service indemnities	25,158	30,338	5,180	The difference was mainly a result of the assessment of an external actuarial valuation of employees' end-of-service benefits under IAS 19 which considers all expected future service periods of employees, salary increments and discount rates.
	Retained earnings	84,510	77,572	(6,938)	The changes resulting from the reporting under IFRS-KSA have been adjusted through the retained earnings in the 2018G special purpose financial statements.
	Other reserves	(24)	2,759	2,783	This difference represents the re-measurement of actuarial losses to the statement of other comprehensive income in line with IAS 19 requirements.

Year	Line item	SAUDI GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
	Non-controlling interest	2,174	3,882	1,708	Accounts for the impact of the changes under IFRS-KSA standards on Nakheel Plaza and Salma mall which are owned 50% by the Company.

Source: Company Information

6.10.2 Statement of Income

The following table sets out the Saudi GAAP / IFRS-KSA reconciliation for the year ended 31 March 2018G for the Company's Statement of income:

Table 6-51: Saudi GAAP/IFRS-KSA reconciliation of the Statement of income for the year ended 31 March 2018G

Year	Line item	Saudi GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
2018G	Revenue	2,159,410	2,160,507	1,097	The difference presented represents the additional revenue that should be recognized following the amortization of lease revenue using the straight line method under IFRS-KSA amounting to SAR 1.1 million. Historically (prior to the implementation of IFRS-KSA), lease revenues were recognized as per contract terms (i.e. lease increments and rent free periods were not straight lined).
	Cost of revenue	530,729	527,035	(3,694)	The difference of SAR 3.7 million represents the amortization of lease expense using the straight line method.
	Depreciation of investment properties	267,494	268,366	872	The difference presented is mainly related to (i) the IFRS-KSA standard that stipulates amortization of leases using the straight line method accounting which resulted in an increase in depreciation of investment properties by SAR 13.5 million, (ii) the componentization of asset classes into significant classes and their associated useful life of SAR 12.6 million.

Year	Line item	Saudi GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
	General and administration expenses	265,741	268,865	3,124	The difference represents the impact of the amortization of lease expense using the straight line method which amounted to SAR 0.8 million and the adjustment related to the actuarial valuation of employee end of service in accordance with IAS 19 requirements in line with an external actuarial valuation, amounting to SAR 2.4 million.
	Finance charges	288,661	295,358	6,697	The difference relates to the IFRS-KSA requirement of amortizing loan transaction cost using the effective interest rate method, increasing in turn financial charges by SAR 6.7 million.
	Non-controlling interest	11,888	11,843	(45)	The non-controlling portion adjustment accounts for the impact of IFRS-KSA changes on Nakheel Plaza and Salma mall which are owned 50% by the Company.

Source: Company Information

6.10.3 Statement of comprehensive income

The following table sets out the Saudi GAAP / IFRS-KSA reconciliation for the year ended 31 March 2018G for the Company's statement of comprehensive income:

Table 6-52: Saudi GAAP/IFRS-KSA reconciliation of the statement of comprehensive income as at 31 March 2018G

Year	Line item	Saudi GAAP (SAR in 000s)	IFRS-KSA (SAR in 000s)	Difference (SAR in 000s)	Explanation
2018G	Re-measurements of post –employment benefit obligations	-	2,196	2,196	This difference represents the re-measurement of actuarial losses to the statement of other comprehensive income in line with IAS 19 requirements.

Source: Company Information

6.10.4 Statement of cash flows

There have been no significant impact on cash flows for the years ended 31 March 2018G and 2017G after the transition to IFRS-KSA.

6.11 Disclosure on market risk

6.11.1 Market risk

Market risk is the risk that changes in market prices, such as currency rates and interest rates that will affect the Company's income 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.

6.11.1.1 *Commission rate risk*

Is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Company has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2018G, 31 March 2017G and 1 April 2016G. The Company manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

Gain/(loss) through the consolidated statement of income	2018G SAR	2017G SAR
Floating rate debt:		
SIBOR +100bps	(59,796,244)	(38,860,000)
SIBOR-100bps	59,796,244	38,860,000

Source: Company Information

6.11.1.2 *Real estate risk*

The Company has identified the following risks associated with the real estate portfolio:

- The cost of the development schemes may increase if there are delays in the planning process. The Company uses advisors who are experts in the specific planning requirements in the scheme'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 Company reviews the financial status of all prospective tenants and decides on the appropriate level of security required via rental deposits or guarantees.

6.11.1.3 *Currency risk*

The Company did not have any foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

6.11.2 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 Company 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.

6.11.2.1 *Accounts receivable*

Tenants are assessed according to Company criteria prior to entering into lease arrangements.

6.11.2.2 *Amounts 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. The Company 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.

6.11.2.3 *Credit risk related to 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 Company's policy. Cash is substantially placed with national banks with sound credit ratings. The Company does not consider itself exposed to a concentration of credit risk with respect to banks due to their strong financial background.

6.11.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation. The management believes that the Company 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 no material uncertainties in the net current liability of the Company.

For a summary of the maturity profile of the Company's financial liabilities, see section 6.9 – "Contractual obligations and commitments".

6.11.4 Equity price risk

The Company is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Company's equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SAR 7.0 million (31 March 2017G: SAR 7.3 million; 1 April 2016G: SAR 8.7 million). A decrease of 15% on the market value could have an impact of SAR 1.0 million (31 March 2017G: SAR 1.1 million) on the income or equity attributable to the Company, depending on whether the decline is significant or prolonged. An increase of 15% in the value of the quoted equity investments would only impact equity, but would not have an impact on income.

6.12 Results of operations (9MFY19G)

6.12.1 Income statements for the nine month periods ended 31 December 2017G and 2018G

Table 6-53: Income statements for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Revenue	1,600,717	1,619,986	1.2%
Cost of revenue	(401,539)	(405,564)	1.0%
Depreciation of investment properties	(203,893)	(191,149)	(6.3%)
Gross profit	**995,285**	**1,023,272**	**2.8%**
Advertisement and promotion expenses	(10,654)	(4,947)	(53.6%)
General and administration expenses	(121,775)	(125,064)	2.7%
Impairment loss on accounts receivable	(87,683)	(53,202)	(39.3%)
Other income	19,851	6,843	(65.5%)
Other expenses	(9,467)	(6,337)	(33.1%)
Operating profit	**785,557**	**840,565**	**7.0%**
Share of profit of equity accounted investee	9,651	8,117	(15.9%)
Finance cost	(222,481)	(361,806)	62.6%
Profit before zakat	**572,727**	**486,875**	**(15.0%)**
Zakat	(25,442)	61,788	(342.9%)
Profit for the period	**547,285**	**548,663**	**0.3%**
Profit for the period attributable to:			
Owners of the Company	537,619	538,400	0.1%
Non-controlling interests	9,666	10,263	6.2%
Profit for the period	547,285	548,663	0.3%

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

Table 6-53-1: Key performance indications for the nine month periods ended 31 December 2017G and 2018G

	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
As % of revenue			Var.
Gross profit	62.2%	63.2%	1.0%
General and administration expenses	7.6%	7.7%	0.1%
Operating profit	49.1%	51.9%	2.8%
Profit for the period	34.2%	33.9%	(0.3%)
KPIs			Var./ppt.
Period-end number of malls	19	19	0.0%
Total available GLA (sqm.)	1,079,327	1,078,821	(0.0%)
Period-end occupied GLA (sqm.)	1,001,342	1,014,540	1.3%
Average rental revenue per sqm (SAR per sqm)*	1,959	1,961	0.1%
Occupancy at period end (sqm.)	92.8%	94.2%	1.4%

Weighted average occupied GLA (sqm.)	997,772	1,001,606	0.4%
Average occupancy rate for the period	92.4%	92.8%	0.4%
Average efficiency rate for the period**	85.0%	91.6%	6.6%
Funds from operations (SAR 000s)***	762,736	804,057	5.4%
Recurring net income (SAR 000s)	549,358	623,678	13.5%

Source: Company information

** Rates have been annualised for comparative purposes*

*** Average efficiency rate (accounted for through the net rental revenue/Gross rental revenue) measures the discounts granted to tenants*

Table 6-53-2: ***Funds from operation

SAR in 000s	9MFY18G Audited	F9MFY19G Audited	YoY 9MFY18G-9MFY19G
Profit for the period attributable to the owners of the Company	537,619	538,400	0.2%
Depreciation of investment properties	203,893	191,149	(6.3%)
Depreciation of property and equipment	21,224	24,479	15.3%
Excess Zakat provision reversed relating to earlier years	-	(75,142)	na
Write-off of unamortized transaction costs	-	125,171	na
Funds from operations	**762,736**	**804,057**	**5.4%**

Source: Company information

Overview of comparison of financial performance in 9MFY19G versus 9MFY18G:

- Total available GLA remained largely unchanged with a minor adjustment from 1,079,327 sqm in 9MFY18G to 1,078,821 sqm in 9MFY19G, mainly driven by the decision to discontinue operations of its other properties (Olaya Retail Center which was given back to the owner and Dabbab Building which was sold to FAS Holding) (-4,797 sqm in total available GLA), which was partially offset by an increase in GLA at Mall of Arabia - Jeddah (+3,661 sqm) because of new cinema space established in the mall.

- Average occupied GLA increased from 997,772 sqm in 9MFY18G to 1,001,606 sqm in 9MFY19G, mainly in connection with Al Yasmin Mall (+7,237 sqm in average occupied GLA), Nakheel Mall - Riyadh (+2,722 sqm, in average occupied GLA) and Al Jubail Mall (+2,590 sqm, in average occupied GLA), which were partly offset by the discontinued operations at Olaya Retail Center and Dabbab building (-4,674 sqm combined in average occupied GLA) and Haifa Mall (-2,950 sqm, in average occupied GLA). Accordingly, the average occupancy rate increased from 92.4% in 9MFY18G to 92.8% in 9MFY19G.

- Revenue increased by 1.2%, from SAR 1,600.7 million in 9MFY18G to SAR 1,620.0 million in 9MFY19G, primarily reflecting a 0.4% increase in average occupied GLA (discussed above), coupled with an increase in net rental revenue per sqm (from SAR 1,959 per sqm in 9MFY18G to SAR 1,961 per sqm in 9MFY19G). In view of the new discount policy introduced during 9MFY19G, the Company dropped the contract value for some related party tenants (reduction in gross rental revenue by 6.5% (-SAR 97.4 million) and at the same time, reduced discounts by 48.0% (-SAR

124.4 million) from SAR 259.1 million in 9MFY18G to SAR 134.7 million in 9MFY19G. Discounts for related party tenants decreased by 61.1% from SAR 196.7 million in 9MFY18G to SAR 76.5 million in 9MFY19G, while the discounts for external tenants decreased by 6.8% from SAR 62.4 million in 9MFY18G to SAR 58.1 million in 9MFY19G. This led to an improvement in average efficiency rate from 85.0% to 91.6% over the same period.

- Cost of revenue grew by 1.0% from SAR 401.5 million in 9MFY18G to SAR 405.6 million in 9MFY19G, mainly driven by the increase in rent expense by 18.7% (+SAR 27.0 million), mostly in connection with the signing of a new lease agreement for Aziz Mall with a higher contract value and longer maturity date (year 2046G). This was partially offset by the drop in security expenses by 22.0% (-SAR 12.7 million) and cleaning expenses by 21.3% (-SAR 11.9 million) over the same period as part of the Company's ongoing cost optimization initiatives (refer to section 6.12.7 - Cost of revenue for further details).

- Depreciation expense relating to investment properties decreased by 6.3% from SAR 203.9 million in 9MFY18G to SAR 191.1 million in 9MFY19G. The decrease was mainly related to (i) Aziz Mall, in line with the new land lease contract, extending the lease maturity until the year 2046G, and thus extending the useful life over a larger period, coupled with (ii) the re-estimation of useful life of Jouri Mall over a larger period, decreasing depreciation by SAR 2.2 million in 9MFY19G as compared to 9MFY18G.

- Advertisement and promotion expenses decreased by 53.6% from SAR 10.7 million in 9MFY18G to SAR 4.9 million in 9MFY19G, mainly driven by the decrease in promotional expenses and signage costs by SAR 3.0 million and SAR 1.9 million, respectively in 9MFY19G as compared to 9MFY18G.

- General and administration expenses, increased by 2.7% from SAR 121.8 million in 9MFY18G to SAR 125.1 million in 9MFY19G, mainly due to an increase in government expenses by SAR 21.6 million from SAR 3.2 million in 9MFY18G to SAR 24.8 million in 9MFY19G, as a result of penalties on late VAT payments of SAR 22.4 million in 9MFY19G, partly offset by the drop in employee costs by 33.0% from SAR 68.2 million in 9MFY18G to SAR 45.7 million in 9MFY19G, as a result of the reduction in the number of employees from 297 in 9MFY18G to 221 in 9MFY19G in line with the cost optimisation strategy being implemented (refer to section 6.12.10 - General and administration expenses for further details).

- Finance costs which related to the 3 previous loan facilities namely: (i) a loan for the construction of Mall of Arabia, at a financing rate of SIBOR+3.0%, (ii) a long-term loan at a cost of financing rate of SIBOR+3.0%, and (iii) a long-term loan at a cost of financing rate of 6-months SIBOR+2.0%, all of which were restructured into a new facility loan in 9MFY19G, at a cost of financing rate of SIBOR+2.5%), increased by 62.6% from SAR 222.5 million in 9MFY18G to SAR 361.8 million in 9MFY19G, mainly, due to (i) the exceptional write-off of unamortized transaction cost of SAR 125.2 million in 9MFY19G, representing the arrangement fees of the previous financing facilities that were amortized since the old loans' disbursement date, and (ii) the increase in commission expense on long-term Murabaha facilities by 8.4% from SAR 204.8 million in 9MFY18G to SAR 222.0 million in 9MFY19G, as a result of the refinancing of the Company's debt facilities (refer to section 6.13 - long term loans). Financial charges also included the amortisation of transaction costs of SAR 14.6 million in 9MFY19G mainly relating to the arrangement fees of the new financing facility, in addition to financial charges relating to financing facilities for Mall of Arabia - Riyadh and Jawharat Jeddah Mall as these projects were temporarily put on hold, in line with Management's decision given the unfavourable economic conditions. According to Management, construction is scheduled to resume in the near future.

6.12.2 Revenue by type

Table 6-54: Revenue by type for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G	F9MFY19G	YoY 9MFY18G-9MFY19G
Rental revenue			
Gross rental revenue	1,493,604	1,396,213	(6.5%)
Service charges	231,478	211,803	(8.5%)
Total rental revenue	**1,725,082**	**1,608,016**	**(6.8%)**
Total discounts	(259,103)	(134,691)	(48.0%)
Net rental revenue	**1,465,979**	**1,473,324**	**0.5%**
Utilities revenue	73,523	75,853	3.2%
Media sales	31,549	45,851	45.3%
Other rental revenue	29,666	24,958	(15.9%)
Total revenue	**1,600,717**	**1,619,986**	**1.2%**
KPIs			
Period-end number of malls	19	19	0.0%
Period-end number of retail units	3,307	3,240	(2.0%)
Period-end number of kiosks*	862	860	(0.2%)
Weighted average occupied GLA (sqm)	997,772	1,001,606	0.4%
Gross rental revenue per sqm (SAR)**	2,305	2,141	(6.9%)
Net rental revenue per sqm (SAR)**	1,959	1,961	0.1%
Discounts as a percentage of total rental revenue	15.0%	8.4%	(6.6%)

** Kiosks and Warehouses are not included in mall GLA and are not included in the period-end number of retail units*

*** Rates have been annualised for comparative purposes*

Source: Company information

6.12.2.1 *Gross Rental Revenue*

Gross rental revenue decreased by 6.5% from SAR 1,493.6 million in 9MFY18G to SAR 1,396.2 million in 9MFY19G, driven by the decrease in average gross rental revenue per sqm by 6.9% from SAR 1,996 per sqm in 9MFY18G to SAR 1,859 per sqm in 9MFY19G as a result of the reduction in the annual contract value. In an effort to reduce discounts granted to tenants, and to align with the Company's new policy, the Company renegotiated new contract rates, mainly for related party tenants (refer to discounts section - 6.12.2.2).

The decrease in annual contract value amounted to SAR 132.9 million in 9MFY19G, which was mainly in connection with related party tenants (-SAR 149.7 million), whereas external tenants' annual contract value increased by SAR 16.8 million.

6.12.2.2 *Discounts*

The Company has established a new discount policy during FY19G, which it is in the process of implementing. The discount provided to tenants during 9MFY18G, was based on management discretion to support tenants in light of the retail market conditions.

Discounts decreased by 48.0% from SAR 259.1 million in 9MFY18G to SAR 134.7 million in 9MFY19G, mainly driven by a decrease in discounts offered to related party tenants from SAR 196.7 million in 9MFY18G

to SAR 76.5 million in 9MFY19G (in line with the adjustment in contract rates, discussed above), together with a decrease in discounts to external tenants from SAR 62.4 million in 9MFY18G to SAR 58.1 million in 9MFY19G.

As such, discounts as a percentage of gross rental revenue decreased from 15.0% in 9MFY18G to 8.4% in 9MFY19G, whereby discounts for related party tenants decreased as a percentage of total rental revenue from 36.4% to 18.2% over the same period which exceeded the 15% limit as per the approved policy, and discounts for external tenants as a percentage of total rental revenue dropped from 5.3% to 4.9% over the same period. At 31 December 2018G, the policy was still in the process of implementation, as such, discounts are expected to gradually align with the established policy guidelines in the last three months of FY19G.

6.12.2.3 *Service Charges*

Service charges decreased by 8.5% from SAR 231.5 million in 9MFY18G to SAR 211.8 million in 9MFY19G, in line with the drop in gross rental revenue over the same period as a result of a reduction in the annual contract value for several related party tenants. Service charges remained relatively stable as a percentage of gross revenue decreasing slightly from 15.5% in 9MFY18G to 15.2% in 9MFY19G.

6.12.2.4 *Utilities Revenue*

Utilities revenue increased by 3.2% from SAR 73.5 million in 9MFY18G to SAR 75.9 million in 9MFY19G, mainly on account of Al Ahsa Mall (+SAR 851 thousand), Al Noor Mall (+SAR 679 thousand), Al Hamra Mall (+SAR 604 thousand) and Al Yasmin Mall (+SAR 536 thousand).

6.12.2.5 *Media Sales*

Media sales increased by 45.3% from SAR 31.5 million in 9MFY18G to SAR 45.9 million in 9MFY19G, mainly driven by new contracts entered into with advertising agencies for digital media advertising, in connection with Nakheel Mall (Riyadh), Mall of Dhahran, and Mall of Arabia (Jeddah).

6.12.2.6 *Other Rental Revenue*

Other rental revenue, which includes key money income (which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls), payments from tenants with respect to early termination penalties and footfall camera income. Other rental revenue decreased by 15.9% from SAR 29.7 million in 9MFY18G to SAR 25.0 million in 9MFY19G, mainly due to the decrease in key money income from SAR 19.1 million in 9MFY18G to SAR 14.9 million in 9MFY19G, mainly in connection with Mall of Dhahran (-SAR 2.9 million), Aziz Mall (-SAR 963 thousand) and Al Noor Mall (-SAR 373 thousand), amongst others.

6.12.3 Revenue by mall

Table 6-55: Revenue by mall for the nine month periods ended 31 December 2017G and 2018G*

SAR in 000s	Ownership	Opening year	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Mall of Dhahran	Leasehold	2005G	251,763	256,844	2.0%
Mall of Arabia – Jeddah	Freehold	2008G	203,757	207,339	1.8%
Nakheel Mall - Riyadh	Leasehold	2014G	122,595	142,874	16.5%
Salaam Mall - Jeddah	Leasehold	2012G	145,330	139,471	(4.0%)
Makkah Mall	Freehold	2011G	114,794	118,327	3.1%
Aziz Mall	Leasehold	2005G	116,605	115,721	(0.8%)
Al Noor Mall	Freehold	2008G	95,729	100,713	5.2%

SAR in 000s	Ownership	Opening year	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Haifaa Mall	Leasehold	2011G	57,073	49,032	(14.1%)
Salaam Mall – Riyadh	Freehold	2005G	46,787	52,534	12.3%
Khurais Mall	Leasehold	2002G	45,651	42,613	(6.7%)
Al Ahsa Mall	Freehold	2010G	38,858	38,924	0.2%
Nakheel Plaza	Leasehold	2004G	33,917	33,569	(1.0%)
Tala Mall	Leasehold	2014G	31,766	28,812	(9.3%)
Salma Mall	Leasehold	2014G	14,510	12,009	(17.2%)
Other properties	Leasehold	na	5,207	2,634	(49.4%)
Sahara Plaza	Freehold	2002G	3,036	392	(87.1%)
Total revenue for the malls opened prior to FY16G			**1,327,378**	**1,341,808**	**1.1%**
Jouri Mall	Leasehold	2015G	72,040	75,000	4.1%
Jubail Mall	Freehold	2015G	30,405	24,489	(19.5%)
Total revenue for the malls opened in FY16G			**102,445**	**99,489**	(2.9%)
Yasmin Mall	Leasehold	2016G	97,851	98,502	0.7%
Hamra Mall	Freehold	2016G	73,043	80,187	9.8%
Total revenue for the malls opened in FY17G			**170,894**	**178,689**	**4.6%**
Head Office			-	-	na
Total revenue			**1,600,717**	**1,619,986**	**1.2%**
KPIs					**Var./ppt**
Malls opened prior to FY16G					
Number of retail units			3,408	3,316	(2.7%)
Average occupied GLA			844,925	837,954	(0.8%)
Revenue per average occupied GLA (SAR/sqm)			2,095***	2,135***	1.9%
Occupancy at period end			93.6%	94.3%	0.7%
Average occupancy for the period			93.7%	93.0%	(0.7%)
Average efficiency rate for the period			84.4%	92.2%	7.8%
Malls opened in FY16G					
Number of retail units			330	312	(5.5%)
Average occupied GLA			61,741	63,383	2.7%
Revenue per average occupied GLA (SAR/sqm)			2,212***	2,093***	(5.4%)

SAR in 000s	Ownership	Opening year	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Occupancy at period end			90.5%	92.8%	2.3%
Average occupancy for the period			89.3%	91.8%	2.5%
Average efficiency rate for the period			78.6%	87.2%	8.6%
Malls opened in FY17G					
Number of retail units			431	472	9.5%
Average occupied GLA			91,106	100,269	10.1%
Revenue per average occupied GLA (SAR/sqm)			2,501***	2,376***	(5.0%)
Occupancy at period end			87.2%	92.9%	5.7%
Average occupancy for the period			83.8%	92.3%	8.5%
Average efficiency rate for the period**			94.3%	90.2%	(4.1%)

Source: Company information

** This breakdown was used in order to perform a revenue analysis by mall, during the period under analysis (9MFY18G-9MFY19G) in order to represent the growth in revenue for each period (like-for-like analysis)*

*** Average efficiency rate (accounted for through the Net rental revenue/Gross rental revenue) measures the discounts granted to tenants*

**** Figures presented on an annualized basis (in each case computed by dividing the relevant audited figures for the relevant nine month periods by 9 and multiplying by a factor of 12 to produce annualized figures)*

6.12.3.1 *Malls that opened prior to FY16G*

Malls that opened prior to FY16G accounted for 83.5% of the Company's total available GLA as at 31 December 2018G and include the Company's flagship malls, Mall of Dhahran and Mall of Arabia - Jeddah.

Total revenue from this portfolio increased by 1.1% from SAR 1,327.4 million in 9MFY18G to SAR 1,341.8 million in 9MFY19G, mainly driven by the increase in average total revenue per sqm from SAR 2,095 per sqm to SAR 2,135 per sqm. The increase in average total revenue per sqm during this period was primarily due to the implementation of the new discount policy that saw the Company adjusting contracts rates for tenants and also reducing discounts, with the result that the average efficiency rate increased from 84.4% to 92.2% between 9MFY18G and 9MFY19G.

Mall of Dhahran, which commenced operations in 2005G, had a total available GLA of 160,612 sqm and 160,647 sqm in 9MFY18G and 9MFY19G, respectively. Mall of Dhahran had 511 and 504 retail units, and recorded an average occupancy rate of 93.7% and 94.6% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 2.0% from SAR 251.8 million in 9MFY18G to SAR 256.8 million in 9MFY19G, driven by the increase in average rental revenue per sqm by 2.1% (from SAR 2,033 per sqm in 9MFY18G to SAR 2,076 per sqm in 9MFY19G) due to Management's efforts to reduce discounts and improve net rental revenues per square meter, as well as an increase in average occupied GLA from 150,515 sqm in 9MFY18G to 151,911 sqm in 9MFY19G.

Mall of Arabia - Jeddah, which commenced operations in 2008G, saw an increase in total available GLA from 105,524 sqm to 109,185 sqm in 9MFY18G and 9MFY19G, respectively. Mall of Arabia - Jeddah had 337 and

334 retail units, and recorded an average occupancy rate of 93.3% and 92.2% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 1.8% from SAR 203.8 million in 9MFY18G to SAR 207.3 million in 9MFY19G, mainly driven by the increase in efficiency rate from 84.4% to 91.2% over the same period as a result of lower discounts granted to tenants that was partially offset by the drop in contract rates of several related party tenants, coupled with the increase in average occupied GLA from 98,506 sqm in 9MFY18G to 100,697 sqm in 9MFY19G.

Nakheel Mall - Riyadh, which commenced operations in 2014G, had a total available GLA of 55,343 sqm 55,707 sqm in 9MFY18G and 9MFY19G, respectively. Nakheel Mall - Riyadh had 247 and 253 retail units, and recorded an average occupancy rate of 95.0% and 99.2% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 16.5% from SAR 122.6 million in 9MFY18G to SAR 142.9 million in 9MFY19G, mainly driven by an increase of 8.5% in average rental revenue per sqm from SAR 2,812 per sqm in 9MFY18G to SAR 3,052 per sqm in 9MFY19G and an increase in average occupied GLA from 52,563 sqm in 9MFY18G to 55,286 sqm in 9MFY19G. The improvement in average rental revenue per square meter was mainly due to Management's efforts to reduce discounts granted to tenants despite a reduction in the contract value for the related party tenants.

Salaam Mall (Jeddah), which commenced operations in 2012G, had a total available GLA of 122,322 sqm and 121,363 sqm in 9MFY18G and 9MFY19G, respectively. Salaam Mall - Jeddah had 386 and 372 retail units, and recorded an average occupancy rate of 91.8% and 92.0% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 4.0% from SAR 145.3 million in 9MFY18G to SAR 139.5 million in 9MFY19G, mainly due to (i) the drop in average rental revenue per sqm by 3.3% from SAR 1,556 per sqm in 9MFY18G to SAR 1,505 per sqm in 9MFY19G, as a result of the drop in the annual contract value for several tenants (refer to section 6.12.2 Revenue by type), as well as the replacement of expired tenant contracts in 9MFY19G with new tenant contracts at lower rates, that was partially offset by an increase in efficiency rate from 88.8% to 91.5% over the same period, coupled with (ii) a decrease in the mall's average occupied GLA from 112,243 sqm in 9MFY18G to 111,599 sqm in 9MFY19G, mainly resulting from the termination of a brand in the "Apparel, Shoes and Accessories" industry (-299 sqm).

Makkah Mall, which commenced operations in 2011G, had a total available GLA of 37,439 sqm and 37,545 sqm in 9MFY18G and 9MFY19G, respectively. Makkah Mall had 294 and 289 retail units, and recorded an average occupancy rate of 97.5% and 96.7% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 3.1% from SAR 114.8 million in 9MFY18G to SAR 118.3 million in 9MFY19G, mainly on the back of the 2.7% increase in average rental revenue per sqm from SAR 3,911 per sqm in 9MFY18G to SAR 4,017 per sqm in 9MFY19G, driven by an increase in average efficiency rate from 87.5% to 94.9% over the same period. This was partially offset by a decrease in average occupancy rate from 97.5% to 96.7% as average occupied GLA slightly decreased from 36,485 sqm to 36,292 sqm over the same period.

Aziz Mall, which commenced operations in 2005G, had a total available GLA of 72,010 sqm and 72,153 sqm in 9MFY18G and 9MFY19G, respectively. Aziz Mall had 291 and 281 retail units, and recorded an average occupancy rate of 97.9% and 94.7% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 0.8% from SAR 116.6 million in 9MFY18G to SAR 115.7 million in 9MFY19G, mainly on the back of the decrease in average occupancy rate from 97.9% to 94.7% as average occupied GLA decreased from 70,488 sqm to 68,340 sqm over the same period. This was offset by the increase in average rental revenue per sqm by 3.0% from SAR 2,035 per sqm in 9MFY18G to SAR 2,095 per sqm in 9MFY19G as a result of the increase in average efficiency rate from 85.1% to 93.4% over the same period.

Noor Mall, which commenced operations in 2008G, had a total available GLA of 66,966 sqm and 67,110 sqm in 9MFY18G and 9MFY19G, respectively. Noor Mall had 256 and 270 retail units, and recorded an average occupancy rate of 97.7% and 96.5% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 5.2% from SAR 95.7 million in 9MFY18G to SAR 100.7 million in 9MFY19G, mainly on the back of the 6.5% increase in average rental revenue per sqm from SAR 1,792 per sqm in 9MFY18G to SAR 1,908 per sqm in 9MFY19G, driven by an increase in average efficiency rate from 85.1% to 93.4% over the same period. This was partially offset by the decrease in average occupancy rate from 97.7% to 96.5% as average occupied GLA decreased from 65,443 sqm to 64,760 sqm over the same period.

Haifaa Mall, which commenced operations in 2011G, had a total available GLA of 32,846 sqm and 32,946 sqm in 9MFY18G and 9MFY19G, respectively. Haifaa Mall had 182 and 167 retail units, and recorded an average occupancy rate of 94.8% and 85.6% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 14.1% from SAR 57.1 million in 9MFY18G to SAR 49.0 million in 9MFY19G, mainly on the back of (i) a decrease in average rental revenue per sqm by 5.6% from SAR 2,215 per sqm to SAR 2,091 per sqm over the same period, as a result of the decreased value of contracts with the current tenants, coupled with (ii) a drop in the average occupancy rate from 94.8% in 9MFY18G to 85.6% in 9MFY19G, in line with the decrease in average occupied GLA from 31,153 sqm to 28,203 sqm over the same period due to the expiry of several tenants over the same period.

Salaam Mall (Riyadh), which commenced operations in 2005G, had a total available GLA of 49,909 sqm and 49,926 sqm in 9MFY18G and 9MFY19G, respectively. Salaam Mall (Riyadh) had 183 and 178 retail units, and recorded an average occupancy rate of 95.6% and 94.5% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 12.3% from SAR 46.8 million in 9MFY18G to SAR 52.5 million in 9MFY19G, mainly driven by the increase in average rental revenue per sqm by 10.6% from SAR 1,234 per sqm in 9MFY18G to SAR 1,366 per sqm in 9MFY19G, as a result of the increase in average efficiency rate from 84.9% to 93.2% over the same period, which was partially offset by the decrease in average occupied GLA from 95.6% in 9MFY18G to 94.5% in 9MFY19G.

Khurais Mall, which commenced operations in 2002G, had a total available GLA of 41,256 sqm and 41,372 sqm in 9MFY18G and 9MFY19G, respectively. Khurais Mall had 166 and 154 retail units, and recorded an average occupancy rate of 97.1% and 91.7% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 6.7% from SAR 45.7 million in 9MFY18G to SAR 42.6 million in 9MFY19G, mainly driven by a decrease in average occupancy rate from 97.1% in 9MFY18G to 91.7% in 9MFY19G, in line with the drop in average occupied GLA from 40,062 sqm to 37,957 sqm over the same period, as a result of the termination of contracts with several tenants.

Ahsa Mall, which commenced operations in 2010G, had a total available GLA of 51,535 sqm and 51,979 sqm in 9MFY18G and 9MFY19G, respectively. Ahsa Mall had 163 and 148 retail units, and recorded an average occupancy rate of 83.8% and 84.5% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue remained relatively stable at SAR 38.9 million in 9MFY18G and 9MFY19G, with a slight increase by 0.2%, on the back of (i) an increase in other income, utilities revenue and media sales, offset by (ii) a decrease in average rental revenue per sqm by 5.6% from SAR 1,078 per sqm in 9MFY18G to SAR 1,017 per sqm in 9MFY19G, as a result of the termination of contracts with several tenants.

Nakheel Plaza, which commenced operations in 2004G, had a total available GLA of 34,145 sqm and 34,468 sqm in 9MFY18G and 9MFY19G, respectively. Nakheel Plaza had 144 and 134 retail units, and recorded an average occupancy rate of 95.7% and 94.1% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue remained decreased by 1.0% from SAR 33.9 million in 9MFY18G to SAR 33.6 million in 9MFY19G, on the back of a decrease in other income and media sales. This was offset by an increase in the average efficiency rate from 86.9% to 92.5% over the same period.

Tala Mall, which commenced operations in 2014G, had a total available GLA of 22,702 sqm and 22,711 sqm in 9MFY18G and 9MFY19G, respectively. Tala Mall had 117 and 118 retail units, and recorded an average occupancy rate of 91.3% and 88.0% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 9.3% from SAR 31.8 million in 9MFY18G to SAR 28.8 million in 9MFY19G, mainly driven by (i) a drop in the average occupancy rate from 91.3% in 9MFY18G to 88.0% in 9MFY19G, in line with the decrease in average occupied GLA from 20,735 sqm in 9MFY18G to 19,995 sqm in 9MFY19G, as a result of the termination of contracts with several tenants, in addition to (ii) the drop in average rental revenue per sqm by 5.3% from SAR 1,761 per sqm to SAR 1,667 per sqm over the same period.

Salma Mall, which commenced operations in 2014G, had a total available GLA of 16,948 sqm and 16,952 sqm in 9MFY18G and 9MFY19G, respectively. Salma Mall had 88 and 78 retail units, and recorded an average occupancy rate of 99.5% and 91.9% in 9MFY18G and 9MFY19G, respectively. The mall's total

revenue decreased by 17.2% from SAR 14.5 million in 9MFY18G to SAR 12.0 million in 9MFY19G, mainly driven by a decrease in average rental revenue per sqm by 14.7% from SAR 925 per sqm in 9MFY18G to SAR 789 per sqm in 9MFY19G, due to a decrease in average efficiency rate from 76.3% to 73.0% over the same period. This was coupled with a decrease in the average occupancy rate from 99.5% to 91.9% as average occupied GLA decreased from 16,863 sqm in 9MFY18G to 15,583 sqm in 9MFY19G, due to the expiry of several contracts.

Other properties included Nakheel Plaza extension, Olaya Retail Center and Dabbab Building. Total revenue decreased by 49.4% from SAR 5.2 million in 9MFY18G to SAR 2.6 million in 9MFY19G on the back of the discontinued operations of Olaya Retail Center and Dabbab Building as of January 2018G and September 2017G, respectively.

Sahara Plaza, which commenced operations in 2002G, had a total available GLA of 12,222 sqm and 12,223 sqm in 9MFY18G and 9MFY19G, respectively. Sahara Plaza had 37 and 35 retail units, and recorded an average occupancy rate of 55.0% and 72.3% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue decreased by 87.1% from SAR 3.0 million in 9MFY18G to SAR 392 thousand in 9MFY19G, as the Company's has adjusted the tenants contracts in Sahara Plaza to a percentage of sales basis.

Average occupied GLA for this portfolio slightly decreased by 0.8% from 844,925 sqm in 9MFY18G to 837,954 sqm in 9MFY19G, mostly resulting from a decrease in average occupied GLA at Haifaa Mall (-2,950 sqm), Aziz Mall (-2,148 sqm), Khurais Mall (-2,105 sqm) and other properties (-4,674 sqm) as a result of the discontinued operations at Olaya Retail Center and Dabbab building.

6.12.3.2 *Malls that opened in FY16G*

The two new malls that started operations in FY16G were Jouri Mall and Jubail Mall, which occupied an average GLA of 63,383 sqm in 9MFY19G, representing 6.3% of the Company's total average occupied GLA.

Jouri Mall, which commenced operations in 2015G, had a total available GLA of 48,172 sqm and 48,122 sqm in 9MFY18G and 9MFY19G, respectively. Jouri Mall had 217 and 208 retail units, and recorded an average occupancy rate of 94.5% and 92.6% in 9MFY18G and 9MFY19G, respectively. Despite the drop in average occupancy rate during the period, the mall's total revenue increased by 4.1% from SAR 72.0 million in 9MFY18G to SAR 75.0 million in 9MFY19G, mainly driven by the increase in average rental revenue per sqm by 6.5% from SAR 1,938 per sqm in 9MFY18G to SAR 2,064 per sqm in 9MFY19G. The improvement in average rental revenue per square meter was mainly due to Management's efforts to reduce discounts granted to tenants (which also saw adjustment of contract values for mainly related party tenants).

Jubail Mall, which commenced operations in 2015G, had a total available GLA of 20,976 sqm and 20,908 sqm in 9MFY18G and 9MFY19G, respectively. Al Jubail Mall had 113 and 104 retail units, and recorded an average occupancy rate of 77.3% and 90.0% in 9MFY18G and 9MFY19G, respectively. Although the mall's average occupancy increased during the review period, the mall's total revenue decreased by 19.5% from SAR 30.4 million in 9MFY18G to SAR 24.5 million in 9MFY19G. The reduction in revenue was driven by the decrease in average rental revenue per sqm by 31.4% from SAR 2,301 per sqm in 9MFY18G to SAR 1,578 per sqm in 9MFY19G as a result of (i) a drop in annual contract value for existing tenants (refer to section 6.12.2 Revenue by type), coupled with (ii) a significant exceptional decrease in rental revenue from one brand (external tenant) by SAR 1.1 million, that was partially offset by (iii) an increase in efficiency rate from 79.5% to 81.4% over the same period, as Management decreased total discounts offered in 9MFY19G.

6.12.3.3 *Malls that opened in FY17G*

The two new malls that started operations in FY17G were Yasmin Mall and Hamra Mall, which occupied an average GLA of 100,269 sqm in 9MFY19G, representing 10.0% of the Company's total average occupied GLA.

Yasmin Mall, which commenced operations in 2016G, had a total available GLA of 54,752 sqm and 54,634 sqm in 9MFY18G and 9MFY19G, respectively. Yasmin Mall had 247 and 275 retail units, and recorded an average occupancy rate of 81.8% and 95.3% in 9MFY18G and 9MFY19G, respectively. The mall's total

revenue increased by 0.7% from SAR 97.9 million in 9MFY18G to SAR 98.5 million in 9MFY19G, driven by the increase in average occupied GLA from 44,805 sqm in 9MFY18G to 52,041 sqm in 9MFY19G. The increase was offset by a decrease of 15.4% in average rental revenues from SAR 2,740 per sqm to SAR 2,318 per sqm due to the decrease in efficiency rate from 92.9% to 89.8% over the same period due to the increase in discounts granted to related party tenants.

Hamra Mall, which commenced operations in 2016G, had a total available GLA of 53,932 sqm and 53,951 sqm in 9MFY18G and 9MFY19G, respectively. Hamra Mall had 184 and 197 retail units, and recorded an average occupancy rate of 85.9% and 89.4% in 9MFY18G and 9MFY19G, respectively. The mall's total revenue increased by 9.8% from SAR 73.0 million in 9MFY18G to SAR 80.2 million in 9MFY19G, driven by an increase in average rental revenue per sqm by 1.8% from SAR 1,953 per sqm in 9MFY18G to SAR 1,987 per sqm in 9MFY19G, coupled with the increase in average occupancy rate from 85.9% to 89.4% over the 9MFY18G-19G period.

6.12.4 Top 5 Customers based on Revenue

Table 6-56: Rental revenue for the top 5 Customers for the nine month periods ended 31 December 2017G and 2018G

Name of customer	9MFY18G				9MFY19G				
	Nb. of retail units	Avg. occupied GLA (sqm)	Rental revenue (SAR 000s)	% of total	Nb. of retail units	Avg. occupied GLA (sqm)	Rental revenue (SAR 000s)	% of total	YoY 9MFY18G-9MFY19G
Fawaz Al Hokair Co.*	1,154	335,541	343,810	23.5%	1,071	326,327	345,163	23.4%	0.4%
Landmark Arabia Co.	83	92,199	66,971	4.6%	77	91,688	75,797	5.1%	13.2%
Farouk Group	73	14,839	40,556	2.8%	78	15,061	40,065	2.7%	(1.2%)
Apparel Trading Company Limited	90	15,249	38,501	2.6%	91	16,172	39,728	2.7%	3.2%
Kamal Othman Jamjoom Trading Co.	95	12,987	38,009	2.6%	81	11,841	34,751	2.4%	(8.6%)
Top 5 Customers	**1,495**	**470,815**	**527,847**	**36.0%**	**1,398**	**461,089**	**535,504**	**36.3%**	**1.5%**

**Related party tenants are Fawaz Al Hokair and Co., they comprise of FAS Holding Company for Hotels, Food and Entertainment Trading Company Limited, and Abdul Mohsin Al Hokair Group for Tourism and Development, among others.*

Source: Company information

Rental revenue generated by the top five tenants amounted to SAR 527.8 million in 9MFY18G and SAR 535.5 million in 9MFY19G, which represented 36.0% and 36.3% of total rental revenue, respectively, over the period under analysis. The Company's top five customers had rented 1,495 retail units in 9MFY18G and 1,398 retail units in 9MFY19G, occupying a weighted average area of 470,815 sqm in 9MFY18G and 461,089 sqm in 9MFY19G, representing 47.2% and 46.0%, respectively, of the Company's total weighted average occupied GLA in the same periods.

Fawaz Al Hokair & Co. and its subsidiaries had rented 1,154 retail units in 9MFY18G and 1,071 retail units in 9MFY19G, occupying a weighted average GLA of 335,541 sqm in 9MFY18G and 326,327 sqm in 9MFY19G, which accounted for 33.6% and 32.6% of the Company's total weighted average occupied GLA in 9MFY18G and 9MFY19G, respectively. Net rental revenue from Fawaz Al Hokair & Co. and its subsidiaries remained relatively stable and increased slightly by 0.4% from SAR 343.8 million in 9MFY18G to SAR 345.2 million in 9MFY19G, mainly driven by the increase in average rental revenue per sqm by 3.2% from SAR 1,366

per sqm in 9MFY18G to SAR 1,410 per sqm in 9MFY19G, on the back of lower discounts as the Company started implementing its new discount policy in 9MFY19G.

Landmark Arabia had rented 83 retail units in 9MFY18G and 77 retail units in 9MFY19G, occupying a weighted average GLA of 92,199 sqm in 9MFY18G and 91,688 sqm in 9MFY19G, which accounted for 9.2% of the Company's total weighted average occupied area in 9MFY18G and 9MFY19G. Net rental revenue from Landmark Arabia increased by 13.2% from SAR 67.0 million in 9MFY18G to SAR 75.8 million in 9MFY19G, mainly driven by the increase in average rental revenue per sqm from SAR 968 per sqm in 9MFY18G to SAR 1,102 per sqm in 9MFY19G as result of the decrease in discounts offered to Landmark Arabia Co. tenants by 76.0% from SAR 13.0 million in 9MFY18G to SAR 3.2 million in 9MFY19G.

Farouk Group had leased 73 retail units in 9MFY18G and 78 retail units in 9MFY19G, occupying a weighted average GLA of 14,839 sqm in 9MFY18G and 15,061 sqm in 9MFY19G, which accounted for 1.5% of the Company's total weighted average occupied area in 9MFY18G and 9MFY19G. Net rental revenue from Farouk Group decreased by 1.2% from SAR 40.6 million in 9MFY18G to SAR 40.1 million in 9MFY19G, due to the decrease in average rental revenue per sqm by 2.7% from SAR 3,644 per sqm to SAR 3,547 per sqm over the same period, as a result of an increase in discounts granted from SAR 1.7 million in 9MFY18G to SAR 2.9 million in 9MFY19G.

Apparel Trading Co. had leased 90 retail units in 9MFY18G and 91 retails units in 9MFY19G, occupying an average GLA of 15,249 sqm and 16,172 sqm in 9MFY18G and 9MFY19G respectively, which accounted for 1.5% and 1.6% of the Company's total weighted average occupied area in 9MFY18G and 9MFY19G, respectively. Net rental revenue from Apparel Trading Co. increased by 3.2% from SAR 38.5 million in 9MFY18G to SAR 39.7 million in 9MFY19G, driven by the increase in average occupied GLA by 6.1% mainly due to the expansion of one brand in Mall of Dhahran (+998 sqm).

Kamal Othman Jamjoom Trading Co. had leased 95 retail units in 9MFY18G and 81 retail units in 9MFY19G, occupying an average GLA of 12,987 sqm and 11,841 sqm in 9MFY18G and 9MFY19G, respectively, which accounted for 1.3% and 1.2% of the Company's total weighted average occupied area in 9MFY18G and 9MFY19G, respectively. Net rental revenue from Kamal Othman Jamjoom Trading Co. decreased by 8.6% from SAR 38.0 million in 9MFY18G to SAR 34.8 million in 9MFY19G, driven by the drop in average occupied GLA by 8.8% over the same period.

6.12.5 Rental revenue by tenant category

Table 6-57: Rental revenue for the top 5 Customers for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Apparel, Shoes, Accessories	753,110	767,780	1.9%
Health & Personal care Products	196,156	198,926	1.4%
Food & Beverage	135,265	141,942	4.9%
Entertainment	54,968	49,465	(10.0%)
Furniture and Home Fashions	46,819	46,924	0.2%
Sport & Leisure	50,397	46,664	(7.4%)
Hypermarket/ Supermarket	43,453	43,260	(0.4%)
Department Store	28,066	31,997	14.0%

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Home Electronics and Appliances	14,880	12,766	(14.2%)
Services	11,797	9,212	(21.9%)
Total rental revenue from stores	**1,334,911**	**1,348,936**	**1.1%**
Rental revenue from kiosks & warehouses	131,069	124,388	(5.1%)
Total net rental revenue	**1,465,980**	**1,473,324**	**0.5%**
As a % of total rental revenue			
Apparel, Shoes, Accessories	51.4%	52.1%	0.7%
Health & Personal care Products	13.4%	13.5%	0.1%
Food & Beverages	9.2%	9.6%	0.4%
Entertainment	3.7%	3.4%	(0.3%)
Furniture and Home Fashions	3.2%	3.2%	(0.0%)
Sport & Leisure	3.4%	3.2%	(0.2%)
Hypermarket/ Supermarket	3.0%	2.9%	(0.1%)
Department Store	1.9%	2.2%	0.3%
Home Electronics and Appliances	1.0%	0.9%	(0.1%)
Services	0.8%	0.6%	(0.2%)
Kiosks & warehouses	8.9%	8.4%	(0.5%)
Average occupied area (in sqm)			
Apparel, Shoes, Accessories	492,784	484,049	(1.8%)
Health & Personal care Products	60,403	63,647	5.4%
Food & Beverages	53,136	57,975	9.1%
Entertainment	102,132	106,924	4.7%
Furniture and Home Fashions	59,326	64,444	8.6%
Sport & Leisure	29,540	23,251	(21.3%)
Hypermarket/ Supermarket	131,962	138,574	5.0%
Department Store	51,925	48,726	(6.2%)

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Home Electronics and Appliances	5,187	4,398	(15.2%)
Services	8,795	7,439	(15.4%)
Revenue per average occupied area (SAR/ sqm)*			
Apparel, Shoes, Accessories	2,038	2,115	3.8%
Health & Personal care Products	4,330	4,167	(3.8%)
Food & Beverages	3,394	3,264	(3.8%)
Entertainment	718	617	(14.1%)
Furniture and Home Fashions	1,052	971	(7.7%)
Sport & Leisure	2,275	2,676	17.6%
Hypermarket/ Supermarket	439	416	(5.2%)
Department Store	721	876	21.5%
Home Electronics and Appliances	3,825	3,870	1.2%
Services	1,788	1,651	(7.7%)

** Rates have been annualised for comparative purposes*

Source: Company information

"Apparel, Shoes and Accessories" was the largest tenant category, accounting for 52.1% of the total rental revenue in 9MFY19G, followed by Health & Personal Care (13.5%) and Food & Beverage (9.6%).

6.12.5.1 *Apparel, Shoes and Accessories*

Net rental revenue increased by 1.9% from SAR 735.1 million in 9MFY18G to SAR 767.8 million in 9MFY19G, driven by the increase in average rental revenue per sqm by 3.8% from SAR 2,038 per sqm in 9MFY18G to SAR 2,115 per sqm in 9MFY19G, mainly resulting from the drop in discounts offered to tenants by 52.9% from SAR 212.3 million in 9MFY18G to SAR 100.0 million in 9MFY19G that more than offset the drop in contract rates over the same period. This was also partially offset by the decrease in average occupied GLA by 1.8% from 492,784 sqm in 9MFY18G to 484,049 sqm in 9MFY19G, mainly from other properties (-2,296 sqm), Aziz Mall (-2,138 sqm), and Khurais Mall (-1,756 sqm).

As a result, revenue from Apparel, Shoes and Accessories slightly increased as percentage of total rental revenue from 51.4% in 9MFY18G to 52.1% in 9MFY19G.

6.12.5.2 *Health & Personal Care Products*

Net rental revenue increased by 1.4% from SAR 196.2 million in 9MFY18G to SAR 198.9 million in 9MFY19G, driven by the increase in average occupied GLA by 5.4% from 60,403 sqm to 63,647 sqm in the respective periods, mainly from Mall of Arabia - Jeddah (+1,015 sqm) and Al Yasmin Mall (+969 sqm). This was partially offset by the decrease in average rental revenue per sqm by 3.8% from SAR 4,330 per sqm in 9MFY18G to SAR 4,167 per sqm in 9MFY19G.

As a result, revenue from Health & Personal Care Products remained relatively stable as a percentage of total revenue at 13.4% and 13.5% in 9MFY18G and 9MFY19G, respectively.

6.12.5.3 *Food & Beverage*

Net rental revenue increased by 4.9% from SAR 135.3 million in 9MFY18G to SAR 141.9 million in 9MFY19G, despite the decrease in average rental revenue per sqm by 3.8% from SAR 3,394 per sqm in 9MFY18G to SAR 3,264 per sqm in 9MFY19G. This was mainly driven by the increase in average occupied GLA by 9.1% from 53,136 sqm in 9MFY18G to 57,975 sqm in 9MFY19G.

As a result, revenue from Food and Beverage slightly increased as percentage of total rental revenue from 9.2% in 9MFY18G to 9.6% in 9MFY19G.

6.12.5.4 *Entertainment*

Net rental revenue decreased by 10.0% from SAR 55.0 million in 9MFY18G to SAR 49.5 million in 9MFY19G, mainly driven by the decrease in average rental revenue per sqm by 14.1% from SAR 718 per sqm in 9MFY18G to SAR 617 per sqm in 9MFY19G, as a result of the drop in contract rates for a key tenant that decreased gross rental revenue in Al Jubail Mall by SAR 1.1 million and Al Hamra Mall by SAR 920 thousand, coupled with a decline in the annual contract value for other existing tenants by SAR 6.2 million over the same period (refer to section 6.12.2 Revenue by type). This was partially offset by an increase in average occupied GLA from 102,132 sqm in 9MFY18G to 106,924 sqm in 9MFY19G as a result of new cinema space established in Mall of Arabia - Jeddah.

6.12.5.5 *Furniture and Home Fashions*

Net rental revenue remained relatively steady at SAR 46.9 million over 9MFY18G and 9MFY19G. The increase in average occupied GLA of 8.6% from 59,326 sqm in 9MFY18G to 64,444 sqm in 9MFY19G, mainly in connection with a new tenant at Mall of Dhahran (+5,170 sqm), was offset by the decline in average rental revenue per sqm by 7.7% from SAR 1,052 per sqm in 9MFY18G to SAR 971 per sqm in 9MFY19G due to reduction in annual contract value for existing tenants.

6.12.5.6 *Sport & Leisure*

Net rental revenue decreased by 7.4%, from SAR 50.4 million in 9MFY18G to SAR 46.7 million in 9MFY19G, as a result of the decrease in average occupied GLA by 21.3% from 29,540 sqm in 9MFY18G to 23,251 sqm in 9MFY19G, mainly due to the closing of several stores in Mall of Dhahran (-1,454 sqm) and Jouri Mall (-1,092 sqm).

6.12.5.7 *Hypermarket/Supermarket*

Net rental revenue remained relatively stable at SAR 43.3 million in both periods 9MFY18G and 9MFY19G. The increase in average occupied GLA by 5.0% from 131,962 sqm to 138,574 sqm over the same period due to the opening of new stores in Al Yasmin Mall (+3,460 sqm) and Al Jubail Mall (+3,152 sqm) in 9MFY19G, was partially offset by a 5.2% decrease in rental revenue per sqm from SAR 439 per sqm in 9MFY18G to SAR 416 per sqm in 9MFY19G.

6.12.5.8 *Department Store*

Net rental revenue increased by 14.0% from SAR 28.1 million in 9MFY18G to SAR 32.0 million in 9MFY19G, despite the decrease in average occupied GLA by 6.2% from 51,925 sqm in 9MFY18G to 48,726 sqm in 9MFY19G (mostly due to the termination of several contracts). The increase in net rental revenue was mainly driven by the increase in average rental revenue per sqm by 21.5% from SAR 721 per sqm in 9MFY18G to SAR 876 per sqm in 9MFY19G as the Company reduced total discounts by 55.3% from SAR 10.6 million in 9MFY18G to SAR 4.7 million in 9MFY19G.

6.12.5.9 *Home* Electronics and Appliances

Net rental revenue decreased by 14.2% from SAR 14.9 million in 9MFY18G to SAR 12.8 million in 9MFY19G as a result of the decrease in average occupied GLA by 15.2% from 5,187 sqm in 9MFY18G to 4,398 sqm in 9MFY19G mainly in connection with Al Hamra Mall (-246 sqm) and Mall of Dhahran (-103 sqm). This

was partly offset by the increase in average rental revenue per sqm by 1.2% from SAR 3,825 per sqm in 9MFY18G to SAR 3,870 per sqm in 9MFY19G due to the drop in discounts offered to several tenants.

6.12.5.10 *Services*

Net rental revenue decreased by 21.9% from SAR 11.8 million in 9MFY18G to SAR 9.2 million in 9MFY19G, as a result of the drop in average occupied GLA by 15.4% from 8,795 sqm in 9MFY18G to 7,439 sqm in Q3YF19G mainly due to the discontinuation of Dabbab Building (-2,378 sqm), coupled with a decrease in average rental revenue per sqm by 7.7% from SAR 1,788 per sqm in 9MFY18G to SAR 1,651 per sqm in 9MFY19G.

6.12.5.11 *Kiosks & warehouses*

Net rental revenue from kiosks and warehouses decreased by 5.1% from SAR 131.1 million in 9MFY18G to SAR 124.4 million in 9MFY19G, mainly due to the decrease in net rental revenue in Salaam Mall - Jeddah by SAR 8.6 million.

6.12.6 Revenue split between related and non-related party

Table 6-58: Revenue by type for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Gross rental revenue for retail units			
Rental revenue – Related party tenants	526,059	410,526	(22.0%)
Rental revenue – External retail units tenants	1,065,118	1,070,507	0.5%
Discounts			
Discounts – Related party tenants	(196,134)	(76,353)	(61.1%)
Discounts – External retail units tenants	(60,133)	(55,743)	(7.3%)
Net rental revenue for retail units*	**1,334,911**	**1,348,936**	**1.1%**
KPIs			
Weighted average occupied GLA (sqm) – related party	334,223	325,123	(2.7%)
Weighted average occupied GLA (sqm) – related party as a % of total weighted average occupied GLA	33.5%	32.5%	(1.0%)
Weighted average occupied GLA (sqm) – external	660,968	674,304	2.0%
Gross rental revenue per sqm – related party (SAR/sqm)	2,099	1,684	(19.8%)
Gross rental revenue per sqm – external (SAR/sqm)	2,149	2,117	(1.5%)
Net rental revenue per sqm – related party (SAR/sqm)	1,316	1,370	4.1%
Net rental revenue per sqm – external (SAR/sqm)	2,027	2,007	(1.0%)

** The above analysis excludes the rental revenues generated from kiosks and warehouses, as these are excluded from the GLA*

Source: Company information

Related party tenants had leased 33.5% and 32.5% of the Company's total weighted average occupied GLA in 9MFY18G and 9MFY19G, respectively, including Fawaz Abdulaziz Al Hokair & Co. and its subsidiaries.

6.12.6.1 *Related party tenants*

Gross rental revenue from related party tenants decreased by 22.0% from SAR 526.1 million in 9MFY18G to SAR 410.5 million in 9MFY19G as a result of (i) the decrease in gross rental revenues per sqm by 19.8% from SAR 2,099 per sqm in 9MFY18G to SAR 1,684 per sqm in 9MFY19G mainly driven by the reduction in the annual contract value for several tenants (refer to section 6.12.2 Revenue by type), in addition to (ii) the decrease in average occupied GLA by 2.7% from 334,223 sqm in 9MFY18G to 325,123 sqm in 9MFY19G, mainly due to the discontinued operations at Olaya Retail Centre and Dabbab Building (-4,674 sqm), and the decrease in the average occupied GLA of Mall of Dhahran (-2,607 sqm), Mall of Arabia - Jeddah (-1,158 sqm), and Haifaa Mall (-1,026 sqm), partly offset by an increase in average occupied GLA in other malls (+365 sqm).

Discounts offered to related party tenants decreased by 61.1% from SAR 196.1 million in 9MFY18G to SAR 76.4 million in 9MFY19G, mainly to offset the drop in contract rates (refer to section 6.12.2 Revenue by type). The decrease in discounts was mainly in connection with Mall of Arabia - Jeddah (-SAR 17.7 million), Mall of Dhahran (-SAR 20.1 million) and Nakheel Mall - Riyadh (-SAR 15.2 million). Discounts for related party tenants in 9MFY19G of SAR 76.4 million related mainly to Mall of Arabia - Jeddah (SAR 9.2 million), Mall of Dhahran (SAR 8.1 million) and Nakheel Mall - Riyadh (SAR 7.9 million), amongst others.

Accordingly, net rental revenue per sqm from related party tenants increased by 4.1% from SAR 1,316 per sqm in 9MFY18G to SAR 1,370 per sqm in 9MFY19G.

6.12.6.2 *External tenants*

Gross rental revenue from external tenants remained relatively stable, increasing by 0.5% from SAR 1,065.1 million in 9MFY18G to SAR 1,070.5 million in 9MFY19G, mainly driven by (i) the increase in average occupied GLA by 2.0% from 660,968 sqm in 9MFY18G to 674,304 sqm in 9MFY19G, offset by (ii) the replacement of several tenants at lower prices, as gross rental revenue per sqm for external tenants decreased by 1.5% from SAR 2,149 per sqm in 9MFY18G to SAR 2,117 per sqm in 9MFY19G.

Net rental revenue from external tenants slightly increased by 1.0% from SAR 1,005.0 million in 9MFY18G to SAR 1,014.8 million in 9MFY19G, driven by (i) the increase in gross rental revenue, coupled with (ii) the decrease in discounts to external tenants by 7.3% from SAR 60.1 million in 9MFY18G to SAR 55.7 million in 9MFY19G, mainly in connection with Mall of Dhahran (-SAR 2.5 million) and Al Yasmin Mall (-SAR 2.1 million).

Net rental revenue per sqm from external tenants decreased by 1.0% from SAR 2,027 per sqm in 9MFY18G to SAR 2,007 per sqm in 9MFY19G driven by the slight decrease in gross rental revenue per sqm for external tenants.

6.12.7 Cost of revenue

Table 6-59: Cost of revenue for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Rent expense	144,481	171,440	18.7%
Utilities expense	93,069	90,007	(3.3%)
Security expense	57,566	44,886	(22.0%)
Cleaning expense	56,024	44,091	(21.3%)
Repairs and maintenance	29,730	32,315	8.7%
Employees' salaries and other benefits	20,669	22,825	10.4%
Total	**401,539**	**405,564**	**1.0%**

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Period-end head count	180	174	(3.3%)
Cost of revenue per total available GLA (SAR/sqm)*			
Rent expense	178	212	19.1%
Utilities expense	115	111	(3.5%)
Security expense	71	55	(22.5%)
Cleaning expense	69	54	(21.7%)
Repairs & maintenance	37	40	8.1%
Staff costs	26	28	7.7%
Total	**496**	**500**	**0.8%**

**Rates have been annualised for comparative purposes*

Source: Company information

Cost of revenue comprises rent expense, utilities expense, security expense, cleaning expense, repairs and maintenance and staff costs.

Cost of revenue increased by 1.0% from SAR 401.5 million in 9MFY18G to SAR 405.6 million in 9MFY19G, mainly driven by the increase in lease rent expense (+SAR 27.0 million), partially offset by the decrease in security expense (-SAR 12.7 million) and cleaning expense (-SAR 11.9 million).

6.12.7.1 *Rent expenses*

Rent expense increased by 18.7% from SAR 144.5 million in 9MFY18G to SAR 171.4 million in 9MFY19G, mainly driven by the increase in rent expense for Aziz Mall (+SAR 32.1 million), as a result of (i) the new lease agreement signed with Aziz Mall in November 2017G, with a higher annual contract value of SAR 38.0 million (as compared to SAR 11.6 million previously), until year 2046G instead of 2028G, in addition to (ii) the recognition of additional exceptional rent expense in 9MFY19G with respect to the new Aziz Mall lease contract to adjust for the prior period (based on the new contract rate).

As a result, the average rent expense per sqm increased by 19.1% from SAR 178 per sqm in 9MFY18G to SAR 212 per sqm in 9MFY19G.

6.12.7.2 *Utilities expense*

Utilities expense decreased by 3.3% from SAR 93.1 million in 9MFY18G to SAR 90.0 million in 9MFY19G, due to the installation of LED lighting system in 9MFY18G which resulted in energy and costs savings.

The decrease in utilities expense resulted mainly from Salaam Mall - Jeddah (-SAR 1.8 million), Salma Mall (-SAR 1.0 million) and Nakheel Mall - Riyadh (-SAR 954 thousand), partially offset by an increase in Mall of Dhahran (+SAR 3.8 million).

Accordingly, average utilities expense per available GLA decreased by 3.5% from SAR 115 per sqm in 9MFY18G to SAR 111 per sqm in 9MFY19G.

Utilities cost recovery ratio increased from 79.0% in 9MFY18G to 84.3% in 9MFY19G mainly due to a slight increase in rates charged to tenants between the two periods, as per rental contracts.

6.12.7.3 *Security expense*

Security expense decreased by 22.0% from SAR 57.6 million in 9MFY18G to SAR 44.9 million in 9MFY19G, mainly in connection with Al Yasmin Mall (-SAR 1.4 million), Salaam Mall - Jeddah (-SAR 1.3 million) and Nakheel Mall - Riyadh (-SAR 1.3 million) and Aziz Mall (-SAR 1.0 million), as a result of a decrease in the number of security guards (from 906 in 9MFY18G to 600 in 9MFY19G), as well as a reduction in the security

rates over the same period. The number of security guards in 9MFY18G was exceptionally higher due to the government regulations requiring an increase in the number of security guards across the malls.

Accordingly, average security expense per available GLA decreased by 22.5% from SAR 71 per sqm in 9MFY18G to SAR 55 per sqm in 9MFY19G.

6.12.7.4 *Cleaning expense*

Cleaning expense, which represented outsourced cleaning services, decreased by 21.3% from SAR 56.0 million in 9MFY18G to SAR 44.1 million in 9MFY19G, mainly in connection with Salaam Mall - Jeddah (-SAR 2.3 million), Al Yasmin Mall (-SAR 1.7 million), Nakheel Mall - Riyadh (-SAR 1.1 million) and Al Hamra Mall (-SAR 1.0 million).

The decrease in cleaning services is due to the revised contract with the service provider to reduce the number of employees (cleaners and supervisors) from 1,239 in 9MFY18G to 693 in 9MFY19G. However, the salaries of the cleaning employees remained stable and the sanitation service levels were maintained.

As a result, average cleaning expense per available GLA decreased by 21.7% from SAR 69 per sqm in 9MFY18G to SAR 54 per sqm in 9MFY19G.

6.12.7.5 *Repairs & maintenance expense*

Repairs and maintenance expense increased by 8.7% from SAR 29.7 million in 9MFY18G to SAR 32.3 million in 9MFY19G, mainly due to the maintenance of the fire-fighting system in line with Civil Defence requirements, and painting all the walls in the interior of some malls.

The increase in repairs and maintenance expense mainly related to Al Yasmin Mall (+SAR 700 thousand), Khurais Mall (+SAR 572 thousand) and Aziz Mall (+SAR 489 thousand).

As a result, average repairs and maintenance expense per available GLA increased by 8.1% from SAR 37 per sqm in 9MFY18G to SAR 40 per sqm in 9MFY19G.

6.12.7.6 *Staff costs*

Staff costs increased by 10.4% from SAR 20.7 million in 9MFY18G to SAR 22.8 million in 9MFY19G, despite the decrease in the number of headcount from 180 to 174 over the same period. The average monthly salary per staff increased by 14.2% from SAR 12,759 in 9MFY18G to SAR 14,575 in 9MFY19G in line with the decision to revise and adjust the employee salaries to account for higher cost of living.

6.12.8 Depreciation of investment properties

Table 6-60: Depreciation of investment properties for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Depreciation of investment properties	203,893	191,149	(6.3%)

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

Depreciation of investment properties decreased by 6.3% from SAR 203.9 million in 9MFY18G to SAR 191.1 million in 9MFY19G. The decrease was mainly related to (i) Aziz Mall (-SAR 10.0 million), as Management agreed on a new land lease contract for Aziz Mall, extending the lease maturity until the year 2046G, in addition to (ii) Jouri Mall (-SAR 2.2 million), due to the reclassification of its investment properties assets category to "building on leasehold land", which extended the assets' useful life (from 4 to 18 years). As such, the depreciation of Aziz Mall and Jouri Mall investment properties net book value will be depreciated over a longer-term, which led to an eventual decrease in depreciation expense of investment properties in 9MFY19G.

6.12.9 Advertisement and promotion expenses

Table 6-61: Advertisement and promotion expenses for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Advertisement	5,291	3,200	(39.5%)
Promotions	5,363	1,747	(67.4%)
Total	**10,654**	**4,947**	**(53.6%)**

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

Advertisement and promotion expenses decreased by 53.6% from SAR 10.7 million in 9MFY18G to SAR 4.9 million in 9MFY19G, mainly driven by a decrease in promotional expenses (-SAR 3.0 milion) and signage costs (-SAR 1.9 million) as a result of the Company's marketing plan to reduce the expenses for advertisement and promotional activities as part of the cost optimization strategy, and the fact that the Company had incurred higher expense in 9MFY18G as the Company had sponsored the Riyadh Shopping Festival during that period (SAR 1.2 million).

6.12.10 General and administration expenses

Table 6-62: General and administration expenses for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Employee' salaries and other benefits	68,222	45,733	(33.0%)
Government expenses	3,190	24,766	676.4%
Depreciation	21,224	24,479	15.3%
Communication and internet expense	10,212	9,210	(9.8%)
Professional fees	5,600	7,981	42.5%
Insurance expense	5,806	6,346	9.3%
Rent expense	2,879	3,106	7.9%
Maintenance	411	195	(52.6%)
Others	4,232	3,249	(23.2%)
Total	**121,775**	**125,064**	**2.7%**

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Headcount at period end	297	221	(25.6%)
Average monthly salary per employee	25,523	22,993	(9.9%)
As % of revenue			
Employees' salaries and other benefits	4.3%	2.8%	(1.5%)
Government expenses	0.2%	1.5%	1.3%
Depreciation of property and equipment	1.3%	1.5%	0.2%
Communication and internet expense	0.6%	0.6%	0.0%
Professional fees	0.3%	0.5%	0.2%
Total	**6.7%**	**6.9%**	**0.2%**

Source: Company information

6.12.10.1 *Employee costs*

Employee costs decreased by 33.0% from SAR 68.2 million in 9MFY18G to SAR 45.7 million in 9MFY19G in line with the decrease in the number of headcount from 297 in 9MFY18G to 221 in 9MFY19G mainly due to the Company's cost optimization plan and outsourcing of some functions to external providers.

6.12.10.2 *Government expense*

Government expense increased from SAR 3.2 million in 9MFY18G to SAR 24.8 million in 9MFY19G due to an increase in penalties of SAR 22.4 million on the back of late VAT payments over the 9MFY19G period.

6.12.10.3 *Depreciation*

Depreciation charges for property and equipment increased by 15.3% from SAR 21.2 million in 9MFY18G to SAR 24.5 million in 9MFY19G, in line with the increase in property and equipment over the same period, mainly relating to tools and equipment (+SAR 3.9 million) and furniture and fixtures (+SAR 3.9 million).

6.12.10.4 *Communication expense*

Communication expense decreased by 9.8% from SAR 10.2 million in 9MFY18G to SAR 9.2 million in 9MFY19G and mainly related to the implementation of the Yardi system.

6.12.10.5 *Professional fees*

Professional fees increased by 42.5% from SAR 5.6 million in 9MFY18G to SAR 8.0 million in 9MFY19G as a result of an increase in legal advisory services in 9MFY19G by SAR 2.0 million.

6.12.10.6 *Insurance expense*

Insurance expense increased by 9.3% from SAR 5.8 million in 9MFY18G to SAR 6.3 million in 9MFY19G, primarily due to a discount of 7.5% in insurance premium the Company had received in 9MFY18G which was not repeated in 9MFY19G.

6.12.10.7 *Lease rent expense*

Lease rent expense amounted to SAR 2.9 million in 9MFY18G and SAR 3.1 million in 9MFY19G, in relation to the leased offices in Riyadh with an annual lease contract value of SAR 3.5 million. The lower lease rent expense in 9MFY18G was due to an exceptional cash discount of SAR 200 thousand for the early settlement of payment.

6.12.10.8 *Other expenses*

Table 6-63: Other expenses for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Transportation and travel expenses	2,376	1,517	(36.2%)
Office stationery	674	333	(50.6%)
Telephone expenses	-	234	na
Cleaning services	370	217	(41.4%)
Security Service	129	155	20.2%
Other	683	793	16.1%
Total	**4,232**	**3,249**	**(23.2%)**

Source: Company information

6.12.11 Profit for the period

Table 6-64: Profit for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited	YoY 9MFY18G-9MFY19G
Operating profit (before other income and other expenses)	775,173	840,060	8.4%
Share of profit of equity accounted investee	9,651	8,117	(15.9%)
Finance costs	(222,481)	(361,806)	62.6%
Other income	19,851	6,843	(65.5%)
Other expenses	(9,467)	(6,337)	(33.1%)
Profit before Zakat	572,727	486,875	(15.0%)
Zakat	(25,442)	61,788	(342.9%)
Profit for the period	547,285	548,663	0.3%
Profit for the period attributable to:			
Owners of the Company	537,619	538,400	0.1%
Non-controlling interests	9,666	10,263	6.2%
Profit for the period	547,285	548,663	0.3%

Source: Financial information in the table above for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA

As a % of revenue	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
KPIs			
Operating profit	49.1%	51.9%	2.8%
Profit for the period	34.2%	33.9%	(0.3%)

Source: Company information

Share in net income of an associate related to the recognition of an investment in a real estate company that consisted of a 25% investment in Aswaq Al Mustaqbal for Trading Company, the ultimate owner of Panorama Mall. The share in net income of an associate amounted to SAR 9.7 million and SAR 8.1 million in 9MFY18G and 9MFY19G, respectively, in line with the investee's net income and dividend distribution based on the equity method of accounting for investments (between 20% and 50% of ownership).

Financial charges increased by 62.6% from SAR 222.5 million in 9MFY18G to SAR 361.8 million in 9MFY19G, mainly as a result of (i) the increase in financial charges in connection with long-term Murabaha facilities by 8.4% (from SAR 204.8 million in 9MFY18G to SAR 222.0 million in 9MFY19G), representing the new SAR 7.2 billion syndicated Islamic financing facility obtained by ACC to refinance all of the Company's previously outstanding financing facilities, and (ii) the exceptional write-off of unamortised transaction cost of SAR 125.2 million in 9MFY19G, representing the arrangement fees of the old financing facilities that were amortised since the old loans' disbursement date. This was partially offset by the decrease in the amortisation of transaction costs by 17.3% from SAR 17.7 million in 9MFY18G (which related to the arrangement fees of the 3 previous loan facilities) to SAR 14.6 million in 9MFY19G (which mainly related to the arrangement fees of the new financing facility) (refer to section 6.13.4.1 - long term loans).

Other income amounted to SAR 19.9 million in 9MFY18G and it mainly comprised of (i) a reversal of a liability of SAR 14.1 million representing untraceable collections (unearned revenue) that were not reconciled to related tenants, coupled with (ii) dividend income from available for sale investments (SAR 5.7 million), netted off against (iii) impairment loss on advances to suppliers (SAR 7.8 million). Other income in 9MFY19G amounted to SAR 6.8 million and mainly comprised dividend income from available for sale investments (SAR 5.7 million) in connection with Al Makarem Investment Co. (SAR 3.8 million) and Al Bawarij Investment Co. (SAR 1.9 million).

Other expenses amounted to SAR 9.5 million in 9MFY18G and it mainly comprised of impairment of advance to suppliers of SAR 7.8 million, Other expenses amounted to SAR 6.3 million in 9MFY19G and it comprised mainly of impairment of advance to suppliers of SAR 6.1 million that have been outstanding for more than two years.

In 9MFY18G, Zakat provisions (-SAR 25.4 million) were previously computed and recorded based on the Company's individual Zakat base. However in 9MFY19G, a final Zakat assessment was issued by GAZT for the combined Zakat returns for Saudi FAS Holding Company and its owned subsidiaries. This resulted in a positive exceptional adjustment (+SAR 75.1 million) for ACC relating to the previous years from 2007G to 2016G, as the final assessment allocated to ACC amounted to SAR 8.8 million (out of the SAR 56.5 million for the Saudi FAS Group), whereas ACC carried a Zakat provision of SAR 83.9 million.

Non-controlling interest of SAR 9.7 million in 9MFY18G and SAR 10.3 million in 9MFY19G mainly related to Abdul Mohsin Al Hokair Group for Tourism and Development share (50% ownership) in the net income of Al Qasseem Company for Entertainment and Commercial Projects (i.e. Nakheel Plaza).

6.12.12 Recurring net income

Table 6-65: Recurring net income as at 31 December 2017G and 31 December 2018G

SAR in 000s	9MFY18G	9MFY19G	YoY 9MFY18G-9MFY19G
Net income attributable to owners of the Company*	537,619	538,400	0.1%
Adjustments to revenue	(15,653)	(9,671)	(38.2%)
Exceptional expenses	6,130	161,495	2,534.5%
Exceptional impairment of advances to suppliers	9,467	6,069	(35.9%)
Exceptional waived-off liabilities	(14,067)	-	na
Exceptional Zakat payment	-	(75,142)	na
Depreciation of investment properties	(2,527)	2,527	(200.0%)
Drop in rates of cleaning services	11,912	-	na
Drop in rates of security services	12,659	-	na
Drop in staff costs	3,818	-	na
Recurring net income	**549,358**	**623,678**	**13.5%**

Source: Company information

**In the above table, only net income for 9MFY18G and 9MFY19G has been extracted from the Company's consolidated interim financial statements prepared in accordance with IFRS-KSA*

The recurring net income above included adjustments to the exceptional revenues and expenses on the net income during this period. The adjustments included (i) adjustments to revenues mainly in connection with exceptional revenues and revenues from discontinued projects, (ii) adjustments related to exceptional expenses (rent expense, professional fees, marketing expenses, and exceptional finance charges), (iii) exceptional losses due to the exceptional impairment of advances to suppliers and exceptional waived-off liabilities, (iv) positive exceptional adjustment on zakat due to a new assessment that was completed and approved by GAZT, in addition to (v) adjustments due to permanent changes as opposed to prior periods in cleaning services, security services, and staff costs.

6.13 Statement of financial position data as at 31 March 2018G and 31 December 2018G

Table 6-66: Statement of financial position data as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited	Variance 31 March 2018G – 31 December 2018G
Assets			
Current Assets			
Cash and cash equivalent	80,351	153,227	90.7%
Accounts receivable	246,733	311,861	26.4%
Amounts due from related parties – current portion	238,579	362,159	51.8%
Advances to a contractor, related party*	274,508	610,179	122.3%
Prepayments and other current assets	119,092	118,007	(0.9%)
Accrued revenue (rental)	32,985	30,834	(6.5%)
Total current assets	**992,248**	**1,586,267**	**59.9%**
Non-current assets			
Advances to a contractor, related party – non-current portion	80,692	64,793	(19.7%)
Amounts due from related parties	200,323	200,323	0.0%
Prepaid rent – non-current portion*	48,518	-	Na
Accrued revenue (rental) – non-current portion	65,969	61,668	(6.5%)
Investment in equity-accounted investee	39,669	38,786	(2.2%)
Other investments	128,476	108,709	(15.4%)
Investment properties	10,781,870	10,776,045	(0.1%)
Property and equipment	136,828	120,371	(12.0%)
Total non-current assets	**11,482,344**	**11,370,695**	**(1.0%)**
Total assets	**12,474,592**	**12,956,962**	**3.9%**
Liabilities and Equity			
Current liabilities			
Accounts payable	276,725	194,909	(29.6%)
Current portion of long term loans	433,000	488,173	12.7%
Amounts due to related parties	221,620	19,716	(91.1%)
Unearned revenue	277,252	359,265	29.6%
Accrued lease rentals	11,301	13,467	19.2%

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited	Variance 31 March 2018G – 31 December 2018G
Accruals and other current liabilities *	162,540	335,414	106.4%
Zakat payable	146,560	75,947	(48.2%)
Total current liabilities	**1,528,998**	**1,486,890**	**(2.8%)**
Non-current liabilities			
Long term loans	5,395,029	6,062,592	12.4%
Other non-current liabilities*	54,914	40,583	(26.1%)
Accrued lease rentals – non-current portion*	560,360	506,030	(9.7%)
Employees' end of service benefits	30,338	26,999	(11.0%)
Total non-current liabilities	**6,040,642**	**6,636,205**	**9.9%**
Total liabilities	**7,569,640**	**8,123,095**	**7.3%**
Equity			
Share capital	4,450,000	4,450,000	0.0%
Statutory reserve	370,739	370,739	0.0%
Retained earnings	77,572	11,002	(85.8%)
Other reserves	2,759	(13,727)	(597.5%)
Equity attributable to the owners of the Company	**4,901,071**	**4,818,014**	**(1.7%)**
Non-controlling interest	3,882	15,854	308.4%
Total equity	**4,904,953**	**4,833,867**	**(1.4%)**
Total liabilities and equity	**12,474,592**	**12,956,962**	**3.9%**

Source: Consolidated interim financial statements for 9MFY19G

- **Refer to table 6-66-1 for the reclassifications made for the 31 March 2018G balances for consistency with the balance sheet at 31 December 2018G*

In this Prospectus, in line with the classifications basis at 31 December 2018G (9MFY19G), certain amounts were reclassified at 31 March 2018G. The following table shows a reconciliation of the reclassified figures presented in this Prospectus with the reported figures in the Company's FY18G (IFRS-KSA) Financial Statements:

Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G

SAR in 000s	31 March 2018G (reported)*	Reclassifications	At 31 March 2018G (reclassified)**
Assets			
Current assets			
Cash and bank balances [1]	80,351		80,351
Accounts receivable	246,733		246,733
Amounts due from related parties	238,579		238,579
Advances to a contractor, related party	274,508		274,508
Prepayments and other current assets	53,901	65,191	119,092
Accrued revenue [2]	32,985		32,985
Total current assets	**927,057**	**65,191**	**992,248**
Non-current assets			
Advances to a contractor, related party – non-current portion	80,692		80,692
Amounts due from related parties	200,323		200,323
Prepaid rent [3]	175,999	(127,481)	48,518
Accrued revenue – non-current portion [4]	65,969		65,969
Investment in an associate [5]	39,669		39,669
Available for sale investments [6]	128,476		128,476
Investment properties	10,781,870		10,781,870
Property and equipment	136,828		136,828
Total non-current assets	**11,609,826**	**(127,481)**	**11,482,344**
Total assets	**12,536,883**	**(62,290)**	**12,474,592**
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	433,000		433,000
Accounts payable	276,725		276,725
Amounts due to related parties	221,620		221,620
Unearned revenue	277,252		277,252
Accrued lease rentals	11,301		11,301
Accruals and other current liabilities	215,416	(52,876)	162,540
Zakat payable	146,560		146,560

SAR in 000s	31 March 2018G (reported)*	Reclassifications	At 31 March 2018G (reclassified)**
Total current liabilities	**1,581,874**	**(52,876)**	**1,528,998**
Non-current liabilities			
Long-term loans	5,395,029		5,395,029
Accrued lease rentals – non-current portion	624,689	(64,329)	560,360
Employees' end-of-service benefits	30,338		30,338
Other non-current liabilities	-	54,914	54,914
Total non-current liabilities	**6,050,056**	**(9,414)**	**6,040,642**
Total liabilities	**7,631,930**	**(62,290)**	**7,569,640**
Equity			
Share capital	4,450,000		4,450,000
Statutory reserve	370,739		370,739
Other reserves	2,759		2,759
Retained earnings (Accumulated losses)	77,572		77,572
Equity attributable to the Shareholders of the Parent Company	**4,901,071**		**4,901,071**
Non-controlling interests	3,882		3,882
Total equity	**4,904,953**		**4,904,953**
Total liabilities and equity	**12,536,883**	**(62,290)**	**12,474,592**

**Consolidated financial statements for the year ended 31 March 2018G prepared under IFRS-KSA*

***Consolidated interim financial statements for the 9MFY19G*

1- designated as "cash and cash equivalent" in the consolidated interim financial statements for the 9MFY19G

2- designated as "Accrued revenue (rental)" in the consolidated interim financial statements for the 9MFY19G

3- designated as "Prepaid rent - non-current portion" in the consolidated interim financial statements for the 9MFY19G

4- designated as "Accrued revenue (rental) - non-current portion" in the consolidated interim financial statements for the 9MFY19G

5 – designated as "Investment in equity accounted associate" in the consolidated interim financial statements for the 9MFY19G

6 – designated as "Other investments" in the consolidated interim financial statements for the 9MFY19G

6.13.1 Current assets

Table 6-67: Current assets as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited
Cash and cash equivalent	80,351	153,227
Accounts receivable	246,733	311,861
Amounts due from related parties – current	238,579	362,159
Advances to a contractor, related party – current	274,508	610,179
Prepayments and other current assets	119,092	118,007
Accrued revenue (rental) – current	32,985	30,834
Total current assets	**992,248**	**1,586,267**

Source: Consolidated interim financial statements for 9MFY19G

** For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".*

6.13.1.1 *Cash and cash equivalent*

Table 6-68: Cash and cash equivalent as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Cash at banks	79,509	152,320
Cash in hand	842	907
Total	**80,351**	**153,227**

Source: Consolidated interim financial statements for 9MFY19G

Cash and cash equivalents increased from SAR 80.4 million as at 31 March 2018G to SAR 153.2 million as at 31 December 2018G due to an increase in cash generated from financing activities, from a deficit of SAR 558.6 million in 9MFY18G to a surplus of SAR 413.0 million in 9MFY19G. This increase was mainly due to the utilisation of the new SAR 7.2 billion syndicated Islamic financing facility obtained by the Company in the first quarter of FY19G replacing the three old facilities of SAR 5.8 billion that were outstanding as at 31 March 2018G. As at 31 December 2018G, ACC had restricted cash balances at banks of SAR 67.9 million, in line with the requirement of the new syndicated Islamic financing facility.

6.13.1.2 *Accounts receivable*

Table 6-69: Accounts receivable as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Up to 90 days	112,142	99,864
91 – 180 days	68,136	78,072
181 – 270 days	48,345	79,260
271 – 360 days	41,137	35,485
Greater than 360 days	115,590	173,402
Gross receivables	**385,350**	**466,082**
Impairment loss for receivables	(138,617)	(154,221)
Net receivables	**246,733**	**311,861**

Source: Company information

Accounts receivable balance (excluding related party tenant receivables) accounted for only 11.4% and 14.4% of total revenue for the year/period ended 31 March 2018G and 31 December 2018G (on an annualized basis), respectively. Net receivables increased from SAR 246.7 million as at 31 March 2018G to SAR 311.9 million as at 31 December 2018G, mainly due to delays in collections from tenants over the period evidenced by the increase in receivables outstanding for more than 360 days from SAR 115.6 million at 31 March 2018G to SAR 173.4 million at 31 December 2018G (given that the provision for doubtful debts relating to the amount of SAR 173.4 million amounted to SR 115.0 million as at 31 December 2018G).

Table 6-70: Impairment loss for receivables as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
At the beginning of the period	48,416	138,617
Impact of adoption IFRS 9	-	(36,762)
Provision for the year/period	94,814	53,202
Write-off	(4,614)	(837)
At the end of the period	138,617	154,221

Source: Consolidated interim financial statements for 9MFY19G

Impairment loss for receivables amounted to SAR 154.2 million as at 31 December 2018G, and was based on an expected loss model (ECL), as required by IFRS9 and as endorsed in the Kingdom and other standards and pronouncements that are issued by SOCPA. As such, provision coverage ratio dropped from 36.0% at 31 March 2018G to 33.1% at 31 December 2018G.

The impact of adoption of IFRS9 of SAR 36.8 million at 1 April 2018G, was automatically recorded under retained earnings, in line with IFRS 9 and local regulations guidelines to exceptionally pass through IFRS 9 related provision adjustments under retained earnings in the first year of adoption.

Amounts due from related parties

Table 6-71: Amounts due from related parties as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Rental receivables*	87,694	186,001
FAS Holding Company for Hotels	150,000	150,000
Tadaris Al Najd Security Company	-	15,721
FAS Technologist Trading Co	-	8,031
Echo Design Consultant	885	2,406
Total current	**238,579**	**362,159**
FAS Holding Company for Hotel - Non current	200,323	200,323
Total	**438,902**	**562,482**

** Rental receivables from related party tenants, comprise of Food and entertainment trading Company Limited, Abdulmohsin Al Hokair Group for Tourism and Development, Billy Games Company Limited, Nesk Trading Company Limited, Food Gate Co., Kids Space Company Limited, Coffee Center Company Limited, Next Generation Co., Skill Innovative Games Co., FAS for Trading*

Source: Consolidated interim financial statements for 9MFY19G, Company information

The current portion of amounts due from related parties amounted to SAR 362.2 million as at 31 December 2018G (SAR 238.6 million as at 31 March 2018G) and mainly constituted (i) receivables from related party

tenants in the normal course of business (rental revenue) (SAR 186.0 million), (ii) a receivable from FAS Holding Company for Hotels (SAR 150.0 million) relating to the sale of a piece of land in Riyadh in FY16G, (iii) receivables from Tadaris Al Najd Security Company (SAR 15.7 million), and consisted of advance payment of SAR 12.7 million for security services, (iv) a receivable from FAS Technologist Trading Co (SAR 8.0 million) in connection with advance payments for market research studies in e-commerce, and (v) a receivable from Echo Design Consultant (SAR 2.4 million) in connection with advance payments for design works for malls under development.

Rental receivables related mainly to amounts due from related party tenants. Rental receivables increased from SAR 87.7 million at 31 March 2018G to SAR 186.0 million as at 31 December 2018G, mainly due to new billings issued over the nine month period ended 31 December 2018G, coupled with slower collections carried over from 31 March 2018G.

Current and non-current receivables from FAS Holding Company for Hotels remained stable at SAR 150.0 million and SAR 200.3 million at 31 March 2018G and 31 December 2018G, respectively, and related to a land in Riyadh that was sold to FAS Holding Company for Hotels in FY16G. As per the sales contract, SAR 150.0 million of the balance should have been settled in FY18G, while the remaining SAR 200.3 million should be fully collected in FY19G. The payment schedule for a piece of land in Riyadh was extended in FY18G to March 2019G (SAR 150.0 million) and March 2020G (SAR 200.3 million).

The non-current portion of the amounts due from related parties were SAR 200.3 million as at 31 March 2018G and 31 December 2018G and related to the non-current portion of the receivable from the sale of land in Riyadh to FAS Holding Company for Hotels.

Advances to a contractor, related party

Table 6-72: Advances to a contractor, related party as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Advances to a contractor, related party - current	274,508	610,179
Advances to a contractor, related party – non-current	80,692	64,793
Total	**355,200**	**674,972**

Source: Consolidated interim financial statements for 9MFY19G

The total value of contracts with Fawaz Abdulaziz Al Hokair & Real Estate Company amounted to SAR 3.4 billion as at 31 December 2018G.

Advances to a contractor, related party – current increased from SAR 274.5 million as at 31 March 2018G to SAR 610.2 million as at 31 December 2018G due to payments made in relation to the construction of Khaleej Mall, University Boulevard and Nakheel Dammam Mall over the nine month period ended 31 December 2018G and additional design costs for Mall of Arabia (Riyadh), Jawharat Jeddah, Zahra Mall, and Najd Mall.

Advances to a contractor, related party – non-current decreased from SAR 80.7 million in as at 31 March 2018G to SAR 64.8 million as at 31 December 2018G due to the transfer of the advances from non-current to current advances.

Prepayments and other current assets

Table 6-73: Prepayments and other current assets as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Prepaid rent - current	67,383	75,131
Advances to suppliers	34,374	27,978
Prepaid expenses	8,205	9,468
Employees' receivables	3,230	4,929
Margin money deposits	5,900	500
Total	**119,092**	**118,007**

Source: Consolidated interim financial statements for 9MFY19G

Prepayments and other current assets amounted to SAR 118.0 million as at 31 December 2018G and comprised of prepaid rent – current (SAR 75.1 million), advances to suppliers (SAR 28.0 million), prepaid expenses (SAR 9.5 million), employees' receivables (SAR 4.9 million), and a letter of guarantee (SAR 500 thousand).

The current portion of prepaid rent balance amounted to SAR 75.1 million at 31 December 2018G and related mainly to Zahra Mall project (SAR 27.6 million), for 7 months of rent paid in advance, in addition to University Boulevard project (SAR 15.9 million), for 7 months of rent and Jouri Mall (SAR 10.2 million), for 8 months of rent.

Advances to suppliers amounted to SAR 28.0 million at 31 December 2018G and mainly related to advances in connection with leasehold improvement works, equipment purchases (including but not limited to power generators, footfalls machines, and security cameras) and general shopping malls development.

Prepaid expenses increased from SAR 8.2 million as at 31 March 2018G to SAR 9.5 million as at 31 December 2018G mainly resulting from (i) the increase in prepayments in connection with electrical consumables (+SAR 2.5 million), for the purchase of a new LED lamps, and (ii) an increase in prepayments for implementations and system subscription (+SAR 235 thousands), which were partially offset by a decrease a decrease in prepaid expenses (- SAR 865 thousands) in prepaid insurance.

Employees' receivables amounted to SAR 4.9 million as at 31 December 2018G, as compared to SAR 3.2 million as at 31 March 2018G and were related to advances to employees, set to be repaid over the course of a predefined period in accordance with the Company's internal policy.

Letter of guarantee decreased from SAR 5.9 million as at 31 March 2018G to SAR 500 thousand as at 31 December 2018G due to the cancelation of a letter of guarantee with Bank Al Bilad for Khurais Mall land owners.

6.13.1.3 *Accrued revenue*

Table 6-74: Accrued revenue as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Accrued revenue - current	32,985	30,834
Accrued revenue - non-current	65,969	61,668
Total	**98,954**	**92,502**

Source: Consolidated interim financial statements for 9MFY19G

Accrued revenue represents the effect of straight-line amortization of rental revenue in line with IFRS-KSA guidelines. As such, Management has accounted for the effect of annual lease increments and grace periods granted to tenants under accrued revenue to flow through a straight-line rental revenue in line with IFRS-KSA guidelines.

Accrued revenue decreased from SAR 99.0 million at 31 March 2018G to SAR 92.5 million at 31 December 2018G, mainly driven by the amortisation of rental contracts across malls, mainly from Mall of Arabia (SAR 2.3 million), Nakheel Mall (SAR 1.6 million), Mall of Dhahran (SAR 1.3 million), partially offset by an increase in Hamra Mall (SAR 2.0 million) and Yasmin Mall (SAR 0.9 million) as a result of new/renewed contracts over the period.

6.13.2 Non-current assets

Table 6-75: Non-current assets at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited
Advances to a contractor-related party - non current portion**	80,692	64,793
Amounts due from related parties***	200,323	200,323
Prepaid rent - non-current portion	48,518	-
Accrued revenue (rental) - non-current portion****	65,969	61,668
Investment in equity-accounted investee	39,669	38,786
Other investments	128,476	108,709
Investment properties	10,781,870	10,776,045
Property and equipment	136,828	120,372
Total non-current assets	**11,482,344**	**11,370,695**

Source: Consolidated interim financial statements for 9MFY19G

**For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".*

*** This has been analyzed in Section **6.13.1 "Advances to a contractor, related party"***

**** This has been analyzed in Section **6.13.1 "Amounts due from related parties"***

***** This has been analyzed in Section **6.13.1 "Accrued revenue (rental)"***

Prepaid rent – non current

Table 6-76: Prepaid rent non-current portion as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Zahra Mall project	15,710	-
University Boulevard	9,133	-
Qalam Mall project	23,675	-
Total	**48,518**	**-**

Source: Company information

**For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".*

All land lease agreements (except for Khurais mall) require rents to be paid yearly in advance. The decrease in prepaid rent non-current portion (primarily relating to projects under development) from SAR 48.5 million as

at 31 March 2018G to nil as at 31 December 2018G was mainly due to the transfer of the prepaid rent portion of Qalam Mall project (SAR 23.7 million) to FAS Holding as the project was discontinued by Management (refer to section 6.13.2.4 "Investment properties"), and the amortization of rent contracts relating to Zahra Mall and University Boulevard.

6.13.2.4 *Investment in equity accounted investee*

The investment in equity accounted investee (Aswaq Al Mustaqbal) decreased by SAR 883 thousand from SAR 39.7 million as at 31 March 2018G to SAR 38.8 million as at 31 December 2018G, driven by distribution of dividends from the investee over the period.

6.13.2.5 *Other investments*

Table 6-77: Available for sale investments as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Investment in real estate companies at FVOCI Unquoted	121,500	102,000
Investment in real estate funds at FVTPL Quoted	6,976	6,709
Total	**128,476**	**108,709**

Source: Consolidated interim financial statements for 9MFY19G

Investment in real estate companies at FVOCI Unquoted related to the investment made in Amlak International for Real Estate Finance Company (8.5% ownership by the Company). Investment in real estate funds at FVTPL Quoted related to the investment made in Digital City Fund (0.25% ownership by the Company).

Other investments decreased from SAR 128.5 million at 31 March 2018G to SAR 108.7 million at 31 December 2018G due to a decrease in the market value of the investment in Amlak International for Real Estate Finance Company and Digital City Fund over the period, due to the initial adoption of IFRS 9 guidelines in 9MFY19G.

Investment properties

Table 6-78: Investment properties as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Land	4,771,814	4,771,814
Buildings	2,188,514	2,130,720
Buildings on leasehold land	1,865,571	1,760,356
Projects under construction	1,168,864	1,371,993
Capitalised rent free period	578,126	585,651
Initial direct cost	208,981	155,512
Total	**10,781,870**	**10,776,045**

Source: Company information

Investment properties amounted to SAR 10,776.0 million as at 31 December 2018G, mainly comprising of lands (SAR 4,771.8 million), buildings (SAR 2,130.7 million), buildings on leasehold land (SAR 1,760.4 million) and projects under construction (SAR 1,372.0 million).

Land holdings amounting to SAR 4,771.8 million as at 31 December 2018G consisted of 14 plots of land across the Kingdom as follows:

- 8 plots of lands on which existing malls are built with a total net book value of SAR 1,022.0 million; and
- 6 plots of lands for malls currently under construction or earmarked for development in the future with a total net book value of SAR 3,749.8 million.

The net book value of buildings decreased from SAR 2,188.5 million as at 31 March 2018G to SAR 2,130.7 million as at 31 December 2018G. As at 31 December 2018G, the Company's buildings with the largest net book value included Mall of Arabia - Jeddah (SAR 848.1 million), Hamra Mall (SAR 387.0 million), Noor Mall (SAR 233.6 million), Makkah Mall (SAR 184.3 million), Ahsa Mall (SAR 164.3 million) and Jubail Mall (SAR 148.0 million).

Buildings on leasehold land decreased from SAR 1,865.6 million as at 31 March 2018G to SAR 1,760.4 million as at 31 December 2018G, mainly driven by the depreciation over the period. Building on leasehold land with the largest net book value included Yasmin Mall (SAR 378.0 million), Nakheel Mall - Riyadh (SAR 366.9 million), Mall of Dhahran (SAR 305.5 million) and Jouri Mall (SAR 300.3 million).

Projects under construction increased from SAR 1,168.9 million at 31 March 2018G to SAR 1,372.0 million at 31 December 2018G due to additional construction works in connection with Nakheel Mall Dammam (+SAR 98.3 million), University Boulevard (+SAR 105.2 million), Khaleej Mall (+SAR 49.9 million), partly offset by the transfer of Qalam Mall project (-SAR 32.0 million) to Saudi FAS Holding Company following Management's decision to not proceed with the project.

Capitalised rent free period increased from SAR 578.1 million at 31 March 2018G to SAR 585.7 million at 31 December 2018G, mainly due the increase in capitalised rent-free period of future projects, such as Zahra land (+SAR 42.0 million) and Najd Mall (+SAR 23.9 million) and projects under construction such as University Boulevard (+SAR 27.3 million). This was partly offset by the transfer of Qalam Mall project to Saudi FAS Holding Company (-SAR 90.5 million).

Initial direct cost for operating leases represent brokerage fees and commissions paid to third party intermediaries between the lessor and the lessee. Commission rates are determined during negotiations that take place between the broker and the Company and averaged around 2.5% of total contract value. Initial direct cost decreased from SAR 209.0 million at 31 March 2018G to SAR 155.5 million at 31 December 2018G following the transfer of Qalam Mall to Saudi FAS Holding Company (-SAR 51.9 million).

Planned total capex for new malls that will become operational in FY20G is SAR 0.45 billion, which will be incurred in FY20G. In addition, planned total capex for the medium term developments is expected to be around SAR 3.0 billion to be spent from FY20G onwards (over and above amounts already spent in relation to these projects by the Company).

Property and equipment

Table 6-79: Property and equipment as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Tools and equipment	72,016	63,839
Furniture and fixtures	40,466	37,804
Leasehold improvements	24,160	18,608
Vehicles	185	121
Total	**136,828**	**120,372**

Source: Consolidated interim financial statements for 9MFY19G

Property and equipment amounted to SAR 120.4 million at 31 December 2018G and comprised tools and equipment (SAR 63.8 million), furniture and fixtures (SAR 37.8 million), leasehold improvements (SAR 18.6 million) and vehicles (SAR 120 thousand).

Net book value of tools and equipment decreased from SAR 72.0 million at 31 March 2018G to SAR 63.8 million as at 31 December 2018G due to the depreciation of tools and equipment (SAR 12.1 million), partially offset by the additions of SAR 3.9 million.

Net book value of furniture and fixtures decreased from SAR 40.5 million at 31 March 2018G to SAR 37.8 million at 31 December 2018G driven by depreciation (SAR 6.6 million), partially offset by additions of SAR 3.9 million, mainly in connection with the newly leased head office.

Net book value of leasehold improvements decreased from SAR 24.2 million at 31 March 2018G to SAR 18.6 million at 31 December 2018G due to depreciation over the period (SAR 5.6 million).

6.13.3 Current liabilities excluding current portion of loans

Table 6-80: Current liabilities excluding current portion of loans as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited
Unearned revenue	277,252	359,265
Accruals and other liabilities	162,540	335,414
Accounts payable	276,725	194,909
Zakat payable	146,560	75,947
Amounts due to related parties	221,620	19,716
Accrued lease rentals	11,301	13,467
Total	**1,095,998**	**998,718**

Source: Consolidated interim financial statements for 9MFY19G

**For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".*

Accounts payable

Table 6-81: Accounts payable as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Maintenance	79,324	62,401
Power supplier	41,641	52,934
Land lease	118,619	43,771
Cleaning & utility	28,486	25,529
Professional fees	5,153	7,828
Others	3,502	2,446
Total	**276,725**	**194,909**

Source: Company information

Accounts payable amounted to SAR 194.9 million at 31 December 2018G, comprising payables to maintenance suppliers of SAR 62.4 million, payables to power suppliers of SAR 52.9 million, land lease payables of SAR 43.8 million, payables to cleaning suppliers of SAR 25.5 million, payable to professional services providers of SAR 7.8 million, and other payables of SAR 2.4 million.

Payables to maintenance suppliers amounted to SAR 62.4 million at 31 December 2018G and were mostly related to ongoing construction and maintenance work across malls, including building maintenance, HVAC systems, and elevators, amongst other required maintenance services for day to day operations. Payable to maintenance suppliers decreased from SAR 79.3 million at 31 March 2018G to SAR 62.4 million at 31 December 2018G following the settlement of certain balances over the period as the Company has reached a settlement agreement in the third quarter of FY19G with the maintenance suppliers to pay monthly an amount of SAR 10 million.

Accounts payable to power suppliers increased from SAR 41.6 million at 31 March 2018G to SAR 52.9 million as at 31 December 2018G in connection with Mall of Arabia, Mall of Dhahran, Salam Mall-Jeddah, among others and were mainly related to a third party provider of power generators for the malls, and Saudi Electricity Company.

Land lease payables decreased from SAR 118.6 million at 31 March 2018G to SAR 43.8 million at 31 December 2018G, mainly due to payments for Haifa Mall (SAR 27.7 million), Mall of Dhahran (SAR 23.7 million), Jouri Mall (SAR 23.1 million), and Khurais Mall (SAR 5.4 million). Land lease payables at 31 December 2018G mainly related to Khurais Mall (SAR 10.8 million), Mall of Arabia – Jeddah extension (SAR 9.9 million), Salma Hail (SAR 3.5 million), and Aziz Mall (SAR 6.5 million).

Accounts payable to cleaning suppliers decreased from SAR 28.5 million as at 31 March 2018G to SAR 25.5 million as at 31 December 2018G following the settlement of certain balances over the period.

Professional fees payables related to third party service providers for legal, consulting, audit, market studies and other professional services. Professional fees payables amounted to SAR 7.8 million at 31 December 2018G and were mainly in connection with amounts due to a strategy consulting company for advisory services.

Other payable balances amounted to SAR 2.4 million as at 31 December 2018G related to accrued employees expenses such as per diem, hotels, insurance expense among others.

Amounts due to related parties

Table 6-82: Amounts due to related parties, as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Etqan Facilities Management	1,249	13,094
Saudi FAS Holding Company	15,627	6,621
Fawaz Abdulaziz Al Hokair & Co	200,288	-
Tadaris Najd Security Company	4,456	-
Total	**221,620**	**19,716**

Source: Consolidated interim financial statements for 9MFY19G

Due to related parties amounted to SAR 19.7 million as at 31 December 2018G and consisted of advances made to Etqan Facilities Management for various cleaning services (SAR 13.1 million) and due to Saudi FAS Holding Company (SAR 6.6 million).

Amounts due to related parties decreased from SAR 221.6 million at 31 March 2018G to SAR 19.7 million at 31 December 2018G due to the change in rental payments policy for payments received in advance (from 6 months in advance to 3 months in advance) from internal tenants as amounts due to Fawaz Abdulaziz Al Hokair & Co. decreased from SAR 200.3 million at 31 March 2018G to nil at 31 December 2018G.

Table 6-83: Saudi FAS Holding movement (31 March 2018G to 31 December 2018G)

SAR in 000s	31 March 2018G – 31 December 2018G
Due to Saudi FAS Holding as at 31 March 2018G	(15,627)
Advances on dividends	494,332
Investments properties transferred	83,867
Rental revenue	11,758
Prepaid rent transferred to Saudi FAS Holding (relating to Qalam Mall)	23,375
Due from related parties settled through Saudi FAS Holding	20,500
Professional fees	22,575
Dividend	(640,000)
Transfer of Zakat Payable to Ultimate parent company	(8,825)
Others	1,423
Due to Saudi FAS Holding as at 31 December 2018G	**(6,621)**

Source: Company information

The balances with Saudi FAS Holding Company decreased from SAR 15.6 million at 31 March 2018G to SAR 6.6 million at 31 December 2018G. The Company declared dividends of SAR 640.0 million in 9MFY19G, which were reflected under the Saudi FAS Holding Company account on behalf of the ACC shareholders. These dividends were settled mainly through (i) the transfer of investment properties amounting to SAR 83.9 million, (ii) advances on dividends of SAR 494.3 million, and (iii) payments made by ACC on behalf of Saudi FAS Holding amounting to SAR 22.6 million to settle due for various professional fees for Saudi FAS Holding.

Unearned revenue

Unearned revenue amounted to SAR 359.3 million at 31 December 2018G and was mainly related to (i) rent and utilities collected in advance from non-related party tenants across existing malls, (ii) payments made in advance for future media and marketing services, and (iii) advance payments made to install footfall counters in the stores.

Unearned revenue increased from SAR 277.3 million as at 31 March 2018G to SAR 359.3 million as at 31 December 2018G, due to advances received from external tenants in 9MFY19G (as the Company usually receives advance rent payments on a semi-annual basis).

Accrued lease rentals

Table 6-85: Accrued lease rentals as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Accrued lease rental - current	11,301	13,467
Accrued lease rental - non-current	560,360	506,030
Total accrued lease rentals	**571,661**	**519,497**

Source: Consolidated interim financial statements for 9MFY19G

IFRS standards stipulate that the amortisation of lease expenses should be done on a straight line basis as opposed to the lease expense recognition based on contract terms where lease increments and rent free periods were not straight lined. Moreover, during the rent free period of certain land leases, the Company was completing construction activities and had to capitalise accrued lease rental during the construction period.

The decrease in accrued lease rentals from SAR 571.7 million at 31 March 2018G to SAR 519.5 million at 31 December 2018G mainly reflected the reversal (-SAR 90.5 million) related to Qalam Mall (against capitalised rent free period under investment properties) as the property was transferred to Saudi FAS Holding (refer to Section **6.13.2.4 "Investment properties"**) which was partially offset by the additions from recent contracts mainly in connection with University Boulevard (+SAR 15.8 million) and Aziz Mall (+SAR 14.8 million).

Accruals and other current liabilities

Table 6-86: Accruals and other current liabilities as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited*	31 December 2018G Audited
Output value added tax, net	45,584	93,276
Accrued finance charges	21,420	84,137
Accrued expenses	26,427	76,965
Tenant security deposits	47,991	66,894
Employees' accruals	21,118	14,143
Total	**162,540**	**335,414**

Source: Consolidated interim financial statements for 9MFY19G

**For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".*

Output value added tax, net (VAT) increased from SAR 45.6 million at 31 March 2018G to SAR 93.3 million at 31 December 2018G and represented i) payable balance for the 3 quarters (April 2018G – December 2018G), as there were delays in the timely settlement of VAT balances (due on a monthly basis), and (ii) penalties imposed by VAT authorities of SAR 24.0 million, due to the late payments of monthly VAT balances and represented 5% for every month of unpaid balance.

Accrued finance charges increased from SAR 21.4 million as at 31 March 2018G to SAR 84.1 million as at 31 December 2018G, mainly due to the accrued financing cost of the new SAR 7.2 billion syndicated facility (of which SAR 304.7 million were unutilised as at 31 December 2018G), that is payable semi-annually every October and April.

Accrued expenses increased significantly from SAR 26.4 million at 31 March 2018G to SAR 77.0 million at 31 December 2018G, mainly due to the increase in accrued rent by SAR 31.0 million, mostly for Najd Mall (+SAR 23.4 million) and Nakheel Extension (+SAR 7.0 million). In addition, there was an increase in accrued maintenance (+ SAR 7.6 million), accrued utilities (+SAR 7.5 million), and accrued security expenses (+SAR 4.5 million) over the same period.

Tenant security deposits which comprised balances received from external tenants, which generally amount to up to 10% of their annual lease contract posted as security/guarantee with ACC amounted to SAR 48.0 million at 31 March 2018G and SAR 66.9 million at 31 December 2018G. This increase was due to reclassifications from non-current portion relating to security deposits for contracts with remaining period of 12 months or less.

Employees' accruals decreased from SAR 21.1 million at 31 March 2018G to SAR 14.1 million at 31 December 2018G due to the termination of contracts of some employees.

Provision for Zakat

Table 6-87: Provision for Zakat as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Balance at the beginning of the year/period	117,354	146,560
Reversal of provision	-	(75,142)
Provision for the year/period	32,684	13,354
Paid during the year/period	(3,478)	-
Transferred to Ultimate Parent Company	-	(8,825)
Balance as at year/period end	**146,560**	**75,947**

Source: Consolidated interim financial statements for 9MFY19G

Provision for zakat decreased from SAR 146.6 million at 31 March 2018G to SAR 75.9 million at 31 December 2018G mainly due to the reversal of excess provisions of SAR 75.1 million. GAZT approved the final assessment for the years 2007G to 2016G, which resulted in an impact on ACC of SAR 8.8 million, whereas ACC had carried at 31 March 2018G a total provision of SAR 83.9 million. As such, the difference of SAR 75.1 million has been recognised in the income statements for the nine month period ended 31 December 2018G.

6.13.4 Non-current liabilities including current portion of long term loans

Table 6-88: Non-current liabilities including current portions of long term loans as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Current portion of long term loans	433,000	488,173
Long term loans	5,395,029	6,062,592
Accrued lease rentals - non-current	560,360	506,030
Other non-current liabilities*	54,914	40,583
Employees' end of service indemnities	30,338	26,999
Total	**6,473,641**	**7,124,377**

Source: Consolidated interim financial statements for 9MFY19G

For the reclassifications made for 31 March 2018G, refer to "Table 6-66-1: Statement of financial position data reclassifications as at 31 March 2018G".

**Other non-current liabilities – non-current relates to non-current tenant security deposits*

Accrued lease rentals – non-current decreased from SAR 560.4 million at 31 March 2018G to SAR 506.0 million at 31 December 2018G mainly driven by the transfer of Qalam Mall project as the property was transferred to Saudi FAS Holding.

Other non-current liabilities – non-current relates to tenant security deposits which comprised balances received from external tenants, which generally are to up to 10% of the annual lease contract posted as security/guarantee with ACC. Other non-current liabilities amounted to SAR 54.9 million at 31 March 2018G and SAR 40.6 million at 31 December 2018G. This decrease was due to reclassifications to current portion relating to security deposits for contracts with remaining period of 12 months or less.

Loans and borrowings

Table 6-89: Loans and borrowings as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Current portion of long term loans	433,000	488,173
Non-current portion of long term loans	5,395,029	6,062,592
Total	**5,828,029**	**6,550,765**

Source: Consolidated interim financial statements for 9MFY19G

Long term loans (including current portion of long-term loans) increased from SAR 5,828.0 million at 31 March 2018G to SAR 6,550.8 million at 31 December 2018G as the Company obtained a new syndicated Islamic financing facility of SAR 7.2 billion (total available balance) that was utilised in two tranches to settle the facilities outstanding at 31 March 2018G and to finance the projects that are currently under construction.

Table 6-90-1: Long term loans by center as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Oyoun Al Raed (Mall of Arabia – Riyadh)	1,169,000	-
Oyoun Bassateen (Jawharat Jeddah Mall)	900,000	-
Riyadh Centres Company (New RCCL loan)	3,886,000	-
ACC	-	6,628,101
Total gross loans	**5,955,000**	**6,628,101**
Less: Un-amortised transaction costs	(126,971)	(77,336)
Net loans and borrowings	**5,828,029**	**6,550,765**

Source: Company information

Table 6-90-2: Long term loans as at 31 December 2018G

SAR in 000s	Existing Loans as at 31 December 2018G		Amounts owing at 31 December 2018G										
	Existing Loan	Credit Line Value	2019G	2020G	2021G	2022G	2023G	2024G	2025G	2026G	2027G	2028G	2029G
Syndicated loan	6,550,765	7,205,000	(272,173)	(510,617)	(621,820)	(683,540)	(707,400)	(740,700)	(779,330)	(825,850)	(879,230)	(940,930)	(243,410)

Source: Company information

Table 6-90-3: Details of long term loans as at 31 December 2018G

Bank	Balance Due as at 31 December 2018G				
	Initial Amount (SAR in 000s)	Balance Due	Commission Rate	Purpose	Main Obligations
Syndicated loan	7,205,000	6,550,765	6 months SIBOR +2.5%x	• First Tranche: the overall withdrawn facility is SAR 5,955 million in accordance with the following: • Repayment of debt amounting to SAR 3,886 million and to set up shopping malls in the Kingdom. • Repayment of debt amounting to SAR 1,169 million provided to Oyoun Al Raed Trading Company. • Repayment of debt amounting to SAR 900 million provided to Oyoun Al Basateen Trading Company. • Second Tranche: the overall withdrawn facility is SAR 1,250 million in accordance with the following: SAR 450 million to be used for general corporate purposes. • An amount of SAR 800 million for the purposes of buying land, building shopping malls, buying leasehold property or for the expansion of current shopping malls.	The loan to land ratio cannot exceed 60%. The debt service coverage ratio calculated for each 6 month period cannot fall lower than x1.20. The Company's guarantors' debt to equity ratio for each 6 month period cannot exceed 2.0:1. Receivables from the tenants for each year cannot be less than SAR 1.85 billion for the first and second year and cannot be less than SAR 2.05 billion for each following year.

Source: Company information

Employees' end-of-service indemnities

Table 6-91: Employees' end-of-service indemnities as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Opening balance	**31,852**	**30,338**
Current service cost	6,569	3,579
Interest cost	830	1,051
Total amount recognized in the consolidated interim statement of profit or loss	**7,399**	**4,630**
Re-measurements		
Gain / (Loss) from change in financial assumptions	(394)	(1,279)
Experience gains	(1,802)	(1,711)
Amount recognized in the consolidated interim statement of comprehensive income	**(2,196)**	**(2,990)**
Benefits paid during the period/year	(6,717)	(4,979)
Closing balance	**30,338**	**26,999**

Source: Consolidated interim financial statements for 9MFY19G

The Company grants end-of-service benefits to its employees (taking into consideration the local labor law requirements in KSA) through an unfunded defined benefit obligation (DBO). The benefits provided by this plan is based primarily on years of service and employees' compensation. The end of service allowance is based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. Re-measurement amounts of actuarial gains and losses are recognized as part of other reserves.

Employees' end of service indemnities decreased from SAR 30.3 million as at 31 March 2018G to SAR 27.0 million as at 31 December 2018G driven by the decrease in the number of employees over the same period.

6.13.5 Total equity

Table 6-92: Total equity as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Share capital	4,450,000	4,450,000
Statutory reserve	370,739	370,739
Retained earnings	77,572	11,002
Other reserves	2,759	(13,727)
Non-controlling interest	3,882	15,854
Total equity	**4,904,953**	**4,833,867**

Source: Consolidated interim financial statements for 9MFY19G

Total equity decreased from SAR 4,905.0 million at 31 March 2018G to SAR 4,833.9 million mainly driven by the decrease in retained earnings from SAR 77.6 million to SAR 11.0 million and other reserves from SAR 2.8 million to a deficit of SAR 13.7 million respectively over the same period. The decrease was mainly a result of declared dividends of SAR 640.0 million for the nine months period ended 31 December 2018G partially offset by net profit generated over the 9 months period ended 31 December 2018G of SAR 538.4 million.

Table 6-93: Dividend distribution of profits as at 31 December 2017G and 31 December 2018G

SAR in 000s	Period Dividend	Dividend declared	Dividend payout ratio	Dividends paid in cash during the period	Dividends paid in kind during the period
31 December 2017G	547,285	526,000	96.1%	196,386	329,614
31 December 2018G	548,663	640,000	116.6%	-	640,000

Source: Consolidated Interim financial statements for the nine months period ended 31 December 2018G

The Company paid dividends in-cash and in-kind as at 31 December 2017G and 31 December 2018G (as shown in the table above). Dividends in-kind were paid by way of a settlement through the Ultimate Parent Company's account.

As at 31 December 2017G, the Company announced dividends of SAR 526.0 million (representing a dividend payout ratio of 96.1%), of which SAR 196.4 million was paid in cash and SAR 223.5 million through the transfer of investment properties and available for sale investments, while the remaining SAR 106.1 million was paid in consideration of amounts due to the Ultimate Parent Company.

As at 31 December 2018G, the Company announced dividends of SAR 640.0 million (representing a dividend payout ratio of 116.6%), which was paid through the transfer of investment properties amounting to SAR 83.9 million, and through transfers amounting to SAR 556.1 million to the Ultimate Parent Company (please refer to Section 6.13.7(**"Related Party Transactions"**).

6.13.6 Contingent liabilities

Operating lease commitments

Table 6-93: Operating lease commitments as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G Audited	31 December 2018G Audited
Less than one year	244,959	333,003
One to five years	1,303,327	1,358,783
More than five years	4,770,208	5,497,351
Total	**6,318,494**	**7,189,137**

Source: Consolidated interim financial statements for 9MFY19G

Operating lease commitments increased from SAR 6,318.5 million at 31 March 2018G to SAR 7,189.1 million at 31 December 2018G, mainly driven by the renewal of the Aziz Mall contract at a higher rate while extending its maturity to the year 2046G.

Capital expenditures commitments

Table 6-94: Capital expenditure commitments as at 31 March 2018G and 31 December 2018G

SAR in 000s	31 March 2018G	31 December 2018G
Existing portfolio (projects under construction and future developments)	2,573,303	2,420,296
Letters of guarantee	5,900	500
Total capital expenditures	**2,579,203**	**2,420,796**

Source: Company information

Capital commitments related to projects under construction and future developments amounted to SAR 2,420.3 million as at 31 December 2018G as compared to SAR 2,573.3 million as at 31 March 2018G. The decrease was due to progress invoices received in connection with the under development malls.

Letters of guarantee decreased from SAR 5.9 million at 31 March 2018G to SAR 500 thousand at 31 December 2018G as a result of the expiration of bank guarantee relating to Khurais Mall (amounting to SAR 5.4 million).

6.13.7 Related party transactions

Table 6-95: The Company's related party transactions for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited
Transfer of project under construction along with prepaid rent and accrued lease rentals to Ultimate Parent Company	-	107,242
Transfer of Zakat Payable to Ultimate Parent Company	-	(8,825)
Dividends settled through shareholders' account	(329,614)	(640,000)
Dividends paid	(196,386)	-
Transfer of available for sale investment to the Ultimate Parent Company	(103,334)	-

SAR in 000s	9MFY18G Audited	9MFY19G Audited
Settlement of balances through other related party	77,658	20,500
Payment to suppliers on behalf of the Ultimate Parent Company	-	8,700
Transfer of investment properties	(4,381)	(83,867)
Sale of land settled through Ultimate Parent Company's account	115,764	-
Construction work included in projects under construction	275,008	262,546
Rental revenue	375,569	408,683
Services expenses	62,483	45,041

Source: Consolidated interim financial statements for 9MFY19G

The related party transactions included dividends paid to shareholders through Saudi FAS Holding Company, development of malls through FARE, properties purchased from/sold to FAS Holding Company for the construction of malls, rental revenue from the related party tenants, in addition to services provided by related party companies such as cleaning and security services across the malls.

As presented in the below analysis, the company has decided to dispose of a number of investments and projects as part of the company's preparation process for the Offering. The Company has decided to dispose of all investments and projects that are not aligned with the Company's growth strategy in the short and medium term and to focus on its core business in developments and operating the shopping centers. Accordingly, the Company has sold or transferred the leasehold projects and other investments in real estate projects.

Transfer of project under construction along with prepaid rent and accrued lease rentals to Ultimate Parent Company represented the transfer of a property at book value to Saudi FAS Holding company, following Management's decision not to proceed with the project (please see section 6.13.2 "investment properties" and 6.13.2 "Prepaid rent – non-current").

Transfer of Zakat Payable to Ultimate Parent Company included the company's portion of Zakat for the historical years from 2007G to 2016G with a total amount of SAR 8.8 million.

Dividends settled through shareholders' accounts represented the Company's declared dividends that were routed through the Company's shareholders account to FAS Holding Company account and amounted to SAR 329.6 million and SAR 640.0 million in 9MFY18G and 9MFY19G, respectively.

Dividends paid in cash to shareholders represented the actual dividend payments that were paid in cash to the Company's shareholders that amounted to SAR 196.4 million in 9MFY18G.

Transfer of available for sale investments to the Ultimate Parent Company amounted to SAR 103.3 million at 31 December 2017G and represented the transfer at book value to Yanbu Real Estate investment (SAR 53.3 million) and Khomasiat Yathrib Company investment (SAR 50.0 million).

Settlement of balances through other related party amounted to SAR 77.7 million in 9MFY18G and SAR 20.5 million 9MFY19G and mainly represented the settlement of certain rent receivables from related parties by the Ultimate Parent Company (Food and Entertainment Trading Company Limited, Billy Games Company Limited, Coffee Center Company Limited and Kids Space Company Limited and FAS for Trading).

Payment to suppliers on behalf of the Ultimate Parent Company amounted to SAR 8.7 million in 9MFY19G.

Transfer of investment properties from ACC to Ultimate Parent Company included the transfer of properties at book value amounting to SAR 4.4 million in 9MFY18G and SAR 83.9 million in 9MFY19G, and related mainly to:

- At 31 December 2017G, ACC transferred Dabab Building to Saudi FAS Holding Company.
- At 31 December 2018G, ACC transferred Qalam Mall to Saudi FAS Holding Company.

Sale of land settled through the Ultimate Parent Company's account represented the settled payments from the sale of the Dammam Land during 9MFY19G, at a price of SAR 115.8 million (as compared to its net book value of SAR 117.4 million).

Construction work included in projects under construction represented the progress invoices in connection with building new malls or refreshing of existing malls to FARE. The total progress invoices that were submitted by FARE amounted to SAR 275.0 million in 9MFY18G and SAR 262.5 million in 9MFY19G.

Rental revenue, net of discounts that amounted to SAR 375.6 million in 9MFY18G and SAR 408.7 million in 9MFY19G represented the rental revenue recognized from related-party tenants for leasing retail units in the Company's Malls over the period.

Service expenses that amounted to SAR 62.5 million in 9MFY18G and SAR 45.0 million in 9MFY19G represented the fees in connection with security and cleaning services covered by related-party tenants.

6.14 Cash flow statements

Table 6-96: Cash flow statements for the nine month periods ended 31 December 2017G and 2018G

SAR in 000s	9MFY18G Audited	9MFY19G Audited
Operating activities		
Profit before Zakat and non-controlling interest	572,727	486,875
Adjustments for non-cash transactions	**527,785**	**633,486**
Depreciation of investment properties	203,893	191,149
Depreciation of property and equipment	21,224	24,479
Share of profit of equity accounted investee	(9,651)	(8,117)
Finance cost	222,481	361,806
Provision for employees' end-of-services benefits	6,756	4,630
Impairment of accounts receivable	87,683	53,202
Change of fair value of other investments	-	267
Impairment of advance to suppliers	7,835	6,069
Loss on sale of land	1,632	-
Reversal of liabilities no longer payable	(14,067)	-
Changes in working capital		
Accounts receivable	(100,571)	(81,568)
Amounts due from related parties, net	(326,583)	(867,067)
Prepayments and other current assets	690	(26,706)
Accounts payable	13,980	(81,817)
Accrued revenue	1,354	6,452
Accrued lease rentals	78,767	7,984

SAR in 000s	9MFY18G Audited	9MFY19G Audited
Unearned revenue	88,921	82,013
Accruals and other current liabilities	(55,449)	43,430
Cash generated from operating activities	**801,623**	**203,083**
Employees' end of service indemnities paid	(758)	(4,979)
Zakat paid	(1,672)	-
Net cash from operating activities	**799,193**	**198,104**
Cash flow from investing activities		
Additions to investment properties	(310,864)	(219,479)
Purchase of property and equipment	(36,191)	(8,023)
Dividend received from an associate	5,000	9,000
Advances to a contractor-related party	(40,801)	(319,772)
Net cash used in investing activities	(382,856)	(538,274)
Cash flow from financing activities		
Payment of finance cost	(296,177)	(168,361)
Proceeds from long term loans	-	6,900,274
Payment of transaction costs	-	(91,693)
Repayment of long term loans	(66,000)	(6,227,173)
Dividends paid	(196,386)	-
Net cash from (used in) financing activities	**(558,563)**	**413,047**
Net change in cash and cash equivalents	**(142,226)**	**72,876**
Cash and cash equivalents at the beginning of the period	158,218	80,351
Cash and cash equivalents at the end of the period	**15,991**	**153,227**

Source: Consolidated interim financial statements for 9MFY19G

Cash and bank balances increased from SAR 16.0 million as at 31 December 2017G to SAR 153.2 million as at 31 December 2018G due to an increase in cash generated from financing activities, from a deficit of SAR 558.6 million in 9MFY18G to a surplus of SAR 413.0 million in 9MFY19G. This increase was mainly due to the new syndicated Islamic financing facility obtained by the Company in the first quarter of FY19G, partially offset by the decrease in cash from operating activities from a surplus of SAR 799.2 million in 9MFY18G to a surplus of SAR 198.1 million in 9MFY19G.

Cash from operating activities

Net cash generated from operating activities decreased from SAR 799.2 million in 9MFY18G to SAR 198.1 million in 9MFY19G, mainly driven by negative changes in working capital in connection with related party balances, as rental payments received in advance from Fawaz Abdulaziz Al Hokair & Co. decreased from SAR 200.3 million at 31 March 2018G to nil at 31 December 2018G as collections received from internal tenants were slower over the period, which exerted pressure on cash from operating activities. In addition, the Company had made payments to Saudi FAS Holding, which were subsequently adjusted against dividend declared by the Company.

Cash used in investing activities

Net cash used in investing activities increased from a deficit of SAR 382.9 million in 9MFY18G to a deficit of SAR 538.3 million in 9MFY19G, mostly driven by payments made to FARE (related party) in connection with the construction of Khaleej Mall, University Boulevard Mall and Nakheel Dammam Mall and additional design costs for Mall of Arabia (Riyadh), Jawharat Jeddah, Zahra Mall, and Najd Mall projects.

Cash from financing (used in) activities

Net cash from financing activities increased from a deficit of SAR 558.6 million in 9MFY18G to SAR 413.0 million in 9MFY19G, mainly due to the new syndicated Islamic financing facility obtained by the Company in the first quarter of FY19G, in connection with the Company's debt refinancing, as the three earlier financing facilities totaling SAR 5.8 billion that were outstanding at 31 March 2018G were merged into a new SAR 7.2 billion facility.

7. DIVIDEND DISTRIBUTION POLICY

Under Article 110 of the Companies' Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

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

(a) 10% of the net profit shall be set aside to form a statutory reserve and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.

(b) The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated towards one or more specific purposes.

(c) The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. Said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to help existing institutions.

(d) Out of the balance of the net profits, Shareholders shall be paid an initial payment amounting to 5% of the Company's paid-up capital.

(e) Without prejudice to the provisions of Article 21 hereof and Article 76 of the Companies' Law shall, after the foregoing, no more than 5% of the remainder shall be allocated to remunerate the Directors, provided that the remuneration is commensurate with the respective number of sessions attended by each member.

(f) The remainder shall then be distributed to Shareholders as an additional share of profits, or deferred to the following years as approved by the General Assembly.

(g) The Board of Directors may resolve to distribute periodic dividends deducted from the annual profits specified in paragraph (4) of this Article in accordance with the rules governing said distribution as issued by the competent authorities.

The following is a summary of share dividends declared and distributed by the Company since the beginning of 2016G:

Table 7-1: Dividends declared and paid up during the years ended 31 March 2016G, 2017G and 2018G and for the nine month period ended 31 December 2018G (SAR)

SAR (Million)	31 March 2016G	31 March 2017G	31 March 2018G	31 December 2018G
Declared Dividends for the year	902.7	733.5	756.8	640.0
Dividends Paid for the Year	902.7	733.5	756.8	640.0
Dividends paid in cash	nil	230.0	374.0	Nil
Dividends paid in kind*	902.7	503.5	382.8	640.0
Net Income	1,000.0**	949.8	782.8	548.7
Cash Dividend Payout	0.0%	24.2%	47.8%	0.0%
Precentage of Dividend Payout***	90.3%	77.2%	96.7%	116.6%

Source: Company information

*For more information, please see Sections 6.7.5 **(Total equity)** and 6.13.5 **(Total Equity)** from Section 6 **(Management's Discussion and Analysis of the Company's Financial Position and Results of Operations)**.*

***The financial information was extracted from the FY17G Financial Statements*

****This precentage was calculated by dividing the dividends paid in cash and dividends paid in kind by the net income.*

8. USE OF PROCEEDS

Total proceeds from the Offering are estimated at SAR [•] of which approximately SAR 180 million will be applied towards the Offering expenses, which include the fees of the Joint Financial Advisors, the Lead Manager, the Underwriters, the Stabilizing Manager, the legal advisors, the reporting accountants, the Market Research Consultant and other advisors, as well as marketing, printing and distribution fees and other costs and expenses related to the Offering. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro rata basis.

The Net Proceeds from the Offering of approximately SAR [•] will be distributed as follows: (i) SAR [•] million will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Sale Shares being sold in the Offering; and (ii) approximately SAR 1 billion will be distributed to the Company and will be used (a) to reduce the indebtedness owed by the Company under the Re-financing for an amount of approximately SAR 500 million, and (b) to satisfy the Company's scheduled debt repayments for an amount of approximately SAR 500 million to be paid in two instalments in Q3 2020G and Q1 2021G.

In the event that the Net Proceeds to be paid to the Company are less than the amount required to reduce the indebtedness by the amounts set out above, the shortage will be financed by the Company's internal resources. In the event that there are Net Proceeds to be paid to the Company result in a surplus above the amounts required to reduce and repay indebtedness set out above, such surplus will be used for the Company's general corporate purposes.

9. CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Selling Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Selling Shareholders will own 80% of the share capital of the Company.

The table below sets out the capitalization of the Company as derived from the audited consolidated financial statements for the financial years ended 31 March 2016G, 2017G, 2018G, and from the audited consolidated interim financial statements for the nine month period ended 31 December 2018G. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 21 (**"Consolidated Financial Statements and Auditors' Reports"**).

Table 9-1: Capitalization and Indebtedness of the Company

SAR (Million)	31 March 2016G	31 March 2017G	31 March 2018G	31 December 2018G
Current portion of long-term loans	351,000	66,000	433,000	488,173
Long-term loans	4,054,240	5,792,132	5,377,626	6,062,592
Total Loans	4,405,241	5,858,132	5,810,626	6,550,765
Total shareholders' equity:				
Share capital	4,450,000	4,450,000	4,450,000	4,450,000
Statutory reserve	200,479	293,652	370,739	370,739
Retained earnings	13,166	136,724	84,510	11,002
Unrealized gain/(loss) on revaluation of available for sale investments	1,671	335	(24)	(13,727)
Total shareholders' equity	4,665,316	4,880,711	4,905,226	4,818,014
Total Capitalization (Total loans + Total shareholders' equity)	9,070,557	10,738,843	10,715,852	11,368,779
Total short-term loans / Total Capitalization	3.9%	0.6%	4.0%	4.3%
Total loans / Total Capitalization	48.6%	54.6%	54.2%	57.6%

(1) Financial information in the table above as of 31 March 2016G, 2017G and 2018G has been extracted from the Company's audited financial statements for the financial years ended 31 March 2017G and 2018G prepared in accordance with Saudi GAAP.

(2) Financial information in the table above as of 31 December 2018G has been extracted from the Company's audited consolidated interim financial statements prepared in accordance with IFRS-KSA. There are certain significant differences between Saudi GAAP and IFRS-KSA, and periods presented under IFRS-KSA are not comparable to periods presented under Saudi GAAP.

The Directors confirm that:

- None of the Company's share capital is under option.
- Neither the Company nor its Subsidiaries have any debt instruments as at the date of this Prospectus.
- They believe that its existing cash balances and its cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus.

10. EXPERTS' STATEMENT

As at the date hereof, the Advisors listed on pages vi to viii have given and not withdrawn their written consent to the publication of their names, addresses, logos and statements in this Prospectus as presented herein. Neither they nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries which would impair their independence as at the date of this Prospectus.

11. DECLARATIONS

The Directors declare the following:

1. The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.

2. The issuance does not constitute a breach of any contract/agreement entered into by the Company.

3. All material legal issues concerning the issuer have been disclosed in the Prospectus.

4. Other than what has been mentioned in Section 13.11 **("Litigation")**, the issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.

5. Other than what has been mentioned in Section 13.11 **("Litigation")**, the directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.

6. Except as described in Section 5.1 **("Board Members and Secretary")**, Section 5.3 (**"Senior Management"**) and Section 5.6 **("Conflict of Interests")**, neither they nor any of their relatives, have a direct or indirect interest whatsoever in the Shares or the business of the Company or its Subsidiaries nor in any debt instruments of the Company or its Subsidiaries, and the Director is prohibited from granting a loan to a Director or guaranteeing a loan entered into by a Director.

7. Except as specified in Section 13.6 **("Transactions and Contracts with Related Parties")** they do not, themselves, nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement in effect or contemplated or expected to be conducted with the Company and its Subsidiaries.

8. Except as disclosed in Section 5.6 **("Conflict of Interests")**, as at the date of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company or its Subsidiaries.

9. Except as described in Section 4.7 **("Overview of the Shareholders")** and Section 5.6 **("Conflict of Interests")** of this Prospectus, neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company or any of its Subsidiaries, until the date of this Prospectus.

10. The Company possesses the necessary regulations and policies needed to prepare the interim and annual consolidated financial statements in conformity with IFRS-KSA, and within the deadlines set in the Listing Rules. Further, the Company and its Subsidiaries possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the Listing Rules and within the timeframes set out in these Listing Rules.

11. The Company, individually or in association with its Subsidiaries, has sufficient working capital for at least 12 months immediately following the date of this Prospectus.

12. None of Company or any of its Subsidiaries has issued any debt instruments, nor does it have any term loans or any other material outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments), other than what was disclosed in Section 13.7 **("Credit Facilities and Loans")**.

13. There is no intention to materially change the nature of the Company's business or that of its Subsidiaries. There has been no interruption in the business of the Company or that of its Subsidiaries that may significantly affect or have affected their financial position in the last 12 months.

14. No commissions, discounts, brokerages or other non-cash compensations were granted by the Company or its Subsidiaries within the three years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.

15. There has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus in addition to the period since the end of the period covered by the accountant's report and until the date of this Prospectus.

16. The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 22 of the Corporate Governance Regulations. Furthermore, the Board members shall conduct annual reviews of the Company and its Subsidiaries' internal control measures.

17. The statutory audited consolidated financial statements for the Company for the financial years ended 31 March 2016G and 2017G; the special purpose consolidated financial statements for the financial year ended 31 March 2018G; and the statutory audited financial statements for the period from 1 April 2017G to 27 September 2017G and for the period from 28 September 2017G to 31 March 2018G have been prepared in accordance with Saudi GAAP. The Directors declare that the consolidated financial statements for FY18G and the consolidated financial statements for the nine month period ended 31 December 2018G have been prepared in accordance with IFRS-KSA. Subject to the specified reclassifications for consistency purposes discussed herein, the financial information in this Prospectus is extracted without any material deviation from the Financial Statements and are presented in a manner consistent with the Financial Statements.

18. None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

19. There are no current objections or disputes from GAZT.

20. They have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.

21. There is no pledge, mortgage or financial burden on any of the Company or its Subsidiaries' assets other than what was disclosed in Section **13.7 ("Credit Facilities and Loans**").

22. As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.

23. Unless otherwise approved by the General Assembly, the Board of Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.

24. The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.

25. As at the date of this Prospectus, neither the Company nor its Subsidiaries have adopted any research and development policies.

26. No Shares of the Company or shares in its Subsidiaries are under option.

27. They have not at any time been declared bankrupt or been subject to bankruptcy proceedings.

28. None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past 5 years preceding the date of this Prospectus.

29. No powers exist giving any of the Directors the right to borrow money from the Company or its Subsidiaries.

The Board of Directors further declares complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

30. All transactions with Related Parties shall be entered into on a commercial basis and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and if required by the Law, the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly.

31. Except as disclosed in **Table 5-9 ("Directors participating in companies that perform activities similar or competing with those of the Company through their membership on the Board or participation in the capital thereof")**, as at the date of this Prospectus, none of the Directors participated in any activities similar or competitive with the activities of the Company or its Subsidiaries. The Directors undertake to fulfil this regulatory requirement in the future.

32. Neither the Directors nor any Senior Executive shall obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the Chief Executive Officer declare that:

33. The Directors, Managing Director and the Chief Executive Officer shall not have the right to vote on decisions relating to their fees and remuneration.

The Directors also declare:

34. That the control, accounting and IT systems of the Company are sufficient and adequate.

35. Third - party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Research Consultant, is reliable and have no reason to believe that such information is materially inaccurate.

36. That all terms and conditions that may affect the decisions of investors to invest in Offer Shares have been disclosed.

37. That the Company currently has no intention to sign any new contracts with any related parties, except for the renewal of contracts with the related parties that have been previously concluded and referred to in this Prospectus. In the case that the Company wishes to sign new contracts with related parties in the future, the Company shall adhere to Articles 71, 72, 73, 74 and 75 of the Companies' Law and Article 46 of the Corporate Governance Regulations.

38. That as at the date of this Prospectus, the Shareholders whose names appear on page xxix of this Prospectus are the legal and beneficial owners of the Shares in the Company. The Board of Directors confirms that the Company's structure is consistent with the Foreign Investment Law.

39. That all increases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.

Additional declarations:

40. The Company and its Subsidiaries do not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the balance sheet.

41. Except as disclosed in Section 2 **("Risk Factors")** and Section 6.5 **("Principal Factors Affecting the Operations of the Company")**, the Company and its Subsidiaries are not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors

that have materially affected or may materially affect (directly or indirectly) its operations or the operations of its Subsidiaries.

42. Except as disclosed in Section 2 **("Risk Factors")** and Section 6.5 (**"Principal Factors Affecting the Operations of the Company"**), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company and its Subsidiaries' operations or financial position.

43. The statistical information used in Section **3 ("Market Overview")** obtained from third party sources represents the latest information available from each respective source.

44. The Company and its Subsidiaries have insurance policies with sufficient insurance coverage to carry out its activities. The Company and its Subsidiaries renew their respective insurance policies regularly to ensure continued insurance coverage and the Company and its Subsidiaries took all reasonable security measures as per applicable industry practices.

45. All agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.

46. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro-rata basis, including the fees of the Joint Financial Advisors, the Underwriters, the legal consultants, the chartered accountants, the Market Research Consultant, the Receiving Agents and other consultants, along with the marketing, printing, distribution expenses and other offer-related expenses.

47. All of the Company's employees are under its sponsorship.

48. Except as disclosed in Section 2 **("Risk Factors")**, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.

49. Except as disclosed in Sections 2.1.14 **("The Company is subject to regulatory risks, including in relation to the maintenance of permits, licenses and approvals necessary for its business")** and 13.4 **("Government Consents, Licenses and Certificates")** as at the date of this Prospectus, the Company and its Subsidiaries have obtained all necessary licenses and permits to carry out its business activities.

50. Except as disclosed in Section 13.11 **("Litigation")**, neither the Company nor any of its Subsidiaries is a party to any litigation, claims, lawsuits or current proceedings that could materially affect the business operations or financial position of the Company.

51. The Company and its Subsidiaries do not have any term loans or any other material outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments), other than what was disclosed in Section 13.7 **("Credit Facilities and Loans")**.

52. The financial information appearing in this Prospectus has been extracted from the audited consolidated financial statements for the financial years ended 31 March 2016G, 2017G, and 2018G and for the nine months ended 31 Deember 2018G, and no material amendments have been made thereto except for financial and statistical information which have been subject to rounding.

53. Except as disclosed in Sections **2.1.23 ("The Company is subject to restrictions in current debt arrangements which are dependent on certain shareholder guarantees")** and **13.7 ("Credit Facilities and Loans")**, all necessary approvals have been obtained from lenders to offer 20% of the Company shares in order for the Company to be a public joint stock company.

54. The Company is committed to all the terms and conditions under the agreements with lenders granting loans, facilities and financing.

In addition to the above, the Board of Directors confirms that neither the Directors nor any Senior Executive shall obtain a loan from the Company or its Subsidiary, and the Company shall not guarantee any loan entered into by a Director.

The Directors undertake to:

55. Record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors;

56. Disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations; and

57. comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

12. OVERVIEW OF THE LAW AND REGULATION OF REAL ESTATE IN SAUDI ARABIA

12.1 Principal Legislation Governing Freehold and Leasehold Property

12.1.1 Islamic Sharia

In all provinces of Saudi Arabia, property law is primarily governed by the Islamic Sharia, a comprehensive and complete system of laws that governs, among other things, all aspects of commerce, trade and contract.

To the extent that it does not contradict the Islamic Sharia, specific legislation exists for matters such as expropriation, government leasing, fallow land, foreign ownership of real estate, sale of property off-plan, timeshare and town planning.

Islamic Sharia has a number of rules that are applicable to leases. For example, a lease is categorized as a debt and that debt crystallizes and falls due in full upon execution of the lease. However, the parties remain free to schedule the payment of that debt, for example by way of a rent schedule. Late rent payment penalties are not enforceable in the Kingdom of Saudi Arabia, except to the extent they relate to the direct and actual loss incurred.

12.1.2 Land Registration Law

In April 2002, new laws and regulations were issued for the establishment of a formal system of land registration in Saudi Arabia. These new laws and regulations contemplated registration and indefeasibility of freehold title to land as well as the registration of leasehold interests in land. Those laws are as follows:

- The Land Registration Law (**"Land Registration Law"**); and
- Executive Regulation of the Land Registration Law (**"Land Registration Regulations"**).

These laws have only been applied in Mokhatat Alkhair, a district outside Riyadh, and in Huraymala, a town in the central province of Saudi Arabia as a result of a decision issued by the former Minister of Justice in August 2008. The procedures dealing with registration of title set out in these laws have not been implemented throughout Saudi Arabia and currently have no effect outside of these two aforementioned places.

Until such time as these laws are implemented throughout Saudi Arabia and a centralized land registry is formed:

- title to real estate may be transferred without formal registration; and
- recording of a transfer of freehold title to land can only be made at the office of the notary public for the district in which the land in question is located. For example, the office of the notary public in Jeddah is responsible for recording transfers of land in Jeddah.

Evidence of ownership of the freehold title to land is generally recorded in a title deed, which is issued by the office of the notary public. Title deeds describe the land solely using words and do not include a map or diagram depicting the boundaries and/or location of the land in the context of its surrounds. In addition, the local municipalities keep official survey maps, known as *korooki*, identifying all plots of land within their district. A *korooki* is often used to verify whether the land described in the title deed matches the physical land identified in the official survey map.

In the absence of a centralized land registry in Saudi Arabia, there is no certainty or indefeasibility of title. Instead, there is only evidence of title, the best evidence of which is the title deed issued by the notary public. Given Saudi law permits transfers of title to real estate without the need for formal registration, the only conclusive evidence of ownership of title is a court judgment as at the time such judgment is issued.

12.1.3 The Foreign Ownership of Real Estate Regulation

Enacted by Royal Decree No. M/15 dated 17/04/1421H (corresponding to 19/07/2000G), this law regulates the acquisition by foreign, non-GCC nationals, of real estate in Saudi Arabia. The law recognizes two distinct groups of foreign nationals:

- citizens of the GCC or companies domiciled in a GCC member country and wholly owned by citizens of the GCC; and
- foreigners of any other nationality, companies domiciled outside the GCC and companies owned by foreigners of any other nationality.

12.1.3.1 Citizens of the Gulf Cooperative Counsel

Citizens of the GCC (i.e. Oman, UAE, Kuwait, Bahrain and Qatar) and companies in the GCC that are wholly owned by citizens of the GCC may, pursuant to Royal Decree No. 22 dated 3/4/1432H (8 March 2011G) (**"The 1432 Royal Decree"**), own and lease real estate in Saudi Arabia on the same basis and with the same rights as citizens of Saudi Arabia, subject to the following limitations:

- Land must be developed or made use of within four years of the date of registration of the real estate in the name of the buyer (four year period is capable of extension).
- Land must not be disposed of for a period of four years from the date of registration in the name of the buyer or until the land is utilized, developed, or built upon; whichever is the earlier (authority can be granted to dispose of land earlier). Note that built property, e.g. villas, apartments, offices etc, can be disposed of at any time.
- Ownership of real estate in Makkah and Medinah is still restricted to Saudi nationals only.

The 1432 Royal Decree supersedes previous laws on this issue and clarifies the status of GCC citizens and their ability to purchase real estate in Saudi Arabia. It is currently in force and implemented by notaries publics in Saudi Arabia.

12.1.3.2 *Foreigners*

There are significant restrictions in Saudi Arabia on the ownership of freehold title to land and the acquisition of a leasehold interest in land by foreigners.

Foreign companies and individuals can own or develop land in the Kingdom of Saudi Arabia only in the following limited circumstances:

- Subject to the issuance of a permit from the Ministry of Interior, foreign individuals who are residents of Saudi Arabia are allowed to own property solely for the purpose of their own residence;
- Foreign companies with licenses to carry out business in Saudi Arabia are allowed to own real estate as part of their businesses in Saudi Arabia and to accommodate employees of their businesses;
- Foreign companies are allowed to invest in and develop real estate, provided that: (i) they first obtain a license to do so; (ii) the development value exceeds SAR 30 million; and (iii) the development is completed within five years of acquiring the land on which the development will be built;
- Subject to reciprocity, foreign diplomatic missions may own land for their official premises and employee housing; and
- The Ministry of Foreign Affairs also approves land ownership by certain unspecified international and regional organizations.

12.1.3.3 *General Prohibition on Investment in Real Estate in Makkah and Madinah (the "Real Estate Prohibition")*

The Real Estate Prohibition is set out in the 'Regulation of Ownership and Investment in Real Estate by Non-Saudis' (Royal Decree No. M/15 dated 17/4/1421H) (the **"Real Estate Law"**). Article 5 of the Real Estate Law prohibits non-Saudis, other than through inheritance, from owning the freehold title (haq al mulkiya), easement rights (haq al itifaq) or usufruct (al intifa'a) to real estate in Makkah and Madinah. Although it is unclear in the Real Estate Law, the Real Estate Prohibition applies to real estate held or leased both directly (e.g. by a company or individual) and indirectly (e.g. by a shareholder of a company where the company holds the real estate interest directly).

12.1.3.4 *The Definition of "non-Saudi"*

The Council of Ministers decision, No. 494 dated 14/09/1439H has removed any of the previous ambiguity and specifically defines "non-Saudi" as follows:

- a natural person, who does not have Saudi Arabian citizenship;
- a non-Saudi company;
- a Saudi company that is founded, co-founded or owned partly or fully by a natural or legal person who does not have Saudi Arabian citizenship; and

persons that the Council of Ministers or the Prime Minister decide to include within this definition.

The Council of Ministers decision clarifies what constitutes a "non-Saudi" and also creates a number of exceptions to the definition. These exceptions resolve certain ambiguities that had previously perplexed Saudi banks and Tadawul listed companies, but this does not extend the rights of ownership in any way. The exceptions in respect of a Saudi company that is founded, co-founded or owned partly or fully by a natural or legal person who does not have Saudi Arabian citizenship are as follows:

- banks and real estate finance companies that are licensed by SAMA provided that the purpose of ownership is to finance it to a person who is a Saudi Arabian citizen, which allows Saudi banks that have a degree of foreign ownership, to mortgage or hold security over property in Makkah and Medinah;
- banks and real estate finance companies that are licensed by SAMA are allowed to own property for use as a head office or branch office, or if ownership of property is necessary for the company to continue doing its business in Saudi Arabia in accordance with any rules issued in this regard by SAMA;
- listed companies that do not have as one of its objectives or activities "dealing with real estate", provided that ownership shall be for the purpose of using it as a head office, as an office for its branch or is necessary for the company to continue doing its business activities, and provided that the whole of the property is only used for that purpose in accordance with the rules of the CMA; and
- any further exceptions that the Council of Ministers may adopt for this purpose.

12.1.3.5 *Penalties*

The relevant penalties for breach of the Real Estate Prohibition, pursuant to a Royal Decree No. 62/m, dated 25/9/1427H, are as follows:

- A "non-Saudi" that breaches the Real Estate Prohibition shall be penalized as follows:
- the property shall be sold in public auction and a fee of 10% of the original property value at the time of sale shall be charged as a penalty; and
- a deduction of 35% from the total original value paid to the seller (including construction costs) shall be charged as a penalty and the remaining amount shall be given to the "non-Saudi" person, unless

such remaining amount is above what was originally paid for the property and in such case, the excess shall be deposited into the government's account as a penalty.

- GCC nationals are not required to pay the 10% fee above.

12.1.3.6 *CMA Circular and Application of the Real Estate Prohibition to Listed Companies*

On 10/8/2016G the CMA issued a circular to all Authorized Persons entitled "Foreign Ownership in listed companies that invest in real estate located within the borders of Makkah and Al-Madina as its main activity" (**"CMA Circular"**).

The CMA circular advises that "non-Saudis" are prohibited from acquiring securities in the following listed companies:

- Makkah Construction and Development Company, Taiba Holding Company, Jabal Omar Development Company and Knowledge Economic City (together, the "Restricted Companies"); and
- all companies in which "non-Saudis" are restricted from investing in based on specific instructions issued by relevant supervisory authorities governing such companies.

The CMA Circular clarifies that current shareholders in the Restricted Companies are not compelled to divest their shares but are restricted from increasing their shareholding. Current shareholders are also permitted to maintain their current shareholding through participation in rights issues.

12.2 Other Relevant Real Estate Legislation

12.2.1 Off-Plan Sales Law

The Regulation for the Off-Plan Sale of Real Estate Units (implemented in January 2010G) by Council of Ministers' Resolution No. 73 of 12/03/1430H governs off-plan sales (the **"Regulations"**). Under the Regulations developers who want to market or sell real estate units in a real estate development project on an off-plan basis need to first obtain a license from the Wafi Center at the Ministry of Housing. Among a number of other requirements (e.g. details of the project, prior experience, credit worthiness etc), a key requirement is setting up of an escrow account with a Saudi bank (along with an escrow agreement between a developer and an escrow bank) and there are detailed guidelines on the use and operation of escrow accounts which were issued and are in effect.

The Regulations were implemented in order to protect purchasers of real estate units against unfair contractual obligations and fraud, to ensure that real estate developers in the Saudi market are financially stable and that their business practices are transparent. The Regulations provide for the establishment of a committee to license real estate developers and regulate their activities, specifically for on the map sales (off-plan sales) of real estate units of all kinds.

12.2.2 Strata Title Laws

The system of strata title in Saudi Arabia is regulated by the following two laws:

System of Ownership Units Estates and Their Sorting (**"Strata Title Law"**); and

- The Executive Regulation for the System of Ownership of Estates Units and Their Sorting (**"Strata Title Regulations"**).
- The Strata Title Law and Strata Title Regulations are both in effect.

12.2.3 Real Estate Mortgage Law

The Registered Real Estate Mortgage Law (**"RREML"**) was passed by Royal Decree on 24 August 2012G, which was published in the Official Gazette on 31 August 2012G and came into force on 29 November 2012G. The RREML governs the registration of mortgages as well as the rights and obligations of the mortgagor

and mortgagee, the termination of a mortgage and foreclosure proceedings. The implementation of RREML started in 2018 and it is now in effect. The RREML is being implemented by the offices of the notary public across Saudi Arabia.

12.2.3.1 *Mortgage Requirements*

For a mortgage to be valid, its creation must be in exchange for a debt, which may include a contingent, future or prospective debt. A mortgage applies to the debt stated in a mortgage contract. A mortgage contract must state the amount of debt in respect of which such mortgage has been granted or the maximum amount of the debt. The mortgaged property needs to be a specified and existing (or potentially existing) asset capable of being sold separately in a public auction and clearly identified and described in a mortgage contract.

12.2.3.2 *Registration of a Mortgage*

As of the date of this Prospectus, the RREML differentiates between: (1) a mortgage over land, which is the subject of the Land Registration Regulations that has been only applied in Mokhatat Alkhair, a district outside Riyadh, and in Huraymala, a town in the central province of Saudi Arabia; and (2) a mortgage over land, which is not subject to the Land Registration Regulations and includes most of the land in the Kingdom of Saudi Arabia, as at the date of this Prospectus. Mortgages in the latter category are registered by way of a note on the relevant title deed made by either the courts or a notary public (see Article 1.2 of the RREML). A mortgage is not effective as against third parties until it has been registered in the manner set out above but the rights of a third party who had an interest in the land prior to the registration of the mortgage will not be affected by the mortgage (see Articles 1.3 and 21 of the RREML).

12.2.3.3 *Mortgage Registration in Practice*

Until 2017G, commercial banks in Saudi Arabia developed a practice of appointing a subsidiary or third party in a capacity of agent or custodian to hold real estate in their name in respect of the mortgage security those commercial banks had taken over real estate. This practice of transferring and registration of legal title in real estate to a bank (through its subsidiary, agent or custodian) developed as a result of notaries public historically refusing to notarize real estate mortgages in respect of banking transactions. However, commercial banks were instructed by SAMA in a circular dated 22 May 2017G to immediately cease the above practice and instead obtain and register formal real estate mortgages (the **"New Mortgage Registration"**). In addition, commercial banks also have an obligation to inform SAMA if any notary public refuses to "register" a real estate mortgage. All offices of the notaries public are registering real estate mortgages by noting the existence of a mortgage on title deed and such title deeds are called "Property Mortgage and Ownership Deed" (صك رهن وتملك عقار). The only other difference between title deeds with a note of existing mortgage and those title deeds without such note is that the former contains an additional paragraph stating the following:

- that the land has been mortgaged, together with whatever is built on or will be built on the land, in favor of X bank as security for payment of X amount; and
- in the event of non-payment, the mortgagor may sell the property at the prevailing price to satisfy the mortgagees obligations and the mortgagee remains liable for any shortfall.

Commercial banks have three years from the date of the SAMA circular dated 22 May 2017G in which to comply with the circular's requirements. Compliance will involve the transfer back of legal title to all real estate held by the commercial banks' subsidiaries, agents and/or custodians to the actual owners of that real estate (i.e. the borrowers under the financing facilities) upon the simultaneous notation on title deed of the commercial bank's mortgage interest in respect of the real estate. Furthermore, commercial banks are prohibited from entering into any new *ifragh* and must adopt the New Mortgage Registration process or face significant fines.

The notaries public in Makkah and Medinah are registering mortgages over title deeds in Makkah and Medinah in favor of commercial banks, which are registered and licensed by SAMA in the Kingdom of Saudi Arabia regardless of whether those commercial banks are wholly owned by Saudi Arabian nationals or not. In March 2018G, SAMA issued another circular attaching a March 2018G circular from the Ministry of

Justice setting out the procedural requirements for a mortgage. The Ministry of Justice's circular from March 2018G was issued to all courts and notaries public and the procedural requirements set out therein required that the mortgagee must be a licensed bank or financing company, which must hold a valid SAMA license authorizing it to engage in real estate financing. This circular also set out another significant requirement that a notary public receives a letter from the financier's Shariah Committee confirming that the financing is Shariah complaint (i.e. it will not be possible to take a mortgage for conventional financing).

Currently, a pre-requisite to the registration of a mortgage under the New Mortgage Registration process is that the title deed in question must be in electronic format because the new form of mortgage cannot be registered on old hand written title deeds.

12.2.3.4 *Multiple Mortgages on the Same Property*

A single property may be mortgaged to a number of mortgagees so long as their priorities fall in a particular order, determined by the date of the notation of the mortgage on the title deed or the date of the registration of the mortgage. In addition, a mortgagee may forgo his priority in respect of the mortgaged property in favor of another mortgagee.

12.2.4 Real Estate Broker Law

Real estate brokerage in Saudi Arabia is regulated by the following two laws:

- Regulations of Real Estate Offices dated 7/3/1398 H (corresponding to 14/02/1978G); and
- Executive Regulations of Real Estate Offices dated 16/5/1398 H (corresponding to 23/04/1978G).

The following key rules exist under the Regulations of Real Estate Offices:

1. a real estate office is not allowed to sell or broker in the sale of any property unless it is in possession of copies of the title deeds;
2. a real estate office is not allowed to receive a commission of more than 2.5% of the value of the sold property nor may it receive a commission of 2.5% as a leasing commission of a year rent, even if the contract duration, is longer or renewable; and
3. any violation of the above laws by real estate offices is punishable by: (i) a fine not exceeding twenty-five thousands Saudi Riyals; (ii) closure of the office for a certain period not exceeding one year; or (iii) the permanent revocation of the license of the office.

The Council of Ministers recently approved allowing foreign investment into real estate brokerage services, which had previously been restricted to Saudi nationals and wholly owned Saudi companies only. However, this is yet to be implemented by SAGIA, who are in the process of preparing the detailed requirements and licensing procedure.

12.3 Real Estate Authorities

12.3.1 The Office of Notary Public

The Executive Regulations of Public Notary Offices dated 17/05/1425 A.H. (corresponding to 05/07/2004G) imposes two main duties on the notaries public. The first duty is to document contracts and legal declarations and issuing the deeds related to such documents. The second duty imposed on the notaries public is to verify the identity and eligibility of any party to a contract, assignor, acknowledger and witness.

In major cities like Makkah, Riyadh and Jeddah, notaries public are divided into two offices, each with specific responsibilities:

- first category of offices of the notaries public are concerned with real estate, including transfers, registrations and assignments of real properties, mortgages and issuing title deeds; and
- second category of offices of the notaries public are concerned with company articles, agencies, termination of agencies and assignments of monies or property other than real property.

12.3.2 The Ministry of Housing

The Ministry of Housing regulates social housing programs and offers training programs for contractors and consultancy offices. In addition the Ministry governs a number of initiatives including:

- **The Itmam Center:** the Real Estate Developers Service Center (See Section 12.4.1 (**"The Itmam Center (the Real Estate Developers Service Center)"**) below);
- **Ejar Rental Services:** which regulates the relationship between the parties of the rental process (tenant, landlord and real estate broker) and requires the registration of residential and commercial leases through an online portal, pursuant to the Council of Ministers Resolution No. 292 dated 16/5/1438H, which also provides that all judicial bodies should apply the registration requirement when hearing any cases in connection with lease agreements following the date of the Ministry of Justice's circular dated 4/5/1440H (corresponding to 10 January 2019G);
- **Wafi Center:** the off-plan sales regulator; and
- **Idle Lands:** the white land tax regulator.

12.3.3 Ministry of Municipal and Rural Affairs

Established by the Royal Decree No. A/266, issued on 8/10/1395H, this ministry is tasked with the urban planning of all cites of Saudi Arabia and all that entails, including maintaining the look and cleanliness of cities and setting up gardens, fields and parks.

The ministry performs its various responsibilities through the Amana and municipalities it regulates. One important part of the tasks of the Amana is issuing building permits, Amana (Building) Completion Certificates, and business trading licenses (including shopping mall operational licenses).

12.4 Other Relevant Authorities

12.4.1 The Itmam Center (the Real Estate Developers Service Center)

The Itmam Center is a "one stop shop" for real estate development, containing a group of government offices inside one center to simplify the process of obtaining the required license (including the Ministry of Justice, the Ministry of Municipal and Rural Affairs, and the Ministry of Housing). This is similar to SAGIA centers for foreign investors where foreign investors can find all related government bodies under one roof.

12.4.2 Civil Defense

The Civil Defense is legally responsible for certifying compliance with the applicable Civil Defense standards. The Civil Defense conducts surveys on electrical, mechanical and general safety aspects of newly built properties to ensure that they comply with current requirements. As part of their survey they will review the plans and drawings of a newly built property and will also visit the site to view the fire safety and emergency equipment. Once the Civil Defense is satisfied that works have been completed to the requisite standard, it will provide a letter to the relevant Amana confirming that all Civil Defense requirements have been met. This is usually done prior to issuance of a Amana (Building) Completion Certificates by a municipality in order to ensure that a structure has been built in accordance with the Civil Defense requirements related to buildings and prior to issuance of a business trading license in order to ensure that Civil Defense requirements related to operations are met. There are also ongoing annual compliance requirements and inspections tied to the renewal of the annual business trading license.

12.5 Tenancy Disputes

Summary Courts have jurisdiction to adjudicate cases concerning lease contracts provided the claim does not exceed twenty thousand riyals SAR 20,000.

General Courts have jurisdiction over cases beyond the jurisdiction of the Summary Courts and are particularly responsible for considering cases involving real estate.

12.6 Key Permits and Approvals for Shopping Malls

12.6.1 Permits and Licenses

Several regulatory permits and certificates are required for the construction and operation of shopping malls in Saudi Arabia. The key permits and certificates are as follows:

- **Construction Permit** - this authorizes the construction of a shopping mall in accordance with architectural construction plans approved by the relevant Amana. Any material amendments proposed to the design on the shopping mall must first be approved by the relevant Amana and reflected in an amendment to the building permit.
- **Amana (Building) Completion Certificates** - this formally certifies that the mall building has been built in accordance with the engineering drawings originally approved by the relevant Amana. Before issuance of this certificate, the relevant Amana will typically consult with the Civil Defense to obtain their written confirmation that the building compliance with fire safety requirements.
- **Trading License** - this authorizes the owner of a shopping mall to operate the shopping mall for commercial purposes and is issued annually. Before issuance of this certificate, the Municipality will typically consult with the Civil Defense to obtain their written confirmation that the building complies with fire safety requirements.

The conditions for licensing of shopping malls as set by the Ministry of Municipal Affairs in the Kingdom of Saudi Arabia (to which the various Amanas report) are that malls may not operate without obtaining the necessary trading license from the relevant municipality. The requirement to have a trading license is a very recent requirement and there is currently only a small number of malls (primarily located in Riyadh) that have such trading license and the Amana are allowing a grace period for mall operators to obtain the license. It is unclear when the Amana will begin enforcing and penalizing malls for not having a trading license.

12.6.2 Approval Process

The following is a summary of the key stages of the approval process during the lifecycle of the development and operation of a shopping mall, which is typically followed to obtain the key permits and certificates described in Section 12.6.1 (**"Permits and Licenses"**) above:

12.6.2.1 *Planning Review/Approval*

Prior to commencing construction, the proposed architectural Civil Defense and Public Safety Drawings (as defined below) for the new mall must be submitted to the relevant Amana for review. The Civil Defense and Public Safety Drawings are reviewed through hiring an approved Civil Defense consultant.

12.6.2.2 *Construction Permit*

Upon approval of the architectural plans for a Mall by the processing office of a municipality, the owner of the land is issued a construction permit which authorizes the owner to proceed with the construction of the proposed mall in accordance with the approval architectural plans.

12.6.2.3 *Appointment of Civil Defense Consultant*

During construction of a Mall, the owner is required to appoint a Civil Defense consultancy office to conduct a survey of Civil Defense and Public Safety Drawings of the Mall to ensure that these comply with current Civil Defense requirements. The Civil Defense consultant is a representative of the processing office of the Civil Defense and is legally responsible for certifying compliance with the applicable civil defense standards.

Once appointed, the Civil Defense consultant obtains a copy of the "as built drawings" for a Mall and performs a testing procedure for health & safety items for the Civil Defense and prepares a technical report, which includes: (i) general description of the building structure; (ii) testing report; (iii) sequence of operation; (iv) as built drawings; and (v) technical submittal for equipment.

These updated health and safety drawings (the **"Health & Safety Drawings"**) are then submitted to the processing office of the Civil Defense for review and approval.

12.6.2.4 *Civil Defense Review*

The processing office for Civil Defense reviews the technical report prepared by the Civil Defense, which is submitted by the Civil Defense consultant and produced to confirm whether the building complies with current Civil Defense standards, which may have evolved since the relevant Mall's Health & Safety Drawings were first submitted during the "Planning Review/Approval" stage described above.

12.6.2.5 *Civil Defense Approval*

Once the owner has executed all the required additional Civil Defense works, a representative from the processing office of the Civil Defense visits the relevant Mall to carry out a final inspection of the works.

If the representative is satisfied that the works have been completed to the requisite standard, then the processing office of the Civil Defense provides a notification to the Amana confirming that all Civil Defense requirements have been met.

To the extent that it is evident from the submitted plans that the Mall does not comply with all current Civil Defense standards, the processing office of the Civil Defense issues directions for the execution of the additional works necessary to achieve full compliance.

Following the issue of directions for additional civil defense works, representatives from the processing office for the Civil Defense conduct regular inspections to monitor progress towards compliance.

12.6.2.6 *Amana (Building) Completion Certificate*

Upon completion of construction of a Mall, the processing office of the municipality conducts an inspection of the Mall and "as built plans" to verify that the Mall has been constructed in accordance with the building plans, which were approved at the time the construction permit was issued.

In some areas, the completion certificates are issued without referring to Civil Defense, since the building is constructed according to the approved architectural drawings, as applies followed in the Western Province.

12.6.2.7 *Issue of Tenant Trading Licenses*

Given that it is common for significant additional Civil Defense works to be required following completion of construction in order to meet the applicable standards the owner has been advised that the Amana is often prepared to issue tenant trading licenses (even though the Amana Certificate has not been issued) if the owner has appointed a Civil Defense consultant and is satisfied that the owner is committed to the process of complying with the Civil Defense requirements.

12.6.2.8 *Issue of Mall Trading License*

Once the owner has received the Amana (Building) Completion Certificate and the processing office of the Civil Defense has issued a letter to the Amana confirming compliance with all current civil defense standards, the relevant municipality issues a trading license to the management office of the relevant Mall.

13. LEGAL INFORMATION

13.1 The Company

Arabian Centres Company (**"ACC"**) is a joint-stock company established under commercial registration no. 1010209177 dated 7/4/1426H (corresponding to 15 May 2005G), pursuant to ministerial resolution no. Q/322, dated 15/10/1438H (corresponding to 09 July 2017G). The Company's head office is located at Al Nakheel District, Northern Ring Road, Riyadh, KSA. The Company's current capital is four billion four hundred and fifty million Saudi Riyals (SAR 4,450,000,000) divided into four hundred and forty five million (445,000,000) ordinary Shares, with a nominal value of ten Saudi Riyals (SAR 10) per Share. Following the Offering the Company's capital will increase to four billion seven hundred and fifty million Saudi Riyals (SAR 4,750,000,000) divided into four hundred and seventy five million (475,000,000) ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share The Company's main activities involve maintaining, operating and managing commercial centers and commercial and residential complexes. For further details, please refer to Section 4.1 (**"Overview of the Company and its Business Activities"**).

13.2 Shareholding Structure

The following table shows the Company's shareholding structure before and after the Offering:

Table 13-1: Company's Shareholding Structure Before and After the Offering

Shareholder's Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Par Value (SAR)	%	No. of Shares	Par Value (SAR)	%
Fawaz Abdulaziz Alhokair	44,500,000	445,000,000	10%	33,250,000	332,500,000	7%
Salman Abdulaziz Alhokair	44,500,000	445,000,000	10%	33,250,000	332,500,000	7%
Abdul Majeed Abdulaziz Alhokair	44,500,000	445,000,000	10%	33,250,000	332,500,000	7%
Al Farida Al Oula Company	22,250,000	222,500,000	5%	16,625,000	166,250,000	3.5%
Al Farida Al Thania Company	22,250,000	222,500,000	5%	16,625,000	166,250,000	3.5%
Al Farida Al Thalitha Company	22,250,000	222,500,000	5%	16,625,000	166,250,000	3.5%
FAS Real Estate Company	231,400,000	2,314,000,000	52%	172,900,000	1,729,000,000	36.4%
SAAF Al Alamiya Company	13,350,000	133,500,000	3%	9,975,000	99,750,000	2.1%
Public	-	-	-	95,000,000	1,425,000,000	20.0%
Total	445,000,000	4,450,000,000	100%	475,000,000	4,750,000,000	100%

Source: Company information

Details regarding the ownership of each founding shareholder have been provided in Section **4.7 ("Overview of the Shareholders")**.

13.3 Subsidiaries

The Company holds direct and indirect ownership interests in the following Subsidiaries:

Table 13-2: List of Subsidiaries

No.	Name of Subsidiary	Country of Incorporation	Direct Interest (%)	Indirect Interest (%)	Remaining Ownership
1.	Al Qaseem Company for Entertainment and Commercial Projects	KSA	50%	0%	50% is held by Abdulmohsen Alhokair Group for Tourism and Development Company
2.	Al Bawarij International Development and Real Estate Investment Company	KSA	95%	5%	N/A
3.	Al Makarem International Real Estate Development Company	KSA	95%	5%	N/A
4.	Oyoun Al Basateen Trading Company	KSA	95%	5%	N/A
5.	Oyoun Al Raed Mall Trading Company	KSA	95%	5%	N/A
6.	Riyadh Centers Company	KSA	95%	5%	N/A

Source: Company information

Table 13-3: List of Investments

No.	Name of Investment	Country	Direct Interest (%)	Indirect Interest (%)
1.	Aswaq Al Mustaqbal for Trading Limited	KSA	25%	-
2.	Amlak International for Real Estate Financing Limited	KSA	-	8.5% (5.67% through Al Makarem International Real Estate Development Company and 2.83% through Al Bawarij International Development and Real Estate Investment Company)

Source: Company information

13.4 Government Consents, Licenses and Certificates

The Company (including its branches) has obtained several operational and regulatory licenses and certificates from the relevant competent authorities, which are periodically renewed. The Board members declare that the Company obtained all licenses and certificates necessary to conduct its business and maintain such activities. The following tables list licenses and certificates currently held by the Company:

Table 13-4: List of Commercial Registration Certificates Obtained by the Company

Company	Location	Name	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Company	Riyadh, KSA	Company headquarters	Joint stock company	1010209177	07/04/1426H (corresponding to 15 May 2005G)	07/04/1443H (corresponding to 12 November 2021G)
Company	Jeddah, KSA	Mall of Arabia (Jeddah)	Branch	4030275606	01/11/1435H (corresponding to 27 August 2014G)	01/11/1443H (corresponding to 31 May 2022G)
Company	Mecca, KSA	Makkah Mall	Branch	4031087238	01/11/1435H (corresponding to 27 August 2014G)	01/11/1444H (corresponding to 21 May 2023G)
Company	Ahsa, KSA	Ahsa Mall	Branch	2250059194	18/12/1435H (corresponding to 12 October 2014G)	18/12/1443H (corresponding to 17 July 2022G)
Company	Al Khobar, KSA	Mall of Dhahran	Branch	2051058932	18/12/1435H (corresponding to 12 October 2014G)	18/12/1443H (corresponding to 17 July 2022G)
Company	Buraydah, KSA	Nakheel Plaza (Qassim)	Branch	1131054368	18/12/1435H (corresponding to 12 October 2014G)	18/12/1443H (corresponding to 17 July 2022G)
Company	Jeddah, KSA	Yasmin Mall	Branch	4030297403	12/02/1439H (corresponding to 1 November 2017G)	12/02/1444H (corresponding to 8 September 2022G)
Company	Jeddah, KSA	Salaam Mall (Jeddah)	Branch	4030297423	13/02/1439H (corresponding to 2 November 2017G)	13/02/1444H (corresponding to 9 September 2022G)
Company	Medina, KSA	Al Noor Mall	Branch	4650074313	01/11/1435H (corresponding to 27 August 2014G)	01/11/1443H (corresponding to 31 May 2022G)
Company	Jubail, KSA	Jubail Mall	Branch	2055026262	12/02/1439H (corresponding to 1 November 2017G)	12/02/1444H (corresponding to 8 September 2022G)
Company	Taif, KSA	Jouri Mall	Branch	4032229004	09/11/1439H (corresponding to 22 July 2018G)	09/11/1444H (corresponding to 29 May 2023G)

Company	Location	Name	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Company	Riyadh, KSA	Sahara Plaza	Branch	1010612764	13/02/1439H (corresponding to 2 November 2017G)	13/02/1444H (corresponding to 9 September 2022G)
Company	Riyadh, KSA	Tala Mall	Branch	1010612754	12/02/1439H (corresponding to 1 November 2017G)	12/02/1444H (corresponding to 8 September 2022G)
Company	Riyadh, KSA	Salaam Mall (Riyadh)	Branch	1010612763	13/02/1439H (corresponding to 2 November 2017G)	13/02/1444H (corresponding to 9 September 2022G)
Company	Riyadh, KSA	Khurais Mall	Branch	1010612762	13/02/1439H (corresponding to 2 November 2017G)	13/02/1444H (corresponding to 9 September 2022G)
Company	Riyadh, KSA	Nakheel Mall	Branch	1010612753	12/02/1439H (corresponding to 1 November 2017G)	12/02/1444H (corresponding to 8 September 2022G)
Company	Hail, KSA	Salma Mall	Branch	3350140589	02/01/1440H (corresponding to 12 September 2018G)	02/01/1445H (corresponding to 20 July 2023G)
Company	Riyadh, KSA	University Boulevard	Branch	1010613196	03/03/1439H (corresponding to 21 November 2017G)	03/03/1444H (corresponding to 29 September 2022G)
Company	Riyadh, KSA	Hamra Mall	Branch	1010613197	03/03/1439H (corresponding to 21 November 2017G)	03/03/1444H (corresponding to 29 September 2022G)
Company	Jeddah, KSA	Aziz Mall	Branch	4030297778	03/03/1439H (corresponding to 21 November 2017G)	03/03/1444H (corresponding to 29 September 2022G)
Company	Jeddah, KSA	Haifa Mall	Branch	4030309185	02/01/1440H (corresponding to 12 September 2018G)	02/01/1445H (corresponding to 20 July 2023G)
Company	Dammam, KSA	Nakheel Mall (Dammam)	Branch	2050118705	01/02/1440H (corresponding to 10 October 2018G)	01/02/1445H (corresponding to 17/08/2023G)
Company	Riyadh, KSA	Khaleej Mall	Branch	1010471935	01/02/1440H (corresponding to 10 October 2018G)	01/02/1445H (corresponding to 17/08/2023G)

Source: Company information

Table 13-5: List of Commercial Registration Certificates Obtained by the Subsidiaries

Company	Location	Type of Entity	Commercial Registration No.	Registration Date	Expiration Date
Al Qaseem Company for Entertainment and Commercial Projects	Buraydah, Al Qassim, KSA	Limited liability company	1131017545	19/10/1423H (corresponding to 23 December 2002G)	18/10/1441H (corresponding to 10 June 2020G)
Al Bawarij International Development and Real Estate Investment Company	Riyadh, KSA	Limited liability company	1010245774	30/02/1429H (corresponding to 08 March 2008G)	30/02/1444H (corresponding to 26 September 2022G)
Al Makarem International Real Estate Development Company	Riyadh, KSA	Limited liability company	1010245770	30/02/1429H (corresponding to 08 March 2008G)	07/01/1444H (corresponding to 05 August 2022G)
Oyoun Al Basateen Trading Company	Riyadh, KSA	Limited liability company	1010431098	18/05/1436H (corresponding to 09 March 2015G)	18/05/1441H (corresponding to 13 January 2020G)
Oyoun Al Raed Mall Trading Company	Riyadh, KSA	Limited liability company	1010413282	07/07/1435H (corresponding to 06 May 2014G)	07/07/1442H (corresponding to 19 February 2021G)
Riyadh Centers Company	Riyadh, KSA	Limited liability company	1010223393	25/08/1427H (corresponding to 18 September 2006G)	29/05/1442H (corresponding to 13 January 2021G)

Source: Company information

Table 13-6: Details of Chamber of Commerce Certificates Obtained by the Company

No	Company	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
1.	Arabian Centres Company	Riyadh Chamber of Commerce and Industry	101000156606	Certificate of membership in the Chamber of Commerce	8/4/1426H (corresponding to 16 May 2005G)	7/4/1441H (corresponding to 04 December 2019G)
2.	Al Qaseem Company for Entertainment and Commercial Projects	Qassim Chamber of Commerce and Industry	601001120959	Certificate of membership in the Chamber of Commerce	24/12/1439 H (corresponding to 4 September 2018G)	18/10/1441H (corresponding to 10 June 2020G)
3.	Al Bawarij International Development and Real Estate Investment Company	Riyadh Chamber of Commerce and Industry	101000195879	Certificate of membership in the Chamber of Commerce	05/03/1439H (corresponding to 23 November 2017G)	30/02/1444H (corresponding to 26 September 2022G)

No	Company	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
4.	Al Makarem International Real Estate Development Company	Riyadh Chamber of Commerce and Industry	101000195878	Certificate of membership in the Chamber of Commerce	05/03/1439H (corresponding to 23 November 2017G)	07/01/1444H (corresponding to 05 August 20227G)
5.	Oyoun Al Basateen Trading Company	Riyadh Chamber of Commerce and Industry	101000415486	Certificate of membership in the Chamber of Commerce	22/10/1438H (corresponding to 16 July 2017G)	18/05/1441H (corresponding to 13 January 2020G)
6.	Oyoun Al Raed Mall Trading Company	Riyadh Chamber of Commerce and Industry	101000071252	Certificate of membership in the Chamber of Commerce	7/7/1435H (corresponding to 06 May 2014G)	7/7/1442H (corresponding to 19 February 2021G)
7.	Riyadh Centers Company	Riyadh Chamber of Commerce and Industry	101000170877	Certificate of membership in the Chamber of Commerce	25/8/1427H (corresponding to 18 September 2006G)	29/5/1442H (corresponding to 13 January 2021G)

Source: Company information

Table 13-7: Details of Trading Licenses Obtained by the Company

No	Mall	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
Super-Regional						
1.	Mall of Dhahran	MOMRA, Eastern Province Municipality, Dhahran	41630	Trading License. Office management services.	29/2/1440H	23/11/1440H
2.	Salaam Mall (Jeddah)	MOMRA, Jeddah Municipality, Al Jamea	748022	Trading License. Office to execute contracts and to maintain and operate buildings.	09/02/1440H	09/02/1441H
3.	Mall of Arabia (Jeddah)	MOMRA, Jeddah Municipality, Al Mattar	40011645221	Trading License. Office to execute contracts and to maintain and operate buildings.	16/01/1440H	16/01/1441H
Regional						
4.	Aziz Mall	MOMRA, Jeddah Municipality, Al Mattar	744241	Trading License. Office to execute contracts and to maintain and operate buildings.	06/02/1440H	06/02/1441H
5.	Noor Mall	MOMRA, Medina Municipality, Al Oyoun	40021710541	Offices to provide intermediary services in marketing, selling, purchasing, leasing and managing real estate.	25/3/1439H	24/3/1441H

No	Mall	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
6.	Nakheel Mall (Riyadh)	MOMRA, Riyadh Municipality, Olaya	40011610985	Trading License. Office to execute contracts and to maintain and operate buildings.	09/01/1440H	09/01/1441H
7.	Yasmin Mall (Jeddah)	MOMRA, Jeddah Municipality, Breman	743672	Trading License. Office to execute contracts and to maintain and operate buildings.	06/02/1440H	06/02/1441H
8.	Hamra Mall	MOMRA, Riyadh Municipality, Al Rowda	40011587082	Trading License. Office to execute contracts and to maintain and operate buildings.	09/01/1440H	09/01/1441H
9.	Ahsa Mall	MOMRA, Al Ahsa Municipality, Hofuf	3909480791	Trading License. Building maintenance services. Office to execute contracts and to maintain and operate buildings.	15/11/1438H	14/11/1440H
10.	Salaam Mall (Riyadh)	MOMRA, Riyadh Municipality, Nimar	40011635078	Trading License. Office to execute contracts and to maintain and operate buildings.	15/01/1440H	15/01/1441H
11.	Jouri Mall	MOMRA, Taif Municipality, Taif Eastern Province	745511	Trading License. Office to execute contracts and to maintain and operate buildings.	08/02/1440H	08/02/1441H
12.	Khurais Mall	MOMRA, Riyadh Municipality, Al Rowda	40011674805	Trading License. Building maintenance services. Office to execute contracts and to maintain and operate buildings.	08/01/1440H	08/01/1441H
13.	Makkah Mall	MOMRA, Holy Makkah Municipality, Aziziya	40011580912	Trading License. Office to execute contracts and to maintain and operate buildings.	06/01/1440H	06/01/1441H
Community						
14.	Nakheel Plaza (Qassim)	MOMRA, Qassim Municipality, Al Derah Al Fareah	40011655851	Trading License. Building maintenance services. Office to execute contracts and to maintain and operate buildings.	19/01/1440H	19/01/1441H
15.	Haifa Mall	MOMRA, Jeddah Municipality, As'sharqiya	727326	Trading License. Office to execute contracts and to maintain and operate buildings.	17/01/1440H	17/01/1441H

No	Mall	Issuing Authority	License Number	Purpose	Issue Date	Expiration Date
16.	Tala Mall	MOMRA, Riyadh Municipality, Northern Riyadh	40011635077	Trading License. Office to execute contracts and to maintain and operate buildings.	15/01/1440H	15/01/1441H
17.	Jubail Mall	MOMRA, Eastern Province Municipality, Jubail	421085	Store license. Manage, operate and lease commercial centers.	13/11/1438H	12/11/1441H
18.	Salma Mall	MOMRA, Hail Municipality, City Centre	40011647595	Retail unit license. Office for the management of commercial units.	15/01/1440H	15/01/1441H
19.	Sahara Plaza	MOMRA, Riyadh Municipality, Olaya	40011635079	Trading License. Office to execute contracts and to maintain and operate buildings.	15/01/1440H	15/01/1441H
Other Properties						
20.	Nakheel Plaza Extension (Qassim) (1)	MOMRA, Qassim Municipality, Al Derah Al Fareah	40011655851	License to open shop. Property management in exchange for a fee	19/01/1440H	19/01/1441H

Source: Company information

(1) Nakheel Plaza Extension (Qassim) is subject to the same Trading License as Nakheel Plaza (Qassim).

Table 13-8: Details of Construction Permits Obtained by the Company

No	Mall / Site	Issued to	Issuing Authority	Permit Number	Issue Date	Expiration Date
Malls or Extensions Under Development or Construction						
1.	University Boulevard (Riyadh)	King Saud University	MOMRA, Riyadh Municipality	3676/1438	21/3/1438H	21/3/1441H
2.	Nakheel Mall (Dammam)	Arab National Bank	MOMRA, Eastern Province Municipality, West Dammam	353200/1437/0	1/9/1437H	Valid for three years.
3.	Khaleej Mall	Albilad Real Estate Limited	MOMRA, Riyadh Municipality	2330/1435	25/1/1438H	14/2/1441H
4.	Nakheel Mall (Riyadh) Extension Phase 1	Prince Mitab Abdulaziz Al Saud	MOMRA, Riyadh Municipality	9552/1434	3/9/1437H	3/9/1440H

No	Mall / Site	Issued to	Issuing Authority	Permit Number	Issue Date	Expiration Date
Lands for Future Development - sites for extensions of existing malls						
5.	Nakheel Mall (Riyadh) Extension Permit Phase 2	-	-	-	-	-
6.	Najd Site[1]	Abdullah Abdulaziz Abdulmohsen Al Tuwaijri	MOMRA, Riyadh Municipality	18534/1436	3/12/1436H	3/12/1439H
7.	Zahra Site	Heirs of Princess Muneera Abdulaziz Musaed Al Saud	MOMRA, Jeddah Municipality	3700166609	22/10/1438H	21/10/1441H
8.	Mall of Arabia, Riyadh Site	Samba Real Estate Company	MOMRA, Riyadh Municipality	3700155650	4/8/1437	28/7/1440H
9.	Jawharat Site	Arab National Bank	MOMRA, Jeddah Municipality	3500126053	16/10/1437H	15/10/1440H

Source: Company information

(1) This permit remains subject to renewal.

Table 13-9: Details of Amana (Building) Completion Certificates Obtained by the Company

No	Mall	Issuing Authority	Issued to (Owner)	Permit / Document Number	Type	Issue Date
Super-Regional						
1.	Mall of Dhahran (Dammam)	-	-	-	-	-
2.	Salaam Mall (Jeddah)	-	-	-	-	-
3.	Mall of Arabia (Jeddah)	-	-	-	-	-
Regional						
4.	Aziz Mall	-	-	-	-	-
5.	Noor Mall	-	-	-	-	-
6.	Nakheel Mall (Riyadh)	Ministry of Municipal and Rural Affairs, Riyadh Amana, Olaya Municipality	Prince Miteb Bin Abdulaziz Al Saud	1436/688	Two Amana (Building) Completion Certificates under the same certificate number; (i) electricity connections; and (ii) water connections.	25/1/1436 H
7.	Yasmin Mall	-	-	-	-	-
8.	Hamra Mall	Ministry of Municipal and Rural Affairs, Riyadh Amana, Rawdhah Municipality	Al Bilad Real Estate Company Limited	1438/3157	Amana (Building) Completion Certificate requesting from Manager of Electricity Services in Khurais to make the relevant connections.	12/7/1438 H

No	Mall	Issuing Authority	Issued to (Owner)	Permit / Document Number	Type	Issue Date
9.	Ahsa Mall	Ministry of Municipal and Rural Affairs, Ahsa Amana, Municipality	Salman Abdulaziz Fahad Al Hokair	266	Approval for connection of electricity given that safety requirements have been met.	14/3/1431 H
10.	Salaam Mall (Riyadh)	-	-	-	-	-
11.	Jouri Mall	-	-	-	-	-
12.	Khurais Mall	-	-	-	-	-
13.	Makkah Mall	Holy Capital Amana, Aziziya Municipality.	Salman and Fawaz Abdulmajeed Al Hokair	20481	Amana (Building) Completion Certificate	18/01/1434H
			Community			
14.	Nakheel Plaza (Qassim)	-	-	-	-	-
15.	Haifa Mall[1]	The Construction Permits Department of Jeddah Amana	Prince Miteb Bin Abdulaziz Al Saud	-	Amana (Building) Completion Certificate related to title deed no. 420205026721 dated 21/02/2017G	-
16.	Tala Mall	Ministry of Municipal and Rural Affairs, Riyadh Amana, North Riyadh Municipality.	Abdulmalek Abdullah Aba Butain	43/23794	Amana (Building) Completion Certificate related to title deed no. 4/2018 dated 09/11/1423H	10/10/1426H
17.	Jubail Mall	Ministry of Interior, Civil Defense General Authority of Sharqiah, Jubail Administration, Safety Department	Fawaz Abdulaziz Fahad Al Hokair	504/10/968/ DFA	Connection of electricity power supply to Jubail Mall after completion of the relevant steps/procedures by the Jubail Municipality.	6/8/1436H
18.	Salma Mall	-	-	-	-	-
19.	Sahara Plaza	-	-	-	-	-
			Other Properties			
20.	Nakheel Plaza Extension (Qassim)	-	-	-	-	-

Source: Company information

(1) The Amana (Building) Completion Certificate issued for Haifa Mall is in electronic form and does not include a permit/ document number or an issue date.

13.5 Material Agreements

Unless otherwise defined below, capitalized terms appearing in agreements summarized in Section 13.5 ("**Material Agreements**") and Section 13.6 ("**Transactions and Contracts with Related Parties**") shall have the meaning ascribed to them in those agreements.

13.5.1 Head Leases

As at the date of this Prospectus, the Company had entered into seventeen (17) Head Leases with various lessors, including 11 Head Leases for existing Malls (noting that Nakheel Plaza Extension (Qassim) and Nakheel Plaza (Qassim) are subject to the same Head Lease), 5 Head Leases for malls and/or extensions under construction or expansion or for sites proposed for development (noting that there are two Head

Leases for Phase 1 and Phase 2 of Nakheel Mall (Riyadh) extension), and another Head Lease for Jeddah Park, which is currently under construction by a contractor other than FARE.

Set out below is a summary of the terms of each of the Company's Head Leases.

13.5.1.1 Super-Regional

Mall of Dhahran (Dhahran)	
Location	Dhahran
Parties	**Main head lease:** Mohamed Al Ghamdi as the **"Landlord"** and ACC as the **"Tenant"**, as a result of an assignment by Fawaz Abdulaziz Alhokair as previous Tenant. **Extension lease:** H.E. Prince Mutab Al Saud (by authorized attorney Salman Al Masood) as the **"Landlord"** and ACC as the **"Tenant"**, as a result of an assignment by Fawaz Abdulaziz Alhokair as previous Tenant.
Area (m²)	**Main head lease:** 220,000 **Extension lease:** 141,318
Term	**Main head lease**: the term of the head lease is twenty (20) Hijri years commencing on 11/08/1426H (corresponding to 15 September 2005G) and expiring on 10/08/1446H (corresponding to 9 February 2025G). **Extension lease:** the term of the extension lease is twenty (20) Hijri years commencing on 18/10/1427H (corresponding to 10 November 2006G) and expiring on 17/10/1447H (corresponding to 6 April 2026G).
Rent	**Main head lease:** the total yearly rent price for the property is SAR 11,000,000 payable within thirty (30) days from the start of each rental year. **Extension lease:** the total yearly rent price for the property is SAR 10,603,575 payable within thirty (30) days from the start of each rental year.
Termination	In the event of default by the Tenant of any terms of each lease including not starting work on the project, non-payment of rent or late payment of rent by a period of more than three (3) months from the relevant due date, the Landlord may terminate the lease without notice and take ownership of the buildings constructed on the property.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted, under the leases, to sublease the buildings constructed on the land in whole or in part to any third party. The Tenant may not assign either lease, in whole or in part, to any third party unless such assignment occurs after the completion of the project or prior written approval from the Landlord has been obtained.
Compensation on Termination	Upon termination or expiry of the leases, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not entitled to be compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Salaam Mall (Jeddah)	
Location	Jeddah
Parties	Inmaia for Real Estate Development and Tourism Company as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	131,000
Term	20 Gregorian years commencing 13/09/1433H (corresponding to 1 August 2012G) and ending on 22/04/1454H (corresponding to 30 July 2032G).

Rent	The rent is as follows: • in relation to the first five years: an annual rent of SAR 53,400,000 must be paid. Except that in: - Year 1 - Only SAR 35,652,261 must be paid, as the annual rental amount is reduced due to the three month grace period and deductions were made to pay third parties; and - Year 2 - SAR 31,088,205 must be paid in two installments as specified in the lease, this amount was then decreased as an earlier rent payment received from the tenant was offset against this amount. • the next five years: an annual rent of SAR 58,740,000; • the next five years: an annual rent of SAR 64,614,000; and • the next five years: an annual rent of SAR 75,000,000.
Termination	If the Tenant fails to make a rent payment, the Landlord may terminate the lease after providing notice to the Tenant of its intention to terminate. During the first five years of the lease neither party may terminate the lease. Following this the Tenant may terminate by providing the Landlord with a one year's notice period prior to the end of the relevant year. The lease is binding on the Landlord for the entire term and therefore the Landlord may not terminate the lease at any time (including after the expiration of the first five years of the lease).
Rights of Assignment / Sublease / Change of Control	The Tenant may assign the lease if it is to one of its sister companies or to a company within its group by providing the Landlord with prior written notice of the assignment including sufficient details of the assignee, how to communicate with the assignee and an acceptance by the assignee to comply with the terms of the lease. Any assignment to any other entity will require the Landlord's prior written consent.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal, consent of the Landlord is required at least one year prior to the expiry of the term.

13.5.1.2 Regional

Aziz Mall (Jeddah)	
Location	Jeddah
Parties	Abdulaziz Ebrahim Al Ebrahim as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	89,100
Term	Thirty (30) Hijri years commencing on 01/02/1439H (corresponding to 22 October 2017G) and expiring on 29/01/1469H (corresponding to 29 November 2046G).

Aziz Mall (Jeddah)

Rent

Rent is paid in advance in two equal installments every six months as follows:

Rental year	First installment due date	Second installment due date	Rent per year
1	01/02/1439H	01/08/1439H	SAR 24,852,440
2	01/02/1440H	01/08/1440H	SAR 24,852,440
3	01/02/1441H	01/08/1441H	SAR 24,852,440
4	01/02/1442H	01/08/1442H	SAR 27,776,011
5	01/02/1443H	01/08/1443H	SAR 27,776,011
6	01/02/1444H	01/08/1444H	SAR 27,776,011
7	01/02/1445H	01/08/1445H	SAR 30,699,802
8	01/02/1446H	01/08/1446H	SAR 30,699,802
9	01/02/1447H	01/08/1447H	SAR 30,699,802
10	01/02/1448H	01/08/1448H	SAR 32,161,697
11	01/02/1449H	01/08/1449H	SAR 32,161,697
12	01/02/1450H	01/08/1450H	SAR 32,161,697
13	01/02/1451H	01/08/1451H	SAR 35,085,488
14	01/02/1452H	01/08/1452H	SAR 35,085,488
15	01/02/1453H	01/08/1453H	SAR 35,085,488
16	01/02/1454H	01/08/1454H	SAR 38,009,278
17	01/02/1455H	01/08/1455H	SAR 38,009,278
18	01/02/1456H	01/08/1456H	SAR 38,009,278
19	01/02/1457H	01/08/1457H	SAR 40,933,069
20	01/02/1458H	01/08/1458H	SAR 40,933,069
21	01/02/1459H	01/08/1459H	SAR 40,933,069
22	01/02/1460H	01/08/1460H	SAR 43,856,859
23	01/02/1461H	01/08/1461H	SAR 43,856,859
24	01/02/1462H	01/08/1462H	SAR 43,856,859
25	01/02/1463H	01/08/1463H	SAR 46,780,650
26	01/02/1464H	01/08/1464H	SAR 46,780,650
27	01/02/1465H	01/08/1465H	SAR 46,780,650
28	01/02/1466H	01/08/1466H	SAR 49,704,411
29	01/02/1467H	01/08/1467H	SAR 49,704,411
30	01/02/1468H	01/08/1468H	SAR 49,704,411

Landlord Obligations

The Landlord must not interrupt the Tenant's enjoyment of the leased property.

The Landlord must appoint the Tenant as its agent with authority to apply to and follow up with government agencies and other parties for any matter related to the leased property and its operation. The Tenant must also have the power to delegate the same.

The Landlord must not encumber the leased property by anyway and for any reason unless it is an assignment for the purpose of financing in accordance with the terms of this lease.

Aziz Mall (Jeddah)	
Tenant Obligations	The Tenant must pay the cost of connecting utilities to the leased property as well as the cost of consumption. The Tenant must obtain the Landlord consent in the event of completely changing the use of the leased property.
Termination	The Tenant may terminate this lease at any time after the first ten years of the term by issuing two years prior notice to the Landlord. Upon termination the Tenant must pay rent until the end of the current rental year and hand back the property clear from any subleases unless the Landlord agrees to replace the Tenant in the subleases.
Subleasing	The Tenant may sublease the leased property provided that no sublease will be for a period beyond this lease.
Rights of Assignment	The Tenant may assign this lease to its subsidiaries or affiliates, use its interest in the property to obtain bank facilities or mortgage the property for a period not beyond this lease. The Landlord may assign the property or the lease during the lease term to banks or finance companies provided that the Tenant's enjoyment will not be disturbed and provided that the financing party enters into a none disturbance agreement to secure the Tenant rights under this lease.
Compensation on Termination	If the Landlord terminates this lease due to the Tenant's default in payment then any improvement made to the leased property by the Tenant during the term of the lease becomes the property of the Landlord and the Tenant may not seek any compensation. In the event of expropriation with indemnity, the Tenant is entitled to the indemnity paid for the buildings within the leased property and the Landlord shall be entitled to the indemnity paid for the land.
Insurance	The Tenant must insure the commercial center during the term of the lease.
Renewal	No automatic renewal.

Nakheel Mall (Riyadh)	
Location	Riyadh
Parties	H.E. Prince Mutab Al Saud as the **"Landlord"** and ACC as the **"Tenant"**.
Area (m^2)	119,025
Term	The term of the lease is twenty (20) Hijri years commencing on 07/05/1436H (corresponding to 26 February 2015G) and expiring on 06/05/1456H (corresponding to 23 July 2034G).
Rent	The annual rent for the property is SAR 18,448,875 payable within thirty (30) days from the start of each rental year.
Termination	In the event the Tenant breaches any provisions of the lease such as not commencing the construction works of the project, non-payment of rent or delays in payment of rent by a period of more than three (3) months from the relevant due date, the Landlord may terminate the lease without notice.
Rights of Assignment / Sublease / Change of Control	The Tenant has the right to sublease the property, in whole or in part, to any third party provided that such term does not exceed the term of this lease and does not infringe on the rights of the Landlord.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not entitled to be compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Yasmin Mall (Jeddah)	
Location	Jeddah
Parties	Prince Mutab Abdulaziz Al Saud as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	158,356.1
Term	20 Hijri years commencing on 15/09/1436H (corresponding to 01 July 2015G) and expiring on 14/09/1456H (corresponding to 25 November 2034G)
Rent	The annual rent is for SAR 16,000,000 to be paid within the first thirty (30) days of each year.
Termination	If the Tenant is in breach for a period exceeding three months, the Landlord may terminate the lease without notice or warning and the Landlord shall become the owner of all property constructed without providing the Tenant with any compensation. The Landlord is compensated for any losses it incurs as a result of the default. The Tenant is required to notify the Landlord of its intention to terminate within a six month notice period prior to the end of the relevant rent year and must pay all rent which would otherwise be payable for the remainder of the relevant year in which the lease is terminated. Either party may terminate if a force majeure event continues for a period exceeding six consecutive months.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to lease or sublease the property, wholly or partially, provided that such term does not exceed the term of this lease and does not infringe on the rights of the Landlord.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is required to satisfy all outstanding financial obligations at the time of termination. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Jouri Mall (Taif)	
Location	Taif
Parties	Prince Mutab Abdulaziz Al Saud as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	258,692.56
Term	20 Hijri years commencing from 01/01/1437H (corresponding to 15 October 2015G) and expiring on 30/12/1456H (corresponding to 11 March 2035G).
Rent	The annual rent is for SAR 15,000,000 to be paid within the first two months of the relevant due date.
Termination	If the Tenant is in breach for a period exceeding three months, the Landlord may terminate without notice or warning and the Landlord shall become the owner of all property constructed without providing the Tenant with any compensation. The Landlord is compensated for any losses it incurs as a result of the default. The Tenant may terminate within a period of six months from entry into the lease.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to lease or sublease the property, wholly or partially, provided such term does not exceed the term of this lease and does not infringe on the rights of the Landlord.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is required to satisfy all outstanding financial obligations at the time of termination. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Khurais Mall (Riyadh)	
Location	Riyadh
Parties	Abdullatif Alissa Endowment as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	A total area of 62,407.75, comprising (i) an area of 31,232.75 under title deed number 13/57416; and (ii) area of 31,175 under title deed number 9/226633
Term	20 Hijri years commencing on the date of the lease on 01/06/1423H (corresponding to 10 August 2002G) and expiring on 30/05/1443H (corresponding to 4 January 2022G).
Rent	The total rent amount is SAR 108,000,000 with the first instalment payable on the date of entry into the lease and the remaining amount payable in nineteen (19) equal instalments on the last day of each consecutive year.
Termination	In the event that the Tenant breaches any of the provisions of the lease and such breaches have not been rectified within the specified period, the Landlord may terminate the lease and take ownership of the land and all buildings constructed upon it without compensating the Tenant. Upon termination of the lease, the Tenant shall deliver the land and all buildings constructed upon it to the Landlord within sixty (60) days from the date the written notice of the Landlord's intention to terminate the lease was provided.
Rights of Assignment / Sublease / Change of Control	Tenant may sublease the property so long as such a sublease does not exceed the term of the lease nor does it transgress the terms of the lease.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

13.5.1.3 Community

Nakheel Plaza (Qassim)	
Location	Buraidah
Parties	Municipality of Buraidah as the **"Landlord"** and Al Qaseem Company for Entertainment and Commercial Projects as the **"Tenant"**
Area (m²)	148317.34
Term	20 Hijri years commencing one year after entry into the lease, 01/05/1421H (corresponding to 1 August 2000G) and ending on 29/04/1441H (corresponding to 26 December 2019G).
Rent	The annual rent is for SAR 280,000 to be paid within the first fifteen (15) days from the commencement of the relevant rent year.
Termination	During the operational phase of the mall, the Landlord may terminate the lease if: the Tenant fails to make any outstanding rental amount for a period of thirty (30) days following the relevant due date without an excuse acceptable to the Landlord; if the Tenant is in breach of any of the terms of the lease; if the Tenant abandons its responsibilities under the lease; or if the Tenant fails to operate the leased premises.
Rights of Assignment / Sublease / Change of Control	The Tenant may not assign or sublease the property without the Landlord's prior written consent.
Compensation on Termination	In the event the property is expropriated by the Landlord the lease shall expire and the Tenant will be compensated. Upon termination or expiry of the lease in any other circumstances, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	The lease may be renewed by either party serving notice prior to expiry to the other.

Haifa Mall (Jeddah)	
Location	Jeddah
Parties	Prince Mutab Abdulaziz Al Saud as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	90,931.02
Term	20 Hijri years commencing from 01/01/1434H (corresponding to 15 November 2012G) and expiring on 29/12/1453H (corresponding to 12 April 2032G).
Rent	The annual rent is for SAR 18,000,000 to be paid within the first thirty (30) days of each year.
Termination	The Landlord may terminate the lease in the event the Tenant is in breach of any term in the lease, such as non-payment of rent for a period exceeding three months. In the event the Tenant is in breach, the Landlord may: terminate without any notice or warning and without being required to compensate the Tenant; own all the buildings constructed on the property; and request to be compensated for any of its losses. The Tenant may terminate the lease within a period of six months from the date of entry into the lease if it is unable to obtain the necessary licenses and permits for any reason outside its control. Once it obtains the licenses and permits or upon expiry of the six month period, the lease becomes binding on the Tenant.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to lease or sublease the property, wholly or partially, provided such term does not exceed the term of this lease and does not infringe on the rights of the Landlord.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is required to satisfy all outstanding financial obligations at the time of termination. The Tenant is not compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Tala Mall (Riyadh)	
Location	Riyadh
Parties	Inmaia for Real Estate Development and Tourism Company as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	11,022
Term	15 Gregorian years commencing on 01/07/1435H (corresponding to 1 May 2014G) and expiring on 16/12/1450H (corresponding to 30 April 2029G).
Rent	The annual rent is for an amount of SAR 21,000,000 which is payable in four equal instalments every three months.
Termination	If the Tenant remains in breach of any term after receiving written notice to remedy such a default within a period of thirty (30) days, the Landlord may terminate. If the Tenant is declared bankrupt or is liquidated, is put under receivership, guardianship or any other judicial order with similar effect, the Landlord may terminate. The Tenant may terminated the lease if a force majeure event, preventing the Tenant from using the property, continues for a period exceeding thirty (30) days provided the force majeure event is not caused by the Tenant.
Rights of Assignment / Sublease / Change of Control	The Tenant may sublease the property, partially or fully, provided that the sub lessee is obligated to comply with the terms of the lease. No sublease may extend beyond the term of the lease and the Tenant is to compensate the Landlord for any resulting losses.
Compensation on Termination	No express provision is included to clarify the position with regards to the ownership of the buildings constructed on the land.
Renewal	The term does not renew automatically and either party may request a renewal. A renewal request must be approved by the other party within a minimum of two months prior to the expiry date.

Salma Mall (Hail)	
Location	Hail
Parties	Sublease entered into with Mohamed Rasheed Jaber Al Rasheed as the **"Landlord"** and Al Qaseem Company for Entertainment and Commercial Projects as the **"Tenant"**.
Area (m²)	Not provided.
Term	9 Hijri years and 5 months commencing on date of entry into the lease being 05/08/1434H (corresponding to 14 June 2013G) and ending on 05/08/1443H (corresponding to 9 March 2022G)[1]. A rent free period of five months is granted to the Tenant.
Rent	The Tenant is required to pay the rent owed under the head lease entered into between the Municipality of Hail as landlord (**"Head-landlord"**) and the Landlord as tenant dated 12/11/1422H (**"Head-lease"**). First year: SAR 1,800,000 Second year: SAR 2,500,000 Third year: SAR 2,500,000 Fourth year: SAR 3,200,000 Fifth year: SAR 3,200,000 Sixth year: SAR 3,800,000 Seventh year: SAR 3,800,000 Eighth year: SAR 4,000,000 Ninth year: SAR 4,200,000 The first year's rent is paid after receiving the Head-Landlord's written approval for this sublease. For any renewed term, the rent for the first five years amounts to 45% of the net profits and for the next five years the rent amounts to 50% of the net profits. The first rental payment is paid for the first year after obtaining the written approval of the Head-landlord on the sublease to the Tenant, as required in the Head-lease. In relation to subsequent years, the rent is paid at the beginning of each year. Any renewal of the lease requires renewal of the Head-lease. For any renewed term, rent shall be paid as a percentage which will increase during the following five years. Half of monies owed under the lease are paid to the Head-landlord and half are paid to the Landlord. Tenant and Landlord shall equally bear any payments due or outstanding to the Amana. The Tenant is to pay an amount of SAR 900,000 on behalf of the Landlord (to the Amana) and the amount will be deducted from future rental payments. With regards to rent payments made by existing tenants to the Landlord, if these tenants decide to continue occupying the property, any rent paid by them, which is held by the Landlord will be deducted from future rental payments owed by the Tenant to the Landlord.
Termination	Neither the Landlord nor the Tenant are permitted to terminate the lease.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to sublease all the commercial units within the building and to renovate the premises, if required, without prior consent from the Landlord.
Compensation on Termination	The Head-lease provides that the Head-landlord obtains ownership of all buildings and improvements made on the land at the expiry or termination of the Head-lease and the Landlord is not entitled to compensation.
Renewal	The lease may be renewed pending the Head-landlord's approval.

- *[4] The lease provides for a renewal option for another 10 years.*

13.5.1.4 *Malls under construction*

University Boulevard (Riyadh)	
Location	Riyadh
Parties	Riyadh Valley Company as the **"Landlord"** and ACC as the **"Tenant"**
Area (m^2)	121,440
Term	The term of the agreement is thirty (30) years (twenty (20) years plus an automatically renewable 10 year term) commencing on 27/10/1437H (corresponding to 1 August 2018G) and expiring on 27/09/1468H (corresponding to 31 July 2046G).
Rent	The yearly rent price is SAR 225 per m^2 and shall be payable as follows: (i) 50% of the yearly rent price is payable within thirty (30) days from the first day of the first month of the rental year and (ii) 50% of the yearly rent price is payable within thirty (30) days of the first day of the seventh month of the rental year, except for rent for the 2018 calendar year which shall be payable in 4 instalments of SAR 6,831,000 on the following dates: 15/12/2015G, 1/7/2016G, 1/1/2017G, and 1/7/2017G. The Rent is subject to increase by 10% ever 5 years, commencing from year 8, given the first two years are rent free grace periods. In addition, 6% of the annual revenue shall also be paid by the Tenant to the Landlord. The Tenant is to provide an unconditional bank guarantee in the amount of SAR 30,000,000 as guarantee for the Tenant's performance of its obligations herein.
Termination	The Landlord may terminate the lease by providing written seven (7) days' notice prior to any of the following circumstances: (i) failure to meet the pre-conditions of the closing date or assignment thereof by the Landlord by the specified closing date; (ii) the Tenant being ordered bankrupt or liquidated by the court; (iii) the Tenant has violated or materially breached any of its obligations under this Agreement; (iv) the Tenant is dissolved or ceased to have the authority or permission to perform its obligations under this Agreement or any other development agreement to which it is a party; (v) initiate any action to dissolve or liquidate the tenant, except in the case of mergers; (vi) failure to meet the completion date within four months from the date specified therefor; (vii) the Tenant fails to submit the design documents to the Landlord within six months after the agreement execution date; (viii) any effort or attempt by the Tenant (or any agent or representative thereof) to influence the Landlord or any of its officers, representatives, employees or advisors at any time and in any form with respect to any matter relating to development. On termination by the Landlord, the Tenant shall return the operational control of the development to the Landlord. Non-compliance with the development timeline is considered a material breach that gives rise to termination. The Tenant may terminate the agreement upon the occurrence of any of the following circumstances: (i) the conditions preceding the closing date have not been met or waived by the Tenant by the specified closing date; (ii) the Tenant a materially breached any of its obligations under this Agreement; (iii) the occurrence and continuation of an expropriation event for at least six months from the date on which the Tenant notified the Landlord thereof; and (iv) the competent authority refused to issue the approvals required for development, provided that such refusal is not due to the negligence or laxity of the Tenant. In the event of termination by the Tenant, the Tenant shall restore to the Landlord operational control over the Development Works.
Rights of Assignment / Sublease / Change of Control	The Landlord is permitted to assign the agreement or any obligations or rights to any third party without obtaining the prior written approval of the Tenant. The Tenant may, under the agreement, sublease to companies associated with it or to other third parties for the development, design, construction, completion, operation and/or maintenance of the property. During the term of the agreement, no shareholders of the Tenant may assign and/or transfer any of their shares to any of its associated companies or any other person without the prior written consent of the Landlord.
Compensation on Termination	The Tenant is to provide a handover guarantee in the amount of SAR 60,000,000 six months prior to the end of the total term, valid for 765 days. The Landlord may demand compensation from the Tenant for any losses suffered as a result of the circumstances/reasons for termination of the agreement. The Tenant may demand compensation from the Landlord for any losses suffered as a result of the circumstances/reasons for termination of the agreement.
Renewal	Automatically renewable for a further period of ten (10) years.

Nakheel Mall (Riyadh Extension)	
Location	Riyadh
Parties	H.E. Prince Mutab Al Saud as the "Landlord" and ACC as the "Tenant".
Area (m²)	**Extension 1:** 66,625 **Extension 2:** 39,750
Term	The terms of the extension leases are twenty (20) Hijri years commencing from 21/12/1439H (corresponding to 1 September 2018G) and expiring on 30/12/1459H (corresponding to 05/02/2038G).
Rent	**Extension 1:** the total annual rent is SAR 13,325,000 payable within thirty (30) days from the start of each rental year. **Extension 2:** the total annual rent is SAR 7,155,000 payable within thirty (30) days from the start of each rental year.
Termination	In the event the Tenant breaches any provisions of the leases such as not commencing construction works on the project, non-payment of rent or delay in payment of rent by a period of more than three (3) months from the relevant due date, the Landlord may terminate the leases without notice.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to sublease the property, in whole or in part, to any third party without the consent of the Landlord.
Compensation on Termination	Upon termination or expiry of the leases, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not entitled to be compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Jeddah Park	
Location	Jeddah
Parties	Mohamed Saleh Hamza Serafi as the **"Landlord"** and ACC as the **"Tenant"**
Area (m²)	140,996
Term	30 Gregorian years commencing on 12/10/1441H (corresponding to 4 June 2020G) and expiring on 13/09/1472H (corresponding to 3 June 2050G)[2]. The last 10 years of the term are obligatory on the Landlord but optional for the Tenant as follows: (i) in the event the Tenant wishes to extend the contract one year prior to the expiry of the first 20 years of the term in which case the extension shall be obligatory for five years and (ii) in the event the Tenant wishes to extend the term one year prior to the completion of the twenty fifth year of the term then the next five years shall be obligatory.
Rent	Years 1 and 2: SAR 90,000,000 per year Years 3 and 4: SAR 100,000,000 per year Years 5,6, and 7: SAR 110,000,000 per year Years 8 and 9: SAR 120,000,000 per year Years 10,11, and 12: SAR 130,000,000 per year Years 13, 14, 15, and 16: SAR 140,000,000 per year Years 17, 18, 19, and 20: SAR 150,000,000 per year Years 21, 22, 23, 24, and 25: SAR 160,000,000 per year Years 26, 27, 28, 29, and 30: SAR 175,000,000 per year The rent amounts are exclusive of VAT and the Tenant shall be responsible to pay for VAT and any other taxes and fees imposed by the state/country in the future during the term of the lease, except for property taxes which shall be payable by the Landlord (if applicable) in addition to any other taxes relating to the original property. Certain tenants have already signed leases and paid rents in advance to the Landlord for shops in the mall in the amount of SAR 3,092,987. These amounts shall be set-off from the second year's rent. Year 1: 25% within 2 months from the date of signing, 25% on handover, 25% on commencement of the 1st year of the term after the grace period, and 25% 3 months after commencement of the term. Thereafter: Rent to be paid in equal instalments every quarter in arrears.

- *[5] Subject to site handover taking place 6 months from the date of entry into the Head Lease*

Termination	The lease contract shall not terminate in the event of death of any of the parties or sale of the property or in the event of any liquidation or bankruptcy.
Rights of Assignment / Sublease / Change of Control	The Tenant shall not assign the lease contract to any other party without the prior written approval of the Landlord. Sublease is permitted in part as long as the sublease does not exceed the term of the head lease. The Tenant may not, however, sublease any part of the roof or car parks without the prior written approval of the Landlord. No restrictions on change of control.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its components.
Renewal	No automatic renewal.

13.5.1.5 Lands for future development

Najd Site	
Location	Riyadh
Parties	Abdullah Abdulaziz Abdulmohsen Al Tuwaijri as the **"Landlord"** and ACC as the **"Tenant".**
Area (m²)	103,104.38
Term	The term of the lease is twenty seven (27) Gregorian years commencing on 17/05/1436H (corresponding to 8 March 2017G) and expiring on 14/03/1464H (corresponding to 7 March 2042G).
Rent	The total rent for the term of the lease is SAR 856,472,845 which is payable in 29 instalments in accordance with the rent payment schedule in the lease. The first instalment is payable on signing, then the second six (6) months from signing and the remaining instalments shall be paid annually as specified in the rent payment schedule. In addition to rent, which is generally payable for each rent year at the start of the following year, the Tenant shall pay outgoings such as water, electricity and telecommunications. The Tenant also undertakes to carry out all maintenance works.
Termination	The Landlord may terminate the lease in the event rent is not paid as a result of the insolvency of the Tenant.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to sublease the building, in whole or in part, to any third party without the consent of the Landlord.
Compensation on Termination	Upon termination or expiry of the lease, the property is delivered back to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not entitled to be compensated for any of the improvements it may have made to the land.
Renewal	No automatic renewal.

Zahra Site	
Location	Jeddah
Parties	The heirs of Princess Muneera Abdulaziz Musaed Al Jelwi Al Saud (Khalid, Fahad, Faisal, Turki, Nouf, Albanderi, Jawaher, Luteefa and Lulwa) as the **"Landlord"** and ACC as the **"Tenant"**.
Area (m²)	148,276.43 (after 13,000 for a mosque and parking lot from the originally agreed area of 161,276.43)
Term	30 Gregorian years commencing on 10/11/1438H (corresponding to 2 August 2017G) and expires on 08/10/1469H (corresponding to 31 July 2047G).

Rent	The total rent is SAR 1,785,000,000 payable according to the following schedule: 1 August 2017G up to 31 July 2022G: A payment made in advance upon entry into the contract on 1 August 2015G amounting to SAR 94,000,000. 1 August 2022G up to 31 July 2027G: SAR 52,000,000. 1 August 2027G up to 31 July 2032G: SAR 57,000,000 1 August 2032G up to 31 July 2037G: SAR 62,000,000 1 August 2037G up to 31 July 2042G: SAR 67,000,000 1 August 2042G up to 31 July 2047G: SAR 72,000,000 With the exception of the first payment, the remainder of the payments are made through two annual instalments with the first instalment being owed on 1 August and the second instalment being owed six months thereafter.
Termination	The Landlord has the right to terminate the lease if: the Tenant assigns or sublets the whole or part of the property to any third party (who is not an affiliate or any of the individuals listed under clause 9(9) of the agreement) without obtaining the prior written consent of the Landlord; and the Tenant assigns or sublets the whole or part of the property to any third party and as a result legal, regulatory and financial liabilities are passed to the Landlord. The Tenant may also terminate the lease during the first year if it becomes evident that the relevant authorities will not issue the licenses required for the intended project.
Rights of Assignment / Sublease / Change of Control	The Tenant is permitted to sublease the whole or part of the property provided the Landlord is not legally or financially liable for any such resulting obligations towards the sub-tenants. The Tenant may not assign the lease to a third party without obtaining the Landlord's prior approval. The Tenant may assign the lease to any of its related parties, to an entity it owns or to Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair, Abdul Majeed Abdulaziz Alhokair or their legal successors.
Compensation on Termination	Upon termination or expiry of the lease, the property must be handed over within a maximum of sixty (60) days to the Landlord with all its improvements, including all the buildings constructed on the land. The Tenant is not compensated for any of the improvements it may have made to the land. The land must be free of any third party obligations.
Renewal	No automatic renewal.

13.5.1.6 Other properties

Nakheel Plaza Extension (Qassim)
See Head Lease summary above for Nakheel Plaza (Qassim), noting that Nakheel Plaza Extension (Qassim) is located on the same plot as Nakheel Plaza (Qassim) and therefore subject to the same Head Lease.

13.5.2 Key Account Tenant Leases

As at the date of this Prospectus, the Company has 31 Key Account Tenants, each of which rents multiple stores across several of the Company's Malls. Collectively, these 31 Key Account Tenants generated approximately 56.6% of the Company's total revenue for the year ended 31 March 2018G.

Although the majority of Key Account Tenants do not sign a standard form of lease for every store, most of the general leasing terms and conditions are substantially similar for all stores held by the relevant Key Account Tenant across the Company's Malls. These are reflected below.

Set out below is a summary of the leasing terms typically entered into by the top 5 Key Account Tenants based on a sample of leases reviewed.

Alhokair Fashion Retail (the "Tenant")	
Provision	Summary
Term Range	One (1) to five (5) years.
Purpose	For the purposes of operating general stores and stores for the sale of clothing items for adults and children, accessories, shoes, bags, perfumes and cosmetics.
Opening date	An opening date is specified in the lease which requires the Tenant, in some leases, to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Some leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	Leases generally include an annual rent escalation.
Security deposit	Security deposits are not generally required under the leases.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be liable to pay a fee based on the underlying rent previously agreed.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. Some leases provide that the Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. In some leases, the Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable is usually limited to two hundred thousand Saudi Riyals (SAR 200,000) with a few exceptions whereby the compensation payable amounts to the entire loss suffered. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.

Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. The lease continues in the event the Tenant suffers liquidation and in such an event the term remaining on the lease is reduced to one year in the event the remaining term exceeds one year.
Typical termination provisions	The Company generally has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises by a specified date in which case the Company generally has the right to terminate the lease immediately and to be paid all monies owed by the Tenant under the lease at that time; • if the Tenant delays commencing operations for a period of more than one month then the Company shall have the right to terminate the lease and request the payment of monies owed under such lease; • the Tenant does not use the property for the purpose prescribed in the lease; and • the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

Landmark Arabia Company (the "Tenant")	
Provision	Summary
Term Range	Three (3) to ten (10) years.
Purpose	Operation of general department stores, stores for the sale of clothing items, shoes, accessories, gifts, cosmetics and beauty products.
Opening date	An opening date is specified in the lease and some leases require the Tenant to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property and if it fails, in some leases, the Company has the discretion to either award the Tenant additional time to obtain the license or to terminate the lease.
Rent	Where the rent calculated with reference to the sales revenue generated, some leases provide that the Company has the right to terminate the lease if the revenue generated is less than the agreed rent amount for the specified term. A percentage increase is sometimes agreed for the rent amount due under the leases.
Security deposit	Security deposits are generally not required.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.

Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property the Tenant may be required to pay a fee based on the underlying rent previously agreed.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. The Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. Generally, newer leases provide the Company with the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. Where included, the compensation payable is sometimes limited to two hundred thousand Saudi Riyals (SAR 200,000). The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed as a guarantee of its rights.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks. In some older leases, the Tenant is only held liable for any fires caused to neighboring properties.
Health and Safety / Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or any other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take the required action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval. However, no approval procedure is expressly provided for in the leases to indicate that the Tenant requires the Company's approval once the works are complete.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. In the event of the liquidation of the Tenant, the lease continues to bind its successors in title. If there are more than one successors then they may not divide their rights and obligations under the lease amongst themselves by dividing the leased property. In some leases, the bankruptcy or liquidation of the Tenant does not result in the termination of the lease but reduces the term of the lease to one year in the event the term exceeds one year. Any assignment or sublease of the leased property by the Tenant requires the Company's prior written consent.
Typical termination provisions	The leases generally include some or all of the following termination events: • the Tenant fails to commence operations of its leased premises within a specified time limit which is usually set at one month; • the Tenant creates a disturbance or is endangering public safety or property, operates a business which is inconsistent with public morals or in contradiction with the public principles prevailing in the KSA, wastes public utilities or generally creates a nuisance of any kind; • the Tenant does not use the property for the purposes prescribed in the lease; and • the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

Apparel Trading Company (the "Tenant")	
Provision	Summary
Term Range	Two (2) to five (5) years.
Purpose	For the sale of clothing, shoes, perfumes, cosmetics, bags and leather.
Opening date	The Tenant is required to pay a penalty fee for every day it fails to operate following the opening date specified in the lease.
Penalties for suspension of operation	The Company has the right to charge a fee for each day the Tenant suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Most leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	Rent is either fixed or is calculated with reference to the sales revenue generated by the Tenant. An annual percentage increase is typically agreed for the rent. Where the rent is calculated with reference to the sales revenue generated, some leases provide the Company with the right to terminate the lease if the revenue generated is less than the agreed rent amount for that specified term.
Security deposit	Security deposits are usually required under the leases.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and it may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handing over the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be required to pay a fee based on the underlying rent previously agreed.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. In most leases, the Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. The Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable either amounts to the overall loss suffered by the Company or is limited to two hundred thousand Saudi Riyals (SAR 200,000). The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or any other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with safety standards, the Company may enter the property and take the required action during official working hours.

Completion of works	The Tenant may not commence décor works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval. However, no approval procedure is expressly provided for in the leases by which the Company must issue a certificate of completion once the works are completed prior to the Tenant operating the premises.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. The Company's prior written approval is required in the event of a change of ownership of the Tenant. In the event the Tenant is liquidated, the term is reduced to one year in the event the remaining term exceeds one year.
Typical termination provisions	Most leases will typically grant the Company the right to terminate if: • the Tenant fails to commence operations of its leased premises. A time limit is usually specified and is set at one month; • the Tenant does not use the property for the purpose prescribed in the lease; and • the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

Kamal Othman Jamjoom Trading Company (the "Tenant")	
Provision	Summary
Term Range	Two (2) to five (5) years.
Purpose	For the sale of cosmetics, perfumes, men and women's essentials, natural skin care and beauty products, gifts and children educational items.
Opening date	Most of the newer leases require the Tenant to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The Company is entitled to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Most leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	The rent is generally fixed and is increased annually by a percentage, however, in the newer leases rent is typically calculated with reference to the sales revenue generated by the Tenant. Where the rent is calculated with reference to the sales revenue generated, the Company has the right to terminate the lease if the amount generated is less than the agreed rent. A percentage increase is agreed for the rent amount owed under the lease.
Security deposit	Security deposits are typically payable with the exception of some leases.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be required to pay a fee based on the underlying rent previously agreed.

Liability	The Tenant is responsible for remedying complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. The Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. In some leases, the Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable either amounts to the overall loss suffered by the Company or is limited to two hundred thousand Saudi Riyals (SAR 200,000). The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks. In some older leases, the Tenant is only liable for its actions with respect to any fires caused by it or any of its representatives, agents or employees.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or any other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with standards set to ensure the safety of the building or its customers, the Company may enter the property and take the required action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval. An approval procedure is expressly provided for in one lease in which the Company must issue a certificate of completion once the works are completed prior to the Tenant operating the premises.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. In the event of a sale or transfer of ownership of the Tenant, it must obtain the Company's prior written approval. Newer leases generally state that in the event the Tenant suffers liquidation, the term will be reduced to one year in the event the remaining term exceeds one year. Older leases generally provide that in the event of liquidation of the Tenant, the lease continues and the successors may not divide their rights and obligations under the lease amongst themselves by dividing the leased property.
Typical termination provisions	The Company generally has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises. A time limit is usually specified and is set at one month. Two of the leases don't specify a time limit and award the Company the immediate right to terminate and one lease specifies the time limit at fifteen (15) days; • the Tenant does not use the property for the purpose prescribed in the lease; and • in the newer leases, if the Tenant fails to make a rental payment. Only two of the older leases expressly provide for this right.
Typical renewal provisions	No automatic renewal.

Azizia Panda United Company (the "Tenant")	
Provision	Summary
Term Range	Ten (10) to fifteen (15) Gregorian years.
Purpose	Operating a hypermarket.

Opening date	An opening date is not specified in the leases.
Penalties for suspension of operation	The Company shall compensate the Tenant in the case of any error or negligence by the Company which led to the Tenant's suspension of operations.
Licenses and permits	No provisions on licenses or permits in the leases.
Rent	The rent is automatically increased by 10% of the Rent value every five (5) years from the start of the lease.
Security deposit	Security deposits are not required.
Service costs	It is the Tenant's responsibility to pay for any utility and/or services costs.
Maintenance	The Company shall carry out maintenance of the Mall including structural maintenance of the building and maintaining the common areas and facilities. The Tenant is responsible for maintaining the internal segment of the store. The maintenance costs of the chiller is the Tenant's responsibility.
Taxes	The Tenant undertakes to pay all fees, taxes, governmental and local expenses imposed or due on the leased property or any part of it.
Handover	On expiry or early termination of the leases, the Tenant undertakes to handover the leased store to the Company in good condition.
Liability	In the event that the relevant mall is destroyed or damaged and is not rebuilt or rectified within one (1) year from the date of destruction or damage, either party may terminate the leases by providing notice to the other party not less than thirty (30) days from the date of termination.
Compensation in the event of a suspension of operations or non-payment	In the event of any wrongdoing or negligence by the Company which may lead to the Tenant suspending its commercial activities or closing its store, the Company shall compensate the Tenant in full for all losses and liabilities as a result of the suspension of its commercial activities.
Insurance	The Company shall insure the mall, including the structure of the mall, against (i) losses or damage, (ii) loss of rent due for a period of three years, and (iii) general liability. The Tenant shall procure insurance for the duration of the lease period in relation to (i) liability towards third parties (or at least SAR 5,000,000), (ii) fixtures and fittings, and (iii) business interruptions.
Health and Safety/ Regulation	The Tenant undertakes to operate and manage the stores in accordance with the global standards of operating and managing hypermarkets.
Completion of works	Not applicable.
Rights of Assignment / Sublease / Change of Control	The Company may not lease or approve the assignment of any lease or sublease in relation to any store in the relevant Mall which specializes in the retail sale of food items, groceries or bakeries. This restriction on leasing and subleasing will not apply to cafes, restaurants and bakeries with well-known brands. The Tenant may lease and/or sublease without the written approval of the Company any space within the leased property to franchise owners who sell usual grocery items (apart from alcohol, cigarettes or banned items), under the condition that such leased space (for all franchise owners together) is 10% or less than the total area of the leased property. The Company guarantees that it will throughout the terms of the leases maintain its ownership interest or benefit in the entire land / leased property and if title to the premises is subject to any security for the benefit of a lender, such lender shall not be able to terminate the relevant lease, nor shall they be able to benefit from the leased property throughout the lease term.
Typical termination provisions	The following are typical termination provisions found in the leases: • non-payment of rent by Tenant; • if any parties breach any of their obligations in accordance with the leases; • if a legal or judicial trustee is appointed for any of the parties; • if the Landlord reduces the total leased area of the other tenants in the mall to less than 50% of the total leased area of the mall from the start date of the lease; and • if a decision has been made by any governmental authority or body to take or remove all or a part of the mall.
Typical renewal provisions	No automatic renewal.

13.5.3 Cinema Leases

Table 13-10: Details of Cinema Leases entered into by the Company

Nakheel Mall (Riyadh) Cinema Lease (Riyadh)	30/12/1439H (corresponding 10 September 2018G)	Premises no. CIM17 in Nakheel Mall (Riyadh)	10,185	The higher of SAR 8,148,000 per annum or 8% of the yearly sale proceeds for the first 5 years; and the higher of SAR 8,962,800 per annum or 8% of the yearly sale proceeds for the last 5 years.
University Boulevard Cinema Lease	06/09/1439H (corresponding 22 May 2018G)	Premises no. CIM18 in University Boulevard	9,000	The higher of SAR 7,200,000 per annum or 8% of the yearly sale proceeds for the first 5 years; and the higher of SAR 7,920,000 per annum or 8% of the yearly sale proceeds for the last 5 years.
Mall of Dhahran Cinema Lease	30/12/1439H (corresponding 10 September 2018G)	Premises no. EA8 in Mall of Dhahran	5,714	The higher of SAR 4,571,200 per annum or 8% of the yearly sale proceeds for the first 5 years; and the higher of SAR 5,028,320 per annum or 8% of the yearly sale proceeds for the last 5 years.
Mall of Arabia (Jeddah) Cinema Lease	30/12/1439H (corresponding 10 September 2018G)	Premises no. ATF04 in Mall of Arabia (Jeddah)	6,397	The higher of SAR 5,117,600 per annum or 8% of the yearly sale proceeds for the first 5 years; and the higher of SAR 5,629,360 per annum or 8% of the yearly sale proceeds for the last 5 years.

Cinema leases summary (common terms)	
Parties	Arabian Centres Company Ltd. as the "**Landlord**" and Next Generation Co. Ltd. as the **"Tenant"**.
Term	10 years commencing on the opening date the premises.
Renewal	The leases shall end on the expiry of its term. If the Tenant does not intend to renew the lease, it should inform the Landlord six months prior to the expiration date. If the Tenant fails to notify the Landlord, the leases shall not automatically renew but shall run on a day to day basis until the parties reach an agreement.
Permitted use	The Tenant shall use the leased premises to operate a cinema. The Tenant may not use the leased premises for other activities without the prior written consent of the Landlord.
Rent payment	• Annual rent is paid in two equal installments in advance and is exclusive of taxes and utility consumption costs. • Rent must be paid by cheque or by wire transfer into the Landlord's bank account.
Tenant Obligations	• The Tenant is may not stop the operation of the cinema without the consent of the Landlord. The Tenant must pay a SAR 20,000 penalty for every day the cinema is closed without the consent of the Landlord. • The Tenant may not make any alterations to the leased premises without the consent of the Landlord. • The Tenant is responsible to obtain any license or permit necessary to operate the cinema. Failure to do so will not affect rent payment. • Upon the expiry or termination of the leases the Tenant must vacate the leased premises. • The Tenant must install and maintain air conditioning units and fire fighting and alarm systems in the leased premises. • The Tenant must abide by the shopping mall regulations including operating hours. • The Tenant must conduct, at its own cost, all necessary maintenance work for the leased premises. • The Tenant must pay utility consumption costs.

Assignment and subleasing	The Tenant may not assign or sublease the leased premises without the prior written consent of the Landlord.
Insurance	The Tenant must insure the leased premises against all risks with a Sharia' compliant insurance policies.
Termination by Landlord	The landlord may terminate the leases upon the occurrence of any of the following events: • the cancellation or withdrawal of the tenant's license to operate a cinema; • the Tenant's default in paying rent; or • the Tenant's breach of the shopping mall regulations.
Termination by Tenant	None.
Yielding up	Upon the expiration or termination of the lease, the Tenant must handover the leased premises clear from any defects or damage.
Comments	The leases do not include a VAT provision.

13.5.4 Company Headquarters Lease

Headquarters Lease	
Provision	Summary
Parties	ACC (the "**Tenant**") and Al Inshaiyun Al Mutatawrun Company (the "**Landlord**")
Term	Five (5) Hijri years starting on 1/1/1438 (corresponding to 2/10/2016).
Purpose	Administrative offices.
Licenses and Permits	The Tenant is required to obtain, at its own expense, all licenses and permits.
Rent	The total rent amounts to SAR 19,447,020.00 and is paid in five instalments. The rent payments are as follows: **Instalment Amount** / **Date of Instalment** / **Discount Amount (approximately 9%)** 3,520,000.00 / 10/9/1438H / 320,000.00 3,696,000.00 / 1/1/1439H / 336,000.00 3,880,000.00 / 1/1/1440H / 352,000.00 4,074,400.00 / 1/1/1441H / 370,000.00 4,276,620.00 / 1/1/1442H / 387,000.00 Total: 19,447,020.00 / Total discount: 1,765,000.00 The Instalment Amounts are subject to discount and the Discount Amount if the relevant instalment is paid (through a bank transfer to the Landlord's account) before the relevant due date by at least one day.
Security deposit	No security deposit is payable.
Service costs	No service costs are payable. The Tenant is to satisfy all utilities at leased property and to maintain the leased property.
Maintenance	Tenant to maintain lease property, utilities, and ancillary areas. The Tenant may not make any alterations without the landlords consent.
Taxes	Not applicable.
Handover / Yielding up	At the expiry of the term, the Landlord reserves the right to request that the Tenant reinstate the property to its original state. In the event the Tenant abandons the leased property for any reason prior to the expiry date, it is required to pay the entire rent owed on the lease and it is not entitled to compensation for rent paid in advance.
Insurance	Agreement silent.

Rights of Assignment / Sublease / Change of Control	No sublease or assignment without Landlord's consent. Breach of this provision is an automatic termination event. No change of control provisions are included in the Lease.
Termination	If the leased property is subleased or assigned without the Landlord's consent. In the event the leased property or the property is sold, the lease continues until the agreed date of expiry.
Renewal	Lease terminates at expiry if Landlord notifies the tenant of its intention not to renew. Otherwise, the Landlord is to provide the Tenant with a new lease which is deemed approved by the tenant if the tenant does not inform the landlord otherwise within three days.

13.6 Transactions and Contracts with Related Parties

13.6.1 Related Party Tenant Leases

13.6.1.1 Alhokair Fashion Retail

Please refer to the Key Account Tenant lease summary for Alhokair Fashion Retail in Section **13.5.2 ("Key Account Tenant Leases").**

13.6.1.2 Saudi Global Academy for Training

Saudi Global Academy for Training (the "Tenant")	
Provision	Summary
Term Range	Five (5) years.
Purpose	For the purpose of operating a workforce training facility and recruitment.
Opening date	An opening date is specified in the lease and the Tenant to is required to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The Company is entitled to charge the Tenant a penalty fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. The lease provides that if the Tenant fails to obtain these licenses, the lease will run and the penalties for failing to operate following the required opening date will be enforceable.
Rent	The annual rent is fixed for the term of the lease and does not increase annually by a percentage.
Security deposit	No security deposit is required under the lease.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be required to pay a fee which equals three times the underlying rent previously agreed for each day on a pro rata basis.
Liability	The Tenant is responsible for remedying complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. The Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.

Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. The Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable either amounts to the overall loss suffered by the Company or is limited to SAR 200,000. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks. The Tenant is liable for its actions with respect to any fires caused by it or any of its representatives, agents or employees.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. The Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or any other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with standards set to ensure the safety of the building or its customers, the Company may enter the property and take the required action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. In the event of a sale or transfer of ownership of the Tenant, it must obtain the Company's prior written approval. In the event the Tenant suffers liquidation, the term will be reduced to one year in the event the remaining term exceeds one year.
Typical termination provisions	The Company has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises by a specific date; • the Tenant does not use the property for the purpose prescribed in the lease; and • if the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

13.6.1.3 Food and Entertainment Company

Food and Entertainment Company (the "Tenant")	
Provision	Summary
Term Range	One (1) to three (3) years.
Purpose	For the purposes of operating stores for the sale of food and serving cold and hot drinks.
Opening date	An opening date is specified in the lease which requires the Tenant, in some leases, to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Some leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	The rent is typically fixed. A percentage increase is sometimes agreed for the rent amount owed under the lease.
Security deposit	Security deposits are not generally required under the leases.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.

Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be liable to pay a fee based on the underlying rent previously agreed.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. Some leases provide that the Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. In some leases, the Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable in some leases is usually limited to SAR 200,000 with a few exceptions whereby the compensation payable amounts to the entire loss suffered. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. The lease continues in the event the Tenant suffers liquidation and in such an event the term remaining on the lease is reduced to one year in the event the remaining term exceeds one year.
Typical termination provisions	The Company generally has the right to terminate the leases if: • if the Tenant delays commencing operations for a period of more than one month then the Company shall have the right to terminate the lease and request the payment of monies owed under such lease; • the Tenant does not use the property for the purpose prescribed in the lease; and • the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

13.6.1.4 Coffee Centers Trading Company

Coffee Centres Trading Company (the "Tenant")	
Provision	Summary
Term Range	One (1) to three (3) years.
Purpose	For the purposes of operating coffee shop stores.
Opening date	An opening date is specified in the lease which requires the Tenant, in some leases, to pay a penalty fee for every day it fails to operate following the required opening date.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Some leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	The rent is typically fixed. A percentage increase is sometimes agreed for the rent amount owed under the lease.
Security deposit	Security deposits are not generally required under the leases.
Service costs	The rent payable does not include any increase in service costs resulting from increased consumption. The Tenant is responsible for utility expenses generated from the leased property.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	Handover of the property following expiry or termination of the lease shall be made against minutes signed by the parties or a representative authorized to sign on their behalf. If the Tenant is late in handing over the property it may be liable to pay a fee based on the underlying rent previously agreed.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event. Some leases provide that the Company is not liable for any accidents or injuries which may occur to the Tenant or its employees or contractors.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect services being passed to the leased property in the event the Tenant fails to satisfy a required payment and the Tenant does not benefit from the right to refuse payment based on the disconnection. In some leases, the Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In some leases, the Tenant is required to supply information to the Saudi Credit Bureau (SIMAH) or other entity specified by the Saudi Arabian Monetary Authority. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.

Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property. The lease continues in the event the Tenant suffers liquidation and in such an event the term remaining on the lease is reduced to one year in the event the remaining term exceeds one year.
Typical termination provisions	The Company generally has the right to terminate the leases if: • if the Tenant delays commencing operations for a period of more than one month then the Company shall have the right to terminate the lease and request the payment of monies owed under such lease; • the Tenant does not use the property for the purpose prescribed in the lease; and • the Tenant fails to make a rental payment.
Typical renewal provisions	No automatic renewal.

13.6.1.5 Kidz Space Company (Kidzania Saudi Company)

Kidz Space Company (Kidzania Saudi Company) (the "Tenant")	
Provision	Summary
Term Range	Ten (10) Hijri years.
Purpose	For the purpose of selling educational toys under the brand Kidzania.
Opening date	An opening date is specified in the lease which requires the Tenant to pay a penalty fee for every day it fails to operate following the specified opening date.
Penalties for suspension of operation	The lease provides the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property.
Rent	A fixed rent or a percentage of sales (to be agreed), whichever is higher. Rent is inclusive of services fees. The fixed rent shall increase by 15% for the sixth, seventh, eighth, ninth and tenth year of the lease term.
Security deposit	No security deposit is required under the lease.
Service costs	Service charges are inclusive in rent. The rent does not however include utility usage costs or any taxes or fees (present or future) on the leased premises. The Company may also charge the Tenant additional charges in the event of an increase in any utility tariffs.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	The leased premises shall be handed over at the end of the term or following termination free of any faults and including all fixtures, pursuant to handover minutes signed by the parties. If the Tenant is late in handing over the property it is liable to pay a fee based on a triple multiple of the underlying rent previously agreed per day of delay.

Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect electricity and water from the leased property and prevent the movement of goods to and from the lease property in the event the Tenant fails to satisfy a required payment. The Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable is limited to SAR 200,000. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property.
Typical termination provisions	The Company generally has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises by a specified date; • if the Tenant loses the rights to use the 'Kidzania' brand; • the Tenant does not use the property for the purpose prescribed in the lease; and • breach of the lease without remedy following 5 days' notice.
Typical renewal provisions	Automatic renewal unless either party notifies the other of its intention not to renew.

13.6.1.6 Billy Games Company

Billy Games Company (the "Tenant")	
Provision	Summary
Term Range	Ten (10) Gregorian years.
Purpose	Children's Games Center under the 'Billy Beez' brand name.
Opening date	An opening date is specified in the lease which requires the Tenant to pay a penalty fee for every day it fails to operate following the specified opening date. A few leases do not have late opening penalties.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property.
Rent	A fixed rent inclusive of services fees, subject to increases of between 5% to 15% in some leases. In the newer leases rent is typically calculated as 8% of revenue. Where the rent is calculated with reference to the sales revenue generated, the Company has the right to terminate the lease if the amount generated is less than the agreed rent.
Security deposit	No security deposit is required under the lease.

Service costs	Service charges are inclusive in rent. The rent does not however include utility usage costs or any taxes or fees (present or future) on the leased premises. The Company may also charge the Tenant additional charges in the event of an increase in any utility tariffs.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	The leased premises shall be handed over at the end of the term or following termination free of any faults and including all fixtures, pursuant to handover minutes signed by the parties. If the Tenant is late in handing over the property it is liable to pay a fee based on a triple multiple of the underlying rent previously agreed per day of delay.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect electricity and water from the leased property and prevent the movement of goods to and from the lease property in the event the Tenant fails to satisfy a required payment. The Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable is limited to SAR 200,000. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property.
Typical termination provisions	The Company generally has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises by a specified date; • if the Tenant loses the rights to use the 'Billy Beez' brand; • the Tenant does not use the property for the purpose prescribed in the lease; and • breach of the lease without remedy following 5 days' notice.
Typical renewal provisions	No automatic renewal.

13.6.1.7 Abdulmohsin Al Hokair for Tourism and Development Company

Abdulmohsin Al Hokair for Tourism and Development Company (the "Tenant")	
Provision	**Summary**
Term Range	Five (5) to ten (10) Hijri years.
Purpose	For the purpose of games - entertainment city under the brand 'Sparky's'.

Opening date	In most of the leases, an opening date is specified in the lease which requires the Tenant to pay a penalty fee for every day it fails to operate following the specified opening date.
Penalties for suspension of operation	The leases provide the Company with the right to charge the Tenant a fee for each day it suspends operations during the lease term.
Licenses and permits	The Tenant is responsible for obtaining all licenses required for the property. Some leases provide that if the Tenant fails to obtain these licenses, the Company may either extend the time to obtain the licenses or terminate the lease.
Rent	In some lease the rent is charged on a fixed basis, subject to increases of between 5% to 10%. In other leases rent is calculated as the higher of a fixed rent or 12% to 15% of sales. Rent is inclusive of service charges.
Security deposit	No security deposit is required under the lease.
Service costs	Service charges are inclusive in rent. The rent does not however include utility usage costs or any taxes or fees (present or future) on the leased premises. The Company may also charge the Tenant additional charges in the event of an increase in any utility tariffs.
Maintenance	Maintenance is the Tenant's responsibility and the Tenant may not make any modifications to the leased property without the Company's prior written consent. The installation and maintenance of air conditioning units and fire safety requirements for the leased property are the Tenant's responsibility.
Taxes	The Tenant is responsible for any taxes or levies imposed on the leased property which are or may become due in the future.
Handover	The leased premises shall be handed over at the end of the term or following termination free of any faults and including all fixtures, pursuant to handover minutes signed by the parties. If the Tenant is late in handing over the property it is liable to pay a fee based on a triple multiple of the underlying rent previously agreed per day of delay.
Liability	The Tenant is responsible for remedying any complaints in the event neighboring properties have made claims against the Tenant. The Tenant is responsible for all damages and harm caused to the property or any neighboring areas if it stores or uses any harmful, dangerous or illegal substances. The Company is not liable for any damage caused as a result of a disconnection of electric power, water or air conditioning which resulted from the Tenant's non-payment of rent, from a force majeure event or a sudden event.
Compensation in the event of a suspension of operations or non-payment	The Company has the right to disconnect electricity and water from the leased property and prevent the movement of goods to and from the lease property in the event the Tenant fails to satisfy a required payment. The Company has the right to be compensated for its losses in the event it is required to take action to obtain any payment owed to it by the Tenant. The compensation payable is limited to SAR 200,000. The Company has the right to take possession and sell all items within the leased property in the event the Tenant defaults on any payment owed under the relevant lease.
Insurance	The Tenant is required to insure the leased property and its belongings against all risks.
Health and Safety/ Regulation	The Tenant must comply with the tenant guidelines and any rules and standards set by the relevant mall's management. In the event the Tenant fails to make a repair or fails to comply with certain safety standards, the Company may enter the property and take remedial action during official working hours.
Completion of works	The Tenant may not commence fit-out works until it submits its décor, air conditioning, fire safety and electric plans to the Company for approval.
Rights of Assignment / Sublease / Change of Control	The Company's prior written consent is required for any sublease or assignment entered into by the Tenant for the leased property.
Typical termination provisions	The Company generally has the right to terminate the leases if: • the Tenant fails to commence operations of its leased premises by a specified date; • if the Tenant loses the rights to use the 'Sparky's' brand; • the Tenant does not use the property for the purpose prescribed in the lease; and • breach of the lease without remedy following 5 days' notice.
Typical renewal provisions	No automatic renewal.

13.6.2 Construction Contracts

13.6.2.1 Malls Under Construction

Construction of University Boulevard (Riyadh)

Contract Date	1 June 2016G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 253,452,737
Works Commencement Date	Later of 1 June 2016G or from the date of receipt of the Advance Payment.
Works Completion Date	1 September 2019G
Contract Extensions	The time for completion of the Works is subject to an extension for additional work or a Force Majeure Event.
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 25% of the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Retention of 5% of each payment made to the contractor, to be released on issuance of the Final Acceptance Certificate.
Governing Law	KSA
Governing Language	English
Termination	The contract may be terminated per written notification by the Employer if a war breaks out. In addition, the Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer: (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other key terms	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • If the Contractor successfully completes and hands over the project ahead of the contract completion date, the Employer shall pay an incentive equal to 2% of the total contract amount per month and not exceeding 5% of the total contract amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carry out and shall be responsible for the design of the Works. • If any dispute of any kind arises, regarding the contract or execution of works, the General Conditions provide that the Contractor shall submit a report to the Employer who shall issue a decision. If the Contractor is dissatisfied with the Employer's decision, he may within 60 days request to refer the matter to arbitration. (This conflicts with the Special Conditions which provide for disputes to go to the Saudi courts (the Board of Grievances) however the contract provides that the General Conditions take priority over the Special Conditions).

Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 1 March 2017G • Addendum No 2 dated 16 August 2017G • Addendum No 3 dated 9 November 2017G • Addendum No 4 dated 13 November 2017G • Addendum No 5 dated 1 July 2018G • Addendum No 6 dated 4 April 2019G The Addendums adjusted the contract duration, the Contract Value and the termination provisions set out above.

Construction of Nakheel Mall (Dammam)

Contract Date	5 May 2015G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 309,680,000
Works Commencement Date	Later of 5 May 2015G or from the date of receipt of the Advance Payment.
Works Completion Date	1 September 2019G
Contract Extensions	The time for completion of the Works is subject to an extension for a Force Majeure Event, any delay attributable to the Employer or its employees, or an extension granted at the Employer's discretion.
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 25% of the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Retention of 5% of each payment made to the Contractor, to be released on issuance of the Final Acceptance Certificate.
Governing Law	KSA
Governing Language	English
Termination	The Employer is entitled to terminate the contract with immediate effect if the Contractor (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.

Other key terms	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • If the Contractor successfully completes and hands over the project ahead of the contract completion date, the Employer shall pay an incentive equal to 2% of the total contract amount per month and not exceeding 5% of the total contract amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carry out and shall be responsible for the design of the Works. • Any disputes shall initially be referred to the Engineer on behalf of the Employer and the Contractor who shall discuss the dispute and make all the reasonable efforts to reach an agreement. If no agreement is reached within 15 days, the dispute shall be referred to the chairman of the Employer and the Contractor to reach an agreement within 30 days. If no agreement is reached, the dispute may be referred to the Board of Grievances. A referral may be made to a technical expert if required pursuant to the contract or by agreement of the parties.
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 16 June 2016G • Addendum No 2 dated 30 January 2017G • Addendum No 3 dated 16 August 2017G • Addendum No 4 dated 9 November 2017G • Addendum No 5 dated 1 July 2018G • Addendum No 6 dated 4 April 2019G The Addendums made amendments with respect to the contract duration, the Contract Value, delay penalties and incentive for early completion set out above.

Construction of Khaleej Mall (Riyadh)

Contract Date	1 June 2016G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 528,522,544
Works Commencement Date	Later of 1 June 2016G or from the date of receipt of the Advance Payment.
Works Completion Date	1 December 2019G
Contract Extensions	The time for completion of the Works is subject to an extension for additional work or a Force Majeure Event.
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 25% of the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Not applicable.

Governing Law	KSA
Governing Language	English
Termination	The contract may be terminated per written notification by the Employer if a war breaks out. In addition, the Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer: (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other key provisions	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • If the Contractor successfully completes and hands over the project ahead of the Contract Completion date, the Employer shall pay an incentive equal to 2% of the Contract Total Amount per month and not exceeding 5% of the Contract Total Amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carry out and shall be responsible for the design of the Works. • If any dispute of any kind arises, regarding the contract or execution of works, the General Conditions provide that the Contractor shall submit a report to the Employer who shall issue a decision. If the Contractor is dissatisfied with the Employer's decision, he may within 60 days request to refer the matter to arbitration. (This conflicts with the Special Provisions which provide for disputes to go to the Saudi courts (the Board of Grievances) however, the contract provides that the General Conditions take priority over the Special Conditions).
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 16 August 2017G • Addendum No 2 dated 9 November 2017G • Addendum No 3 dated 13 November 2017G • Addendum No 4 dated 27 May 2018G • Addendum No 5 dated 4 April 2019G The Addendums make changes with respect to the contract duration, the Contract Value and the termination provisions.

Construction of Nakheel Mall (Riyadh) Extension Phase 1

Contract Date	15 July 2018G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 191,000,000
Contract Duration	6 months (subject to an extension for a Force Majeure Event, any delay attributable to the Employer or its employees, or an extension granted at the Employer's discretion).
Works Commencement Date	Pursuant to Article 3.1 of the Principal Document, the period for performing the Works commences on the later of 1 May 2019G, on handing over of the site, or from the date of receipt of the Advance Payment. Article 1(o) of the General Conditions states that the Work Commencement Date means the date upon which the Contractor receives notice to commence the Work issued by the Employer or the Engineer. To the extent there is a conflict, Article 3.1 of the Principal Document is likely to prevail.

Works Completion Date	1 November 2019G (assuming the Commencement Date is 1 May 2019G)
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 1/8 times the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 1/4 times the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to 1/2 times the average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value (subject to comments below).
Terms of performance security	Retention of 5% of each payment made to the Contractor, to be released at the end of the Defect Liability Period.
Governing Law	KSA
Governing Language	English
Termination	The Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap (10% of the Remaining Work Costs); (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach and does not remedy the default within 45 days of receiving notice. The Contractor is entitled to terminate the contract with immediate effect if the Employer (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other comments / key observations	• The Contractor shall guarantee the Works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • The Contractor shall be liable for any latent defects for a period of 10 years from the Preliminary Acceptance Date. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. There is no requirement on the Contractor to insure the Works so this insurance may need to be effected by the Employer. • The Contractor shall carry out and shall be responsible for the design of the Works. • Any disputes shall initially be referred to the Engineer on behalf of the Employer and the Contractor who shall discuss the dispute and make all the reasonable efforts to reach an agreement. If no agreement is reached within 15 days, the dispute shall be referred to the chairman of the Employer and the Contractor to reach an agreement within 30 days. If no agreement is reached, the dispute may be referred to the Board of Grievances. A referral may be made to a technical expert if required pursuant to the contract or by agreement of the parties. • Article 7 of the Principal Document states that delay damages are capped at 10% of the Contract Value. Article 53 of the General Conditions states that delay damages are capped at 10% of the Remaining Works Costs. Given the order of priority agreed in Article 2 of the Principal Document, the cap of 10% of the Contract Value is likely to prevail.
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 4 April 2019G The Addendum make changes with respect to the contract duration and the Contract Value.

13.6.2.2 Lands for Future Development

Construction of Najd Site

Contract Date	4 May 2015G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 166,440,400
Contract Duration	10 months (subject to an extension for a Force Majeure Event, any delay attributable to the Employer or its employees, or an extension granted at the Employer's discretion).
Works Commencement Date	1 June 2019G
Works Completion Date	1 April 2020G
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 25% the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Retention of 5% of each payment made to the Contractor, to be released on issuance of the Final Acceptance Certificate.
Governing Law	KSA
Governing Language	English
Termination	The Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer: (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other key provisions	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • The Contractor shall be liable for any latent defects for a period of 10 years from the Preliminary Acceptance Date. • If the Contractor successfully completes and hands over the project ahead of the Contract Completion date, the Employer shall pay an incentive equal to 2% of the Contract Total Amount per month and not exceeding 5% of the Contract Total Amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carryout and shall be responsible for the design of the Works. • Any disputes shall initially be referred to the Engineer on behalf of the Employer and the Contractor who shall discuss the dispute and make all the reasonable efforts to reach an agreement. If no agreement is reached within 15 days, the dispute shall be referred to the chairman of the Employer and the Contractor to reach an agreement within 30 days. If no agreement is reached, the dispute may be referred to the Board of Grievances. A referral may be made to a technical expert if required pursuant to the contract or by agreement of the parties.

Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 31 May 2016G • Addendum No 2 dated 9 November 2017G • Addendum No 3 dated 4 April 2019G The Addendums made amendments with respect to the contract duration, the Contract Value, delay penalties and incentive for early completion set out above.

Construction of Zahra Site

Contract Date	20 June 2016G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 616,322,340
Contract Duration	18 months (subject to an extension for a Force Majeure Event or additional work).
Works Commencement Date	5 October 2019G
Works Completion Date	4 April 2021G
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 25% the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Retention of 5% of each payment made to the Contractor, to be released on issue of Final Acceptance Certificate.
Governing Law	KSA
Governing Language	English
Termination	The contract may be terminated per written notification by the Employer if a war breaks out. In addition, the Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer: (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.

Other key provisions	• The Contractor shall guarantee the works for a period of one year from the date of preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • If the Contractor successfully completes and hands over the project ahead of the Contract Completion date, the Employer shall pay an incentive equal to 2% of the Contract Total Amount per month and not exceeding 5% of the Contract Total Amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carry out and shall be responsible for the design of the Works. • If any dispute of any kind arises, regarding the contract or execution of works, the General Conditions provide that the Contractor shall submit a report to the Employer who shall issue a decision. If the Contractor is dissatisfied with the Employer's decision, he may within 60 days request to refer the matter to arbitration. (This conflicts with the Special Provisions which provide for disputes to go to the Saudi courts (the Board of Grievances) however the contract provides that the General Conditions take priority over the Special Conditions).
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 9 November 2017G • Addendum No 2 dated 13 November 2017G • Addendum No 3 dated 4 April 2019G The Addendums made amendments with respect to the contract duration, the Contract Value and the termination provisions set out above.

Construction of Mall of Arabia, Riyadh Site

Contract Date	19 January 2014G
Contract No.	Not Specified
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 1,483,751,100
Contract Duration	24 months (subject to an extension for a Force Majeure Event or any additional work requested by the Employer).
Works Commencement Date	8 July 2020G
Works Completion Date	7 July 2022G
Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 12.5% the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 25% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Not applicable.

Governing Law	KSA
Governing Language	English
Termination	The contract may be terminated per written notification by the Employer if a war breaks out. In addition, the Employer is entitled to terminate the contract with immediate effect if the Contractor: (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer: (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other comments / key observations	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • If the Contractor successfully completes and hands over the project ahead of the Contract Completion date, the Employer shall pay an incentive equal to 2% of the Contract Total Amount per month and not exceeding 5% of the Contract Total Amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carryout and shall be responsible for the design of the Works. • If any dispute of any kind arises, Work shall proceed without interruption and disputes are to be solved through discussions between the Employer, the Engineer and the Contractor. If a dispute is not resolved, either party may go to the Grievance Board.
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 31 May 2016G • Addendum No 2 dated 21 September 2017G • Addendum No 3 dated 9 November 2017G • Addendum No 4 dated 13 November 2017G • Addendum No 5 dated 4 April 2019G The Addendums made amendments with respect to the contract duration, the Contract Value, delay penalties, incentive for early completion and the termination provisions set out above.

Construction of Jawharat Site

Contract Date	15 March 2015G
Employer Entity	ACC
Contractor Entity	FARE
Contract Value	SAR 1,059,887,100
Contract Duration	22 months (subject to an extension for a Force Majeure Event, any delay attributable to the Employer or its employees, or an extension granted at the Employer's discretion).
Works Commencement Date	10 June 2020G
Works Completion Date	9 April 2022G

Terms of Penalties / Delay penalties	• For the first fifteen days of delay, the daily penalty shall be an amount equal to 12.5% the average daily cost of the remaining Works to be handed over. • For the second fifteen days of delay, the daily penalty shall be an amount equal to 25% of the average daily cost of the remaining Works to be handed over. • For a delay exceeding 30 days, the penalty shall be an amount equal to 50% of the average daily cost of the remaining Works to be handed over. • The total amount of delay penalty shall not exceed 10% of the Contract Value.
Terms of performance security	Retention of 5% of each payment made to the Contractor, to be released on issuance of the Final Acceptance Certificate.
Governing Law	KSA
Governing Language	English
Termination	The Employer is entitled to terminate the contract with immediate effect if the Contractor (1) owes the Employer an amount exceeding the Aggregate Liquidated Damages Cap; (2) abandons the Works; (3) fails to proceed with the Works in a timely and expeditious manner and does not remedy the default within 30 days of receiving notice; (4) is subject to an Insolvency Event; and (5) if the Contractor commits a material breach. The Contractor is entitled to terminate the contract with immediate effect if the Employer (1) is subject to an Insolvency Event; and (2) fails to make an agreed payment which has been outstanding for a period of 90 days.
Other key provisions	• The Contractor shall guarantee the works for a period of one year from the date of the preliminary acceptance to the date of final acceptance. • The Contractor is paid an Advance Payment of 10% of the Contract Value (such payment is not secured by a guarantee). • The Contractor shall be liable for any latent defects for a period of 10 years from the Preliminary Acceptance Date. • If the Contractor successfully completes and hands over the project ahead of the Contract Completion date, the Employer shall pay an incentive equal to 2% of the Contract Total Amount per month and not exceeding 5% of the Contract Total Amount. • The Contractor guarantees the project for a duration of 10 years from the final delivery date, in case of partial or total demolition, arising from a defect in the execution. • Insurances: there is no reference to professional indemnity insurance to cover design liabilities. • The Contractor shall carryout and shall be responsible for the design of the Works. • Any disputes shall initially be referred to the Engineer on behalf of the Employer and the Contractor who shall discuss the dispute and make all the reasonable efforts to reach an agreement. If no agreement is reached within 15 days, the dispute shall be referred to the chairmen of the Employer and the Contractor to reach an agreement within 30 days. If no agreement is reached, the dispute may be referred to the Board of Grievances. A referral may be made to a technical expert if required pursuant to the contract or by agreement of the parties.
Addendums	The contract terms described above incorporate amendments made by the following Addendums: • Addendum No 1 dated 31 May 2016G • Addendum No 2 dated 9 November 2017G • Addendum No 3 dated 4 April 2019G The Addendums made amendments with respect to the contract duration, the Contract Value, delay penalties and incentive for early completion set out above.

13.6.3 Framework Agreements

13.6.3.1 Leasing Framework Agreement with Alhokair Fashion Retail

On 16 December 2018G the Company entered into a framework agreement ("**Leasing Framework Agreement**") with Alhokair Fashion Retail which sets forth a broad framework for the parties' relationship to ensure that all tenancy leases for stores in the Malls entered into between the Company and Alhokair Fashion Retail are conducted on an arm's length basis.

In particular, the Leasing Framework Agreement includes:

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

The parties agree to coordinate their marketing efforts for the benefit of each of the Company's Malls in which Fawaz Abdulaziz Hokair Company and Partners is a tenant and the FARE brands operating within those Malls, provided that each party bears its own cost.

The term of the agreement is 7 years from the date of execution and the agreement may be terminated by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

13.6.3.2 Leasing Framework Agreement with Food and Entertainment Company

On 13 December 2018G the Company entered into a framework agreement ("**Leasing Framework Agreement**") with Food and Entertainment Company which sets forth a broad framework for the parties' relationship to ensure that all tenancy leases for stores in the Malls entered into between the Company and Food and Entertainment Company are conducted on an arm's length basis.

In particular, the Leasing Framework Agreement includes:

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

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

The term of the agreement is 7 years from the date of execution and the agreement may be terminated by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

13.6.3.3 Construction Framework Agreement with FARE

On 13 December 2018G the Company entered into a framework agreement ("**Construction Framework Agreement**") with FARE which sets forth a broad framework for the parties' relationship to ensure that all construction contracts for the development of new malls entered into between the Company and FARE are conducted on an arm's length basis.

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

In particular, the Construction Framework Agreement:

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

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

The term of the agreement is 7 years from the date of execution and the agreement may be terminated by either party if the other party is in default of a material obligation (which is not remedied within 30 days of a receipt of notice concerning the default) or suffers an insolvency event.

13.6.4 Other Contracts

13.6.4.1 TNS Contract

On 01 April 2017G the Company entered into a civil security services agreement with TNS. The agreement is for a term of two Gregorian years automatically renewable by mutual consent.

Under the terms of this agreement TNS agrees to provide civil security services in the Malls, by providing security guards, female security guards, shift leaders, supervisors, security vehicles and bodyguards.

TNS also provides traffic patrolling services around the Malls and agrees to provide, fuel, maintain and manage all security vehicles required for this purpose.

Pursuant to the agreement the Company and TNS have entered into service level agreements for the provision of civil security services to each of its 19 Malls, as well as for the Company's headquarters. The term of each service level agreement is 2 years, commencing on 01 April 2017G and the aggregate value under all service level agreements is SAR 87.5 million per year.

The Company and TNS are currently in negotiations to renew the above agreement and service level agreements and continue to operate under the terms of the current agreement and service level agreements in the meantime.

13.6.4.2 FAS Energy Lease

Parties	ACC as the "**Landlord**" and FAS Renewable Energy as the "**Tenant**"
Area (m²)	Not specified.
Term	25 years commencing on 1 January 2018G
Purpose	Installation of solar panels in areas specified in Schedule 1 of the lease which are located on rooftops and parking lots of the Malls by the Landlord and the production and sale of electricity through those panels (the "**Leased Areas**"). The Tenant may not change the abovementioned use without obtaining the prior written consent from the Landlord.
Leased Areas	The Leased Areas include the rooftops and parking lots in each of the Malls.
Rent	SAR 150,000 for the first five years. Rent to be increased by 10% every five years of the term. Rent to be paid in two instalments annually in advance. The first rent instalment is due upon execution and other instalments are due 30 days prior to the due date of such rental amounts.
Rent Commencement Date	Rental payments to commence upon the completion of installation and operation of the first solar panel 'station' or within 3 years from the date of execution, whichever occurs first.
Security Deposit	10% of total annual rent, paid upon execution.
Termination	Lease may be terminated by either party if no solar panel 'station' was installed and operated within 3 years from 18/2/1439 H (corresponds to 7/11/2017 G), by any party issuing a written notice to the other. No party is entitled to any compensation in these circumstances. The Landlord may terminate if the Tenant: fails to comply with any of the rules and regulations of the Malls and fails to remedy such breach after receiving 10 days written notice from the Landlord; constructs any buildings or facilities on the Leased Areas without obtaining the prior written consent of the Landlord; fails to pay for the consumption of any utilities which are provided directly by the Landlord; is bankrupt or goes into liquidation, to the extent that its obligations under the lease cannot be met; has failed to obtain the relevant permits to undertake its activities or if the Tenant's business activities has changed; has failed to maintain the relevant permits and licenses throughout the lease period and if any of those permits or licenses are revoked, terminated or suspended and are not reinstated within a period granted by the landlord; or fails to pay rent or any amount outstanding (including tax) within 10 days from such payments being due.
Rights of Assignment / Sublease / Change of Control	The Tenant may not assign, share possession of, or sublease the whole or part of the Leased Areas or any kiosks or advertisement space within the Leased Areas without obtaining the prior written consent of the Landlord. The prior written consent of the Landlord is required for any change of control event. The assignee's (new owner's) representative must sign the same lease upon a change of control event. The Landlord may assign, part with and sublet to any third party.
Renewal	The Tenant must notify the Landlord of its intention to renew 6 months prior to the expiration of the lease, and if agreed by the Landlord the parties shall enter into a new lease upon new terms.

13.6.4.3 ETQAN Maintenance Contract

Parties	ACC (the **"Company"**) and ETQAN Management Services Company (the "**Second Party**")
Term	3 years commencing on 12 December 2017G
Purpose	The Second Party to provide facilities management services (with the exception of cleaning and security management services) for the common areas and common facilities in the Company's Malls.
Fee	The Company is to pay a final fee which includes all the Second Party's obligations, costs for remedying defects, costs associated with the Company's instructions, any reasonable differences in the conditions that are reasonably foreseeable and costs associated with delays, disruptions or any other issues the Second Party encounters. The fee paid is deemed inclusive of all costs, expenses, consumables, overheads, commissions, taxes, charges, insurances, fees and profits. A penalty is imposed on the Second Party for any failure to comply with its key performance indicators.
General Terms	The services are generally non-comprehensive. The project is evaluated using key performance indicators which are based on an agreed service level agreement. The Second Party is bound by a defects liability period starting from the date of the taking over certificate (*evidences acceptance by the Company of the equipment and systems*) and continues for a period of twelve (12) months. The Second Party is not permitted to make changes to its key personnel and must ensure their continued involvement. The Second Party agrees to hire the Company's existing staff on new employment contracts. The Company may omit any part of the services and may engage third parties. . The Company may exercise its right to set-off any amounts owing to it by the Second Party under any agreement entered into between the parties by sending notice to the Second Party and granting it a five (5) day notice period to respond.
Limitations of Liability	Neither party is held liable for any direct or indirect consequential loss. Parties are not liable for delays caused by force majeure events provided notice is given to the other party within five (5) days of becoming aware of the same.
Termination	The Company may terminate the agreement by giving (90) days written notice to the Second Party without reason, or for the convenience of the Company, or without the need for an order of a court. The agreement will terminate, in an any event, on completion of the services by the Second Party to the reasonable satisfaction of the Company. The Company has the right to immediately terminate the agreement if the Second Party breaches any terms or conditions of the agreement, which is not capable of remedy, or in the case of breach capable of remedy, the Second Party has failed to take reasonable steps to remedy the breach within (30) days of written notice of the breach from the Company. The Company has the right to terminate the agreement if the Second Party commits a breach of the agreement on more than two or more occasions in a six month period. Either party may terminate the agreement if a force majeure event continues for a period exceeding sixty (60) days and written notice is delivered to the other party twenty-one (21) days prior to the intended termination. The Second Party may terminate the agreement if the Company suspends the services for a period exceeding ninety (90) consecutive days.
Rights of Assignment	The Second Party must obtain the Company's approval for any subcontract arrangement, assignment or otherwise. The Company is free to transfer or assign its rights and obligations under the agreement.
Non-Compete / Related Party	The Second Party is required to confirm that: • to the best of its knowledge and after due enquiry, that none of its employees has any interest in any entity competing with the Company or its subsidiaries; and • that none of its employees or their close family members are employees of the Company or its subsidiaries with the exception of the disclosures made in the statement of compliance.
Governing Law	The agreement is governed by the laws of the Kingdom of Saudi Arabia. Disputes are to be settled amicably. A failure to reach a resolution shall refer the dispute to the KSA Commercial Conciliation and Arbitration Centre.

13.7 Credit Facilities and Loans

On 26 April 2018G, the Company entered into a secured Islamic co-financing facility to implement the Re-financing with certain financiers (the "**Financiers**"). The refinancing facilities are structured as follows:

- a murabaha facility of approximately SAR 1,433,350,000 (the "**Murabaha Facility**"); and
- an ijara facility of approximately SAR 5,771,500,000 (the "**Ijara Facility**"),

(together the "**Re-financing Facilities**").

The total amount drawn down by the Company pursuant to the Refinancing Facilities as at 31 December 2018G was SAR 6,900 million, of which SAR 5,955 million was used to repay in full all amounts outstanding under debt facility arrangements entered into by each of RCCL, Oyoun Al Raed Mall Trading Company and Oyoun Al Basateen Trading Company, each of which have been terminated. Of the proceeds, SAR 450 million was paid to Saudi FAS Holding as an advance payment on the dividends for the financial year ending 31 March 2019G. As at 30 June 2018G, SAR 357 million was settled by Saudi FAS Holding by offsetting SAR 180 million against the dividends declared for the period from 1 April 2018G to 30 June 2018G and by a cash payment of SAR 177 million. As at 31 December 2018G, an amount equal to SAR 93 million was settled by Saudi FAS Holding by offsetting SAR 460 million against dividends declared by the Company for the period from 1 July 2018G to 31 December 2018G. In addition, SAR 495 million of the proceeds were used to finance the capital expenditure requirements of the malls currently under construction. As at 31 December 2018G, unutilized amounts under the refinancing agreements amounted to SAR 305 million.

Each of the Re-financing Facilities is governed by the laws of Saudi Arabia and any disputes thereunder are to be resolved by the Committee for the Settlement of Banking Disputes established in the Kingdom of Saudi Arabia and the Banking Disputes and Violations Appeals Committee, in each case operating under the aegis of the Saudi Arabian Monetary Authority and any successor forum.

The Re-financing Facilities include provisions that restrict changes in the ownership structure of the Company without the prior written consent of all of the Financiers other than changes made as a direct result of the Offering, provided that (a) prior to completion of the Offering, the submission of a notification is given to the Financiers of any expected changes in the shareholding of the Company and its senior management as a consequence of the Offering, and (b) following the completion of the Offering, the Company procures that each of the Personal Guarantors, and Saudi FAS Holding at all times own (directly and/or indirectly) fifty one percent (51%) of the share capital of the Company.

The Company has provided the notification required to be given under the Re-financing Facilities prior to the Offering and has structured the Offering in a manner that ensures that the Personal Guarantors and Saudi FAS Holding (directly and/or indirectly) collectively will continue to own fifty one percent (51%) of the share capital of the Company after completion of the Offering. The Company has not committed any breach of the terms of the Re-financing Facilities as at the date of this Prospectus.

Although based on different Islamic finance structures, a number of key commercial terms (including representations, warranties, positive and negative covenants and events of default) in both the Murabaha Facility and the Ijara Facility are substantially the same. Below is a summary of the key features of each of the Re-financing Facilities together with a summary of key terms that are common to both such facilities.

No consent or other approval from the lenders is required under the Re-Financies Facilities for the Offering to proceed.

13.7.1 Murabaha Facility

The following table summarizes some of the key features of the Murabaha Facility.

Table 13-11: Summary of Murabaha Facility

Financing Type	Commodity Murabaha Facility (i.e. an arrangement for the buying and selling of commodities that ultimately results in a deferred payment / debt obligation owed by the Company to the Financiers for the Company's purchase of the said commodities from the Financiers and the payment of cash to the Company from the on-sale of such purchased commodities.)
Parties	The Company and Samba Financial Group (as investment agent on behalf of the murabaha financiers)
Date	26 April 2018G
Repayment of the original financing amount	Semi-annual installments starting six (6) months after the settlement date for the first murabaha transaction, and a final installment repayment after one hundred twenty (120) months.
Amount	SAR 1,433,470,000
Term	10 years
Purpose	In relation to tranche A of the Murabaha Facility towards the refinancing of Mall of Arabia (Jeddah), Ahsa Mall, Noor Mall, Hamra Mall, Sahara Plaza, Nakheel Mall (Dammam) and Mall of Arabia (Riyadh site). • In relation to tranche B of the Murabaha Facility: - up to an amount of SAR 450,000,000, to be used (A) either in full towards repaying certain indebtedness owed by Saudi FAS Holding (such payment to the made directly to the providers of such debt), (B) to be used in an amount not exceeding SAR 300,000,000 towards repaying certain indebtedness owed by Saudi FAS Holding (such payment to the made directly to the providers of such debt), in an amount not higher than SAR 150,000,000 towards the Company's liquidity needs; - up to an amount of SAR 550,000,000 towards funding the Company's program for development of Nakheel Mall (Dammam), University Boulevard and Khaleej Mall; and/or - up to SAR 250,000,000 to fund the Company's mall development program (only capital expenditures, renovation and expansion of existing malls and fit-out of entertainment centers of any existing malls).

13.7.2 Ijara Facility

The following table summarizes some of the key features of the Ijara Facility.

Table 13-12: Summary of Ijara Facility

Financing Type	Ijara Facility pursuant to which Samba Financial Group (as agent for various Ijara Facility participants) agrees to purchase from the Company from time to time in accordance with purchase agreements with respect to certain properties owned by the Company (the "**Security Properties**") and then lease back the Security Properties to the Company. The Security Properties are the following: 1. Abha Land; 2. Ahsa Mall; 3. Noor Mall; 4. Makkah Mall; 5. Nakheel Mall (Dammam); 6. Hamra Mall 7. Jubail Mall; 8. Khaleej Mall; 9. Mall of Arabia (Jeddah); 10. Qassim Land; 11. Sahara Plaza; 12. Salaam Mall (Riyadh); 13. Mall of Arabia, Riyadh site; and 14. Jawharat Site.

Financing Type	At the end of the term of the Ijara Facility, Samba Financial Group undertakes to transfer the relevant Security Properties that are then leased to the Company back to the Company in exchange for payment of the final repayment amount under the relevant tranche of the Ijara Facility. As at the date of this Prospectus, the following Security Properties have been transferred by the Company to Samba Financial Group: 1. Mall of Arabia (Jeddah); 2. Ahsa Mall; 3. Noor Mall; 4. Hamra Mall; 5. Sahara Plaza; 6. Nakheel Mall (Dammam); 7. and Mall of Arabia (Riyadh site); 8. Qassim Land; 9. Jawharat Site; and 10. Khaleej Mall The Security Properties which are not currently transferred to Samba Financial Group under the Ijara Facility may be later transferred to Samba Financial Group in the event of further drawdowns Ijara Facility or as otherwise required under the terms of the Re-financing.
Parties	The Company and Samba Financial Group (as ijara investment agent)
Date	26 April 2018G
Repayment of the original financing amount	Subject to the term of each lease agreement, semi-annual fixed rental installments starting 6 months after the commencement date of the first lease agreement.
Amount	SAR 5,771,530,000
Term	10 years
Termination	Each tranche of the Ijara Facility automatically terminates, completely or in part, in the case of the partial or complete destruction of the relevant assets leased under that tranche and all Ijara amounts in respect of the relevant tranche of leased assets until the date of such destruction are then due and payable. Any such termination also triggers a cross-default under the Murabaha Facility.
Purpose	• In relation to tranche A of the Ijara Facility, the funds are to be applied towards the refinancing of Mall of Arabia (Jeddah), Ahsa Mall, Noor Mall, Hamra Mall, Sahara Plaza, Nakheel Mall (Dammam) and Mall of Arabia (Riyadh site). • In relation to tranche B of the Ijara Facility: • up to an amount of SAR 450,000,000, to be used (A) either in full towards repaying certain indebtedness owed by Saudi FAS Holding (such payment to the made directly to the providers of such debt)[6], (B) to be used in an amount not exceeding SAR 300,000,000 towards repaying certain indebtedness owed by Saudi FAS Holding (such payment to the made directly to the providers of such debt), in an amount not higher than SAR 150,000,000 towards the Company's liquidity needs; • up to an amount of SAR 550,000,000 towards funding the Company's program for development of Nakheel Mall (Dammam), University Boulevard and Khaleej Mall; and/or • up to SAR 250,000,000 to fund the Company's mall development program (only capital expenditures, renovation and expansion of existing malls and fit-out of entertainment centers of any existing malls).

13.7.3 Common Terms applicable to both the Murabaha Facility and the Ijara Facility

The following table summarizes some of the key common terms across both the Ijara Facility and the Murabaha Facility:

Table 13-13: Summary of key common terms across both the Ijara Facility and the Murabaha Facility

Common Security	Guarantees from each of the Corporate Guarantors and each of the Personal Guarantors. Assignment of proceeds under certain existing tenancy agreements in respect of which the Company is the landlord. Assignment of the Company's insurances. Accounts pledge.
Profit / rental payments	Paid semi-annually.
Murabaha profit / Variable Rental	Based on the Riyadh interbank offering rate for deposits of Saudi Riyals and a margin of 2.5% per annum. If the Company fails to pay additional scheduled amortization payments due on each installment date under the relevant Re-financing Facility and such missed additional amortization payment continues to be outstanding, the margin component of the murabaha profit / variable rental payment increases by increments of 0.25% up to a maximum margin of 3.0% per annum. Upon the Company paying a missed additional amortization payment, the escalated margin reduces by increments of 0.25% down to the original margin of 2.5% per annum provided no additional amortization payment is then outstanding.
Negative undertakings	The Re-financing Facilities each contain certain common restrictions, with specified permitted exceptions, on the Company's ability to (amongst other things): (i) enter into any amalgamation, demerger, merger or corporate reconstruction, (ii) make a substantial change in the general nature of its business, (iii) acquire any company, or acquire any shares or securities or any business, assets or undertaking, (iv) make loans, grant any credit or give any guarantee or indemnity, (v) incur, create or permit to subsist or have outstanding any financial indebtedness, (vi) create or permit to subsist or have outstanding any security (including quasi-security) over any properties owned or leased by the Company, (vii) dispose of any such properties, and (viii) declare, make or pay any dividend, charge, fee or other distribution in cash (or interest on any unpaid dividend, charge, fee or other distribution in cash) on or in respect of its share capital, repay or distribute any dividend or share premium reserve, in each case, in cash, redeem, repurchase, defease, retire or repay any of its share capital or resolving to do so, in each case, in cash unless (in the case of (viii) only) certain distribution conditions are satisfied, which include the condition that that the distribution is made only from residual cash proceeds standing to the credit of the residual cash account in accordance with an accounts agreement entered into by the Company in connection with the Re-financing.
Mandatory Prepayment	Following completion of the Offering, either: (a) the Company must apply SAR 500,000,000 from the proceeds of the Offering in settlement of the outstanding fixed rental and outstanding additional fixed rental payments under the Ijara Facilities and must apply SAR 500,000,000 from the proceeds of the Offering in settlement of the outstanding deferred payments due under the Murabaha Facilities; or (b) the Corporate Guarantors must procure that the above proceeds from the Offering are applied, in each case, in settlement of the outstanding fixed rental and the outstanding additional fixed rental payments under the Ijara Facilities and the outstanding deferred payments due under the Murabaha Facilities, as applicable. Following completion of an approved private placement, either: (a) the Company must apply the lower of SAR 500,000,000 from the proceeds of the approved private placement and the entire proceeds of the approved private placement in settlement of the outstanding fixed rental and outstanding additional fixed rental payments under the Ijara Facilities and must apply the lower of SAR 500,000,000 from the proceeds of the approved private placement and the entire proceeds of the approved private placement in settlement of the outstanding deferred payments due under the Murabaha Facilities; or (b) the Corporate Guarantors must procure that the above proceeds of the approved private placement are applied, in each case, in settlement of the outstanding fixed rental and outstanding additional fixed rental payments under the Ijara Facilities and the outstanding deferred payments due under the Murabaha Facilities, as applicable.
Conditions Subsequent	The Company is required to deliver certain documents and evidence as conditions subsequent. As at the date of this Prospectus, the only remaining condition subsequent outstanding is evidence that title to Makkah Mall has been transferred into the name of the security agent in respect of the Re-financing Facilities no later than the date falling twelve (12) months after the date of first utilization under the Re-financing Facilities. Failure by the Company to satisfy the condition subsequent above by the specified time specified constitutes an immediate event of default that entitles the Company's financiers to cancel the Re-financing Facilities, declare all amounts outstanding thereunder to be immediate due and payable and to enforce the security and guarantees.

Change of control	Changes made in the ownership of the Company directly as a result of the Offering are permitted provided that the Company procures that, following this Offering, the Personal Guarantors and Saudi FAS Holding must at all times own (directly and/or indirectly) fifty-one percent (51%) of the share capital of the Company.
Financial covenants	1. Maintaining an LTV ratio (i.e. the ratio, expressed as a percentage, of the total amounts outstanding under the Refinancing Facilities to the value of the Security Properties secured in favor of the Financers) that is no greater than sixty percent (60%); 2. To ensure that the ratio of: (a) the Company's cash collections deposited in the collections account (net of VAT) during a testing period minus (i) amounts paid towards payment of any unpaid fees, costs and expenses due to any secured creditor under the Refinancing Facilities and (ii) amounts deposited into the Company's operating expenses account in respect of that testing period (in accordance with the Accounts Agreement); to (b) payments of all principal and profit in respect of financial indebtedness of the Company in addition to payments by the Company under any treasury transactions, in each case, applicable during that testing period, is not less than 1.2:1.0. 3. To ensure that the ratio of EBITDA of the Company to payments of all principal and profit in respect of financial indebtedness in addition to payments by the Company under any treasury transactions, in each case, applicable during that testing period, is not less than 1.2:1.0. 4. To ensure that the ratio of total liabilities of the Company to tangible net worth of the Company is not more than 1.5:1.0. 5. To ensure that: (a) cash collections in an amount not less than SAR 1,850,000,000 are deposited into the Company's collections account per year during the first two years following the settlement date; and (b) cash collections in an amount not less than SAR 2,050,000,000 are deposited into the Company's collections account per year during each subsequent year until all obligations under the Refinancing Facilities are discharged in full.
Events of Default	The Re-financing Facilities each contain certain common events of default, with specified grace periods and materiality thresholds.

13.7.4 Guarantees

Under the terms of the Corporate Guarantees, each Corporate Guarantor is required to ensure that the ratio of its EBITDA to payments of all principal and profit in respect of financial indebtedness in addition to payments under any treasury transactions, in each case, applicable during that testing period, is not less than 1.2:1.0.

The Corporate Guarantees and the Personal Guarantees will terminate upon the earlier of:

- the completion of the Offering; and
- an approved private placement,

provided that in each case all obligations under the Re-financing Facilities are restructured or refinanced on a murabaha basis in such a form acceptable to the Financiers and provided further than no default has occurred and is outstanding.

13.8 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table 13-14: Details of Insurance Policies

Company	Types of Coverage	Insurer	Validity	Maximum Insurance Coverage
Company	P/102/14102/2019/00001/ Fidelity guarantee	Alinma Tokio Marine	From 15 February 2019G to 14 February 2020G	SAR 901,600.00
Company	P/102/14202/2019/00004/ Comprehensive general liability	Alinma Tokio Marine	From 15 February 2019G to 14 February 2020G	SAR 200,000,000.00
Company	P/102/14101/2019/00003/ Money insurance	Alinma Tokio Marine	From 15 February 2019G to 14 February 2020G	SAR 10,939,200.00
Company	P/102/12106/2019/00005/ Property all risk	Alinma Tokio Marine	From 15 February 2019G to 14 February 2020G	SAR 12,067,423,869.00
Company	P/102/12106/2019/00004/ Terrorism and sabotage	Alinma Tokio Marine	From 15 February 2019G to 14 February 2020G	SAR 12,067,423,869.00 (limit of liability set at USD 150,000,000)

13.9 Real Estate

The Company owns the following real estate properties in the KSA:

Table 13-15: Real Estate Owned by the Company

No	Mall	Deed No.	Deed Date	Area (Square Meters)	Book Value ('000 SAR)	Owner	Name on Title Deed	Mortgaged
Super-Regional								
1.	Mall of Arabia (Jeddah)	820212014012	23/10/1438H	135,000.00	1,005,363	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
Regional								
2.	Noor Mall (Madinah)	123/4/2	14/10/1426H	84,096.68	302,720	Company	Abdulrahman Saad Ebrahim Al Sadhan (previous board member of Samba) on behalf of Samba Financial Group pursuant to a title nominee declaration dated 29 April 2018 in favor of Samba Financial Group.	Samba Financial Group
3.	Hamra Mall (Riyadh)	210105043686	08/08/1437H	75,705.26	643,178	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
4.	Ahsa Mall (Hofuf)	330809006613	24/04/1437H	162,616.50	186,563	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
5.	Salaam Mall (Riyadh)	87328/13	16/12/1426H	171,464.08	395,449	Company (by way of a purchase agreement dated 29 April 2018G between (i) RCCL as seller and (ii) the Company as purchaser).	Riyad Bank	Not currently the subject of a real estate security transfer arrangement under the Re-financing. However, this property is named as a "Security Property" under the Re-financing and may be later transferred as security in favor of the secured parties under the Re-financing in the event of further drawdowns under the Re-financing or as otherwise required under the terms of the Re-financing.

No	Mall	Deed No.	Deed Date	Area (Square Meters)	Book Value ('000 SAR)	Owner	Name on Title Deed	Mortgaged
6.	Makkah Mall (Makkah)	(a) 320112000244	06/09/1433H	(a) 47,004.45	362,709	Company	Tanweer Real Estate Company as agent for the Company pursuant to a release agreement dated 22 November 2018G between (i) ACC; (ii) RCCL; and (iii) Alinma Bank as co-security agent.	Held as security by Tanweer Real Estate Company on behalf of the Company.
		(b) 220112000245	06/09/1433H	(b) 18,500.00		Company	Tanweer Real Estate Company as agent for the Company pursuant to a release agreement dated 22 November 2018G between (i) ACC; (ii) RCCL; and (iii) Alinma Bank as co-security agent.	Held as security by Tanweer Real Estate Company on behalf of the Company.
Community								
7.	Jubail Mall (Jubail)	332403004081	20/11/1439H	25,871.00	180,475	Company	ACC	Not currently the subject of a real estate security transfer arrangement under the Re-financing. However, this property is named as a "Security Property" under the Re-financing and may be later transferred as security in favor of the secured parties under the Re-financing in the event of further drawdowns under the Re-financing or as otherwise required under the terms of the Re-financing
8.	Sahara Plaza (Riyadh)	54529/13	15/02/1423H	12,540.00	99,489	Company	Samba Financial Group	Held as security by Samba Financial Group pursuant to the terms of the Re-financing.
Malls Under Construction								
9.	Nakheel Mall (Dammam)	(a) 830103019366	12/03/1438H	(a) 42,832.44	427,394	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
		(b) 330103019365	12/03/1438H	(b) 100,177		Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
10.	Khaleej Mall (Riyadh)	510105043685	08/08/1437H	101,949.72	633,324	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
Sites for planned Development of new malls								
11.	Mall of Arabia, Riyadh Site	410105043863	12/8/1437H	623,371.41	2,196,809	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.

No	Mall	Deed No.	Deed Date	Area (Square Meters)	Book Value ('000 SAR)	Owner	Name on Title Deed	Mortgaged
12.	Jawharat Site	320219012935	07/06/1437H	170,746	1,196,873	Company	Arab National Bank on behalf of Samba Financial Group pursuant to a tranche B title nominee declaration dated 29 April 2018 in favor of Samba Financial Group.	Held as security by Arab National Bank on behalf of Samba Financial Group pursuant to the terms of the Re-financing.
Vacant land with no current plans for development								
13.	Qassim Land	362507007015	15/08/1437H	1,579,675.42	350,040	Company	Samba Real Estate Company	Held as security by Samba Real Estate Company pursuant to the terms of the Re-financing.
14.	Abha Land	371405005762	24/10/1438H	53,885.70	62,000	Company	RCCL	Not currently the subject of a real estate security transfer arrangement under the Re-financing. However, this property is named as a "Security Property" under the Re-financing and may be later transferred as security in favor of the secured parties under the Re-financing in the event of further drawdowns under the Re-financing or as otherwise required under the terms of the Re-financing.

13.10 Intellectual Property

13.10.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks on which they rely as a brand for their respective businesses. The Company and its Operating Subsidiaries rely on these trademarks to ensure the success of their businesses and support their competitive position in the market. Therefore, if the Company or its Operating Subsidiaries fail to protect their trademarks or either of them is forced to take legal action necessary to protect the same, this can have an adverse effect on their ability to use them, which would affect their businesses and results of their operations As at the date of this Prospectus, the "Arabian Centres" trademark and certain other trademarks derived from the "Arabian Centres" brand have been registered.

The following table sets out the main details of all registered ACC trademarks in the KSA, a number of these trademarks are currently used by the Company, and certain of them are planned for future use.

Table 13-16: Details of Registered ACC Trademarks in the KSA

No.	Company	Country of Registration	Trademark No.	Expiry Date	Classification	Logo
1.	Company	KSA	1438004376	21/02/1448H (corresponding to 4/8/2026G)	36	
2.	Company	KSA	1436011442	25/05/1446H (corresponding to 27/11/2024G)	36	
3.	Company	KSA	1436019866	17/09/1446H (corresponding to 17/3/2025G)	36	
4.	Company	KSA	1435001084	17/01/1445H (corresponding to 4/8/2023G)	36	
5.	Company	KSA	1437004051	20/02/1447H (corresponding to 14/8/2025G)	36	
6.	Company	KSA	1436019474	11/09/1446H (corresponding to 11/3/2025G)	36	

No.	Company	Country of Registration	Trademark No.	Expiry Date	Classification	Logo
7.	Company	KSA	1436019475	11/09/1446H (corresponding to 11/3/2025G)	36	
8.	Company	KSA	1438007248	27/03/1448H (corresponding to 9/9/2026G)	36	
9.	Company	KSA	1438007249	27/03/1448H (corresponding to 9/9/2026G)	36	
10.	Company	KSA	1437005617	09/03/1447H (corresponding to 1/9/2025G)	36	
11.	Company	KSA	1438004253	21/02/1448H (corresponding to 4/8/2026G)	36	
12.	Company	KSA	1437013890	10/10/1447H (corresponding to 29/3/2026G)	30	
13.	Company	KSA	1437013888	10/10/1447H (corresponding to 29/3/2026G)	36	
14.	Company	KSA	1437013889	10/10/1447H (corresponding to 29/3/2026G)	43	
15.	Company	KSA	1437013891	10/10/1447H (corresponding to 29/3/2026G)	25	
16.	Company	KSA	1437001748	21/01/1447H (corresponding to 16/7/2025G)	36	

No.	Company	Country of Registration	Trademark No.	Expiry Date	Classification	Logo
17.	Company	KSA	1437020009	07/09/1447H (corresponding to 24/2/2026G)	36	
18.	Company	KSA	1437019479	23/08/1447H (corresponding to 11/2/2026G)	36	
19.	Company	KSA	1437020010	07/09/1447H (corresponding to 24/2/2026G)	43	
20.	Company	KSA	1438000233	03/01/1448H (corresponding to 18/6/2026G)	43	
21.	Company	KSA	1437019478	23/08/1447H (corresponding to 11/2/2026G)	36	
22.	Company	KSA	1435011052	13/06/1445H (corresponding to 26/12/2023G)	36	
23.	Company	KSA	1399/25	30/02/1443H (corresponding to 8/10/2021G)	36	
24.	Company	KSA	142406411	28/10/1444H (corresponding to 18/5/2023G)	36	

No.	Company	Country of Registration	Trademark No.	Expiry Date	Classification	Logo
25.	Company	KSA	143100765	19/01/1441H (corresponding to 18/9/2019G)	36	جنات
26.	Company	KSA	143110615	01/11/1441H (corresponding to 22/6/2020G)	41	
27.	Company	KSA	143000190	07/01/1450H (corresponding to 31/5/2028G)	35	تلال HILLS
28.	Company	KSA	1438021641	21/09/1448H (corresponding to 28/2/2027G)	36	المراكز
29.	Company	KSA	1439008972	15/04/1449H (corresponding 16/9/2027G)	36	النخيل AL NAKHEEL
30.	Company	KSA	1439014764	26/06/1449H (corresponding 25/11/2027G)	36	بوابة العمارية
31.	Company	KSA	1439003868	15/02/1449H (corresponding 19/7/2027G)	36	SIT WORLD
32.	Company	KSA	1439027756	18/12/1449H (corresponding 13/05/2028G)	36	سلام بلازا Salaam Plaza
33.	Company	KSA	1439027755	18/12/1449H (corresponding 13/05/2028G)	25	آوت فت Out Fit
34.	Company	KSA	1439027753	18/12/1449H (corresponding 13/05/2028G)	36	خريص بلازا Khurais Plaza
35.	Company	KSA	1439027752	18/12/1449H (corresponding 13/05/2028G)	36	مجمع الخليج

13.10.2 Other Intellectual Property Rights

The Company has registered a number of internet domain names under its name. The following table sets out the details of the internet domain names registered under the Company's name:

Table 13-17: Details of Internet Domain Names

Internet Domain Name	Expiry Date
www.arabiancentres.com	18/12/2019G
www.acclmalls.com	03/01/2027G
www.alehsamall.com	13/05/2020G
www.aljamaaboulevard.com	14/10/2023G
www.aljubailmall.com	28/09/2020G
www.almalazmall.com	04/09/2020G
www.alminamall.com	04/10/2023G
www.alnakheelmallriyadh.com	25/09/2020G
www.alnoormall.com	09/04/2019G
www.alsalaammall.com	03/08/2019G
www.altaifmall.com	28/09/2020G
www.alyasminmall.com	09/04/2019G
www.arriyadhmall.com	02/03/2021G
www.azizmall.com	17/01/2021G
www.azizmalljeddah.com	19/05/2021G
www.dammammall.com	28/09/2020G
www.dammammena.com	07/10/2023G
www.dammampark.com	04/10/2020G
www.dammamshopping.com	02/09/2020G
www.dhahranblvd.com	01/10/2020G
www.dhahranboulevard.com	01/10/2020G
www.dhahranmall.com	09/04/2020G
www.dhahranshopping.com	02/09/2020G
www.dollani.org	25/09/2020G
www.haifaamalljeddah.com	28/05/2021G
www.jannatdhahran.com	01/10/2023G
www.jannatjeddah.com	01/10/2023G
www.jannatkhobar.com	01/10/2023G
www.jannatriyadh.com	01/10/2023G
www.jawharatarriyadh.com	28/08/2021G

Internet Domain Name	Expiry Date
www.jawharatjeddah.com	07/10/2020G
www.jeddahshoppingcity.com	02/09/2020G
www.jourymall.com	28/09/2020G
www.khaleejmallriyadh.com	03/06/2020G
www.khuraismall.com	09/04/2022G
www.madinashoppingcity.com	02/09/2020G
www.makkamall.com	08/05/2021G
www.malazmall.com	04/09/2020G
www.mall-of-arabia.com	23/09/2020G
www.mallofarabiadhahran.com	13/05/2021G
www.mallofarabiariyadh.com	13/05/2021G
www.mallofriyadh.com	02/03/2021G
www.mallofsaudi.info	10/02/2021G
www.mallofsaudi.net	10/02/2021G
www.mallofsaudia.com	10/10/2020G
www.mallofsaudis.com	10/02/2021G
www.muzdalifamall.com	28/08/2020G
www.mymallofarabia.com	23/09/2020G
www.najdmall.com	24/05/2021G
www.nakheelmall.com	08/05/2021G
www.nakheelplaza.com	09/04/2020G
www.princesultanoasis.com	04/10/2020G
www.riyadhshoppingcity.com	02/09/2020G
www.riyadmall.com	02/03/2021G
www.saharaplaza.com	02/05/2021G
www.salaammall.com	08/05/2020G
www.salaammalljeddah.com	30/07/2020G
www.salbokh.com	19/12/2020G
www.salboukh.com	19/12/2020G
www.salboukhmall.com	28/09/2020G
www.salmamall.com	24/11/2023G
www.tajarriyadh.com	07/02/2021G
www.tajjeddah.com	07/02/2021G
www.talahmall.com	02/12/2020G

Internet Domain Name	Expiry Date
www.talamall.com	02/12/2020G
www.thejeddahmall.com	11/10/2023G
www.turkimall.com	09/09/2020G
www.wahatalriyadh.com	04/10/2020G
www.yasminmall.com	25/09/2020G
www.zahramall.com	28/08/2020G

13.11 Litigation

The Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company or its Subsidiaries, nor it is aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a risk of material litigation.

13.12 Summary of the Bylaws

13.12.1 Company's Name

The Company's name is Arabian Centres Company (a Saudi closed joint-stock company).

13.12.2 Objectives of the Company

The Company undertakes the following activities:

- Buying land for the construction of buildings and exploitation thereof through sales or leasing for the benefit of the Company.
- General contracting works for buildings, including construction, repair, demolition, restoration, maintenance and excavation works for public, residential and commercial buildings, educational, recreational and health facilities.
- Maintenance, operation and management of malls, commercial and residential complexes.
- Management, operation and development of land, residential complexes and neighborhoods.
- Construction of residential buildings, as well as the maintenance and operation thereof.
- Advertising, publicity and digital advertising.

The Company carries out its activities in accordance with applicable regulations, and after obtaining the necessary licenses from the competent authorities, if any.

13.12.3 Participation and Interest in Companies

The Company may establish individual limited liability or closed joint stock companies, provided the capital shall be not less than SAR 5,000,000. It may own interests and shares in other existing companies or merge therewith. It shall also be entitled to participate with others in establishing joint stock or limited liability companies after meeting the requirements of the applicable laws and directives. The Company may dispose of its shares or stocks provided that this does not include brokerage.

13.12.4 Head Office of the Company

The Company's head office shall be in the city of Riyadh, KSA. The Board of Directors may establish branches, offices or agencies for the Company within or outside the KSA.

13.12.5 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered at the commercial register as a joint stock company. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

13.12.6 Capital of the Company

The capital of the Company shall be 4,450,000,000 Saudi Riyals, divided into 445,000,000 shares of equal value, and the nominal value of each share shall be ten (10) Saudi riyals. All shall be deemed as ordinary in-kind shares.

13.12.7 Share Subscription

The founders have subscribed to the full number of capital shares equal to 445,000,000 shares, amounting to 4,450,000,000 Saudi Riyals. The shareholders declare that the entire capital of the Company has already been paid before the conversion.

13.12.8 Preferred Shares

The Company's Extraordinary General Assembly may, in accordance with the guidelines set by the competent authority, issue preferred shares, decide to purchase the same, or convert ordinary shares into preferred shares; or convert preferred shares into ordinary shares. The preferred shares do not confer the right to vote at shareholders' general assemblies. Such shares entitle holders the right to obtain higher percentage of the Company's net profits compared to holders of common shares, after setting aside the statutory reserve.

13.12.9 Sale of Non-Paid up Shares

Each Shareholder must pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notification of the Shareholder via registered mail, sell the share at public auction in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

13.12.10 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-a-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

13.12.11 Share Trading

Shares subscribed for by the founders may only be traded after publishing the financial statements for two financial years, each covering a period of at least 12 months from the date of the decision approving the Company’s conversion. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended.

During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one founder to another, from the heirs of a deceased founder to a third party, or in case of seizure of the funds of an insolvent or bankrupt founder, provided that the other founders are given priority to own such shares.

The provisions of this Article shall be applicable to the founders in case of capital increase before the expiry of the lock-up period.

The Company may purchase or pledge its shares in accordance with the controls set by the competent authority. Shares purchased by the Company shall not have votes in the Shareholders' Assembly.

13.12.12 Shareholders' Register

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

13.12.13 Capital Increase

- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.

- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise preemptive rights upon the Company's issuance of shares allotted to employees.

- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have preemptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.

- The Extraordinary General Assembly may revoke the preemptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said preemptive rights in non-shareholders when it deems that doing so is in the Company's best interest.

- Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.

- Without prejudice to the provisions of paragraph 4 hereof, new shares shall be allotted to the holders of preemptive rights who have expressed interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to preemptive right holders who have asked for more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

13.12.14 Decrease of Capital

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

13.12.15 Company's Management

The Company shall be managed by a Board of Directors composed of nine (9) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years. As an exception to the foregoing, the Conversion General Assembly shall appoint the first Board of Directors for a period of five (5) years.

13.12.16 Membership Termination

Board membership shall expire by the expiration of its term, or the expiration of Board member's term, in accordance with any law or instructions applicable in the Kingdom. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, dismiss one or all of the Directors, without prejudice to the terminated member's right to seek compensation from the Company, if dismissal were not properly justified or occurred at an inappropriate time. The Board member may also tender his resignation, provided that such resignation occurs at an appropriate time, otherwise, said member shall be held liable for any damage affecting the Company as a result of his resignation.

13.12.17 Membership Vacancy

If the position of a Board of Director's member becomes vacant, the Board of Directors may appoint a member in the vacant position temporarily, to be selected from among a number of experienced and competent candidates nominated by the Nomination Committee. Such appointment shall be notified to the Ministry within five (5) working days from the date of appointment, and shall be submitted to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. In case the number of board members becomes less than the quorum stipulated by the Companies Law or these Bylaws, the Ordinary General Assembly shall be called within sixty days to appoint the required number of members.

13.12.18 Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company, in order to achieve its objectives. The Board of Directors is empowered, by way of example and without limitation, to:

- Participate in tenders and auctions and award contracts including, without limitation, sale, rent, lease, representation, declaration, mortgage and other documents, and conduct transactions on behalf of the Company.
- Sign loan agreements, including loans exceeding a term of three (3) years, secure third party's obligations, and deliver all guarantees and compensations for subsidiaries, affiliates and third parties, and issue legal proxies on behalf of the Company.
- Pay, receive and acknowledge delivery; claim, plead, defend, reconcile, waive or deny; request and reject oath-taking; claim preemptive rights; accept or reject rulings; seek arbitration on behalf of the

Company; request and oppose the enforcement of judgments, and collect any proceeds from such enforcement; explain rationale; and request the amendment of any document's conditions and term.

- Participate in the establishment of companies and the opening of Company's branches; sign all types of contracts and documents, including without limitation, the articles of association of companies established by the Company or in which the Company participates, together with all their amendments and supplements, as well as the partners' resolutions of such companies, including resolutions for increasing or decreasing those companies' capital, and waiving or buying shares; sign and authenticate partners resolutions regarding amendment, amendment supplements, and companies' articles of association before the notary public; sign decisions and notifications on the appointment and dismissal of directors, sign at the Companies Department of the MOCI; make any amendments, changes, additions, deletions; obtain, renew, receive, and write-off commercial registers; change the names of companies; grant loans to subsidiaries; and secure their loans.
- Sign agreements and instruments as well as loan agreements, guarantees, and securities before notaries public and official bodies; waive priority rights in the repayment of the Company's debt; and issue legal proxies on behalf of the Company.
- Authenticate documents on behalf of the Company before notaries public; accept; fix the price and acknowledge receipt of payment in any form; rent, lease and end common property, allocate and divide property; receive title deeds and documents and apply for, annotate and revise any copies thereof; correct and modify distances and boundaries of properties and lands; include the contents of several deeds into a single deed or more; obtain new deeds; sign and receive legal documents; modify boundaries, lengths, area, number of pieces, charts, deeds and dates; on behalf of the company, purchase land, real estate and other movable and immovable property, tangible and intangible assets, as necessary to achieve the purposes of the Company; sell land, real estate, movable and immovable property, as well as tangible and intangible assets
- Undertake all banking operations, inside and outside the KSA, including, without limitation, opening and operating bank accounts, including deposits and withdrawals, closing bank accounts and withdrawing and liquidating balances; issue, cash and discount checks, promissory notes, bills of exchange, and all commercial papers; invest in securities; enter into agreements with authorized persons; request the issuance of bank guarantees; open documentary credits on behalf of the Company; enter into financial agreements of all kinds, such as international swaps and hedging, and all related processes, in respect of all of the Company's businesses and agreements.
- Appoint and dismiss lawyers, auditors, employees, and workers; apply for their visas; recruit labor from outside the Kingdom; contract with them and determine their salaries; obtain their residency permits; transfer and waive their sponsorship.
- Arrange and secure loans with funds, government financing institutions, commercial banks, financial institutions, finance companies, export financing institutions, and any other credit entities, within or outside the KSA, regardless of the value or duration of these loans, including loans and credit facilities exceeding three years, including the negotiation, approval and conclusion of all relevant agreements and documents.
- Provide all kinds of guarantees, sureties and commitments, including, without limitation, the mortgage and assignment of Company's assets to secure the loans, obligations and debts of the Company or the companies in which the Company is a partner or a shareholder. For that purpose, the Boarder may, without limitation, restrict the disbursement of profits, and retain the ownership of shares owned by the Company in other companies in which the Company is a partner or a shareholder, for any period of time, in accordance with the funding requirements.
- Adopt the financial, administrative and technical internal regulations of the Company, and its staff-related policies and procedures; authorize the Company's executives to sign on its behalf, in accordance with the regulations and controls established by the Board; adopt the Company's business and operation plans; and approve the annual budget.

- The Board of Directors may also release the Company's debtors from their obligations, provided that the minutes of the meeting of the Board of Directors and the recitals of its resolutions provide that the following conditions have been met:
  - Discharge shall take effect after the lapse of at least one full year from the effective start of debt;
  - Discharge shall be restricted to a certain maximum amount annually per each debtor; and
  - Discharge is a right of the Board of Directors that cannot be delegated.
- Form committees (from the Directors or from others) as required for the Company's work; grant them any powers, as deemed appropriate by the Board; and coordinate between these committees in order to expedite the decision on matters presented to them.
- The Board of Directors may authorize or delegate any Board member (s) or a third party, within the limits of their powers, to undertake part or all of a specific function, action or power, and partially or wholly cancel said authorization.

13.12.19 Remuneration of Board of Directors

The remuneration of the Directors shall be shall be determined by the General Assembly, within the limits of the Companies Law and its implementing regulations. The report submitted by the Board of Directors to the Ordinary General Assembly shall contain a statement of all payments made to the members of the Board during the fiscal year, in the form of allowances, expenses and other benefits. It shall as well contain a statement of payments made to members in their capacity as employees or executives, or in consideration for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

13.12.20 Powers of the Chairman, Vice Chairman, Managing Director and Secretary

The Board shall appoint from among its members or others a Chairman, a Deputy Chairman, and a Managing Director. It shall not be permissible for a Director to simultaneously occupy both the office of the Chairman and any executive position in the Company. The Board shall define the powers and authority of the managing Director.

The Chairman shall have the following powers:

(a) Call for Board and General Assembly meetings.

(b) Chair Board and General Assembly meetings.

(c) In case of a Board vote tie, cast the deciding vote.

(d) Represent the Company in official and media forums.

(e) Represent the Company in its relationships with third parties and before governmental and private entities, Shari'a courts of different degrees and types, judicial authorities, Board of Grievances, the CMA, labor offices, high and primary commissions, Commercial Papers Committees, all other judicial committees, arbitration and civil rights committees, police departments, Chambers of Commerce and Industry, secretariats, municipalities, private bodies, companies and firms of different types.

(f) Plead, defend, claim, challenge, settle, accept, deny, acquit; challenge, accept and appeal judgements, challenge witnesses, seek cassation, file claims, petitions and memoranda, whether the company is a plaintiff or a defendant before any authority and in any case filed by or against the Company, waive, appeal, execute, accept, respond to, object to, deny, seek cassation, file appeals, terminate all legal and administrative procedures related to judgements; receive instruments, judgments, findings and petitions; appoint or dismiss lawyers, arbitrators, legal and financial experts, as well

as disburse their fees; document and sign the articles of association of companies of all types and amendments thereto, whether to buy or sell shares and collect the price and accept assigned shares within and outside the Kingdom; the entry or exit of a partner and capital increase or reduction amendments; add, delete or modify the objects; appoint executives and set the remuneration and powers thereof; all the Company's administrative and legal work; sign before the notary public and various Shari'ah courts; contact the Ministry of Commerce and Commercial Register; request the amendment of registers and contact all relevant governmental bodies, institutions, companies, individuals and other entities pertaining to all formalities; sign, contact SAGIA and the licensing department, comprehensive service centers, the Ministry of Commerce; obtain required licenses, records and certificates (industrial/service/commercial) and amend the same; submit all required documents; pay fees and make the necessary adjustments thereto; contract, undertake and engage on behalf of the Company; withdraw and deposit to and from internal and external banks; utilize accounts, disburse and receive cash and checks; disburse bonuses and donations, irrespective of type or beneficiary; receive and issue payment orders and check books, sign and endorse the same as well as securities; sign credits and remittances on the Company's accounts; issue and disburse checks and bank facilities and sign contracts pertaining thereto; issue financial guarantees to third parties on behalf of the Company through all banks; receive loans, pay installments, receive and deliver; obtain commercial registers, manage and renew the same; register trademarks and commercial names, follow-up in that regard; make announcements in the Official Gazette and on the Ministry of Commerce and Investment website; pay fees and due amounts; sign sales contract; sign real estate, company assets and funds mortgage contracts to secure loans and financial facilities for the Company; import and export; invoice; enter into all types of contracts, execute and terminate the same; appoint and dismiss managers and employees, and determine their powers; obtain licenses and commercial registers and follow-up in that regard.

(g) Purchase assets for the use of the Company and its subsidiaries and dispose thereof through sale when no longer needed.

(h) Open and sign accounts with banks inside and outside the Kingdom; authorize some of the Company's employees to sign banking transactions in order to achieve the Company's interest and achieve financial control over its funds, and make decisions to grant credit facilities to customers and grant discounts that comply with the Company's policies; and authorize them to file claims against Company debtors in default.

(i) Purchase real estate and properties; transfer, accept, receive, deliver,; sign in relation to sales and the termination of statutory and legal proceedings before the Notary Public and all official bodies; with the right to authorize third parties to perform the same; sign the articles of association of companies in which the Company participates, establishes or invests in both inside and outside the Kingdom; sign shareholders' resolutions to amend said articles in front of the Notary Public at the Ministry of Commerce and Investment, SAGIA, Chambers of Commerce and official bodies outside and inside the Kingdom, and sign all relevant documents and papers.

(j) Appoint and dismiss Company representatives, employees, agents, lawyers and legal advisers.

By written decision, the Chairman of the Board may delegate some of his powers to other members of the Board or third parties for the purpose of initiating a specific task or tasks.

The Board of Directors shall appoint CEO by virtue of a decision specifying the powers, authorities and functions thereof. The Board may terminate said appointment at any time by virtue of a decision directed at the Company and the appointed Officer.

The Board shall appoint a Secretary from among Board members or third parties and determine his/her remuneration and term of office. The Secretary's duties shall include entering the proceedings and resolutions of the Board in minutes in a special register intended for such purpose, as well as maintaining and updating such register, and performing any other task assigned thereto by the Board.

The term of office of the Chairman, the Deputy Chairman, the Managing Director and the Secretary, if a member of the Board, shall not exceed their respective terms of service as members of the Board and may be re-elected. The Board may also dismiss any of them at any time without prejudice to the right of the dismissed to claim compensation, if the dismissal was due to invalid reasons or was carried out at an inappropriate time.

The remuneration received by each of them shall be in addition to the remuneration prescribed for the members of the Board of Directors, as determined by the Ordinary General Assembly of the Company within the limits stipulated by the Companies' Law or any other regulations, decisions or instructions supplementing thereto.

13.12.21 Meetings of the Board of directors

The Board of Directors shall meet twice a year at least, upon an invitation from the Chairman, which shall be made in writing and delivered by hand or sent by facsimile, e-mail or registered mail, two weeks at least before the specified date of meeting, unless the Board of Directors agree otherwise. The Chairman shall call to the meeting whenever two members request so.

13.12.22 Meetings' Quorum and Resolutions

A Board meeting shall be quorate, only if attended by a majority of members, provided that there shall be five (5) members at least attending in person. Any member of the Board may authorize another member of the Board to attend the board meeting, in accordance with the following controls:

- A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting;
- A proxy shall be made in writing; and
- A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting.

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

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

13.12.23 Board Deliberations

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

13.12.24 General Assembly

Each subscriber, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend the General Assembly meetings. A Shareholder may authorize a third party, other than the Directors or a Company employee, to attend the General Assembly on his/its behalf.

13.12.25 Responsibilities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

13.12.26 Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

13.12.27 Convening General Assemblies

General Assemblies or Special Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly, if requested to do so by the auditor, the Audit Committee, or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened, when the Board fails to call for such a meeting within thirty (30) days of the auditor's request to do so.

The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty-one (21) days prior to the time set for such meeting. However, notice may be given to all shareholders via registered letters within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry, within the period set for publication.

13.12.28 Record of Attendance at General Assembly Meetings

Shareholders who wish to attend the Ordinary or Extraordinary General Assembly meetings shall register their names at the Company’s head office before the time specified for the Assembly.

13.12.29 Quorum for Ordinary General Assemblies

Ordinary General Assembly meetings shall be quorate, only if attended by shareholders representing at least one half of the Company's capital. In the absence of a quorum, a second meeting shall be held one hour after the end of the time set for the first meeting, with the invitation to the first meeting including said stipulation. In the event of absence of such stipulation, the Shareholders will be invited for a second meeting to be held within thirty (30) days after the preceding meeting. Such notice shall be published in the manner described Section **13.12.27 ("Convening General Assemblies"**).

The second meeting shall be deemed valid, irrespective of the number of shares represented thereat.

13.12.30 Quorum for Extraordinary General Assembly Meeting

Extraordinary General Assembly meetings shall be quorate, only if attended by shareholders representing at least one half of the Company's capital. In the absence of a quorum at the first meeting, a second meeting shall be held one hour after the end of the time set for the first meeting, with the invitation to the first meeting including said stipulation. In the event of absence of such stipulation, the Shareholders will be invited for a second meeting to be held under the same conditions set forth in Article 30 of the Bylaws.

In any case, the second meeting shall be deemed valid, if attended by a number of shareholders representing at least the quarter of the capital.

If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article 30 of the Bylaws. With the consent of the competent authority, the third meeting shall be valid irrespective of the number of shares represented thereat.

13.12.31 Voting at the Assemblies

Each subscriber shall have one vote for each share he represents at the Conversion Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

13.12.32 General Assembly Resolutions

Resolutions of the Conversion Assembly shall be adopted by an absolute majority of the shares represented thereat. The Ordinary General Assembly resolutions shall be issued by an absolute majority of the shares represented at the meeting. Whereas, the Extraordinary General Assembly resolutions shall be issued by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified thereof in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

13.12.33 Deliberations of the Assembly

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the shareholder's questions, to the extent that is not detrimental to the Company's interests. If the shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

13.12.34 Presiding over General Assemblies and the Keeping of Minutes

The General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or, in their absence, the Board designated member.

Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

13.12.35 Formation of the Audit Committee

An audit committee shall be formed with a resolution passed by the Ordinary General Assembly and shall consist of 3 members, other than executive the Directors, whether from the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members.

13.12.36 Audit Committee Quorum

Committee meetings shall be quorate, if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

13.12.37 Responsibilities of the Audit Committee

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company's records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements, as well as be entitled to request that the Board of Directors calls for the convening of the Company's General Assembly, if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

13.12.38 Committee Reports

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight controls system, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty-one (21)

days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

13.12.39 Appointment of the Auditor

The Company shall have one or more auditors to be selected from among those licensed to work in the KSA. Such auditor shall be appointed annually and his compensation and term of office shall be fixed by the General Assembly. The General Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation, if the replacement decision were unlawful or occurred at an inappropriate time.

13.12.40 Responsibilities of the Auditor

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities.

The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

13.12.41 Financial Year

The Company's fiscal year shall commence as on the 1st of April and expire on 31st of March of each Gregorian year. However, the Company's first fiscal year shall commence as at the date on which the Company is registered at the commercial register as a joint stock company and expire on 31 March 2018G.

13.12.42 Financial Documents

- At the end of each financial year, the Board of Directors shall prepare the Company’s financial statements together with a report on its business and financial position for the ended financial year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.

- The Chairman of the Board, CEO and CFO shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed at the Company’s Head Office at the disposal of Shareholders at least twenty-one (21) days prior to the date set for the General Assembly meeting.

- The Chairman shall provide Shareholders with the Company’s financial statements, Board of Directors’ report and auditor’s report unless they are published in a daily newspaper distributed at the Company’s Head Office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the General Assembly meeting.

13.12.43 Distribution of Annual Profits

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

- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.

- The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside a percentage of the net profits to form a contractual reserve to be allocated for other specific purpose(s).

- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.

- The Ordinary General Assembly may then distribute an initial payment of not more than five percent (5%) of the paid-up capital to the shareholders.

- Without prejudice to the provisions of Article 21 of the Bylaws, and Article 76 of the Companies' Law, after the foregoing, a percentage of not more than 5% of the remainder shall be allocated as a bonus to the Board of Directors; with said bonus proportionate to the number of meetings attended by each member.

- The balance shall be distributed among shareholders as additional dividends, or converted into retained earnings, as determined by the General Assembly.

- Interim profits may be also distributed - quarterly or semi-annually - pursuant to a decision by the Board of Directors, which shall be deducted from the annual profits specified in Paragraph 4 above, in accordance with the controls set by the competent authorities.

13.12.44 Entitlement to Profits

The shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

13.12.45 Distribution of Profits for Preferred Shares

- If no profits were distributed for any financial year, profits may not be distributed for the following years, unless the percentage established in accordance with the provisions of Article 114 of the Companies' Law has been paid to the owners of the preferred shares for such year.

- If the Company failed to pay the determined percentage of profits in accordance with the provisions of Article 114 of the Companies' Law for three (3) consecutive years, a Special Assembly for the owners of the preferred shares shall be held in accordance with the provisions of Article 89 of the Companies' Law to decide either to have the owners of the preferred shares attend meetings of the General Assembly and participate in the vote, or appoint their representatives to the Board of Directors, in proportion to the value of their shares in the Company's capital, until the Company is able to pay all of the profits allocated to the owners of the preferred shares for the previous years.

13.12.46 Company Losses

- If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies' Law, in order to render losses equal to less than half of the paid-up capital, or dissolve the Company prior to the end of its term, as defined in these Bylaws.

- The Company shall be deemed dissolved under the Companies Law, when its General Assembly fails to convene within the period specified in Paragraph 1 of this Article; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this article, but the capital increase is not subscribed to in full within ninety days of the Assembly's resolution to increase the capital.

13.12.47 Disputes

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder, if the Company's right to file such action remains valid. The shareholder shall notify the Company of his/its intention to file such action.

13.12.48 Dissolution and Liquidation of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, compensation, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years that cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

13.13 Description of Shares

13.13.1 Capital of the Company

The Company's nominal issued and paid up capital is 4,450,000,000 Saudi Riyals, divided into 445,000,000 shares, with an equal nominal value of ten (10) Saudi riyals each, all of which are ordinary in-kind shares.

13.13.2 Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-a-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

13.13.3 Share Repurchase

The Company may purchase or pledge its own shares in accordance with conditions set by the competent authority. Shares purchased by the Company shall not carry any shareholder assembly voting rights.

13.13.4 Rights of the Holders of Ordinary Shares

Pursuant to Article 110 of the Companies Law, a Shareholder is vested with all the rights attached to the Shares, which include in particular the right to receive a share in the profits declared for distribution, the right to a share in the Company's assets upon liquidation, the right to attend General Assembly meetings and participate in the deliberations and vote on its resolutions, the right to dispose of the Shares, the right to access the Company's books and documents, the right to supervise the acts of the Board of Directors, the right to institute proceedings against the Directors and to contest the validity of the resolutions adopted at General Assembly meetings in accordance with the conditions and restrictions set forth in the Companies Law and the Bylaws.

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the Directors and the auditors. The Directors or the auditors shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then such Shareholder may refer the issue to the General Assembly and its decision in this regard shall be conclusive.

13.13.5 General Assembly

A General Assembly duly convened shall be deemed to represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all other matters related to the Company. The Ordinary General Assembly shall be convened at least once a year during the first six months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be called when necessary.

The Extraordinary General Assembly shall be competent to amend the provisions of the Bylaws, to the extent permitted under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the jurisdiction of the Ordinary General Assembly under the same conditions prescribed for the latter.

Notice of the date and agenda of the Ordinary General Assembly shall be published in the daily newspaper circulated in the city where the Company's head office is located at least twenty-one (21) days prior to the time set for such meeting. A copy of the invitation and agenda shall be sent within the period set for publication to the competent authorities. The Board shall convene a meeting of the Ordinary General Assembly if requested to do so by the auditors, the Audit Committee, or by a number of Shareholders representing at least five percent (5%) of the Company's share capital. A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least one half (50%) of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall maintain the possibility of holding such meeting or a second one within thirty days (30) after the first meeting. The notice shall be sent in the manner prescribed in the first meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein. The meeting of Extraordinary General Assembly shall be valid only if attended by a number of Shareholders representing at least half of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting of the Extraordinary General Assembly shall be called to be held one hour after the end of the period specified for the first meeting, and the invitation shall maintain the possibility of holding such meeting or a second one within the following thirty (30) days. The second meeting shall be valid only if attended by a number of Shareholders representing at least a quarter (25%) of the Company's share capital. If this quorum is not attained at the second meeting, notice shall be sent for a third meeting to be held. The third meeting shall be valid regardless of the number of Shares represented therein and is contingent upon the competent authority's approval. General Assembly meetings shall be chaired by the Chairman of the Board of Directors or, in his/her absence, by the Vice Chairman of the Board of Directors. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of Shares held by each, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the Canvasser.

13.13.6 Voting Rights

Each Subscriber, regardless of the number of his/her Shares, has the right to attend the Conversion Assembly, and each Shareholder shall have the right to attend the General Assemblies of the Shareholders. A Shareholder may appoint another person who is not a member of the Board of Directors or a company employee to attend the General Assembly on his/her behalf. Each Shareholder shall have one vote per Share represented thereby at the Conversion Assembly, and each Shareholder shall have a vote for each Share at the General Assemblies. Cumulative voting shall be used in the elections of the Board of Directors. Votes at the meetings of the General Assembly shall be counted on the basis of one vote per Share represented at the meeting. Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting.

Resolutions of the Extraordinary General Assembly shall be passed if supported by a majority of at least two-thirds of the Shares represented at the meeting. If, however, the resolution to be adopted is related to increasing or decreasing the capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified under the Company's Bylaws or merging the Company with another company or establishment, then such resolution shall be valid only if adopted by three-quarters of the Shares represented at the meeting.

13.13.7 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered at the commercial register as a joint stock company. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

13.13.8 Dissolution and Liquidation of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on the proposal of the Board of Directors, decide the method of liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are appointed. The Company's departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13.13.9 Change of Shareholders Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's assets surplus upon liquidation, attend General Assembly meetings and participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, institute proceedings against the Directors and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set forth in the Companies Law and the Bylaws) are granted pursuant to the Companies Law and, therefore, may not be changed.

14. UNDERWRITING

The Company, the Selling Shareholders and the Underwriters (being Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia and NCB Capital Company) have entered into an underwriting agreement (the "Underwriting Agreement") pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of 95,000,000 Offer Shares. The name and address of the Underwriters are set out below:

14.1 Underwriters

Underwriters
Samba Capital & Investment Management Company Kingdom Tower Building, 16th Floor Al Orouba Road, Al 'Olayya District P.O. Box 220007 Riyadh 11311 KSA Unified Telephone: 8001245599 Tel: +966 11 414 9888 Fax: +966 11 211 7799 Website: **www.sambacapital.com** Email: **CustomerCare@sambacapital.com**
Morgan Stanley Saudi Arabia Al Rashid Tower 10th Floor King Saud Street P.O. Box 66633, Riyadh 11586 Kingdom of Saudi Arabia Tel: +966 11 218 7000 Fax: +966 11 218 7003 Website: **www.morganstanleysaudiarabia.com** Email: **Ineqsy@morganstanley.com**
NCB Capital Company Regional Building of the National Commercial Bank Tower B King Saud Road NCB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 11 874 7106 Fax: +966 12 606 2693 Website: **www.alahlicapital.com** Email: **ncbc.cm@alahlicapital.com**

The agreed principal terms of the Underwriting Agreement are set out below:

14.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

- The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the CMA approves the allocation of the Offer Shares following the end of the Offering Period, they shall:

- Sell and allocate the Offer Shares to any Institutional Investor who participates in the book-building process and whose bid has been accepted by the Joint Bookrunners, on behalf of, and as determined by, the Joint Financial Advisors in coordination with the Company and any Individual Investor whose application for Offer Shares has been accepted by a Receiving Agent.
- Sell and allocate to the Underwriters (or as they may direct) the Offer Shares that are not purchased by Individual Investors or Institutional Investors pursuant to the Offering.
- The Underwriters undertake to the Company and the Selling Shareholders that they will purchase any Offer Shares that are not subscribed for by Individual Investors or Institutional Investors pursuant to the Offering, as stated below:

Table 14-1: Underwritten Shares

Underwriters	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Samba Capital & Investment Management Company	53,650,000	56.5%
Morgan Stanley Saudi Arabia	10,000,000	10.5%
NCB Capital Company	31,350,000	33.0%
Total	**95,000,000**	**100.0%**

The Company and Selling Shareholders have committed to satisfy all the provisions and conditions of the Underwriting Agreement.

15. UNDERWRITING COSTS

The Selling Shareholders and the Company will pay to the Underwriters, on a pro-rata basis to the number of Offer Shares sold or issued (as also applicable) in the Offering, an underwriting fee based on the total value of the Offering and pay the Underwriters' costs and expenses in connection with the Offering.

16. EXPENSES

The costs associated with the Offer are estimated at approximately SAR 180 million. This figure includes the fees of each of the Joint Financial Advisors, Underwriters, Lead Manager, Joint Bookrunners, legal advisors to the Company and the Underwriters, EY, KPMG, Receiving Agents and Market Research Consultant, in addition to marketing, printing and distribution expenses and other related expenses. The Offering expenses will be apportioned to the Selling Shareholders and the Company on a pro-rata basis to the number of Offer Shares sold or issued (as applicable) in the Offering.

17. COMPANY'S POST-LISTING UNDERTAKINGS

Post-Offering, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Present related party transactions currently described in Section 13.6 ("**Transactions and Contracts with Related Parties**") to the Company during the first post-listing General Assembly for approval, after excluding any related party from voting on such transactions.
- Present the participation of Company Board members in companies engaged in business in similar or competing with that of the Company as summarized in Section 5.6 ("**Conflict of Interest**") to the Company during the first post-listing General Assembly for approval, after excluding any related party from voting on such participation.
- Amend Article 19 of the Bylaws to provide that the Company will notify the Ministry and the CMA within five (5) working days from the date of any appointment to fill a vacant position on the Board.
- Amend Article 31 of the Bylaws to provide that the Company will send a copy of the notice and the agenda to the Ministry and the CMA, within the period set for publication.

18. WAIVERS

The Company has applied to Tadawul for an exemption from paragraph 2(b) of Article 7 of the Listing Rules, which requires that the Shares that are the subject of the application that will be owned by the public shall not be less than 30% of the entire issued share capital of the issuer at the time of Admission.

19. SUBSCRIPTION TERMS AND CONDITIONS

The Company has made an application to the CMA for the registration and offer of securities and an application for listing of the Shares on the Exchange in accordance with the OSCOs.

All Subscribers must carefully read the subscription terms and conditions before completing their Retail Subscription Application. Submission of a Retail Subscription Application to a Receiving Agent is deemed as acceptance and approval of the Subscription Terms and Conditions.

19.1 Subscription to Offer Shares

The Offering will consist of 95,000,000 Offer Shares with a fully paid nominal value of SAR 10 per Share, at an Offer Price of SAR [●] per Share for the Offering to Individual Investors. The Offer Shares represent 20% of the Company's issued capital with the total value of the Offering amounting to SAR [●] following the Offering. The Offering of the Offer Shares to the Individual Investors and the listing of the Offer Shares is contingent on the successful subscription by Institutional Investors for 100% of the Offer Shares. The Offering will be cancelled, if it is not fully subscribed for at this stage. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Institutional Investors

This tranche includes a number of institutions entitled to participate in the book-building process under the Bookbuilding Instructions (for further details, please see Section **1 ("Definitions and Abbreviations")**). Institutional Investors will initially be allocated 95,000,000 ordinary shares, representing 100% of the Offer Shares. In the event that there is sufficient demand by Individual Investors, the Joint Bookrunners have the right to reduce the number of Offer Shares provisionally allocated to Institutional Investors to 85,500,000 ordinary shares, representing 90% of the Offer Shares.

Tranche (B): Individual Investors

This tranche includes Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her own benefit, and GCC investors having natural personality. The subscription by a person in the name of his divorced wife shall be deemed invalid and those who perform such transactions will be subject to penalty under the laws of the Kingdom. In case there has been two subscriptions, the second one is deemed null and only the first one shall prevail. A maximum of 9,500,000 Offer Shares representing 10% of the Offer Shares shall be allocated to Individual Investors. In the event that Individual Investors do not subscribe in full to the Offer Share allocated to them, the Joint Bookrunners may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed by them, subject to the approval of the CMA.

19.2 Book-building and Subscription by Institutional Investors

- The price range will be determined for the purposes of the book-building and made available to all Institutional Investors by the Joint Financial Advisors in coordination with the Company.
- All Institutional Investors must submit an offer to purchase the Offer Shares during the book-building period by filling and submitting the Bid Form. Institutional Investors may change or cancel their Bid Forms at any time during the book-building process, provided that such change shall be made through submitting an amended or additional Bid Form, where applicable, before offer price determination to be made before the Offering Period. The number of Offer Shares to be subscribed by each Institutional Investor shall neither be less than 100,000 shares nor more than 23,749,999 shares, and in relation only to public investment funds, without exceeding the maximum amount specified for each participating fund that is determined in accordance with Book-Building Instructions. The

number of requested shares shall be subject to allocation. The Joint Bookrunners will inform the Institutional Investors of the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by the Institutional Investors shall commence during the Offering Period, which also includes the Individual Investors, according to the terms and conditions detailed in the Institutional Subscription Application Forms.

- After book-building for the Institutional Investors, the Lead Manager will announce the covering percentage for the Institutional Investors.
- The Joint Financial Advisors and the Company will have the power to determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price set out in the underwriting agreement and provided that the Offer Price is in accordance with the tick size applied by the Tadawul.

19.3 Subscription by Individual Investors

Each Individual Investor shall subscribe for a minimum of 10 Offer Shares and a maximum of 23,749,999 Offer Shares. Changes to or withdrawal of the subscription application shall not be permitted once the Retail Subscription Applicationhas been submitted.

19.4 Retail Subscription Applications

Individual Investors who have recently participated in recent initial public offerings can subscribe through the internet, banking telephone or automated teller machines (ATMs) of any of the Receiving Agents that offer any or all such services to its customers, provided that the following requirements are satisfied:

- The Subscriber shall have a bank account at a Receiving Agent which offers such services.
- There should have been no changes to the personal information or data of the Subscriber since his subscription in the last Offering.

Once submitted a Retail Subscription Application represents a legally binding agreement between the Selling Shareholders and the Company and the relevant Subscriber submitting it.

Subscribers may obtain a copy of this Prospectus from the websites of the Company and the CMA:

Receiving Agents
SAMBA Financial Group King Abdulaziz Road PO Box 833, Riyadh 11421 Kingdom of Saudi Arabia Tel.: +966 11 477 4770 Fax: +966 11 479 7979 Website: **www.samba.com** E-mail: **customercare@samba.com**
The National Commercial Bank King Abdulaziz Road PO Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel.: +966 12 649 3333 Fax: +966 12 643 7426 Website: **www.alahli.com** E-Mail: **contactus@alahli.com**

The Receiving Agents will commence receiving Retail Subscription Applications F through electronic channels beginning on [●]H (corresponding to [●]G) until [●]H (corresponding to [●]G).

Each Subscriber is required to specify the number of Offer Shares applied for in the Retail Subscription Application, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR [●] per Offer Share.

Subscriptions by Individual Investors for less than [●] Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of such minimum number, while the maximum number of Offer Shares to be applied for is [●] Offer Shares.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in his/her Retail Subscription Application for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR [●] per Offer Share. Each Subscriber shall acquire the number of Offer Shares allocated to him/her upon:

Submission by the Subscriber of the Retail Subscription Application to any of the Receiving Agents.

Payment in full by the Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full through appropriate electronic channels by authorizing a debit of the Subscriber's account held with the Receiving Agent to whom the Retail Subscription Application is being submitted.

If a submitted Retail Subscription Application is not in compliance with the terms and conditions of the Offer, the Company shall have the right to reject, in full or in part, such an application. The Individual Investor shall accept any number of Offer Shares allocated to him/her unless the allocated shares exceed the number of Offer Shares he has applied for.

19.5 Allocation

The Lead Manager and Receiving Agents shall open and operate escrow accounts. The Lead Manager and each of the Receiving Agents shall deposit all amounts received from the Subscribers into the escrow account mentioned above.

Excess subscription monies, if any, will be refunded to the Subscribers, in whole, without any deductions or fees and will be deposited in the Subscribers' account with the Receiving Agents. The announcement of the final allocation and refunds process shall be made no later than [●]H (corresponding to [●]G) (for further details, please see "**Key Dates and Subscription Procedures**", page xxv, and Section 19 ("**Subscription Terms and Conditions**")). Subscribers should communicate with the Lead Manager or the Receiving Agents where they submitted their Retail Subscription Application for any further information.

19.5.1 Allocation of Offer Shares to Institutional Investors

The allocation of Offer Shares to Institutional Investors shall be determined by the Joint Bookrunners (as it deems appropriate) after the allocation of Offer Shares to Individual Investors is completed, provided that the initial number of Offer Shares allocated to the Institutional Investors shall not be less than 95,000,000 Offer Shares representing 100% of the Offer Shares, and provided that the final allocation for the Institutional Investors shall not be less than 85,500,000 Offer Shares representing 90% of the Offer Shares.

19.5.2 Allocation of Offer Shares to Individual Investors

There will be an allocation of a maximum of 9,500,000 Offer Shares, representing (10%) of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is 10 Offer Shares, and the maximum allocation per Individual Investor is 23,749,999 Offer Shares. The balance of the Offer Shares (if available) will be allocated on a pro-rata basis. In the event that the number of Individual Investors exceeds 950,000 Individual Investors, a minimum allocation of ten Offer Shares per Subscriber cannot be guaranteed. If the number of Individual Investors exceeds 950,000 subscribers, the allocation will be determined in accordance with the recommendation made by the Company and the Lead Manager. The surplus, if any, would be refunded without any commissions or deductions by the Receiving Agents.

19.6 Stabilization and Over-allotment

In connection with the Offering, Goldman Sachs Saudi Arabia, as Stabilizing Manager, may (but will be under no obligation to), to the extent permitted by the Instructions on the Price Stabalization Mechanism for the Initial Public Offerings issued by the CMA, over-allot Shares and effect stabilization transactions with a view to supporting the market price of the Shares to be equal to at least (or higher than) the Offer Price. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on the Exchange and may be undertaken within trading hours which is during the period commencing on the date of the commencement of dealings of the Shares on the Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilizing Manager to effect stabilizing transactions and there is no assurance that stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilizing Manager intends to disclose the extent of any over-allotments made and/or stabilization transactions conducted in relation to the Offering, according to the Instructions on the Price Stabalization Mechanism for the Initial Public Offerings issued by the CMA.

To allow the Stabilizing Manager to cover short positions resulting from any such over-allotment and/or from sales of Shares effected by it during the Stabilizing Period, it has entered into an option with the Overallotment Shareholder pursuant to which it may purchase up to 14,250,000 additional Shares representing up to 15 percent of the total number of Shares comprised in the Offering (before utilization of the Over-allotment Option) at the Offer Price. The Over-allotment Option may be exercised in whole or in part upon notice by the Stabilizing Manager at any time on or before the 30th calendar day after the commencement of dealings of the Shares on the Exchange (the "**Stabilizing Period**"). Any Over-allotment Shares made available pursuant to the Over-allotment Option will be sold on the same terms and conditions as Shares being offered pursuant to the Offer and will rank pari passu in all respects with, and form a single class with, the other Shares (including for all dividends and other distributions declared, made or paid on the Shares).

19.7 Stock Lending Agreement

In connection with the arrangements detailed in section 19.6 (**"Stabilization and Over-allotment"**) above, the Stabilizing Manager will enter into a Stock Lending Agreement with the Stock Lending Shareholder, pursuant to which the Stabilizing Manager will be able to borrow, from the Stock Lending Shareholder free of charge, Shares on Admission up to an amount equal to 15 percent of the total number of Shares comprised in the Offer for the purposes of, among other things, allowing the Stabilizing Manager to settle, at Admission, over-allotments, if any, made in connection with the Offering. If the Stabilizing Manager borrows any Shares pursuant to the Stock Lending Agreement it will be required to return equivalent securities or consideration to the Stock Lending Shareholder following the end of the Stabilizing Period.

19.8 Circumstances where Listing may be Suspended or Cancelled

19.8.1 Power to Suspend or Cancel Listing

A. The CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

1. The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.

2. The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.

3. The Company fails to pay any fees due to the CMA or the Exchange or penalties due to the CMA on time.

4. If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the market.

5. When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the source has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.

6. When information about the proposed transaction of reverse takeover is leaked and the issuer cannot accurately assess its financial position and the market cannot accurately assess its financial and the market cannot be informed accordingly.

B. The Exchange may lift the suspension of trading under paragraph (A) above by considering:

1. whether the events which led to the suspension have been sufficiently remedied, and whether the suspension is no longer necessary for the protection of investors;

2. whether the lifting of the suspension is not likely to interrupt the normal operation of the Exchange; and

3. the Company's compliance with any other conditions imposed by the CMA.

C. The Exchange shall suspend the trading of the securities of an issuer in any of the following cases:

1. When the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of OSCOs until its disclosure.

2. When the auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from opinion expressing is removed.

3. If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after listing, after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.

4. The issuance of a decision by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

D. The Exchange will lift the suspension referred to in subparagraphs (1), (2), (3) of (C) above after one trading session following the end of the suspension circumstances.

E. The Exchange may at any time propose to the CMA to suspend the trading of any listed security or cancel its listing where in its opinion it is likely that any of the circumstances of paragraph (A) above will occur.

F. An issuer whose securities are subject to a listing suspension must continue to comply with the Capital Market Law, its implementing regulations and market rules.

G. Where the suspension of an issuer continues for six months without the issuer taking appropriate action to resolve the reasons that lead to the suspension, the CMA may cancel that issuer's listed securities.

H. Upon completion of a reverse takeover by the issuer, the listing of the issuer's shares shall be cancelled. Should it wish to re-list its shares, the issuer must submit a new application for listing in accordance with the Listing Rules of the Exchange and comply with applicable requirements under the OSCOs.

I. This Article shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the Company pursuant to relevant implementing regulations and market rules.

19.8.2 Voluntary Cancellation of Listing

An issuer whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:

- Specific reasons for the request for the cancellation;
- A copy of the disclosure stating the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities, as described below;
- A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of a takeover or other corporate action by the issuer; and
- names and contract contact information of the financial advisor and legal advisor appointed according to the OSCOs.

Once approval from the CMA has been obtained for the cancellation of listing, an issuer must obtain the consent of its Extraordinary General Assembly.

Where cancellation is made at the issuer's request, the issuer must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities.

The CMA may accept or reject the request for cancellation in its discretion.

19.8.3 Temporary Trading Suspension

- An issuer may request a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of that Issuer as soon as it receives the request.
- Where a temporary trading suspension is made at the issuer's request, the issuer must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension and the event affecting the issuer's activities.
- The CMA may impose a temporary trading suspension without a request from the issuer, where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to temporary trading suspension must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- The Exchange may recommend to the CMA to practice its powers in accordance with the above paragraph, if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.
- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified above, unless the CMA or Tadawul decides otherwise.

19.8.4 Lifting of Suspension

Lifting of trading suspension is subject to the following:

- adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;

- that lifting the suspension is unlikely to affect the normal activity of the Exchange; and
- the issuer complies with any other conditions that the CMA may require.

In the event that the listing suspension continues for six months with no appropriate procedure made by the issuer to correct such suspension, the CMA may cancel the listing of issuer.

19.8.5 Re-registering and Admission to Listing of Cancelled Securities

An issuer is required to submit a new application for registration and admission to listing in order to reregister and admit to listing securities which have been cancelled.

19.9 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are publicly offered and listed:

- the Company's Board of Directors decision recommending the Offering;
- the CMA's approval of the Offering dated 10/08/1440H (corresponding to 15/04/2019G);
- the Exchange's approval of listing the Company's Shares issued on [●]H (corresponding to [●]G);
- the resolutions by the Selling Shareholders approving the sale of the Sale Shares through the Offering;
- the Company's extraordinary General Assembly approving the increase of the Company's capital and offering the New Shares through the Offering.

19.10 Lock-up Period

The Substantial Shareholders referred to on page [●] of this Prospectus may not dispose of any of their Shares for a period of six months from the date on which trading of the Company's Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

19.11 Acknowledgments by Subscribers

By completing and delivering the Retail Subscription Application, each Subscriber:

- agrees to subscribe to the number of Offer Shares specified in the Retail Subscription Application;
- warrants that he/she has read and carefully examined this Prospectus and understood all its content;
- accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Retail Subscription Application, and subscribes in the Offer Shares accordingly;
- declares that he has not previously subscribed for any Shares and that the Company has the right to reject any or all duplicate applications;
- accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) as per the Retail Subscription Application; and
- warrants not to cancel or amend the Retail Subscription Application, after submitting it to the Lead Manager or the Receiving Agent.

19.12 Shares' Record and Trading Arrangements

Tadawul shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

19.13 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 am and 3:00 pm from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 am to 10:00 am. The said times are subject to change during the month of Ramadan and they are announced by the Tadawul Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Issuers are required to disclose all material decisions and information that are important for the investors via Tadawul. Surveillance and monitoring is the responsibility of Tadawul as the operator of the market to ensure fair trading and an orderly market.

19.14 Trading of Company Shares

It is expected that dealing in the Company's Shares will commence on Tadawul after finalization of the allocation process and the announcement of the start date of trading by Tadawul. Dates and times included in this Prospectus are only indicative and may be changed or extended, subject to the approval of the CMA. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the market. Moreover, QFIs will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with Authorized Persons to acquire, hold and trade in the Shares on the Exchange on behalf of a Foreign Investor. It should be noted that Authorized Persons shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

19.15 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

This Prospectus has been released in both Arabic and English languages. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for the investing foreign institutions, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Joint Financial Advisors, Lead Manager and Underwriters require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

20. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office in Riyadh, KSA, between 9:00 am and 5:00 pm from [●]H (corresponding to [●]G) until [●]H (corresponding to [●]G) for a period of no less than 20 days prior to the end of the Offering Period:

- CMA announcement of the approval of the Offering.
- the Shareholders' resolutions approving the sale of the Sale Shares through the Offering;
- the Company's General Assembly resolution approving the increase of the Company's capital and the offer of the New Shares through the Offering;
- Company's Bylaws;
- Company's articles of association and amendments thereto;
- Company's commercial registration certificate issued by the MOCI and other constitutional documents;
- the statutory audited consolidated financial statements for the financial years ended 31 March 2016G and 2017G, the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G and the period from 28 September 2017G to 31 March 2018G, and the special purpose consolidated financial statements for the financial year ended 31 March 2018G, each prepared in accordance with Saudi GAAP; and the consolidated financial statements for the financial year ended 31 March 2018G and the consolidated financial statements for the nine month period ended 31 December 2018G, each prepared in accordance with IFRS-KSA.
- Letters of consent from each of:
  - The Joint Financial Advisors, Lead Manager, Joint Bookrunners and Underwriters (Samba Capital & Investment Management Company, Morgan Stanley Saudi Arabia, NCB Capital Company, Goldman Sachs Saudi Arabia, EFG Hermes KSA, Citibank Saudi Arabia and Emirates NBD Capital KSA) for the inclusion of its name and logo in this Prospectus.
  - EY, for the inclusion in this Prospectus, of its name and logo as auditor of the Company for the statutory audited consolidated financial statements for the financial years ended 31 March 2016G and 2017G, the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G and the period from 28 September 2017G to 31 March 2018G, and the special purpose consolidated financial statements for the financial year ended 31 March 2018G, each prepared in accordance with Saudi GAAP; and the consolidated financial statements for the financial year ended 31 March 2018G prepared in accordance with IFRS-KSA.
  - KPMG for the inclusion in this Prospectus and in KPMG's Report of its name and logo as auditor of the Company for the interim financial statements for the nine month period ended 31 December 2018G.
  - The Financial Due Diligence Advisor (PwC) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - The Market Research Consultant and External Market Valuer (JLL) for the inclusion of its name, logo and declarations in this Prospectus.
  - The Legal Advisor (Abdulaziz I. Al Ajlan and Partners), for the inclusion of its name and logo in this Prospectus.
  - Baker & McKenzie LLP, for the inclusion of its name and logo in this Prospectus.

- Contracts and agreements disclosed in Section 13.6 (Transactions and Contracts with Related Parties) in which a Director or Senior Executive or any of their relatives is interested in relation to the business of the Company.
- JLL Real Estate Valuation Report prepared by the External Valuer.
- JLL Jeddah Park Valuation Report
- Underwriting Agreement.
- Market study prepared by the Market Research Consultant.
- Document explaining methodologies used in determining the price range for the bookbuild.
- Document containing certain forward-looking statements in relation to the expected financial performance of the Company in the future.

21. CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORTS

This section contains:

- the statutory audited consolidated financial statements for the financial years ended 31 March 2016G and 2017G, together with the notes thereto, as described in their report attached to this Prospectus;
- the statutory audited consolidated financial statements for the period from 1 April 2017G to 27 September 2017G (representing that last statutory financial statements for the Company as a Limited Liability Company) together with the notes thereto, as described in their report attached to this Prospectus;
- the statutory audited consolidated financial statements for the period from 28 September 2017G to 31 March 2018G (representing the first statutory financial statements for the Company as a Closed Joint Stock Company), together with the notes thereto, as described in their report attached to this Prospectus;
- the special purpose audited consolidated financial statements for the financial year ended 31 March 2018G, together with the notes thereto, as described in their report attached to this Prospectus;
- each prepared in accordance with Saudi GAAP and audited by EY as stated in their respective report included herein,
- the consolidated financial statements for the financial year ended 31 March 2018G ("**FY18G (IFRS-KSA) Financial Statements**"), together with the notes thereto, prepared in accordance with IFRS-KSA and audited by EY as stated in their report included herein.
- the consolidated interim audited financial statements for the nine month period ended 31 December 2018G ("**9MFY19G**"), in addition to the notes thereto, prepared in accordance with IFRS-KSA and audited by KPMG Al Fozan & Partners (Certified Public Accountants).

The special purpose financial statements for the year ended 31 March 2018G have been prepared in accordance with Saudi GAAP following the conversion of the Company from a Limited Liability Company to a Closed Joint Stock Company from 28 September 2017G.

المراكز العربية
Arabian Centres

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016

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Building a better working world

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AUDITORS' REPORT TO THE PARTNERS OF ARABIAN CENTRES COMPANY LIMITED (LIMITED LIABILITY COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of Arabian Centres Company Limited - limited liability company (the "Company") and its subsidiaries (the "Group") as at 31 March 2016 and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the requirements of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

In our opinion, the consolidated financial statements taken as a whole:

i) presents fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2016 and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's articles of association in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
Registration No. 277

Riyadh: 29 Muhurram 1438H
(30 October 2016)

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2016

	Note	*2016* ***SR***	*2015* *SR*
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**242,834,131**	330,212,264
Accounts receivable	5	**205,741,870**	137,960,005
Due from related parties	6	**524,689,059**	90,844,033
Prepayments and other current assets	7	**153,432,051**	154,254,186
TOTAL CURRENT ASSETS		**1,126,697,111**	713,270,488
NON-CURRENT ASSETS			
Advances to a contractor – related party	8	**643,942,906**	572,847,471
Prepaid rent		**176,653,500**	49,877,368
Initial direct cost for operating leases		**249,799,918**	135,119,438
Investment in an associate	9	**36,196,890**	47,549,229
Available for sale investments	10	**234,454,336**	235,701,155
Investment properties	11	**7,851,989,192**	8,343,858,422
Property and equipment	12	**60,886,638**	32,744,889
TOTAL NON-CURRENT ASSETS		**9,253,923,380**	9,417,697,972
TOTAL ASSETS		**10,380,620,491**	10,130,968,460
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term loans	13	**351,000,000**	229,500,000
Accounts payable		**276,775,068**	132,732,396
Due to related parties	6	**321,481,738**	247,014,916
Unearned revenue	14	**482,291,065**	337,673,158
Accruals and other current liabilities	15	**119,369,965**	132,688,752
Zakat	16	**88,492,940**	53,461,618
TOTAL CURRENT LIABILITIES		**1,639,410,776**	1,133,070,840
NON-CURRENT LIABILITIES			
Long-term loans	13	**4,054,240,703**	3,509,374,211
Long-term accounts payable	17	**-**	900,000,000
Employees' end-of-service indemnities		**20,938,894**	18,537,207
TOTAL NON-CURRENT LIABILITIES		**4,075,179,597**	4,427,911,418
TOTAL LIABILITIES		**5,714,590,373**	5,560,982,258
EQUITY			
PARTNERS' EQUITY			
Capital	18	**4,450,000,000**	4,450,000,000
Statutory reserve	19	**200,478,864**	102,366,384
Retained earnings		**13,165,940**	153,625
Unrealised gain on revaluation of available for sale investments	10	**1,671,465**	2,918,284
TOTAL PARTNERS' EQUITY		**4,665,316,269**	4,555,438,293
Non-controlling interest		**713,849**	14,547,909
TOTAL EQUITY		**4,666,030,118**	4,569,986,202
TOTAL LIABILITIES AND EQUITY		**10,380,620,491**	10,130,968,460

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	*2016* ***SR***	*2015* *SR*
Revenue	6 & 14	**1,852,213,685**	1,638,595,448
Cost of revenue		**(382,446,031)**	(268,167,454)
Depreciation of investment properties	11	**(180,542,831)**	(145,666,481)
GROSS PROFIT		**1,289,224,823**	1,224,761,513
EXPENSES			
Advertisement and promotions	22	**(23,899,422)**	(8,531,100)
General and administrative	23	**(137,380,215)**	(58,110,831)
TOTAL EXPENSES		**(161,279,637)**	(66,641,931)
INCOME FROM MAIN OPERATIONS		**1,127,945,186**	1,158,119,582
Share in net income of an associate	9	**8,647,661**	10,607,860
Write-off of projects under construction	11	**(8,443,094)**	(10,093,733)
Financial charges	24	**(105,800,496)**	(113,157,003)
Other income, net	25	**10,613,264**	40,821,659
INCOME BEFORE ZAKAT AND NON-CONTROLLING INTEREST		**1,032,962,521**	1,086,298,365
Zakat	16	**(32,998,878)**	(53,461,618)
INCOME BEFORE NON-CONTROLLING INTEREST		**999,963,643**	1,032,836,747
Non-controlling interest		**(18,838,848)**	(14,172,908)
NET INCOME FOR THE YEAR		**981,124,795**	1,018,663,839

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	*2016* ***SR***	*2015* *SR*
OPERATING ACTIVITIES			
Income before zakat and non-controlling interest		**1,032,962,521**	1,086,298,365
Adjustments for:			
Depreciation of investment properties	11	**180,542,831**	145,666,481
Depreciation of property and equipment	12	**12,863,124**	7,803,357
Realised gain on sale of available for sale investments, net	25	**-**	(8,315,644)
Share in net income of an associate	9	**(8,647,661)**	(10,607,860)
Amortisation of transaction costs	13-i	**5,403,844**	5,389,484
Amortisation of initial direct cost for operating leases		**3,536,410**	-
Projects under construction written-off	11	**8,443,094**	10,093,733
Provision for employees' end-of-services indemnities		**3,280,060**	4,648,162
Allowance for doubtful debts	5	**26,164,067**	-
Changes in operating assets and liabilities:			
Accounts receivable		**(93,945,932)**	(50,665,802)
Due from/to related parties, net		**(309,003,459)**	750,536,946
Prepayments and other current assets		**822,135**	(20,570,074)
Accounts payable		**144,042,672**	26,026,531
Unearned revenue		**144,617,907**	84,684,887
Accruals and other current liabilities		**(13,318,787)**	47,977,672
Prepaid rent		**(150,151,132)**	(49,877,368)
Cash generated from operations		**987,611,694**	2,029,088,870
Employees' end-of-service indemnities paid		**(878,373)**	(128,485)
Zakat paid	16	**(2,000,000)**	-
Net cash from operating activities		**984,733,321**	2,028,960,385
INVESTING ACTIVITIES			
Additions to investment properties	11 / 17	**(606,559,069)**	(2,993,821,435)
Initial direct cost for operating leases paid		**(94,841,890)**	(135,119,438)
Purchase of available for sale investments		**-**	(57,000,000)
Additional investment in an associate	9	**-**	(13,538,504)
Purchase of property and equipment	12	**(41,442,152)**	(9,707,430)
Dividend received from an associate	9	**20,000,000**	16,250,000
Advances to a contractor – related party		**(71,095,435)**	18,582,437
Proceeds from sale of available for sale investments		**-**	26,092,232
Net cash used in investing activities		**(793,938,546)**	(3,148,262,138)
FINANCING ACTIVITIES			
Proceeds from long-term loans	13	**900,000,000**	1,235,000,000
Long-term accounts payable settled through long-term loans	17	**(900,000,000)**	-
Settlement of transaction cost	13	**(16,000,000)**	(44,327,050)
Repayment of long-term loans	13	**(229,500,000)**	(94,500,000)
Non-controlling interest		**(32,672,908)**	(12,189,260)
Net cash (used in) from financing activities		**(278,172,908)**	1,083,983,690
NET CHANGE IN CASH AND BANK BALANCES		**(87,378,133)**	(35,318,063)
Cash and bank balances at the beginning of the year		**330,212,264**	365,530,327
CASH AND BANK BALANCES AT THE END OF THE YEAR	4	**242,834,131**	330,212,264
Non-cash transactions:			
Dividends settled through partners' account	6 / 21	**870,000,000**	-
Unrealised (loss) / gain on revaluation of available for sale investments	10	**(1,246,819)**	2,918,284
Investment property transferred (to) from related parties	6 / 11	**(915,905,022)**	589,721,684
Transfer of zakat payable to related party	6	**-**	(123,830,867)
Additional capital contributed by partners	20	**-**	2,257,183,825
Capitalisation of retained earning	18	**-**	2,191,816,175
Long-term accounts payable	17	**-**	900,000,000

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Equity attributable to the partners' of the Parent Company							
	Capital SR	*Statutory reserve SR*	*Partners' contribution account SR*	*Retained earnings SR*	*Unrealised gain on revaluation of available for sale investments SR*	*Total partners' equity SR*	*Non-controlling interest SR*	*Total equity SR*
Balance as at 31 March 2014	1,000,000	500,000	923,092,226	1,275,172,345	-	2,199,764,571	12,564,261	2,212,328,832
Net income for the year	-	-	-	1,018,663,839	-	1,018,663,839	14,172,908	1,032,836,747
Transfer to statutory reserve	-	101,866,384	-	(101,866,384)	-	-	-	-
Dividends	-	-	-	-	-	-	(12,189,260)	(12,189,260)
Additional contribution by partners (notes 18 & 20)	-	-	1,334,091,599	-	-	1,334,091,599	-	1,334,091,599
Increase in capital (note 18)	4,449,000,000	-	(2,257,183,825)	(2,191,816,175)	-	-	-	-
Net movement during the year (note 10)	-	-	-	-	2,918,284	2,918,284	-	2,918,284
Balance as at 31 March 2015	4,450,000,000	102,366,384	-	153,625	2,918,284	4,555,438,293	14,547,909	4,569,986,202
Net income for the year	-	-	-	981,124,795	-	981,124,795	18,838,848	999,963,643
Transfer to statutory reserve	-	98,112,480	-	(98,112,480)	-	-	-	-
Dividends (notes 6 & 21)	-	-	-	(870,000,000)	-	(870,000,000)	(32,672,908)	(902,672,908)
Net movement during the year (note 10)	-	-	-	-	(1,246,819)	(1,246,819)	-	(1,246,819)
Balance as at 31 March 2016	**4,450,000,000**	**200,478,864**	-	**13,165,940**	**1,671,465**	**4,665,316,269**	**713,849**	**4,666,030,118**

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Arabian Centres Company Limited ("the Company" or "the parent company") is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010209177 dated 7 Rabi Thani 1426H (corresponding to 15 May 2005).

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

Following is the list of subsidiaries included in these consolidated financial statements:

	Ownership %			
	2016		*2015*	
Name of subsidiary *	***Direct***	***Indirect *****	*Direct*	*Indirect ***
Arkan Salam for Real Estate and Contracting Company Ltd.	95%	5%	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects owners Abdulmohsin AlHokair and his partners	50%	-	50%	-
Mall of Arabia Company Limited	95%	5%	95%	5%
Aziz Mall Trading Company Limited	95%	5%	95%	5%
Riyadh Centers Company Limited	95%	5%	95%	5%
Dhahran Mall Trading Company Limited	95%	5%	95%	5%
Al Noor Mall Trading Company Limited	95%	5%	95%	5%
Yarmouk Mall Company Limited	95%	5%	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%	95%	5%
Al Yasmeen Mall Trading Company	95%	5%	95%	5%
Al Dammam Mall Trading Company Limited	95%	5%	95%	5%
Al Malaz Mall Trading Company Limited	95%	5%	95%	5%
Al Hamra Mall Trading Company Limited	95%	5%	95%	5%
Oyoun Al Raed Mall Trading Company	95%	5%	95%	5%
Al Erth Al Matin Contracting Company	95%	5%	95%	5%
Al Erth Al Rasekh Contracting Company	95%	5%	95%	5%
Oyoun Al Basateen Trading Company	95%	5%	-	-

* All subsidiaries are limited liability companies incorporated in the Kingdom of Saudi Arabia.
** Indirect ownership is owned through cross ownership within the Group.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the parent company and its subsidiaries as disclosed in note (1) above. A subsidiary company is that in which the parent company has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and / or over which it exerts control. A subsidiary company is consolidated from the date on which the parent company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the individual financial statements of the parent company and the financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Group's significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent partners' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention
The consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

Use of estimates
The preparation of consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

Cash and bank balances
Cash and bank balances include cash on hand and bank balances.

Accounts receivable
Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Investments
Investments in associates
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the consolidated statement of income. The financial statements of the associates are prepared for the same period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Available-for-sale investments

Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting year. Changes in fair value are credited or charged to the consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value. Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment properties

Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded 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 cost 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. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Property and equipment

Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

Leaseholds improvements are amortised on a straight line basis over the shorter of the useful life of the improvement and the term of the lease.

Expenditures for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The Group conducts periodic review of the carrying amount of its non-current assets to determine whether there is any evidence that those non-current assets have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in the consolidated statement of income.

Leases

Operating lease contracts — the Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease contracts — the Group as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the year end.

Loans and borrowings
Loans and borrowings are recognised at the proceeds received value by the Group.

Zakat
The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis. Zakat charge is computed on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' end-of-service indemnities
End of service indemnities, required by the Saudi Arabian labour law, are provided in the consolidated financial statements based on the employees' length of services.

Revenue recognition
Revenue is recognised 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. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in most of the revenue arrangements, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in 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 income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Service charges, management charges and other expenses recoverable from tenants
Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes due. Service and management charges and other such receipts are included in net rental income gross of the related costs, as the management considers that the Group acts as principal in this respect.

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

All other revenues are recognised on an accrual basis when the Group's right to earn the revenue is established.

Borrowing costs
Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

Expenses
Advertisement and promotion expenses principally comprise of costs incurred in promotion and advertisement of the shopping and malls. All other expenses are classified as general and administrative expenses.

General and administrative expenses include costs not specifically part of the cost of revenue as required under generally accepted accounting standards. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

Fair value
For investments traded in active markets, fair value is determined by reference to quoted market bid prices.

The fair value of commission-bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows and other relevant factors. Cost is considered to be the fair value where there is no reliable fair value information is available for such investments.

Foreign currency transactions
Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the consolidated statement of income.

4. CASH AND BANK BALANCES

	2016 ***SR***	*2015* *SR*
Cash at banks	**241,932,204**	329,383,498
Cash in hand	**901,927**	828,766
	242,834,131	330,212,264

5. ACCOUNTS RECEIVABLE

Accounts receivable comprise of interest free net receivables due from private 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.

At 31 March 2016, accounts receivable at nominal value of SR 26,164,067 (2015: nil) were impaired. Movement in the allowance for doubtful debts were as follows:

	2016 ***SR***	*2015* *SR*
At the beginning of the year	**-**	-
Provision for the year (note 23)	**26,164,067**	-
At the end of the year	**26,164,067**	-

As at 31 March, the ageing of unimpaired accounts receivable was as follows:

			Past due but not impaired			
	Total *SR*	*Neither past due nor impaired* *SR*	*Up to 30 days* *SR*	*31 - 90 days* *SR*	*91 - 180 days* *SR*	*> 180 days* *SR*
2016	**205,741,870**	**86,307,852**	**13,007,134**	**13,988,311**	**24,308,062**	**68,130,511**
2015	137,960,005	44,472,323	41,215,477	17,605,585	2,542,689	32,123,931

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

6. 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 parent company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

Related party transactions

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

	2016 ***SR***	*2015* *SR*
Transfer of investment properties to related parties (note 11)	**915,905,022**	589,721,684
Dividends settled through partners' account (note 21)	**870,000,000**	-
Construction work included in projects under construction (note 11)	**592,818,157**	1,009,716,340
Rental revenue	**459,204,369**	435,171,607
Services revenue	**60,527,399**	39,604,390
Transfer of zakat payable to a related party (note 16)	-	123,830,867

With the consent of the partners of the Company, the contracts for the construction of all projects are awarded to an affiliate, Fawaz Abdulaziz Al Hokair & Co. Real Estate Company, for a total contract value amounting to SR 3.4 billion (2015: SR 2.9 billion) including variation orders (note 8). The process of awarding these contracts does not include bidding.

Related party balances

The following table summarise the significant related parties balances as at 31 March:

(i) Amounts due from related parties

Name of related party	*Nature of relationship*	***2016*** ***SR***	*2015* *SR*
FAS Holding Company for Hotels	Affiliate	**400,322,569**	-
Kids Space Company Limited (a)	Affiliate	**30,410,413**	17,599,858
Food and Entertainment Company Limited (a)	Affiliate	**24,265,587**	-
Billy Games Company Limited (a)	Affiliate	**20,655,165**	6,636,438
Tadaris Al Najd Security Company	Affiliate	**15,599,888**	17,514,491
Al Madaen Star Real Estate	Affiliate	**14,122,477**	14,122,477
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Affiliate	**10,473,439**	14,538,812
Coffee Centers Company Limited (a)	Affiliate	**3,709,401**	2,525,057
Akwaan Properties for Real Estate	Affiliate	**3,064,158**	3,064,158
Nesk Trading Company Limited (a)	Affiliate	-	12,902,919
Others	Affiliate	**2,065,962**	1,939,823
		524,689,059	90,844,033

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances (continued)

(ii) Amounts due to related parties:

Name of related party	*Nature of relationship*	***2016 SR***	*2015 SR*
Fawaz Abdulaziz Al Hokair & Co. (b)	Affiliate	**197,296,788**	241,413,986
Saudi FAS Holding Company	Ultimate Parent Company	**68,681,809**	5,600,930
Nesk Trading Company Limited (b)	Affiliate	**55,503,141**	-
		321,481,738	247,014,916

(a) These mainly represent rental receivables from the related parties.

(b) This mainly represents advance rentals received, net of rental income receivable.

Terms and conditions of transactions with related parties
Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either year.

It should be noted that the lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group who have assigned these lease agreements to the Group's benefit (notes 11 and 27).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2016 SR	*2015 SR*
Advances to suppliers	**72,869,806**	88,323,471
Prepaid rent	**72,066,620**	55,522,548
Employees' receivables	**4,823,063**	3,696,703
Others	**3,672,562**	6,711,464
	153,432,051	154,254,186

8. ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to Fawaz Abdulaziz Al Hokair & Real Estate Company (an affiliate) for the construction of shopping malls, which are under various stages of completion. The total value of contracts awarded to Fawaz Abdulaziz Al Hokair & Real Estate Company amounts to SR 3.4 billion (2015: SR 2.9 billion) including variation orders (note 6).

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in the Kingdom of Saudi Arabia. The movement of the investment during the year is as follow:

	Percentage of ownership	*Opening balance SR*	*Share of net income SR*	*Dividend SR*	*Additions to investments SR*	*Ending balance SR*
2016	**25%**	**47,549,229**	**8,647,661**	**(20,000,000)**	**-**	**36,196,890**
2015	25%	39,652,865	10,607,860	(16,250,000)	13,538,504	47,549,229

10. AVAILABLE FOR SALE INVESTMENTS

	2016 ***SR***	*2015* *SR*
Investments in real estate projects (i)	**225,782,871**	225,782,871
Investments real estate fund (ii)	**8,671,465**	9,918,284
	234,454,336	235,701,155

(i) Investments in real estate:

	2016 ***SR***	*2015* *SR*
Amlak International for Real Estate Finance Company (previously known as Amlak International for Real Estate Development and Finance Company) (a)	**121,500,000**	121,500,000
Yanbu Real Estate (b)	**53,384,204**	53,384,204
Khomasiat Taibah Limited Company (previously known as Al Khomasiat Yathrib Company) (c)	**50,000,000**	50,000,000
Akwan properties (d)	**898,667**	898,667
	225,782,871	225,782,871

a) The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company (previously known as Amlak International for Real Estate Development and Finance Company) is owned directly and indirectly through the Company's subsidiaries. The Group has paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

b) This investment represents investment in real estate held by Yanbu Real Estate (Mosahama).

c) This represents 7.14% equity investment in Khomasiat Taibah Limited Company (previously known as Al Khomasiat Yathrib Company). The investment is in the name of the ultimate parent, Saudi FAS Holding Company, which has assigned the investment to the benefit of the Company.

d) This represents 4.5% equity investment in Akwaan Properties purchased through an ultimate parent, Saudi FAS Holding Company which assigned it to the Company benefit. The Company is still committed to settle SR 2,696,000 (2015: SR 2,696,000) for the acquisition of its equity stake.

(ii) Investments real estate fund:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 8.7 million as of 31 December 2015 (31 March 2015: SR 9.9 million). The unrealised loss amounting to SR 1.2 million (2015: unrealised gain amounting to SR 2.9 million) has been recognised in available for sale investments as part of equity.

10. AVAILABLE FOR SALE INVESTMENTS (continued)

(ii) Investments real estate fund: (continued)

Movement in the investments in real estate fund was as follows:

	2016 ***SR***	*2015* *SR*
Cost:		
At the beginning of the year	**7,000,000**	**-**
Additions	**-**	7,000,000
At the end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**2,918,284**	**-**
Unrealised (loss) gain during the year	**(1,246,819)**	2,918,284
At the end of the year	**1,671,465**	2,918,284
Net carrying amount	**8,671,465**	9,918,284

11. INVESTMENT PROPERTIES

The estimated useful lives of the investment properties for the calculation of depreciation are as follows:

Buildings	33 years
Buildings on leasehold land	Shorter of economic life or lease term

	Land *SR*	*Buildings* *SR*	*Building on leasehold land* *SR*	*Projects under construction* *SR*	***Total 2016 SR***	*Total 2015 SR*
Cost:						
At the beginning of the year	4,238,505,592	2,072,146,336	1,733,601,055	1,237,333,470	**9,281,586,453**	4,807,398,283
Additions	-	-	20,203,560	592,818,157	**613,021,717**	3,894,560,219
Transfer to related parties (note 6)	(764,905,022)	-	-	(151,000,000)	**(915,905,022)**	(175,183,338)
Transfer from a related party (note 6)	-	-	-	-	-	764,905,022
Write off	-	-	-	(8,443,094)	**(8,443,094)**	(10,093,733)
Transfers	-	139,284,791	326,951,037	(466,235,828)	-	-
At the end of the year	3,473,600,570	2,211,431,127	2,080,755,652	1,204,472,705	**8,970,260,054**	9,281,586,453
Depreciation:						
At the beginning of the year	-	466,980,715	470,747,316	-	**937,728,031**	792,061,550
Charge for the year	-	49,589,639	130,953,192	-	**180,542,831**	145,666,481
At the end of the year	-	516,570,354	601,700,508	-	**1,118,270,862**	937,728,031
Net book value						
At 31 March 2016	**3,473,600,570**	**1,694,860,773**	**1,479,055,144**	**1,204,472,705**	**7,851,989,192**	
At 31 March 2015	4,238,505,592	1,605,165,621	1,262,853,739	1,237,333,470		8,343,858,422

11. INVESTMENT PROPERTIES (continued)

Net book value of the Group's land at 31 March is as follows:

	Owned by the Group / partners	*Title deeds registered with bank Yes / No*	***2016 SR***	*2015 SR*
Shopping malls – lands				
- Aziziah Mall – Makkah	Group	Yes	**178,227,665**	178,227,665
- Mall of Arabia – Jeddah	Group	Yes	**141,115,102**	141,115,102
- Sahara plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000
- Al Noor center	Group	Yes	**68,120,000**	68,120,000
- Jubail land	Group	Yes	**32,500,000**	32,500,000
- Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145
			515,902,912	515,902,912
Lands				
- Oyoun Al Raed land	Group	Yes	**1,770,439,948**	1,770,439,948
- Oyoun Al Basateen	Group	Yes	**1,067,162,500**	1,067,162,500
- Dammam land	Group	Yes	**117,395,210**	117,395,210
- Aziz Mall land – generator	Partners	No	**2,700,000**	2,700,000
- King Fahad Road (*)	Group	No	**-**	400,000,000
- Al Qasseem Land (*)	Group	Yes	**-**	364,905,022
			2,957,697,658	3,722,602,680
Total land net book value			**3,473,600,570**	4,238,505,592

(*) During 2016, the Group partner's has resolved in their meeting held on 22 Jumad Thani 1437H (Corresponding to 31 March 2016) to transfer Al Qasseem Land to Saudi FAS Holding Company (the ultimate parent company) by net book value. In addition, during the same meeting, the Group partner's has resolved to sell King Fahad Road land to FAS Holding Company for Hotels (affiliate company) for an amount of SR 400,000,000 (note 6).

As at 31 March 2016, the title deeds of plots of land amounting to SR 3,470.9 million (2015: SR 3,835.8 million) are registered in the name of local banks against a long-term loan (note 13).

The title deeds of plots of land amounting to SR 2.7 million (2015: SR 2.7 million) are in the name of the partners, who have assigned these for the benefit of the Group.

The lease agreements for leasehold land on which the Group's buildings are constructed are in the name of an affiliated company and other related parties (note 6).

Projects under construction include shopping malls, which are under various stages of completion. All contracts for construction and the design of these projects are awarded to the affiliates Fawaz Abdulaziz Al Hokair & Co Real Estate Company (note 6).

As at 31 March 2016, an amount of SR 83.5 million (2015: SR 6.17 million) was capitalised as cost of borrowings for the construction of projects under construction (note 13).

As at 31 March 2016, an amount of SR 6.5 million (2015: SR 0.74 million) was capitalised as amortised transaction cost for the construction of projects under construction (note 13 - i).

12. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years

	Tools and equipment SR	*Furniture and fixtures SR*	*Vehicles SR*	***Total 2016 SR***	*Total 2015 SR*
Cost:					
At the beginning of the year	47,888,384	41,119,736	2,486,312	**91,494,432**	81,787,002
Additions	24,508,802	16,210,850	722,500	**41,442,152**	9,707,430
Transfer to a related party (note 6)	(478,915)	(6,740)	-	**(485,655)**	-
At the end of the year	71,918,271	57,323,846	3,208,812	**132,450,929**	91,494,432
Depreciation:					
At the beginning of the year	34,663,245	21,617,944	2,468,354	**58,749,543**	50,946,186
Charge for the year (note 23)	7,333,771	5,492,025	37,328	**12,863,124**	7,803,357
Transfer to a related party (note 6)	(48,316)	(60)	-	**(48,376)**	-
At the end of the year	41,948,700	27,109,909	2,505,682	**71,564,291**	58,749,543
Net book value					
31 March 2016	**29,969,571**	**30,213,937**	**703,130**	**60,886,638**	
31 March 2015	13,225,139	19,501,792	17,958		32,744,889

13. LONG-TERM LOANS

The movement in long-term loans is as follows:

	2016 **SR**	*2015* SR
Balance at the beginning of the year	**3,813,500,000**	2,673,000,000
Addition of a new facility (A)	**900,000,000**	1,235,000,000
Repayments	**(229,500,000)**	(94,500,000)
	4,484,000,000	3,813,500,000
Less: un-amortised transaction costs	**(78,759,297)**	(74,625,789)
	4,405,240,703	3,738,874,211
Less: current portion of long-term loans	**(351,000,000)**	(229,500,000)
Balance at the end of the year	**4,054,240,703**	3,509,374,211

Un-amortised transaction costs movement as follow:

	2016 **SR**	*2015* SR
Balance at the beginning of the year	**74,625,789**	36,427,007
Additions during the year related to a new facility	**16,000,000**	44,327,050
Amortised transaction cost during the year (note i below)	**(11,866,492)**	(6,128,268)
Balance at the end of the year	**78,759,297**	74,625,789

i) Amortised transaction cost during the year was allocated as follow:

	2016 **SR**	*2015* SR
Capitalised to investment properties – projects under construction (note 11)	**6,462,648**	738,784
Amortisation charge for the year (note 24)	**5,403,844**	5,389,484
Balance at the end of the year	**11,866,492**	6,128,268

Below is the repayment schedule of the outstanding long-term loans as at 31 March:

	2016 **SR**	*2015* SR
Within one year	**351,000,000**	229,500,000
Between two to five years	**2,941,812,500**	2,665,000,000
More than five years	**1,191,187,500**	919,000,000
	4,484,000,000	3,813,500,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners.

13. LONG-TERM LOANS (continued)

A) During 2016, the Group;

(i) Obtained a long-term loan facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized during the current year. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

B) During 2015 and previous years, the Group obtained the following:

(i) Obtained a long-term loan facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilised during 2015. The loan carries fixed commission per annum till completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(ii) Long-term loan amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013.

(iii) Long-term loan amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013.

Murabaha facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Company ensures that it is always in compliance with the loan covenants prescribed in such agreements. In case of breach of covenant at any point of time, the management ensures that it reconciles its position with the lending banks and that it has obtained a formal waiver from the related lender.

As at 31 March 2016, an amount of SR 83.5 million (2015: SR 6.17 million) was capitalised as cost of borrowings for the construction of projects under construction (note 11).

14. UNEARNED REVENUE

Unearned revenue represents rentals received from tenants in advance.

	2016 ***SR***	*2015* *SR*
Balance at the beginning of the year	**337,673,158**	252,988,271
Advance rentals received from tenants	**1,996,831,592**	1,723,280,335
	2,334,504,750	1,976,268,606
Revenue recognised in consolidated statement of income	**(1,852,213,685)**	(1,638,595,448)
Balance at the end of the year	**482,291,065**	337,673,158

15. ACCRUALS AND OTHER CURRENT LIABILITIES

	2016 ***SR***	*2015* *SR*
Tenants security deposits	**70,238,413**	56,702,336
Accrued finance charges	**23,262,125**	35,043,153
Employees' accruals	**13,066,526**	14,284,213
Accrued expenses	**10,329,196**	22,176,368
Others	**2,473,705**	4,482,682
	119,369,965	132,688,752

16. ZAKAT

Charge for the year

Zakat charge for the year amounting to SR 32,998,878 consists of the current year provision (2015: SR 53,461,618).

The current year zakat provision is based on the following:

	2016 ***SR***	*2015* *SR*
Partners' equity, beginning balance	**4,555,438,293**	2,199,764,571
Income before zakat	**1,032,962,521**	1,086,298,365
Non-current liabilities	**4,075,179,597**	4,427,911,418
Non-current assets	**(10,380,620,491)**	(9,417,697,972)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 March is as follows:

	2016			*2015*
	Company ***SR***	***Subsidiaries*** ***SR***	***Total*** ***SR***	*Total* *SR*
Balance at beginning of the year	**-**	**53,461,618**	**53,461,618**	123,830,867
Provision for the year	**32,998,878**	**-**	**32,998,878**	53,461,618
Transferred to a related party (note 6)	**-**	**-**	**-**	(123,830,867)
Prior years adjustment	**4,032,444**	**-**	**4,032,444**	**-**
Paid during the year	**(2,000,000)**	**-**	**(2,000,000)**	**-**
Balance at end of the year	**35,031,322**	**53,461,618**	**88,492,940**	53,461,618

16. ZAKAT (continued)

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the ultimate parent company, Saudi FAS Holding Company, is preparing and submitting consolidated zakat return for the ultimate parent company and its wholly owned subsidiaries, including Arabian Centres Company Limited to GAZT as per GAZT letter. Accordingly, the consolidated zakat returns for the years ended 31 March 2007 to 2014 have been submitted to GAZT. It should be noted that despite the fact that the ultimate parent company is submitting a consolidated zakat return including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual Zakat base / adjusted income.

On 5 Jumaada Al Awal 1436H (corresponding to 24 February 2015), the ultimate parent company received a letter from GAZT requesting the ultimate parent company and its subsidiaries to submit individual zakat return for each company instead of consolidated zakat returns previously submitted starting from 31 March 2007 to 31 March 2014. The ultimate parent company has submitted its appeal which is still under GAZT review as at 31 March 2016.

17. LONG-TERM ACCOUNTS PAYABLE

This represents remaining amount payable for land purchased during prior year for SR 1,067 million. During the current year, the amount payable was settled through a new long-term loan amounting to SR 1,600 million obtained from a local bank (note 11 and note 13).

18. CAPITAL

On 3 Jumad Awal 1436H (corresponding to 22 February 2015), the partners of the Company have approved admission of new partners and increase the capital of the Company from SR 1 million to SR 4,450 million through transfer of partners' contribution account amounting to SR 2,257,183,825 as of 28 February 2015 (note 20) and retained earnings amounting to SR 2,191,816,175. The legal formalities related to this resolution were completed before the year ended 31 March 2015.The partners and their respective holdings as at 31 March 2016 and 2015 are as follows:

Name of partner	***Ownership %***	***Number of shares***	***Amount SR***
FAS Real Estate Company Limited	**52**	**2,314,000**	**2,314,000,000**
Saaf International Co. Limited	**3**	**133,500**	**133,500,000**
Mr. Fawaz Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
Mr. Salman Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
Dr. Abdul Majeed Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
	100	**4,450,000**	**4,450,000,000**

19. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of the annual net income until the reserve equals 50% of capital. This reserve is not available for dividend distribution.

20. PARTNERS' CONTRIBUTION ACCOUNT

On 3 Jumad Awal 1436H (corresponding to 22 February 2015), the partners of the Company have approved the transfer of partners' contribution account balance amounting to SR 2,257,183,825 as of 28 February 2015 as part of Company's capital increase; therefore the balance was transferred to capital before the year ended 31 March 2015 (note 18).

21. DIVIDENDS DISTRIBUTION

The Company's partners in their meeting held on 22 Jumad Thani 1437H (corresponding to 31 March 2016) resolved to distribute dividend amounting to SR 870,000,000 (2015: nil) and transferred it to the partners' account.

22. ADVERTISEMENT AND PROMOTION EXPENSES

	2016 ***SR***	*2015* *SR*
Advertisement	**15,699,645**	4,734,342
Promotions	**8,199,777**	3,796,758
	23,899,422	8,531,100

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 ***SR***	*2015* *SR*
Employees' salaries and other benefits	**50,486,164**	35,155,812
Professional fees	**35,989,638**	4,939,032
Allowance for doubtful receivables (note 5)	**26,164,067**	-
Depreciation (note 12)	**12,863,124**	7,803,357
Insurance	**5,740,232**	4,481,028
Government expenses	**2,589,768**	2,514,181
Others	**3,547,222**	3,217,421
	137,380,215	58,110,831

24. FINANCIAL CHARGES

	2016 ***SR***	*2015* *SR*
Commission expense on long-term loans	**100,026,975**	106,215,416
Amortisation of transaction costs (note 13 - i)	**5,403,844**	5,389,484
Bank charges	**369,677**	1,552,103
	105,800,496	113,157,003

25. OTHER INCOME, NET

	2016 ***SR***	*2015* *SR*
Dividend income from available for sale investments	**8,925,000**	268,421
Refund from a utility company for amounts previously billed to the Group	**-**	22,639,337
Write back of liabilities waived off by a creditor	**-**	13,538,500
Realised gain on sale of available for sale investments, net	**-**	8,315,644
Others	**1,688,264**	(3,940,243)
	10,613,264	40,821,659

26. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies as of 31 March are as follows:

	2016 ***SR***	*2015* *SR*
Commitments for projects under construction (note 11)	**2,491,733,817**	1,750,593,891
Commitments to purchase equity investments (note 10)	**2,696,000**	2,696,000
Letter of guarantee	**5,400,000**	5,400,000

27. OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	2016 ***SR***	*2015* *SR*
Less than one year	**404,192,193**	411,686,143
One to five years	**2,309,824,277**	1,791,565,570
More than five years	**10,285,168,330**	6,815,130,613
	12,999,184,800	9,018,382,326

The lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 6).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

The above commitments include lease agreement with a ultimate parent, Saudi FAS Holding Company, amounted to SR 768 million (2015: SR 810 million). The amount due in next twelve months is SR 42 million (2015: SR 42 million).

Payments under operating leases are recognised as expenses under cost of revenues during the year which amounted to SR 161,343,971 (2015: SR 113,482,623).

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances, accounts receivables, other assets, due from related parties, investments in associate and available for sale investments. The Group financial liabilities consist of loans, unearned revenue, due to related parties and payables.

The fair values of financial instruments are not materially different from their carrying values at the consolidated balance sheet date.

29. RISK MANAGEMENT

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk and real estate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

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 interest bearing long-term assets, but has commission bearing liabilities at 31 March 2016. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme'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.

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 both its leasing activities and financing 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.

Tenant receivables

Tenants are assessed according to Group criteria prior to entering into lease arrangements.

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 due from related parties (note 6). 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 partners.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by ultimate parent'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.

29. RISK MANAGEMENT (continued)

Liquidity Risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency Risk

Is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

30. KEY SOURCES OF ESTIMATION UNCERTAINTY

Doubtful accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the consolidated balance sheet date, gross accounts receivable were SR 231,905,937 (2015: SR 137,960,005) with SR 26,164,067 (2015: nil) allowance for doubtful receivables. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Useful lives of investment properties and property and equipment

The Group management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

31. SUBSEQUENT EVENTS

Subsequent to the year end, Riyadh Centres Company Limited (a subsidiary) obtained a long-term loan amounting to SR 5,550 million from a local bank for the construction of shopping malls portfolio. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building and personal and corporate guarantees from the partners. The loan is repayable in 17 unequal semi-annual basis starting from October 2016.

32. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

المراكز العربية
Arabian Centres

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2017

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INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ARABIAN CENTRES COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Arabian Centres Company Limited (the "Company") and its Subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 March 2017, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Basis for opinion

We conducted our audit in accordance with the 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 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.

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 accounting standards generally accepted in the Kingdom of Saudi Arabia and the Companies' Law and the Company's Articles of Association 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 are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF
ARABIAN CENTRES COMPANY LIMITED (continued)

Auditors' 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 the 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism 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.

- 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, 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.

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INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF
ARABIAN CENTRES COMPANY LIMITED (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

- 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.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. 277

Riyadh: 27 Ramadan 1438H
(22 June 2017)

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 SR	2016 SR
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**158,217,588**	242,834,131
Accounts receivable, net	5	**233,778,665**	169,568,075
Due from related parties	6	**172,253,415**	160,244,013
Prepayments and other current assets	7	**85,554,655**	104,163,618
TOTAL CURRENT ASSETS		**649,804,323**	676,809,837
NON-CURRENT ASSETS			
Advances to a contractor – related party	8	**192,650,623**	643,942,906
Due from related parties	6	**214,445,047**	364,445,046
Prepaid rent		**162,337,000**	176,653,500
Initial direct costs for operating leases		**211,115,072**	249,799,918
Investment in an associate	9	**35,018,397**	36,196,890
Available for sale investments	10	**232,169,521**	234,454,336
Investment properties	11	**10,087,877,850**	7,851,989,192
Property and equipment	12	**120,746,469**	60,886,638
TOTAL NON-CURRENT ASSETS		**11,256,359,979**	9,618,368,426
TOTAL ASSETS		**11,906,164,302**	10,295,178,263
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term loans	13	**66,000,000**	351,000,000
Accounts payable		**245,864,112**	227,506,635
Due to related parties	6	**226,099,892**	321,481,738
Unearned revenue	14	**325,346,658**	446,117,270
Accruals and other current liabilities	15	**224,778,169**	119,369,965
Zakat payable	16	**117,353,841**	88,492,940
TOTAL CURRENT LIABILITIES		**1,205,442,672**	1,553,968,548
NON-CURRENT LIABILITIES			
Long-term loans	13	**5,792,131,854**	4,054,240,703
Employees' end-of-service indemnities		**26,842,696**	20,938,894
TOTAL NON-CURRENT LIABILITIES		**5,818,974,550**	4,075,179,597
TOTAL LIABILITIES		**7,024,417,222**	5,629,148,145
EQUITY			
PARTNERS' EQUITY			
Capital	17	**4,450,000,000**	4,450,000,000
Statutory reserve	18	**293,651,971**	200,478,864
Retained earnings		**136,723,904**	13,165,940
Unrealised gain on revaluation of available for sale investments	10	**335,317**	1,671,465
TOTAL PARTNERS' EQUITY		**4,880,711,192**	4,665,316,269
Non-controlling interests		**1,035,888**	713,849
TOTAL EQUITY		**4,881,747,080**	4,666,030,118
TOTAL LIABILITIES AND EQUITY		**11,906,164,302**	10,295,178,263

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements.

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	*2017* **SR**	*2016* SR
Revenue	6 & 14	**2,039,002,320**	1,852,213,685
Cost of revenue		**(461,780,969)**	(382,446,031)
Depreciation of investment properties	11	**(218,255,510)**	(180,542,831)
GROSS PROFIT		**1,358,965,841**	1,289,224,823
EXPENSES			
Advertisement and promotions	20	**(19,122,910)**	(23,899,422)
General and administrative	21	**(158,637,391)**	(137,380,215)
TOTAL EXPENSES		**(177,760,301)**	(161,279,637)
INCOME FROM MAIN OPERATIONS		**1,181,205,540**	1,127,945,186
Share in net income of an associate	9	**8,821,507**	8,647,661
Write-off of investment properties	11	**(45,942,462)**	(8,443,094)
Financial charges	22	**(179,121,136)**	(105,800,496)
Other income	23	**12,025,947**	10,613,264
INCOME BEFORE ZAKAT AND NON-CONTROLLING INTERESTS		**976,989,396**	1,032,962,521
Zakat	16	**(27,154,423)**	(32,998,878)
INCOME BEFORE NON-CONTROLLING INTERESTS		**949,834,973**	999,963,643
Non-controlling interests		**(18,103,902)**	(18,838,848)
NET INCOME FOR THE YEAR		**931,731,071**	981,124,795

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements.

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 SR	2016 SR
OPERATING ACTIVITIES			
Income before zakat and non-controlling interests		**976,989,396**	1,032,962,521
Adjustments for:			
Depreciation of investment properties	11	**218,255,510**	180,542,831
Depreciation of property and equipment	12	**20,885,529**	12,863,124
Share in net income of an associate	9	**(8,821,507)**	(8,647,661)
Amortisation of finance costs	13-i	**12,928,484**	5,403,844
Amortisation of initial direct cost for operating leases		**3,326,912**	3,536,410
Investment properties written-off	11	**45,942,462**	8,443,094
Provision for employees' end-of-services indemnities		**6,364,526**	3,280,060
Provision for doubtful debts	5	**22,931,392**	26,164,067
Changes in operating assets and liabilities:			
Accounts receivable		**(87,141,982)**	(57,772,137)
Due from/to related parties, net		**(232,077,192)**	(309,003,459)
Prepayments and other current assets		**18,608,963**	50,090,568
Prepaid rent		**-**	(150,151,132)
Accounts payable		**18,357,477**	94,774,239
Unearned revenue		**(120,770,612)**	108,444,112
Accruals and other current liabilities		**105,408,204**	(13,318,787)
Cash generated from operations		**1,001,187,562**	987,611,694
Employees' end-of-service indemnities paid		**(460,724)**	(878,373)
Zakat paid	16	**(261,078)**	(2,000,000)
Net cash from operating activities		**1,000,465,760**	984,733,321
INVESTING ACTIVITIES			
Additions to investment properties	11	**(2,619,272,315)**	(606,559,069)
Initial direct cost for operating leases paid		**(31,923,473)**	(94,841,890)
Purchase of property and equipment	12	**(80,745,360)**	(41,442,152)
Dividend received from an associate	9	**10,000,000**	20,000,000
Advances to a contractor – related party		**451,292,283**	(71,095,435)
Net cash used in investing activities		**(2,270,648,865)**	(793,938,546)
FINANCING ACTIVITIES			
Proceeds from long-term loans	13	**3,886,000,000**	900,000,000
Long-term accounts payable settled through long-term loans		**-**	(900,000,000)
Settlement of finance costs	13	**(103,651,575)**	(16,000,000)
Repayment of long-term loans	13	**(2,349,000,000)**	(229,500,000)
Non-controlling interests		**(17,781,863)**	(32,672,908)
Dividends paid		**(230,000,000)**	-
Net cash from (used in) financing activities		**1,185,566,562**	(278,172,908)
NET CHANGE IN CASH AND BANK BALANCES		**(84,616,543)**	(87,378,133)
Cash and bank balances at the beginning of the year		**242,834,131**	330,212,264
CASH AND BANK BALANCES AT THE END OF THE YEAR	4	**158,217,588**	242,834,131
Non-cash transactions:			
Dividends settled through partners' account	6 & 19	**485,000,000**	870,000,000
Unrealised loss on revaluation of available for sale investments	10	**(1,336,148)**	(1,246,819)
Investment properties transferred to related parties	6 & 11	**(125,799,927)**	(915,905,022)
Initial direct cost transferred to the ultimate parent company	6	**(67,281,407)**	-
Available for sale transferred to the ultimate parent company	6	**(948,667)**	-
Prepaid rent transferred to the ultimate parent company	6	**(14,316,500)**	-
Capitalization of amortized cost	11	**(6,614,242)**	(6,462,648)

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements.

Arabian Centres Company Limited and its Subsidiaries
(Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Equity attributable to the partners' of the Parent Company						
	Capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Unrealised gain on revaluation of available for sale investments SR*	*Total partners' equity SR*	*Non-controlling interests SR*	*Total equity SR*
Balance as at 31 March 2015	4,450,000,000	102,366,384	153,625	2,918,284	4,555,438,293	14,547,909	4,569,986,202
Net income for the year	-	-	981,124,795	-	981,124,795	18,838,848	999,963,643
Transfer to statutory reserve	-	98,112,480	(98,112,480)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(870,000,000)	-	(870,000,000)	(32,672,908)	(902,672,908)
Net movement during the year (note 10)	-	-	-	(1,246,819)	(1,246,819)	-	(1,246,819)
Balance as at 31 March 2016	4,450,000,000	200,478,864	13,165,940	1,671,465	4,665,316,269	713,849	4,666,030,118
Net income for the year	-	-	931,731,071	-	931,731,071	18,103,902	949,834,973
Transfer to statutory reserve	-	93,173,107	(93,173,107)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(715,000,000)	-	(715,000,000)	(18,500,000)	(733,500,000)
Movement in non-controlling interest	-	-	-	-	-	718,137	718,137
Net movement during the year (note 10)	-	-	-	(1,336,148)	(1,336,148)	-	(1,336,148)
Balance as at 31 March 2017	**4,450,000,000**	**293,651,971**	**136,723,904**	**335,317**	**4,880,711,192**	**1,035,888**	**4,881,747,080**

The accompanying notes from 1 to 29 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Arabian Centres Company Limited ("the Company" or "the parent company") is a Saudi limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010209177 and dated 7 Rabi Thani 1426H (corresponding to 15 May 2005).

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

Following is the list of subsidiaries included in these consolidated financial statements:

	Ownership %			
	2017		*2016*	
Name of subsidiary (i)	***Direct***	***Indirect (ii)***	*Direct*	*Indirect (ii)*
Riyadh Centers Company Limited	95%	5%	95%	5%
Yarmouk Mall Company Limited	95%	5%	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%	95%	5%
Oyoun Al Raed Mall Trading Company	95%	5%	95%	5%
Al Erth Al Matin Contracting Company	95%	5%	95%	5%
Oyoun Al Basateen Trading Company	95%	5%	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects owners Abdulmohsin AlHokair and his partners	50%	-	50%	-
Arkan Salam for Real Estate and Contracting Company Ltd.	95%	5%	95%	5%
Mall of Arabia Company Limited	95%	5%	95%	5%
Aziz Mall Trading Company Limited	95%	5%	95%	5%
Dhahran Mall Trading Company Limited	95%	5%	95%	5%
Al Noor Mall Trading Company Limited	95%	5%	95%	5%
Al Yasmeen Mall Trading Company	95%	5%	95%	5%
Al Dammam Mall Trading Company Limited	95%	5%	95%	5%
Al Malaz Mall Trading Company Limited	95%	5%	95%	5%
Al Hamra Mall Trading Company Limited	95%	5%	95%	5%
Al Erth Al Rasekh Contracting Company	95%	5%	95%	5%

(i) All subsidiaries are limited liability companies incorporated in the Kingdom of Saudi Arabia.
(ii) Indirect ownership is owned through cross ownership within the Group.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the parent company and its subsidiaries as disclosed in note (1) above. A subsidiary company is that in which the parent company has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and / or over which it exerts control. A subsidiary company is consolidated from the date on which the parent company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the individual financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The Group's significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Non-controlling interests represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from partners' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention
The consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

Use of estimates
The preparation of consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

Accounts receivable
Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Investments

Investments in associates
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Group calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognises the amount in the consolidated statement of income. The financial statements of the associates are prepared for the same period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Available-for-sale investments
Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting year. Changes in fair value are credited or charged to the consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment properties
Investment properties comprise completed property and property under construction and re-developed that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at property cost including transaction costs. Transaction costs include transfer of ownership 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 cost 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. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Property and equipment
Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. The cost less estimated residual value of property and equipment, if any, is depreciated on a straight line basis over the estimated useful lives of the assets.

Leaseholds improvements are depreciated on a straight line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditures for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

Impairment of non-current assets
The Group conducts periodic review of the carrying amount of its non-current assets to determine whether there is any evidence that those non-current assets have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in the consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Operating lease contracts — the Group as lessor
The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease contracts — the Group as lessee
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the year end.

Loans and borrowings
Loans and borrowings are recognised at the proceeds received value by the Group.

Zakat
The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end-of-service indemnities
End of service indemnities, required by the Saudi Arabian labour law, are provided in the consolidated financial statements based on the employees' length of services.

Revenue recognition
Revenue is recognised 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. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in most of the revenue arrangements, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in 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 income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

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

Turnover rent
The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited 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 recognised in the period in which the compensation becomes due. Service and management charges and others, such as receipts are included in net rental income gross of the related costs, as the management considers that the Group acts as principal in this respect.

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

All other incomes are recognised on an accrual basis when the Group's right to earn the revenue is established.

Borrowing costs
Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

Expenses
Advertisement and promotion expenses principally comprise of costs incurred in promotion and advertisement of the shopping malls. All other expenses are classified as general and administrative expenses.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value
For investments traded in active markets, fair value is determined by reference to quoted market bid prices.

The fair value of commission-bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows and other relevant factors. Cost is considered to be the fair value where there is no reliable fair value information is available for such investments.

Foreign currency transactions
Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the consolidated statement of income.

4. CASH AND BANK BALANCES

	2017 **SR**	*2016* SR
Cash at banks	**157,403,090**	241,932,204
Cash in hand	**814,498**	901,927
	158,217,588	242,834,131

5. ACCOUNTS RECEIVABLE, NET

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

At 31 March 2017, accounts receivable at nominal value of SR 48,416,479 (2016: SR 26,164,067) were impaired. Movement in the provision for doubtful debts were as follows:

	2017 **SR**	*2016* SR
At the beginning of the year	**26,164,067**	-
Provision for the year (note 21)	**22,931,392**	26,164,067
Write-off	**(678,980)**	-
At the end of the year	**48,416,479**	26,164,067

As at 31 March, the ageing of unimpaired accounts receivable was as follows:

			Past due but not impaired			
	Total SR	*Neither past due nor impaired* SR	*Up to 30 days* SR	*31 - 90 days* SR	*91 - 180 days* SR	*> 180 days* SR
2017	**233,778,665**	**47,872,204**	**15,522,011**	**27,807,900**	**46,287,556**	**96,288,994**
2016	169,568,075	50,134,057	13,007,134	13,988,311	24,308,062	68,130,511

5. ACCOUNTS RECEIVABLE, NET (continued)

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

6. 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 parent company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

Related party transactions
During the year, the Group transacted with related parties. The terms of those transactions are approved by management in the ordinary course of business. The significant transactions and the related amounts are as follows:

	2017 *SR*	*2016* *SR*
Transfer of investment properties to related parties (note 11)	**125,799,927**	915,905,022
Dividends settled through partners' account (note 19)	**485,000,000**	870,000,000
Dividends paid cash to partners	**230,000,000**	-
Construction work included in projects under construction (note 11)	**1,170,306,809**	592,818,157
Lands acquired from the ultimate parent company (note 11)	**1,418,309,050**	-
Rental revenue	**453,205,333**	459,204,367
Services revenue	**89,392,807**	60,527,399
Initial direct cost transferred to the ultimate parent company	**(67,281,407)**	-
Available for sale transferred to the ultimate parent company	**(948,667)**	-
Prepaid rent transferred to the ultimate parent company	**(14,316,500)**	-
Transfer of Equipment to related party, net	-	(437,279)

With the consent of the partners of the Company, the contracts for the construction of all projects are awarded to an affiliate, Fawaz Abdulaziz Al Hokair & Co. Real Estate Company, for a total contract value amounting to SR 2.8 billion (2016: SR 3.4 billion) including variation orders (note 8). The process of awarding these contracts does not include bidding.

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances
The following table summarise the significant related parties balances as at 31 March:

(i) Amounts due from related parties

Name of related party	*Nature of relationship*	*2017 SR*	*2016 SR*
Current:			
FAS Holding Company for Hotels	Affiliate	**150,000,000**	50,000,000
Food and Entertainment Company Limited (a)	Affiliate	**8,546,450**	24,265,587
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Affiliate	**5,183,388**	10,473,439
Coffee Centers Company Limited (a)	Affiliate	**4,664,918**	3,709,401
Tadaris Al Najd Security Company	Affiliate	**3,314,044**	15,599,888
Kids Space Company Limited (a)	Affiliate	-	30,410,413
Billy Games Company Limited (a)	Affiliate	-	20,655,165
Akwaan Properties for Real Estate	Affiliate	-	3,064,158
Others	Affiliate	**544,615**	2,065,962
		172,253,415	160,244,013
Non-current:			
FAS Holding Company for Hotels	Affiliate	**200,322,570**	350,322,569
Al Madaen Star Real Estate	Affiliate	**14,122,477**	14,122,477
		214,445,047	364,445,046

(ii) Amounts due to related parties:

Name of related party	*Nature of relationship*	*2017 SR*	*2016 SR*
Fawaz Abdulaziz Al Hokair & Co. (b)	Affiliate	**209,501,639**	197,296,788
Nesk Trading Company Limited (b)	Affiliate	**13,530,010**	55,503,141
Saudi FAS Holding Company	Ultimate Parent Company	**3,068,243**	68,681,809
		226,099,892	321,481,738

(a) These mainly represent rental receivables from the related parties.

(b) This mainly represents advance rentals received, net of rental income receivable.

Terms and conditions of transactions with related parties
Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either year, as it believes that these balances are fully recoverable.

The lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group, who have assigned these lease agreements to the Group's benefit (notes 11 and 25).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	2017 ***SR***	*2016* *SR*
Advances to suppliers	**60,643,413**	72,869,806
Prepaid rent	**13,635,119**	22,798,187
Employees' receivables	**5,740,007**	4,823,063
Others	**5,536,116**	3,672,562
	85,554,655	104,163,618

8. ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to Fawaz Abdulaziz Al Hokair & Real Estate Company (an affiliate) for the construction of shopping malls, which are under various stages of completion (note 6).

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in the Kingdom of Saudi Arabia. The movement of the investment during the year is as follow:

	Percentage of ownership	*Opening balance SR*	*Share of net income SR*	*Dividend SR*	*Ending balance SR*
2017	**25%**	**36,196,890**	**8,821,507**	**(10,000,000)**	**35,018,397**
2016	25%	47,549,229	8,647,661	(20,000,000)	36,196,890

10. AVAILABLE FOR SALE INVESTMENTS

	2017 ***SR***	*2016* *SR*
Investments in real estate projects (i)	**224,834,204**	225,782,871
Investments real estate fund (ii)	**7,335,317**	8,671,465
	232,169,521	234,454,336

(i) Investments in real estate projects:

	2017 ***SR***	*2016* *SR*
Amlak International for Real Estate Finance Company (a)	**121,500,000**	121,500,000
Yanbu Real Estate (b)	**53,334,204**	53,384,204
Khomasiat Taibah Limited Company (c)	**50,000,000**	50,000,000
Akwan properties (d)	**-**	898,667
	224,834,204	225,782,871

a) The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group has paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

b) This investment represents investment in real estate held by Yanbu Real Estate (Mosahama).

10. AVAILABLE FOR SALE INVESTMENTS (continued)

(i) Investments in real estate projects: (continued)

c) This represents 7.14% equity investment in Khomasiat Taibah Limited Company. The investment is in the name of the ultimate parent company, Saudi FAS Holding Company, which has assigned the investment to the benefit of the Company.

d) During the year ended 31 March 2017, the Company transferred its investment in Akwan properties to the ultimate parent company, Saudi FAS Holding Company. This investment was previously assigned to the Company's benefit in prior years by the ultimate parent company.

(ii) Investments real estate fund:

e) This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 7.3 million as of 31 December 2016 (31 December 2015: SR 8.7 million). The unrealised loss amounting to SR 1.3 million (2016: SR 1.2 million) has been recognised in available for sale investments as part of equity.

Movement in the investments in real estate fund was as follows:

	2017 ***SR***	*2016* *SR*
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**1,671,465**	2,918,284
Unrealised loss during the year	**(1,336,148)**	(1,246,819)
At the end of the year	**335,317**	1,671,465
Net carrying amount	**7,335,317**	8,671,465

11. INVESTMENT PROPERTIES

The estimated useful lives of the investment properties for the calculation of depreciation are as follows:

Buildings	33 years
Buildings on leasehold land	Shorter of economic life or lease term

	Land SR	*Buildings* SR	*Building on leasehold land* SR	*Projects under construction* SR	***Total 2017*** **SR**	*Total 2016* SR
Cost:						
At the beginning of the year	3,473,600,570	2,173,730,104	2,118,456,676	1,204,472,705	**8,970,260,055**	9,281,586,454
Additions	1,418,309,050	8,113,100	29,157,598	1,170,306,809	**2,625,886,557**	613,021,717
Transfer to related parties (note 6)	(2,700,000)	-	-	(123,099,927)	**(125,799,927)**	(915,905,022)
Write-off	-	(29,031,951)	(29,787,781)	-	**(58,819,732)**	(8,443,094)
Transfers	-	637,868,572	731,508,956	(1,369,377,528)	-	-
At the end of the year	4,889,209,620	2,790,679,825	2,849,335,449	882,302,059	**11,411,526,953**	8,970,260,055
Depreciation:						
At the beginning of the year	-	461,905,470	656,365,393	-	**1,118,270,863**	937,728,032
Charge for the year	-	76,383,076	141,872,434	-	**218,255,510**	180,542,831
Write-off	-	(6,908,746)	(5,968,524)	-	**(12,877,270)**	-
At the end of the year	-	531,379,800	792,269,303	-	**1,323,649,103**	1,118,270,863
Net book value						
At 31 March 2017	**4,889,209,620**	**2,259,300,025**	**2,057,066,146**	**882,302,059**	**10,087,877,850**	
At 31 March 2016	3,473,600,570	1,711,824,634	1,462,091,283	1,204,472,705		7,851,989,192

11. INVESTMENT PROPERTIES (continued)

Net book value of the Group's land at 31 March is as follows:

	Owned by the Group / partners	*Title deeds registered with bank Yes / No*	*2017 SR*	*2016 SR*
Shopping malls – lands				
- Aziziah Mall – Makkah	Group	Yes	**178,227,665**	178,227,665
- Mall of Arabia – Jeddah	Group	Yes	**141,115,102**	141,115,102
- Sahara plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000
- Al Noor centre	Group	Yes	**68,120,000**	68,120,000
- Jubail land	Group	Yes	**32,500,000**	32,500,000
- Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145
- Arkan Salam Mall (**)	Group	Yes	**250,000,000**	-
- Hamra Mall (**)	Group	Yes	**256,100,000**	-
			1,022,002,912	515,902,912
Lands				
- Oyoun Al Raed land	Group	Yes	**1,770,439,948**	1,770,439,948
- Oyoun Al Basateen	Group	Yes	**1,067,162,500**	1,067,162,500
- Dammam land	Group	Yes	**117,395,210**	117,395,210
- Aziz Mall land – generator (*)	Partners	No	-	2,700,000
- Khalij Mall land (**)	Group	Yes	**290,209,050**	-
- Dammam Airport (**)	Group	Yes	**210,000,000**	-
- Al Qassim Land (**)	Group	Yes	**350,000,000**	-
- Abha land (**)	Group	Yes	**62,000,000**	-
			3,867,206,708	2,957,697,658
Total lands net book value			**4,889,209,620**	3,473,600,570

(*) The Company's partners have resolved in their meeting held on 2 Rajab 1438H (corresponding to 30 March 2017) to transfer Aziz Mall land – generator to Saudi FAS Holding Company (the ultimate parent company) at the net book value.

(**) During 2016, the Company's partners have resolved in their meeting held on 28 Jumad Thani 1437H (corresponding to 7 April 2016) to purchase these lands at the values mentioned above from Saudi FAS Holding Company (the ultimate parent company) in line with the Murabaha facility agreement signed on 6 April 2016 (note 13 A-ii).

As at 31 March 2017, the title deeds of plots of land amounting to SR 4,889.2 million (2016: SR 3,470.9 million) are registered in the name of local banks against a long-term loan (note 13).

The lease agreements for leasehold land on which the Group's buildings are constructed are in the name of an affiliated company and other related parties (note 6).

As at 31 March 2017, an amount of SR 112.4 million (2016: SR 83.5 million) was capitalised as cost of borrowings for the construction of projects under construction (note 13).

As at 31 March 2017, an amount of SR 6.6 million (2016: SR 6.5 million) was capitalised as amortised transaction cost for the construction of projects under construction (note 13 - i).

12. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	Shorter of economic life or lease term

	Tools and equipment SR	*Furniture and fixtures SR*	*Vehicles SR*	*Leasehold improvements SR*	***Total 2017 SR***	*Total 2016 SR*
Cost:						
At the beginning of the year	71,743,277	57,297,649	3,410,003	-	**132,450,929**	91,494,432
Additions	36,678,281	18,799,700	42,767	25,224,612	**80,745,360**	41,442,152
Transfer to a related party (note 6)	-	-	-	-	-	(485,655)
Reclass	(398,132)	-	398,132	-	-	-
At the end of the year	108,023,426	76,097,349	3,850,902	25,224,612	**213,196,289**	132,450,929
Depreciation:						
At the beginning of the year	41,628,462	27,083,712	2,852,117	-	**71,564,291**	58,749,543
Charge for the year (note 21)	10,857,763	8,404,198	245,385	1,378,183	**20,885,529**	12,863,124
Transfer to a related party (note 6)	-	-	-	-	-	(48,376)
Reclass	(398,132)	-	398,132	-	-	-
At the end of the year	52,088,093	35,487,910	3,495,634	1,378,183	**92,449,820**	71,564,291
Net book value						
31 March 2017	**55,935,333**	**40,609,439**	**355,268**	**23,846,429**	**120,746,469**	
31 March 2016	30,114,815	30,213,937	557,886	-		60,886,638

13. LONG-TERM LOANS

The movement in long-term loans is as follows:

	2017 *SR*	*2016* *SR*
Balance at the beginning of the year	**4,484,000,000**	3,813,500,000
Addition of a new facility (A)	**3,886,000,000**	900,000,000
Repayments	**(2,349,000,000)**	(229,500,000)
	6,021,000,000	4,484,000,000
Less: un-amortised transaction costs	**(162,868,146)**	(78,759,297)
	5,858,131,854	4,405,240,703
Less: current portion of long-term loans	**(66,000,000)**	(351,000,000)
Balance at the end of the year	**5,792,131,854**	4,054,240,703

Below is the repayment schedule of the outstanding long-term loans as at 31 March:

	2017 *SR*	*2016* *SR*
Within one year	**66,000,000**	351,000,000
Between two to five years	**3,132,500,000**	2,941,812,500
More than five years	**2,822,500,000**	1,191,187,500
	6,021,000,000	4,484,000,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and buildings and personal and corporate guarantees from the partners.

Un-amortised transaction costs movement as follow:

	2017 *SR*	*2016* *SR*
Balance at the beginning of the year	**78,759,297**	74,625,789
Additions during the year related to a new facility	**103,651,575**	16,000,000
Amortised transaction cost during the year (note i below)	**(19,542,726)**	(11,866,492)
Balance at the end of the year	**162,868,146**	78,759,297

i) Amortised transaction cost during the year was allocated as follow:

	2017 *SR*	*2016* *SR*
Capitalised to investment properties – projects under construction (note 11)	**6,614,242**	6,462,648
Amortisation charge for the year (note 22)	**12,928,484**	5,403,844
Balance at the end of the year	**19,542,726**	11,866,492

13. LONG-TERM LOANS (continued)

A) During 2017, the Group;

(i) On 6 April 2016, Riyadh Centres Company Limited (a subsidiary) has signed a long-term Murabaha facility agreement of SR 5,550 million with various local banks for the construction of certain shopping malls. As at 31 March 2017, The company has utilised SR 3,890 million out of the total Murabaha facility amount. The Murabaha facility carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building and personal and corporate guarantees from the partners. The Murabaha facility is repayable in 17 unequal semi-annual basis starting from April 2018.

B) During 2016 and previous years, the Group obtained the following:

(i) Long-term loan facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized in prior year. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

(ii) Long-term loan facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilised during 2015. The loan carries fixed commission per annum until completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(iii) Long-term loan amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016 (note 13 A-i).

(iv) Long-term loan amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016 (note 13 A-i).

Certain of the above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. In case of breach of covenant at any point of time, the management ensures that it reconciles its position with the lending banks and that it has obtained a formal waiver from the related lender.

As at 31 March 2017, an amount of SR 112.4 million (2016: SR 83.5 million) was capitalised as cost of borrowings for the construction of projects under construction (note 11).

14. UNEARNED REVENUE

Unearned revenue represents rentals received from tenants in advance.

	2017 *SR*	*2016* *SR*
Balance at the beginning of the year	**446,117,270**	337,673,158
Advance rentals received from tenants	**1,918,231,708**	1,960,657,797
	2,364,348,978	2,298,330,955
Revenue recognised in consolidated statement of income	**(2,039,002,320)**	(1,852,213,685)
Balance at the end of the year	**325,346,658**	446,117,270

15. ACCRUALS AND OTHER CURRENT LIABILITIES

	2017 *SR*	*2016* *SR*
Accrued finance charges	**97,757,375**	23,262,125
Tenants security deposits	**94,978,757**	70,238,413
Employees' accruals	**17,765,166**	13,066,526
Accrued expenses	**6,989,557**	10,329,196
Others	**7,287,314**	2,473,705
	224,778,169	119,369,965

16. ZAKAT

Charge for the year

Zakat charge for the year amounting to SR 27,154,423 consists of the current year provision (2016: SR 32,998,878).

The current year zakat provision is based on the following:

	2017 *SR*	*2016* *SR*
Partners' equity, beginning balance	**4,663,644,804**	4,555,438,293
Income before zakat	**1,021,322,848**	1,032,962,521
Non-current liabilities	**5,818,974,551**	4,075,179,597
Non-current assets	**(11,087,065,719)**	(10,380,620,491)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 March is as follows:

	2017			*2016*
	Company *SR*	*Subsidiaries* *SR*	*Total* *SR*	*Total* *SR*
Balance at beginning of the year	**2,000,000**	**86,492,940**	**88,492,940**	53,461,618
Provision for the year	**-**	**27,154,423**	**27,154,423**	32,998,878
Transferred to a subsidiaries	**(3,913,213)**	**3,913,213**	**-**	-
Prior years adjustment	**2,000,000**	**(32,444)**	**1,967,556**	4,032,444
Paid during the year	**-**	**(261,078)**	**(261,078)**	(2,000,000)
Balance at end of the year	**86,787**	**117,267,054**	**117,353,841**	88,492,940

16. ZAKAT (continued)

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the ultimate parent company, Saudi FAS Holding Company, is preparing and submitting consolidated zakat return for the ultimate parent company and its wholly owned subsidiaries, including Arabian Centres Company Limited to GAZT as per GAZT letter. Accordingly, the consolidated zakat returns for the years ended 31 March 2007 to 2015 have been submitted to GAZT. It should be noted that despite the fact that the ultimate parent company is submitting a consolidated zakat return including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual Zakat base / adjusted income.

On 5 Jumad Awal 1436H (corresponding to 24 February 2015), the ultimate parent company received a letter from GAZT requesting the ultimate parent company and its subsidiaries to submit individual zakat return for each company instead of consolidated zakat returns previously submitted starting from 31 March 2007 to 31 March 2016. The ultimate parent company has submitted its appeal which is still under GAZT review as at 31 March 2017.

17. CAPITAL

On 3 Jumad Awal 1436H (corresponding to 22 February 2015), the partners of the Company have approved admission of new partners and increase the capital of the Company from SR 1 million to SR 4,450 million through transfer of partners' contribution account amounting to SR 2,257,183,825 as of 28 February 2015 and retained earnings amounting to SR 2,191,816,175. The legal formalities related to this resolution were completed before the year ended 31 March 2015. The partners and their respective holdings as at 31 March 2017 and 2016 are as follows:

Name of partner	*Ownership %*	*Number of shares*	*Amount SR*
FAS Real Estate Company Limited	**52**	**2,314,000**	**2,314,000,000**
Saaf International Co. Limited	**3**	**133,500**	**133,500,000**
Mr. Fawaz Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
Mr. Salman Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
Dr. Abdul Majeed Abdulaziz Al Hokair	**15**	**667,500**	**667,500,000**
	100	**4,450,000**	**4,450,000,000**

18. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of the annual net income until the reserve equals 50% of capital. This reserve is not available for dividend distribution.

19. DIVIDENDS DISTRIBUTION

The Company's partners in their meetings held on 2 Rabi Thani 1438H (corresponding to 31 December 2016) and on 2 Rajab 1438H (corresponding to 30 March 2017) resolved to distribute dividends amounting to SR 715,000,000 (2016: SR 870,000,000). An amount of SR 485,000,000 (2016: SR 870,000,000) out of that total dividend is transferred to the partners' account.

20. ADVERTISEMENT AND PROMOTION EXPENSES

	2017 SR	*2016* SR
Advertisement	**10,523,388**	15,699,645
Promotions	**8,599,522**	8,199,777
	19,122,910	23,899,422

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 SR	*2016* SR
Employees' salaries and other benefits	**74,368,522**	50,486,164
Professional fees	**25,932,778**	35,989,638
Provision for doubtful receivables (note 5)	**22,931,392**	26,164,067
Depreciation (note 12)	**20,885,529**	12,863,124
Insurance	**7,026,396**	5,740,232
Government expenses	**1,738,806**	2,589,768
Head office rent expense	**1,645,070**	-
Communication and internet	**1,340,851**	735,988
Others	**2,768,047**	2,811,234
	158,637,391	137,380,215

22. FINANCIAL CHARGES

	2017 SR	*2016* SR
Commission expense on long-term loans	**166,024,588**	100,026,975
Amortisation of transaction costs (note 13 - i)	**12,928,484**	5,403,844
Bank charges	**168,064**	369,677
	179,121,136	105,800,496

23. OTHER INCOME

	2017 SR	*2016* SR
Dividend income from available for sale investments	**5,737,500**	8,925,000
Free tickets	**2,152,617**	-
Others	**4,135,830**	1,688,264
	12,025,947	10,613,264

24. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies as of 31 March are as follows:

	2017 ***SR***	*2016* *SR*
Commitments for projects under construction (note 11)	**2,605,139,308**	2,491,733,817
Commitments to purchase equity investments (note 10)	-	2,696,000
Letters of guarantee	**5,400,000**	5,400,000

25. OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	2017 ***SR***	*2016* *SR*
Less than one year	**285,746,450**	404,192,193
One to five years	**1,401,742,795**	2,309,824,277
More than five years	**5,652,813,044**	10,285,168,330
	7,340,302,289	12,999,184,800

The lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 6).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

The above commitments include lease agreement with the ultimate parent company, Saudi FAS Holding Company, amounted to SR nil (2016: SR 768 million).

Payments under operating leases are recognised as expenses under cost of revenues during the year which amounted to SR 212 million (2016: SR 161 million).

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances, account receivables, certain other assets, due from related parties, and available for sale investments. The Group financial liabilities consist of loans, due to related parties, payables and accruals.

The fair values of financial instruments are not materially different from their carrying values at the consolidated balance sheet date.

27. RISK MANAGEMENT

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk and real estate risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

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 interest bearing long-term assets, but has commission bearing liabilities at 31 March 2017. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme'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.

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 both its leasing activities and financing 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.

Tenant receivables

Tenants are assessed according to Group criteria prior to entering into lease arrangements.

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 due from related parties (note 6). 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 partners.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by ultimate parent'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.

27. RISK MANAGEMENT (continued)

Liquidity Risk

Is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency Risk

Is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

28. KEY SOURCES OF ESTIMATION UNCERTAINTY

Doubtful accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the consolidated balance sheet date, gross accounts receivable were SR 282,195,144 (2016: SR 195,732,142) with SR 48,416,479 (2016: SR 26,164,067) allowance for doubtful receivables. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Useful lives of investment properties and property and equipment

The Group management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

المراكز العربية
Arabian Centres

Arabian Centres Company Limited and its Subsidiaries
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE PERIOD ENDED 27 SEPTEMBER 2017

Arabian Centres Company Limited and its Subsidiaries
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
27 SEPTEMBER 2017

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INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF ARABIAN CENTRES COMPANY LIMITED (A LIMITED LIABILITY COMPANY)

Opinion

We have audited the accompanying consolidated financial statements of Arabian Centres Company Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 27 September 2017 and the related consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the period from 1 April 2017 to 27 September 2017 (the "period"), and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 27 September 2017, its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. 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 professional code of conduct and ethics endorsed in KSA 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.

Emphasis of a Matter – Last Consolidated Financial Statements Before Conversion to Closed Saudi Joint Stock Company and Comparatives

We draw attention to note (1) to the consolidated financial statements. As stated therein, these consolidated financial statements cover the last financial period of the Company before its conversion to a Closed Saudi Joint Stock Company and prior year numbers are included for comparative purposes only. Our opinion is not modified in this respect.

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 accounting standards generally accepted in KSA and the provisions of Companies' Law and the Company's Articles of Association 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 relating 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 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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF ARABIAN CENTRES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism 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.

- 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, 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.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. 277

Riyadh: 7 Muhurram 1440H
(17 September 2018)

Arabian Centres Company Limited and its Subsidiaries
(A Limited Liability Company)

CONSOLIDATED BALANCE SHEET
AS AT 27 SEPTEMBER 2017

	Note	*27 September 2017 SR*	*31 March 2017 SR*
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**250,535,768**	158,217,588
Accounts receivable, net	5	**243,624,836**	233,778,665
Amounts due from related parties	6	**190,426,838**	172,253,415
Advances to a contractor, related party	8	**57,069,368**	180,687,245
Prepayments and other current assets	7	**72,936,263**	85,554,655
TOTAL CURRENT ASSETS		**814,593,073**	830,491,568
NON-CURRENT ASSETS			
Advances to a contractor, related party – non-current portion	8	**80,642,116**	11,963,378
Amounts due from related parties	6	**200,322,570**	214,445,047
Prepaid rent		**175,999,000**	162,337,000
Investment in an associate	9	**38,335,948**	35,018,397
Available for sale investments	10	**128,579,503**	232,169,521
Investment properties	11	**10,313,968,444**	10,298,992,922
Property and equipment	12	**132,577,041**	120,746,469
TOTAL NON-CURRENT ASSETS		**11,070,424,622**	11,075,672,734
TOTAL ASSETS		**11,885,017,695**	11,906,164,302
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term loans	13	**232,000,000**	66,000,000
Accounts payable		**270,512,711**	245,864,112
Amounts due to related parties	6	**240,732,100**	226,099,892
Unearned revenue	14	**295,752,651**	325,346,658
Accruals and other current liabilities	15	**234,372,442**	224,778,169
Zakat payable	16	**132,929,198**	117,353,841
TOTAL CURRENT LIABILITIES		**1,406,299,102**	1,205,442,672
NON-CURRENT LIABILITIES			
Long-term loans	13	**5,634,997,132**	5,792,131,854
Employees' end-of-service indemnities		**28,936,265**	26,842,696
TOTAL NON-CURRENT LIABILITIES		**5,663,933,397**	5,818,974,550
TOTAL LIABILITIES		**7,070,232,499**	7,024,417,222
EQUITY			
PARTNERS' EQUITY			
Capital	17	**4,450,000,000**	4,450,000,000
Statutory reserve	18	**338,828,479**	293,651,971
Retained earnings		**17,312,472**	136,723,904
Unrealised gain on revaluation of available for sale investments	10	**79,503**	335,317
TOTAL PARTNERS' EQUITY		**4,806,220,454**	4,880,711,192
Non-controlling interests		**8,564,742**	1,035,888
TOTAL EQUITY		**4,814,785,196**	4,881,747,080
TOTAL LIABILITIES AND EQUITY		**11,885,017,695**	11,906,164,302

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

Arabian Centres Company Limited and its Subsidiaries
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 27 SEPTEMBER 2017

	Note	*For the period from 1 April 2017 to 27 September 2017* SR	*For the year ended 31 March 2017* SR
Revenue		**1,170,404,697**	2,123,773,892
Cost of revenue		**(275,401,634)**	(543,225,629)
Depreciation of investment properties	11	**(133,413,929)**	(221,582,422)
Write-off of investment properties	11	**-**	(45,942,462)
GROSS PROFIT		**761,589,134**	1,313,023,379
EXPENSES			
Advertisement and promotion	20	**(7,683,439)**	(19,122,910)
General and administration	21	**(151,313,863)**	(158,637,391)
TOTAL EXPENSES		**(158,997,302)**	(177,760,301)
INCOME FROM MAIN OPERATIONS		**602,591,832**	1,135,263,078
Share in net income of an associate	9	**8,317,554**	8,821,507
Financial charges	22	**(144,036,911)**	(179,121,136)
Other income, net	23	**9,669,092**	12,025,947
INCOME BEFORE ZAKAT		**476,541,567**	976,989,396
Zakat	16	**(17,247,637)**	(27,154,423)
NET INCOME FOR THE PERIOD/YEAR		**459,293,930**	949,834,973
NET INCOME FOR THE PERIOD/YEAR ATTRIBUTABLE TO:			
Partners of the Parent Company		**451,765,076**	931,731,071
Non-controlling interests		**7,528,854**	18,103,902
		459,293,930	949,834,973

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 27 SEPTEMBER 2017

	Note	*For the period from 1 April 2017 to 27 September 2017* SR	*For the year ended 31 March 2017* SR
OPERATING ACTIVITIES			
Income before zakat		**476,541,567**	976,989,396
Adjustments for:			
Financial charges	22	**144,036,911**	179,121,136
Depreciation of investment properties	11	**133,413,929**	221,582,422
Provision for doubtful debts	5	**73,131,658**	22,931,392
Depreciation of property and equipment	12	**14,415,885**	20,885,529
Impairment of advances to suppliers	23	**7,835,354**	-
Provision for employees' end-of-services indemnities		**2,792,858**	6,364,526
Loss on sale of land	23	**1,631,586**	-
Accounts receivable written off	5	**1,562,261**	-
Share in net income of an associate	9	**(8,317,554)**	(8,821,507)
Reversal of liabilities no longer payable	23	**(14,067,418)**	-
Investment properties written-off	11	**-**	45,942,462
		832,977,037	1,464,995,356
Changes in operating assets and liabilities:			
Accounts receivable		**(84,540,090)**	(87,141,982)
Amounts due from/to related parties, net		**(95,035,958)**	(232,077,192)
Prepayments and other current assets		**(8,878,962)**	18,608,963
Accounts payable		**24,648,599**	18,357,477
Unearned revenue		**(15,526,589)**	(120,770,612)
Accruals and other current liabilities		**20,572,268**	30,912,954
Cash generated from operations		**674,216,305**	1,092,884,964
Employees' end-of-service indemnities paid		**(699,289)**	(460,724)
Zakat paid	16	**(1,672,280)**	(261,078)
Net cash from operating activities		**671,844,736**	1,092,163,162
INVESTING ACTIVITIES			
Additions to investment properties	11	**(270,683,738)**	(2,651,195,788)
Purchase of property and equipment	12	**(26,246,457)**	(80,745,360)
Dividends received from an associate	9	**5,000,003**	10,000,000
Advances to a contractor – related party		**54,939,139**	451,292,283
Net cash used in investing activities		**(236,991,053)**	(2,270,648,865)
FINANCING ACTIVITIES			
Payment of financial charges		**(146,149,628)**	(91,697,402)
Dividends paid		**(196,385,875)**	(230,000,000)
Proceeds from long-term loans	13	**-**	3,886,000,000
Payment of transaction costs	13	**-**	(103,651,575)
Repayment of long-term loans	13	**-**	(2,349,000,000)
Non-controlling interests		**-**	(17,781,863)
Net cash (used in) from financing activities		**(342,535,503)**	1,093,869,160
NET INCREASE (DECREASE) IN CASH AND BANK BALANCES		**92,318,180**	(84,616,543)
Cash and bank balances at the beginning of the period/year		**158,217,588**	242,834,131
CASH AND BANK BALANCES AT THE END OF THE PERIOD/YEAR	4	**250,535,768**	158,217,588

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 27 SEPTEMBER 2017

	Note	*For the period from 1 April 2017 to 27 September 2017* SR	*For the year ended 31 March 2017* SR
Non-cash transactions:			
Dividends settled through partners' account	6 & 19	**329,614,125**	485,000,000
Sale of land settled through Ultimate Parent Company's account	6	**115,763,625**	-
Available for sale investments transferred to the Ultimate Parent Company	6	**(103,334,204)**	(948,667)
Amounts due to the Ultimate Parent Company settled through other related parties' account	6	**77,657,872**	-
Unrealised loss on revaluation of available for sale investments	10	**(255,814)**	(1,336,148)
Investment property transferred to the Ultimate Parent Company	6 & 11	**(4,899,076)**	(193,081,334)
Prepaid rent transferred to the Ultimate Parent Company	6	-	(14,316,500)
Capitalised transaction costs	11	-	(6,614,242)

Arabian Centres Company Limited and its Subsidiaries
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 SEPTEMBER 2017

	Equity attributable to the Partners of the Parent Company						
	Capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Unrealised gain on revaluation of available for sale investments SR*	*Total partners' equity SR*	*Non-controlling interests SR*	*Total equity SR*
Balance as at 31 March 2016	4,450,000,000	200,478,864	13,165,940	1,671,465	4,665,316,269	713,849	4,666,030,118
Net income for the year	-	-	931,731,071	-	931,731,071	18,103,902	949,834,973
Transfer to statutory reserve	-	93,173,107	(93,173,107)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(715,000,000)	-	(715,000,000)	(18,500,000)	(733,500,000)
Movement in non-controlling interests	-	-	-	-	-	718,137	718,137
Net movement during the year (note 10)	-	-	-	(1,336,148)	(1,336,148)	-	(1,336,148)
Balance as at 31 March 2017	4,450,000,000	293,651,971	136,723,904	335,317	4,880,711,192	1,035,888	4,881,747,080
Net income for the period	-	-	451,765,076	-	451,765,076	7,528,854	459,293,930
Transfer to statutory reserve	-	45,176,508	(45,176,508)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(526,000,000)	-	(526,000,000)	-	(526,000,000)
Net movement during the period (note 10)	-	-	-	(255,814)	(255,814)	-	(255,814)
Balance as at 27 September 2017	**4,450,000,000**	**338,828,479**	**17,312,472**	**79,503**	**4,806,220,454**	**8,564,742**	**4,814,785,196**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Arabian Centres Company Limited ("the Company" or "the Parent Company") is a Saudi Limited Liability 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 legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017). Accordingly, the accompanying consolidated financial statements have been prepared to cover the period from 1 April 2017 to 27 September 2017, and are considered to be the last consolidated financial statements for the Limited Liability Company. Prior year numbers are included for comparative purposes only.

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

Following is the list of subsidiaries included in these consolidated financial statements as at 27 September 2017 and 31 March 2017:

	Ownership %	
Name of subsidiary (i)	***Direct***	***Indirect (ii)***
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	50%	-
Yarmouk Mall Company Limited (iii)	95%	5%
Al Erth Al Matin Trading Company (iii)	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited (iii)	95%	5%
Mall of Arabia Company Limited (iii)	95%	5%
Aziz Mall Trading Company Limited (iii)	95%	5%
Dhahran Mall Trading Company Limited (iii)	95%	5%
Al Noor Mall Trading Company Limited (iii)	95%	5%
Al Yasmeen Mall Trading Company (iii)	95%	5%
Al Dammam Mall Trading Company (iii)	95%	5%
Al Malaz Mall Trading Company (iii)	95%	5%
Al Hamra Mall Trading Company (iii)	95%	5%
Al Erth Al Rasekh Trading Company (iii)	95%	5%

(i) All subsidiaries are limited liability companies incorporated in the KSA.
(ii) Indirect ownership is owned through cross ownership within the Group.
(iii) During the previous years, the Company assigned the operations of its malls to the benefit of its subsidiaries and reflected in their respective financial statements. However, pursuant to the Company's partners' resolution dated 1 April 2017, the Company has regained the operations of these malls effective 1 April 2017.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its subsidiaries as disclosed in note (1) above. A subsidiary company is that in which the Parent Company has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and/or over which it exerts control. A subsidiary company is consolidated from the date on which the Parent Company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and the individual financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The Group's significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Non-controlling interests represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from partners' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in KSA. The significant accounting policies adopted are as follows:

Accounting convention
The consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

Use of estimates
The preparation of consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

Accounts receivable
Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Investment in an associate
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Group calculates the amount of impairment as being the difference between the fair value of the investment in associate and the acquisition cost and recognises the amount in the consolidated statement of income. The financial statements of the associates are prepared for the same period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Available for sale investments
Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting period. Changes in fair value are credited or charged to the consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment properties
Investment properties comprise completed property and property under construction and re-developed that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at property cost including transaction costs. Transaction costs include transfer of ownership 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 cost 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 accumulated impairment in value. Land and projects under construction are not depreciated. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Property and equipment
Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any accumulated impairment in value. The cost less estimated residual value of property and equipment, if any, is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leaseholds improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditures for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

Impairment of non-financial assets
The Group conducts periodic review of the carrying amount of its non-financial assets to determine whether there is any evidence that those non-financial assets may have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately in the consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Operating lease contracts — the Group as lessor
The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease contracts — the Group as lessee
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the period end.

Loans and borrowings
Loans and borrowings are recognised at the proceeds received value by the Group.

Zakat
The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end-of-service indemnities
End of service indemnities, required by the Saudi Arabian labour law, are provided in the consolidated financial statements based on the employees' length of services.

Revenue recognition
Revenue is recognised 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. Amounts disclosed as revenue are net of trade allowances and rebates. 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 later in this section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in 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 income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

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

Turnover rent
The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited 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 recognised 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 income, since the management considers that the Group acts as an agent in this respect.

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

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

Borrowing costs
Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses
Advertisement and promotion expenses principally comprise of costs incurred in promotion of the shopping centres and malls. All other expenses are classified as general and administration expenses.

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

Foreign currency transactions
Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the consolidated statement of income.

4. CASH AND BANK BALANCES

	27 September 2017 SR	*31 March 2017 SR*
Cash at banks	**249,639,954**	157,403,090
Cash in hand	**895,814**	814,498
	250,535,768	158,217,588

5. ACCOUNTS RECEIVABLE, NET

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

At 27 September 2017, accounts receivable at nominal value of SR 121,548,137 (31 March 2017: SR 48,416,479) were impaired. Movement in the provision for doubtful debts were as follows:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
At the beginning of the period/year	**48,416,479**	26,164,067
Provision for the period/year (note 21)	**73,131,658**	22,931,392
Write-off	**-**	(678,980)
At the end of the period/year	**121,548,137**	48,416,479

During the period, the Group has directly written-off accounts receivable amounting to SR 1.56 million (31 March 2017: SR Nil) (note 21).

During the current period, the management reviewed the pattern of collection of accounts receivable from its tenants and have categorized them based on the expected credit risk associated with each of them. Based on the rigorous and comprehensive review of its ageing brackets of each category of receivables, the management came up with a provision for doubtful debts as at 27 September 2017 amounting to SR 121.5 million. Had the Group assessed its provision for doubtful debts based on the previous methodology, the net income for the period would have been higher by SR 73.1 million.

5. ACCOUNTS RECEIVABLE, NET (continued)

Ageing of unimpaired accounts receivable was as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			Up to 30 days	31 - 90 days	91 - 180 days	> 180 days
	SR	SR	SR	SR	SR	SR
27 September 2017	**243,624,836**	**76,882,806**	**19,506,885**	**26,015,613**	**47,477,813**	**73,741,719**
31 March 2017	233,778,665	47,872,204	15,522,011	27,807,900	46,287,556	96,288,994

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

6. 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 Parent Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

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

	For the period from 1 April 2017 to 27 September 2017	*For the year ended 31 March 2017*
	SR	*SR*
Dividends settled through partners' account (note 19)	**329,614,125**	485,000,000
Dividends paid in cash to partners	**196,385,875**	230,000,000
Construction work included in projects under construction (note 11)	**230,615,226**	1,170,306,809
Lands acquired from the Ultimate Parent Company (note 11)	-	1,418,309,050
Rental revenue, net of discounts	**371,033,290**	453,205,333
Services revenue	**39,039,622**	89,392,807
Rental discounts	**37,500,000**	150,000,000
Transfer of investment properties to Ultimate Parent Company (note 11)	**(4,899,076)**	(193,081,334)
Available for sale investments transferred to the Ultimate Parent Company (note 10)	**(103,334,204)**	(948,667)
Prepaid rent transferred to the Ultimate Parent Company	-	(14,316,500)
Settlement of balances through other related parties	**77,657,872**	-
Payment to suppliers in behalf of the Ultimate Parent Company	**16,951,564**	-
Sale of land settled through Ultimate Parent Company's account (note 11)	**115,763,625**	-

With the consent of the partners of the Company, the contracts for the construction of all projects are awarded to an affiliate, Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ("FARE") (note 8). The process of awarding these contracts does not include bidding.

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances
The following table summarise the significant related parties balances at the end of the period/year:

(i) Amounts due from related parties:

Name of related party	*Nature of relationship*	*27 September 2017 SR*	*31 March 2017 SR*
Current:			
FAS Holding Company for Hotels	Affiliate	**150,000,000**	150,000,000
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Affiliate	**27,047,819**	5,183,388
Tadaris Najd Security Company	Affiliate	**12,515,134**	3,314,044
Food and Entertainment Trading Company Limited (a)	Affiliate	**-**	8,546,450
Coffee Centers Company Limited (a)	Affiliate	**-**	4,664,918
Others	Affiliate	**863,885**	544,615
		190,426,838	172,253,415
Non-current:			
FAS Holding Company for Hotels	Affiliate	**200,322,570**	200,322,570
Al Madaen Star Real Estate	Affiliate	**-**	14,122,477
		200,322,570	214,445,047

(ii) Amounts due to related parties:

Name of related party	*Nature of relationship*	*27 September 2017 SR*	*31 March 2017 SR*
Fawaz Abdulaziz Al Hokair & Co. (b)	Affiliate	**230,263,840**	209,501,639
TNS Najd Security Company	Affiliate	**5,071,135**	-
TNS Najd Maintenance Company	Affiliate	**2,173,247**	-
Nesk Trading Project Company Limited (b)	Affiliate	**1,622,348**	13,530,010
Saudi FAS Holding Company	Ultimate Parent Company	**1,601,530**	3,068,243
		240,732,100	226,099,892

(iii) Advances to a contractor (note 8):

Name of related party	*Nature of relationship*	*27 September 2017 SR*	*31 March 2017 SR*
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	Affiliate		
Current portion		**57,069,368**	180,687,245
Non-current portion		**80,642,116**	11,963,378
		137,711,484	192,650,623

(a) These mainly represent rental receivables from the related parties.
(b) This mainly represents advance rentals received, net of rental income receivable.

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Terms and conditions of transactions with related parties
Outstanding balances at the period/year end are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either period/year, as it believes that these balances are fully recoverable.

The lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group, who have assigned these lease agreements to the Group's benefit (notes 11 and 25).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	27 September 2017 SR	*31 March 2017 SR*
Advances to suppliers	**37,038,744**	60,643,413
Prepaid expenses	**12,648,841**	5,143,773
Prepaid rent	**10,926,402**	8,235,119
Employees' receivables	**5,516,028**	5,740,007
Letters of guarantee	**5,400,000**	5,400,000
Others	**1,406,248**	392,343
	72,936,263	85,554,655

During the period, the Group impaired advances to suppliers amounting to SR 7.8 million (31 March 2017: SR Nil) (note 23).

8. ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to FARE for the construction of shopping malls, which are under various stages of completion (note 6).

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in KSA which is engage primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out for its own interest. The movement of the investment during the period/year is as follow:

	Percentage of ownership	*Opening balance SR*	*Share of net income SR*	*Dividend SR*	*Ending balance SR*
27 September 2017	**25%**	**35,018,397**	**8,317,554**	**(5,000,003)**	**38,335,948**
31 March 2017	25%	36,196,890	8,821,507	(10,000,000)	35,018,397

10. AVAILABLE FOR SALE INVESTMENTS

	27 September 2017 SR	*31 March 2017 SR*
Investments in real estate projects (i)	**121,500,000**	224,834,204
Investments real estate fund (ii)	**7,079,503**	7,335,317
	128,579,503	232,169,521

10. AVAILABLE FOR SALE INVESTMENTS (continued)

(i) Investments in real estate projects:

	27 September 2017 SR	*31 March 2017 SR*
Amlak International for Real Estate Finance Company (a)	**121,500,000**	121,500,000
Yanbu Real Estate (b)	-	53,334,204
Khomasiat Taibah Limited Company (c)	-	50,000,000
	121,500,000	224,834,204

a) The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

b) This investment represents 9.77% investment in equity in real estate held by Yanbu Real Estate (Mosahama). During the period, the Group transferred its investment to the Ultimate Parent Company at book value (note 6).

c) This represents 7.14% equity investment in Khomasiat Taibah Limited Company. The investment is in the name of the Ultimate Parent Company, Saudi FAS Holding Company, which had assigned the investment to the benefit of the Group. Effective 1 April 2017, the Ultimate Parent Company regained the beneficial interest in this investment which is carried at book value (note 6).

d) During the year ended 31 March 2017, the Group transferred its investment in Akwan Properties to the Ultimate Parent Company. This investment represents 4.5% equity investment in Akwan Properties purchased through Ultimate Parent Company which was assigned to the Group's benefit in prior years.

(ii) Investments real estate fund:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 7.1 million as of 27 September 2017 (31 March 2017: SR 7.3 million). The unrealized loss amounting to SR 0.2 million during the period (31 March 2017: SR 1.3 million) has been recognised in the consolidated statement of changes in equity.

Movement in the investments in real estate fund was as follows:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Cost:		
At the beginning and end of the period/year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the period/year	**335,317**	1,671,465
Unrealised loss during the period/year	**(255,814)**	(1,336,148)
At the end of the period/year	**79,503**	335,317
Net carrying amount	**7,079,503**	7,335,317

11. INVESTMENT PROPERTIES

The estimated useful lives of the investment properties for the calculation of depreciation are as follows:

Buildings	33 years
Buildings on leasehold land	Shorter of economic life or lease term

	Lands SR	*Buildings SR*	*Buildings on leasehold land SR*	*Projects under construction SR*	***Total 27 September 2017 SR***	*Total 31 March 2017 SR*
Cost:						
At the beginning of the period/year	4,889,209,620	2,790,679,825	2,890,559,887	1,059,056,016	**11,629,505,348**	9,223,596,384
Additions	-	2,708,202	13,238,378	254,737,158	**270,683,738**	2,657,810,030
Disposal	(117,395,211)	-	-	-	**(117,395,211)**	-
Transfer to Ultimate Parent Company (note 6)	-	-	(37,850,996)	-	**(37,850,996)**	(193,081,334)
Write-off	-	-	-	-	-	(58,819,732)
At the end of the period/year	4,771,814,409	2,793,388,027	2,865,947,269	1,313,793,174	**11,744,942,879**	11,629,505,348
Depreciation:						
At the beginning of the period/year	-	531,379,800	799,132,626	-	**1,330,512,426**	1,121,807,274
Charge for the period/year	-	45,534,083	87,879,846	-	**133,413,929**	221,582,422
Transfer to Ultimate Parent Company (note 6)	-	-	(32,951,920)	-	**(32,951,920)**	-
Write-off	-	-	-	-	-	(12,877,270)
At the end of the period/year	-	576,913,883	854,060,552	-	**1,430,974,435**	1,330,512,426
Net book value:						
At 27 September 2017	**4,771,814,409**	**2,216,474,144**	**2,011,886,717**	**1,313,793,174**	**10,313,968,444**	
At 31 March 2017	4,889,209,620	2,259,300,025	2,091,427,261	1,059,056,016		10,298,992,922

Projects under construction pertains to expenditures relating to various malls which are still in the course of construction as at the end of the reporting period.

The Group sold land with book value of SR 117.4 million to its Ultimate Parent Company which was settled through Ultimate Parent Company's account amounting to SR 115.8 million (note 6) and resulted in a loss on sale of land amounting to SR 1.6 million (note 23).

11. INVESTMENT PROPERTIES (continued)

Net book value of the Group's land at the end of the period/year is as follows:

	Owned by the Group / partners	*Title deeds registered with bank Yes / No*	***27 September 2017 SR***	*31 March 2017 SR*
Shopping malls – lands				
- Aziziah Mall – Makkah	Group	Yes	**178,227,665**	178,227,665
- Mall of Arabia – Jeddah	Group	Yes	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000
- Al Noor Centre	Group	Yes	**68,120,000**	68,120,000
- Jubail Land	Group	Yes	**32,500,000**	32,500,000
- Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145
- Arkan Salam Mall (*)	Group	Yes	**250,000,000**	250,000,000
- Hamra Mall (*)	Group	Yes	**256,100,000**	256,100,000
			1,022,002,912	1,022,002,912
Lands				
- Oyoun Al Raed Land	Group	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen Land	Group	Yes	**1,067,162,500**	1,067,162,500
- Dammam Land	Group	Yes	**-**	117,395,211
- Khalij Mall Land (*)	Group	Yes	**290,209,050**	290,209,050
- Dammam Airport (*)	Group	Yes	**210,000,000**	210,000,000
- Al Qassim Land (*)	Group	Yes	**350,000,000**	350,000,000
- Abha Land (*)	Group	Yes	**62,000,000**	62,000,000
			3,749,811,497	3,867,206,708
Total lands net book value			**4,771,814,409**	4,889,209,620

(*) During 2016, the Company's partners have resolved in their meeting held on 28 Jumad Thani 1437H (corresponding to 7 April 2016) to purchase these lands at the values mentioned above from the Ultimate Parent Company in line with the Murabaha facility agreement signed on 6 April 2016 (note 13-i).

The title deeds of all plots of lands are registered in the name of local banks against a long-term loan (note 13).

The lease agreements for leasehold land on which the Group's buildings are constructed are in the name of an affiliated company and other related parties (note 6).

As at 27 September 2017, an amount of SR Nil (31 March 2017: SR 112.4 million) was capitalised as cost of borrowings for the construction of projects under construction (note 13).

As at 27 September 2017, an amount of SR Nil (31 March 2017: SR 6.6 million) was capitalised as amortised transaction cost for the construction of projects under construction (note 13-i).

12. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	Shorter of economic life or lease term

	Tools and equipment SR	*Furniture and fixtures SR*	*Vehicles SR*	*Leasehold improvement SR*	***Total 27 September 2017 SR***	*Total 31 March 2017 SR*
Cost:						
At the beginning of the period/year	108,023,426	76,097,349	3,850,902	25,224,612	**213,196,289**	132,450,929
Additions	17,892,497	7,526,909	-	827,051	**26,246,457**	80,745,360
At the end of the period/year	125,915,923	83,624,258	3,850,902	26,051,663	**239,442,746**	213,196,289
Depreciation:						
At the beginning of the period/year	52,088,093	35,487,910	3,495,634	1,378,183	**92,449,820**	71,564,291
Charge for the period/year (note 21)	6,961,519	4,633,364	99,682	2,721,320	**14,415,885**	20,885,529
At the end of the period/year	59,049,612	40,121,274	3,595,316	4,099,503	**106,865,705**	92,449,820
Net book value:						
At 27 September 2017	**66,866,311**	**43,502,984**	**255,586**	**21,952,160**	**132,577,041**	
At 31 March 2017	55,935,333	40,609,439	355,268	23,846,429		120,746,469

13. LONG-TERM LOANS

The movement in long-term loans is as follows:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Balance at the beginning of the period/year	**6,021,000,000**	4,484,000,000
Addition of a new facility	-	3,886,000,000
Repayments	-	(2,349,000,000)
	6,021,000,000	6,021,000,000
Less: un-amortised transaction costs	**(154,002,868)**	(162,868,146)
Balance at the end of the period/year	**5,866,997,132**	5,858,131,854
Less: current portion of long-term loans	**(232,000,000)**	(66,000,000)
Non-current portion of long-term loans	**5,634,997,132**	5,792,131,854

Below is the repayment schedule of the outstanding long-term loans as at:

	27 September 2017 SR	*31 March 2017 SR*
Within one year	**232,000,000**	66,000,000
Between two to five years	**3,546,750,000**	3,132,500,000
More than five years	**2,242,250,000**	2,822,500,000
	6,021,000,000	6,021,000,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and buildings and personal and corporate guarantees from the partners.

Un-amortised transaction costs movement as follow:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Balance at the beginning of the period/year	**162,868,146**	78,759,297
Additions during the period/year related to a new facility	-	103,651,575
Amortised transaction cost during the period/year (note i below)	**(8,865,278)**	(19,542,726)
Balance at the end of the period/year	**154,002,868**	162,868,146

i) Amortised transaction cost during the period/year was allocated as follow:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Amortisation charge for the period/year (note 22)	**8,865,278**	12,928,484
Capitalised to investment properties – projects under construction (note 11)	-	6,614,242
Balance at the end of the period/year	**8,865,278**	19,542,726

13. LONG-TERM LOANS (continued)

No loans have been obtained and no repayments made during the period.

During the year ended 31 March 2017 and previous years, the Group;

(i) On 6 April 2016, Riyadh Centres Company Limited (a subsidiary) signed a long-term Murabaha facility agreement of SR 5,550 million with various local banks for the construction of certain shopping malls. As at 27 September 2017, the subsidiary has utilized SR 3,890 million out of the total Murabaha facility amount. The Murabaha facility carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building, personal and corporate guarantees from the partners. The Murabaha facility is repayable in 17 unequal semi-annual basis starting from April 2018.

(ii) Long-term loan facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized in prior period. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

(iii) Long-term loan facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilised during 2015. The loan carries fixed commission per annum until completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(iv) Long-term loan amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

(v) Long-term loan amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the partners. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

Certain of the above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. The Group is compliant with the loan covenants as of the end of the reporting period.

As at 27 September 2017, an amount of SR Nil (31 March 2017: SR 112.4 million) was capitalised as cost of borrowings for the construction of projects under construction (note 11).

14. UNEARNED REVENUE

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

15. ACCRUALS AND OTHER CURRENT LIABILITIES

	27 September 2017 SR	*31 March 2017 SR*
Tenants security deposits	**97,829,589**	94,978,757
Accrued finance charges	**86,779,380**	97,757,375
Accrued expenses	**24,001,470**	6,989,557
Employees' accruals	**20,849,894**	17,765,166
Others	**4,912,109**	7,287,314
	234,372,442	224,778,169

16. ZAKAT

Charge for the period/year

Zakat charge for the period amounting to SR 17,247,637 (31 March 2017: SR 27,154,423) consists of the current period provision and is based on the following:

	27 September 2017 SR	*31 March 2017 SR*
Partners' equity, beginning balance	**4,880,711,192**	4,665,316,269
Income before zakat	**476,541,567**	976,989,396
Opening provisions and other adjustments	**739,143,946**	700,569,439
Non-current liabilities	**5,663,933,397**	5,818,974,550
Non-current assets	**(11,070,424,622)**	(11,075,672,734)

Some of these amounts have been adjusted in arriving at the zakat charge for the period/year.

Movements in zakat provision during the period/year

The movement in the provision for zakat for the period/year is as follows:

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Balance at beginning of the period/year	**117,353,841**	88,492,940
Provision for the period/year	**17,247,637**	27,154,423
Prior year's adjustment	**-**	1,967,556
Paid during the period/year	**(1,672,280)**	(261,078)
Balance at end of the period/year	**132,929,198**	117,353,841

16. ZAKAT (continued)

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the Ultimate Parent Company is preparing and submitting combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company Limited, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years 2007 to 2016 have been submitted to GAZT. It should be noted that despite the fact that the Ultimate Parent Company is submitting a combined zakat returns including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual zakat base.

On 5 Jumad Awal 1436H (corresponding to 24 February 2015), the Ultimate Parent Company received a letter from GAZT requesting submission of individual zakat return for each company instead of combined zakat returns previously submitted for the years from 2007 to 2016. The Ultimate Parent Company has submitted its appeal which was approved by GAZT on 16 June 2017.

17. CAPITAL

The partners and their respective holdings as at 27 September 2017 and 31 March 2017 are as follows:

Name of partner	*Ownership %*	*Number of shares*	*Amount SR*
FAS Real Estate Company Limited	52	2,314,000	2,314,000,000
Saaf International Co. Limited	3	133,500	133,500,000
Mr. Fawaz Abdulaziz Al Hokair	15	667,500	667,500,000
Mr. Salman Abdulaziz Al Hokair	15	667,500	667,500,000
Dr. Abdul Majeed Abdulaziz Al Hokair	15	667,500	667,500,000
	100	**4,450,000**	**4,450,000,000**

18. STATUTORY RESERVE

In accordance with the Companies Law and the Company's articles of association, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the capital. Accordingly, the Company has set aside 10% of the net income for the period to the statutory reserve. This reserve is not available for dividend distribution.

19. DIVIDENDS DISTRIBUTION

The Company's partners in their meeting held on 7 Muhram 1439H (corresponding to 27 September 2017) resolved to distribute dividends amounting to SR 59.7753 per share aggregating to SR 266,000,000. An amount of SR 187,273,147 out of that total dividend is settled through the partners' account (note 6).

The Company's partners in their meeting held on 5 Shawwal 1438H (corresponding to 29 June 2017) resolved to distribute dividends amounting to SR 58.4270 per share aggregating to SR 260,000,000. An amount of SR 142,340,978 out of that total dividend is settled through the partners' account (note 6).

The Company's partners in their meetings held on 2 Rabi Thani 1438H (corresponding to 31 December 2016) and on 2 Rajab 1438H (corresponding to 30 March 2017) resolved to distribute dividends amounted to SR 160.6742 per share resulted in a total amount of SR 715,000,000, out of which SR 485,000,000 was transferred to the partners' account (note 6).

20. ADVERTISEMENT AND PROMOTION EXPENSES

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Advertisement	**4,270,751**	10,523,388
Promotion	**3,412,688**	8,599,522
	7,683,439	19,122,910

21. GENERAL AND ADMINISTRATION EXPENSES

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Provision for doubtful receivables (note 5)	**73,131,658**	22,931,392
Employees' salaries and other benefits	**42,844,394**	74,368,522
Depreciation (note 12)	**14,415,885**	20,885,529
Communication and software license	**5,446,173**	1,340,851
Professional fees	**4,445,563**	25,932,778
Insurance	**3,429,407**	7,026,396
Rent expense	**1,705,780**	1,645,070
Write-off of receivables (note 5)	**1,562,261**	-
Government expenses	**1,449,923**	1,738,806
Others	**2,882,819**	2,768,047
	151,313,863	158,637,391

22. FINANCIAL CHARGES

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Commission expense on long-term loans	**135,079,532**	166,024,588
Amortisation of transaction costs (note 13)	**8,865,278**	12,928,484
Bank charges	**92,101**	168,064
	144,036,911	179,121,136

23. OTHER INCOME, NET

	For the period from 1 April 2017 to 27 September 2017 SR	*For the year ended 31 March 2017 SR*
Reversal of liabilities no longer payable	**14,067,418**	-
Dividend income from available for sale investments	**5,737,500**	5,737,500
Loss on sale of land (notes 6 & 11)	**(1,631,586)**	-
Impairment of advances to suppliers (note 7)	**(7,835,354)**	-
Free tickets	-	2,152,617
Others	**(668,886)**	4,135,830
	9,669,092	12,025,947

24. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies as of 27 September 2017 and 31 March 2017 are as follows:

	27 September 2017 SR	*31 March 2017 SR*
Commitments for projects under construction (note 11)	**2,384,729,394**	2,605,139,308
Letters of guarantee	**5,400,000**	5,400,000

25. OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	27 September 2017 SR	*31 March 2017 SR*
Less than one year	**168,414,450**	285,746,450
One to five years	**1,304,035,295**	1,401,742,795
More than five years	**5,139,503,258**	5,652,813,044
	6,611,953,003	7,340,302,289

The lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 6).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

Payments under operating leases are recognised as expenses under cost of revenue during the period which amounted to SR 97 million (31 March 2017: SR 212 million).

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and bank balances, accounts receivable and certain other current assets, amounts due from related parties and available for sale investments. Financial liabilities of the Group consist of long-term loans, accounts payable, tenants' security deposits and amounts due to related parties. The fair values of financial instruments of the Group at the consolidated balance sheet date are not materially different from their carrying values.

27. RISK MANAGEMENT

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk and real estate risk), credit risk, liquidity risk and currency risk.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

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 interest bearing long-term assets, but has commission bearing liabilities as at 27 September 2017. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme'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.

27. RISK MANAGEMENT (continued)

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 both its leasing activities and financing 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.

Accounts receivables
Tenants are assessed according to Group criteria prior to entering into lease arrangements.

Amounts 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 due from related parties (note 6). The Group does not hold collateral as a security. This assessment is undertaken each financial period. 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 partners.

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by ultimate parent'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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

28. KEY SOURCES OF ESTIMATION UNCERTAINTY

Doubtful accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the consolidated balance sheet date, gross accounts receivable were SR 365,172,973 (31 March 2017: SR 282,195,144) with SR 121,548,137 (31 March 2017: SR 48,416,479) allowance for doubtful receivables. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Useful lives of investment properties and property and equipment

The Group management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

29. EVENTS AFTER THE REPORTING PERIOD

The Company's shareholders in their meeting held on 14 Rajab 1439H (corresponding to 31 March 2018) resolved to distribute dividends amounting to SR 49.4382 per share aggregating to SR 220,000,000. An amount of SR 42,385,875 out of that total dividend is settled through the partners' account.

On 26 April 2018, the Group has signed a long-term Murabaha facility agreement of SR 1,433 million with local bank for the refinancing/funding of development of certain shopping malls and for repayment of selected debts. The Group has utilized SR 1,292 million out of the total Murabaha facility amount.

In addition, on 26 April 2018, the Group has signed a long-term Ijara facility agreement of SR 5,771 million with various local banks to make certain facilities available on the terms of Master Purchase Agreement, the Master Lease Agreement and other transaction documents. The Group has utilized SR 5,204 million out of the total Ijara facility amount.

No other events have arisen subsequent to 27 September 2017 and before the date of issuing the consolidated financial statements that could have a significant effect on the consolidated financial statements as at 27 September 2017.

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

المراكز العربية
Arabian Centres

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE PERIOD ENDED 31 MARCH 2018

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARABIAN CENTRES COMPANY (A Closed Saudi Joint Stock Company)

Opinion

We have audited the accompanying consolidated financial statements of Arabian Centres Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 March 2018 and the related consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the period from 28 September 2017 to 31 March 2018 (the "period"), and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2018, its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. 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 professional code of conduct and ethics endorsed in KSA 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.

Emphasis of Matters – First Consolidated Financial Statements After Conversion to Closed Saudi Joint Stock Company, and Comparatives and Reissuance of the Consolidated Financial Statements

We draw attention to:

- Note (1) to the consolidated financial statements. As stated therein, these consolidated financial statements cover the first financial period of the Company after its conversion to a Closed Saudi Joint Stock Company, and the prior period figures are included for comparative purposes only.

- Note (32) to the consolidated financial statements. As stated therein, the Group has reissued its consolidated financial statements for the period after amending the disclosure related the Group's plan to adopt International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and endorsed in KSA and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA") to be for the financial reporting as at and for the year ended 31 March 2018 which was previously disclosed in the consolidated financial statements to be for the financial reporting as at and for the year ending 31 March 2019. Moreover, the Group amended the disclosure related to the par value of the Company's shares and accordingly amended the number of outstanding shares as at 31 March 2018. We issued an unqualified audit opinion dated 7 Muhurram 1440H (corresponding to 17 September 2018) on the previously issued consolidated financial statements. Our opinion is not modified in this respect.

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 accounting standards generally accepted in KSA and the provisions of Companies' Law and the 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 relating 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 are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARABIAN CENTRES COMPANY
(A Closed Saudi Joint Stock Company) (continued)

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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism 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.
- 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, 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.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. 277

Riyadh: 28 Jumad Thani 1440H
(5 March 2019)

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	*31 March 2018* SR	*27 September 2017* SR
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**80,350,968**	250,535,768
Accounts receivable, net	5	**246,733,176**	243,624,836
Amounts due from related parties	6	**238,579,401**	190,426,838
Advances to a contractor, related party	8	**274,507,859**	57,069,368
Prepayments and other current assets	7	**53,900,913**	72,936,263
TOTAL CURRENT ASSETS		**894,072,317**	814,593,073
NON-CURRENT ASSETS			
Advances to a contractor, related party non-current portion	8	**80,692,116**	80,642,116
Amounts due from related parties	6	**200,322,570**	200,322,570
Prepaid rent		**175,999,000**	175,999,000
Investment in an associate	9	**39,669,322**	38,335,948
Available for sale investments	10	**128,476,217**	128,579,503
Investment properties	11	**10,225,699,238**	10,313,968,444
Property and equipment	12	**135,826,234**	132,577,041
TOTAL NON-CURRENT ASSETS		**10,986,684,697**	11,070,424,622
TOTAL ASSETS		**11,880,757,014**	11,885,017,695
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term loans	13	**433,000,000**	232,000,000
Accounts payable		**276,725,098**	270,512,711
Amounts due to related parties	6	**221,619,546**	240,732,100
Unearned revenue	14	**277,252,240**	295,752,651
Accruals and other current liabilities	15	**215,415,786**	234,372,442
Zakat payable	16	**146,559,970**	132,929,198
TOTAL CURRENT LIABILITIES		**1,570,572,640**	1,406,299,102
NON-CURRENT LIABILITIES			
Long-term loans	13	**5,377,626,194**	5,634,997,132
Employees' end-of-service indemnities		**25,158,488**	28,936,265
TOTAL NON-CURRENT LIABILITIES		**5,402,784,682**	5,663,933,397
TOTAL LIABILITIES		**6,973,357,322**	7,070,232,499
EQUITY			
SHAREHOLDERS' EQUITY			
Capital	17	**4,450,000,000**	4,450,000,000
Statutory reserve	18	**370,739,315**	338,828,479
Retained earnings		**84,510,004**	17,312,472
Unrealised (loss) gain on revaluation of available for sale investments	10	**(23,783)**	79,503
TOTAL SHAREHOLDERS' EQUITY		**4,905,225,536**	4,806,220,454
Non-controlling interests		**2,174,156**	8,564,742
TOTAL EQUITY		**4,907,399,692**	4,814,785,196
TOTAL LIABILITIES AND EQUITY		**11,880,757,014**	11,885,017,695

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD ENDED 31 MARCH 2018

	Note	*For the period from 28 September 2017 to 31 March 2018* SR	*For the period from 1 April 2017 to 27 September 2017* SR
Revenue		**989,005,497**	1,170,404,697
Cost of revenue		**(255,327,513)**	(275,401,634)
Depreciation of investment properties	11	**(134,080,438)**	(133,413,929)
GROSS PROFIT		**599,597,546**	761,589,134
EXPENSES			
Advertisement and promotion	20	**(5,761,049)**	(7,683,439)
General and administration	21	**(114,426,893)**	(151,313,863)
TOTAL EXPENSES		**(120,187,942)**	(158,997,302)
INCOME FROM MAIN OPERATIONS		**479,409,604**	602,591,832
Share in net income of an associate	9	**1,333,374**	8,317,554
Financial charges	22	**(144,623,669)**	(144,036,911)
Other income, net	23	**2,785,182**	9,669,092
INCOME BEFORE ZAKAT		**338,904,491**	476,541,567
Zakat	16	**(15,436,709)**	(17,247,637)
NET INCOME FOR THE PERIOD		**323,467,782**	459,293,930
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Shareholders of the Parent Company		**319,108,368**	451,765,076
Non-controlling interests		**4,359,414**	7,528,854
		323,467,782	459,293,930
EARNINGS PER SHARE:	24		
Income from main operations per share attributable to the Shareholders of the Parent Company		**1.08**	1.35
Net income for the period per share attributable to the Shareholders of the Parent Company		**0.72**	1.02

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

	Note	*For the period from 28 September 2017 to 31 March 2018* SR	*For the period from 1 April 2017 to 27 September 2017* SR
OPERATING ACTIVITIES			
Income before zakat		**338,904,491**	476,541,567
Adjustments for:			
Financial charges	22	**144,623,669**	144,036,911
Depreciation of investment properties	11	**134,080,438**	133,413,929
Provision for doubtful debts	5	**21,682,840**	73,131,658
Depreciation of property and equipment	12	**16,108,735**	14,415,885
Provision for employees' end-of-services indemnities		**2,870,718**	2,792,858
Share in net income of an associate	9	**(1,333,374)**	(8,317,554)
Reversal of liabilities no longer payable	23	**(2,025,810)**	(14,067,418)
Impairment of advances to suppliers	23	-	7,835,354
Loss on sale of land	23	-	1,631,586
Accounts receivable written off	5	-	1,562,261
		654,911,707	832,977,037
Changes in operating assets and liabilities:			
Accounts receivable		**(24,791,180)**	(84,540,090)
Amounts due from/to related parties, net		**(104,439,585)**	(95,035,958)
Prepayments and other current assets		**19,035,350**	(8,878,962)
Accounts payable		**7,798,640**	24,648,599
Unearned revenue		**(18,060,854)**	(15,526,589)
Accruals and other current liabilities		**46,402,718**	20,572,268
Cash generated from operations		**580,856,796**	674,216,305
Employees' end-of-service indemnities paid		**(6,648,495)**	(699,289)
Zakat paid	16	**(1,805,937)**	(1,672,280)
Net cash from operating activities		**572,402,364**	671,844,736
INVESTING ACTIVITIES			
Additions to investment properties	11	**(61,772,639)**	(270,683,738)
Purchase of property and equipment	12	**(19,357,928)**	(26,246,457)
Dividend received from an associate	9	-	5,000,003
Advances to a contractor – related party		**(217,488,491)**	54,939,139
Net cash used in investing activities		**(298,619,058)**	(236,991,053)
FINANCING ACTIVITIES			
Payment of financial charges		**(200,353,981)**	(146,149,628)
Repayment of long-term loans	13	**(66,000,000)**	-
Dividends paid		**(177,614,125)**	(196,385,875)
Net cash used in financing activities		**(443,968,106)**	(342,535,503)
NET (DECREASE) INCREASE IN CASH AND BANK BALANCES		**(170,184,800)**	92,318,180
Cash and bank balances at the beginning of the period		**250,535,768**	158,217,588
CASH AND BANK BALANCES AT THE END OF THE PERIOD	4	**80,350,968**	250,535,768

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE PERIOD ENDED 31 MARCH 2018

	Note	*For the period from 28 September 2017 to 31 March 2018* SR	*For the period from 1 April 2017 to 27 September 2017* SR
Non-cash transactions:			
Dividends settled through shareholders' account	6 & 19	**42,385,875**	329,614,125
Dividend settled through other related party's account	6	**10,750,000**	-
Unrealised loss on revaluation of available for sale investments	10	**(103,286)**	(255,814)
Investment property transferred to the Ultimate Parent Company	6	**(15,961,407)**	(4,899,076)
Available for sale investments transferred to the Ultimate Parent Company	6	-	(103,334,204)
Sale of land settled through Ultimate Parent Company's account	6	-	115,763,625
Amounts due to the Ultimate Parent Company settled through other related parties' account	6	-	77,657,872

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Equity attributable to the Shareholders of the Parent Company						
	Capital SR	*Statutory reserve* SR	*Retained earnings* SR	*Unrealised (loss) gain on revaluation of available for sale investments* SR	*Total shareholders' equity* SR	*Non-controlling interests* SR	*Total equity* SR
Balance as at 31 March 2017	4,450,000,000	293,651,971	136,723,904	335,317	4,880,711,192	1,035,888	4,881,747,080
Net income for the period	-	-	451,765,076	-	451,765,076	7,528,854	459,293,930
Transfer to statutory reserve	-	45,176,508	(45,176,508)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(526,000,000)	-	(526,000,000)	-	(526,000,000)
Net movement during the period (note 10)	-	-	-	(255,814)	(255,814)	-	(255,814)
Balance as at 27 September 2017	4,450,000,000	338,828,479	17,312,472	79,503	4,806,220,454	8,564,742	4,814,785,196
Net income for the period	-	-	319,108,368	-	319,108,368	4,359,414	323,467,782
Transfer to statutory reserve	-	31,910,836	(31,910,836)	-	-	-	-
Dividends (notes 6 & 19)	-	-	(220,000,000)	-	(220,000,000)	(10,750,000)	(230,750,000)
Net movement during the period (note 10)	-	-	-	(103,286)	(103,286)	-	(103,286)
Balance as at 31 March 2018	**4,450,000,000**	**370,739,315**	**84,510,004**	**(23,783)**	**4,905,225,536**	**2,174,156**	**4,907,399,692**

The accompanying notes from 1 to 32 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Arabian Centres Company ("the Company" or "the Parent Company") is a Closed 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 legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017). These are the first consolidated financial statements of the Group after the conversion of the Company, and cover the period from 28 September 2017 to 31 March 2018 (the "period"), which are prepared according to its By-laws. These consolidated financial statements have been prepared on the basis of that the Group continued its activities pre-conversion, and that no new entity has been created. However, there are admission of new shareholders and have been appropriately discussed in note (17). Prior period numbers are included for comparative purposes only.

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

The comparative figures cover the period from 1 April 2017 to 27 September 2017 which relate to the operations of the Group before the conversion to a Closed Saudi Joint Stock Company are shown for comparative purposes.

The consolidated financial statements were approved for issue by its Board of Directors (BOD) on 28 Jumad Thani 1440H (corresponding to 5 March 2019).

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2018 and 27 September 2017:

	Ownership %	
Name of subsidiary (i)	***Direct***	***Indirect (ii)***
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	50%	-
Yarmouk Mall Company Limited (iii)	95%	5%
Al Erth Al Matin Trading Company (iii)	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited (iii)	95%	5%
Mall of Arabia Company Limited (iii)	95%	5%
Aziz Mall Trading Company Limited (iii)	95%	5%
Dhahran Mall Trading Company Limited (iii)	95%	5%
Al Noor Mall Trading Company Limited (iii)	95%	5%
Al Yasmeen Mall Trading Company (iii)	95%	5%
Al Dammam Mall Trading Company (iii)	95%	5%
Al Malaz Mall Trading Company (iii)	95%	5%
Al Hamra Mall Trading Company (iii)	95%	5%
Al Erth Al Rasekh Trading Company (iii)	95%	5%

(i) All subsidiaries are limited liability companies incorporated in the KSA.
(ii) Indirect ownership is owned through cross ownership within the Group.
(iii) During the previous years, the Company assigned the operations of its malls to the benefit of its subsidiaries and reflected in their respective financial statements. However, pursuant to the Company's shareholders' resolution dated 1 April 2017, the Company has regained the operations of these malls effective 1 April 2017.

2. BASIS OF CONSOLIDATION

These consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its subsidiaries as disclosed in note (1) above. A subsidiary company is that in which the Parent Company has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and/or over which it exerts control. A subsidiary company is consolidated from the date on which the Parent Company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and the individual financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The Group's significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from shareholders' equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in KSA. The significant accounting policies adopted are as follows:

In addition to the accompanying consolidated financial statements, the Group has also prepared a separate set of consolidated financial statements for the year ended 31 March 2018 in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and endorsed in KSA and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to "IFRSs as endorsed in KSA"). The Group's statutory consolidated financial statements prepared in accordance with IFRSs as endorsed in KSA will be for the financial reporting periods starting 1 April 2018.

Accounting convention
The consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

Use of estimates
The preparation of consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

Accounts receivable
Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

Investment in an associate
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associates (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Group calculates the amount of impairment as being the difference between the fair value of the investment in associate and the acquisition cost and recognises the amount in the consolidated statement of income. The financial statements of the associates are prepared for the same period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Available for sale investments
Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting period. Changes in fair value are credited or charged to the consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment properties
Investment properties comprise completed property and property under construction and re-developed that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at property cost including transaction costs. Transaction costs include transfer of ownership 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 cost 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 accumulated impairment in value. Land and projects under construction are not depreciated. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Property and equipment
Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any accumulated impairment in value. The cost less estimated residual value of property and equipment, if any, is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leaseholds improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditures for repair and maintenance are charged to the consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

Impairment of non-financial assets
The Group conducts periodic review of the carrying amount of its non-financial assets to determine whether there is any evidence that those non-financial assets may have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately in the consolidated statement of income.

Leases

Operating lease contracts — the Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease contracts — the Group as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Unearned revenue

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the period end.

Loans and borrowings

Loans and borrowings are recognised at the proceeds received value by the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat
The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' end-of-service indemnities
End of service indemnities, required by the Saudi Arabian labour law, are provided in the consolidated financial statements based on the employees' length of services.

Revenue recognition
Revenue is recognised 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. Amounts disclosed as revenue are net of trade allowances and rebates. 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 later in this section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in 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 income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

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

Turnover rent
The Group recognises income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited 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 recognised 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 income, since the management considers that the Group acts as an agent in this respect.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs
Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the consolidated statement of income.

Expenses
Advertisement and promotion expenses principally comprise of costs incurred in promotion of the shopping centres and malls. All other expenses are classified as general and administration expenses.

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

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 analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

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

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

Foreign currency transactions
Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the consolidated statement of income.

4. CASH AND BANK BALANCES

	31 March 2018 SR	*27 September 2017 SR*
Cash at banks	79,509,242	249,639,954
Cash in hand	841,726	895,814
	80,350,968	250,535,768

5. ACCOUNTS RECEIVABLE, NET

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

5. ACCOUNTS RECEIVABLE, NET (continued)

As at the period end, the ageing of unimpaired accounts receivable was as follows:

	Total	*Neither past due nor impaired*	***Past due but not impaired***			
			Up to 30 days	*31 - 90 days*	*91 - 180 days*	*> 180 days*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
31 March 2018	**246,733,176**	**53,132,178**	**24,528,780**	**36,301,629**	**53,747,330**	**79,023,259**
27 September 2017	243,624,836	57,718,375	15,522,011	27,807,900	46,287,556	96,288,994

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

At 31 March 2018, accounts receivable at nominal value of SR 138,616,823 (27 September 2017: SR 121,548,137) were impaired. Movement in the provision for doubtful debts were as follows:

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
At the beginning of the period	**121,548,137**	48,416,479
Provision for the period (note 21)	**21,682,840**	73,131,658
Write-off	**(4,614,154)**	-
At the end of the period	**138,616,823**	121,548,137

During the period, the Group has directly written-off accounts receivable amounting to SR Nil (27 September 2017: SR 1.56 million) (note 21).

6. 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 Parent Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions

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

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
Dividends settled through shareholders' account (note 19)	**42,385,875**	329,614,125
Dividends paid in cash to shareholders	**177,614,125**	196,385,875
Dividend settled through other related party's account	**10,750,000**	-
Construction work included in projects under construction (note 11)	**24,525,151**	230,615,226
Rental revenue, net of discounts	**159,081,355**	371,033,290
Services received	**49,469,670**	39,039,622
Rental discounts	**180,985,666**	37,500,000
Transfer of investment properties to Ultimate Parent Company (note 11)	**(15,961,407)**	(4,899,076)
Available for sale investments transferred to the Ultimate Parent Company (note 10)	-	(103,334,204)
Settlement of balances through other related parties	-	77,657,872
Payment to suppliers on behalf of the Ultimate Parent Company	**2,982,711**	16,951,564
Sale of land settled through Ultimate Parent Company's account (note 11)	-	115,763,625

With the consent of the shareholders of the Company, the contracts for the construction of all projects are awarded to an affiliate, Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ("FARE") (note 8). The process of awarding these contracts does not include bidding.

Related party balances

The following table summarise the significant related parties balances at the end of the period:

(i) Amounts due from related parties:

Name of related party	*Nature of relationship*	*31 March 2018 SR*	*27 September 2017 SR*
Current:			
FAS Holding Company for Hotels	Affiliate	**150,000,000**	150,000,000
Food and Entertainment Trading Company Limited (a)	Affiliate	**34,041,953**	-
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Affiliate	**22,909,203**	27,047,819
FAS for Trading (a)	Affiliate	**20,500,000**	-
Billy Games Company Limited (a)	Affiliate	**8,046,667**	-
Coffee Centers Company Limited (a)	Affiliate	**1,252,761**	-
Kids Space Company Limited (a)	Affiliate	**509,797**	-
Skill Innovative Games Co.	Affiliate	**359,945**	-
Nesk Trading Project Company Limited (b)	Affiliate	**73,722**	-
Tadaris Najd Security Company	Affiliate	-	12,515,134
Others	Affiliate	**885,353**	863,885
		238,579,401	190,426,838
Non-current:			
FAS Holding Company for Hotels	Affiliate	**200,322,570**	200,322,570

6. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances (continued)
(ii) Amounts due to related parties:

Name of related party	*Nature of relationship*	*31 March 2018 SR*	*27 September 2017 SR*
Fawaz Abdulaziz Al Hokair & Co. (b)	Affiliate	**200,287,692**	230,263,840
Saudi FAS Holding Company	Ultimate Parent Company	**15,627,387**	1,601,530
TNS Najd Security Company	Affiliate	**4,455,858**	5,071,135
Etqan Facilities Management	Affiliate	**1,248,609**	-
Nesk Trading Project Company Limited (b)	Affiliate	-	1,622,348
TNS Najd Maintenance Company	Affiliate	-	2,173,247
		221,619,546	240,732,100

(iii) Advances to a contractor (note 8):

Name of related party	*Nature of relationship*	*31 March 2018 SR*	*27 September 2017 SR*
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	Affiliate		
Current portion		**274,507,859**	57,069,368
Non-current portion		**80,692,116**	80,642,116
		355,199,975	137,711,484

(a) These mainly represent rental receivables from the related parties.
(b) This mainly represents advance rentals received, net of rental income receivable.

Terms and conditions of transactions with related parties
Outstanding balances at the period end are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either period, as it believes that these balances are fully recoverable.

The lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group, who have assigned these lease agreements to the Group's benefit (notes 11 and 27).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2018 SR	*27 September 2017 SR*
Advances to suppliers	**34,374,172**	37,038,744
Prepaid expenses	**7,529,635**	12,648,841
Letters of guarantee	**5,900,000**	5,400,000
Employees' receivables	**3,230,144**	5,516,028
Prepaid rent	**2,191,806**	10,926,402
Others	**675,156**	1,406,248
	53,900,913	72,936,263

During the period, the Group impaired advances to suppliers amounting to SR Nil (27 September 2017: SR 7.8 million) (note 23).

8. ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to FARE for the construction of shopping malls, which are under various stages of completion. (note 6).

9. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in KSA which is engage primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out for its own interest. The movement of the investment during the period is as follow:

	Percentage of ownership	*Opening balance SR*	*Share of net income SR*	*Dividend SR*	*Ending balance SR*
31 March 2018	**25%**	**38,335,948**	**1,333,374**	**-**	**39,669,322**
27 September 2017	25%	35,018,397	8,317,554	(5,000,003)	38,335,948

10. AVAILABLE FOR SALE INVESTMENTS

	31 March 2018 SR	*27 September 2017 SR*
Investments in real estate projects (i)	**121,500,000**	121,500,000
Investments real estate fund (ii)	**6,976,217**	7,079,503
	128,476,217	128,579,503

(i) Investments in real estate projects:

	31 March 2018 SR	*27 September 2017 SR*
Amlak International for Real Estate Finance Company	**121,500,000**	121,500,000

The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group has paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

During the period ended 27 September 2017, the Group transferred its 9.77% investment in equity in real estate held by Yanbu Real Estate (Mosahama) to the Ultimate Parent Company at book value amounting to SR 53.33 million (note 6). In addition, effective 1 April 2017, the Ultimate Parent Company regained the beneficial interest on the Group's 7.14% equity investment in Khomasiat Taibah Limited Company investment, who had assigned the investment to the benefit of the Group in the previous years. The investment is in the name of the Ultimate Parent Company and were carried at book value amounting to SR 50 million (note 6).

(ii) Investments real estate fund:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 6.98 million as of 31 March 2018 (27 September 2017: SR 7.1 million). The unrealised loss amounting to SR 0.1 million during the period (27 September 2017: SR 0.2 million) has been recognised in the consolidated statement of changes in equity.

10. AVAILABLE FOR SALE INVESTMENTS (continued)

(ii) Investments real estate fund (continued):

Movement in the investments in real estate fund was as follows:

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017* SR
Cost:		
At the beginning and end of the period	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the period	**79,503**	335,317
Unrealised loss during the period	**(103,286)**	(255,814)
At the end of the period	**(23,783)**	79,503
Net carrying amount	**6,976,217**	7,079,503

11. INVESTMENT PROPERTIES

The estimated useful lives of the investment properties for the calculation of depreciation are as follows:

Buildings	33 years
Buildings on leasehold land	Shorter of economic life or lease term

	Lands SR	*Buildings SR*	*Buildings on leasehold land SR*	*Projects under construction SR*	***Total 31 March 2018 SR***	*Total 27 September 2017 SR*
Cost:						
At the beginning of the period	4,771,814,409	2,793,388,027	2,865,947,269	1,313,793,174	**11,744,942,879**	11,629,505,348
Additions	-	2,011,338	13,862,712	45,898,589	**61,772,639**	270,683,738
Disposal	-	-	-	-	-	(117,395,211)
Transfer to Ultimate Parent Company (note 6)	-	-	-	(15,961,407)	**(15,961,407)**	(37,850,996)
Transfers	-	76,508	-	(76,508)	-	-
At the end of the period	4,771,814,409	2,795,475,873	2,879,809,981	1,343,653,848	**11,790,754,111**	11,744,942,879
Depreciation:						
At the beginning of the period	-	576,913,883	854,060,552	-	**1,430,974,435**	1,330,512,426
Charge for the period	-	45,569,524	88,510,914	-	**134,080,438**	133,413,929
Transfer to Ultimate Parent Company (note 6)	-	-	-	-	-	(32,951,920)
At the end of the period	-	622,483,407	942,571,466	-	**1,565,054,873**	1,430,974,435
Net book value:						
At 31 March 2018	**4,771,814,409**	**2,172,992,466**	**1,937,238,515**	**1,343,653,848**	**10,225,699,238**	
At 27 September 2017	4,771,814,409	2,216,474,144	2,011,886,717	1,313,793,174		10,313,968,444

Projects under construction pertains to expenditures relating to various malls which are still in the course of construction as at the end of the reporting period.

During the prior period, the Group sold land with book value of SR 117.4 million to its Ultimate Parent Company which was settled through Ultimate Parent Company's account amounting to SR 115.8 million (note 6) and resulted in a loss on sale of land amounting to SR 1.6 million (note 23).

11. INVESTMENT PROPERTIES (continued)

Net book value of the Group's land at the end of the period is as follows:

	Owned by the Group / shareholders	*Title deeds registered with bank Yes / No*	***31 March 2018 SR***	*27 September 2017 SR*
Shopping malls – lands				
- Aziziah Mall Makkah	Group	Yes	**178,227,665**	178,227,665
- Mall of Arabia – Jeddah	Group	Yes	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000
- Al Noor Centre	Group	Yes	**68,120,000**	68,120,000
- Jubail land	Group	Yes	**32,500,000**	32,500,000
- Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145
- Arkan Salam Mall (*)	Group	Yes	**250,000,000**	250,000,000
- Hamra Mall (*)	Group	Yes	**256,100,000**	256,100,000
			1,022,002,912	1,022,002,912
Lands				
- Oyoun Al Raed Land	Group	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen Land	Group	Yes	**1,067,162,500**	1,067,162,500
- Khalij Mall Land (*)	Group	Yes	**290,209,050**	290,209,050
- Dammam Airport (*)	Group	Yes	**210,000,000**	210,000,000
- Al Qassim Land (*)	Group	Yes	**350,000,000**	350,000,000
- Abha Land (*)	Group	Yes	**62,000,000**	62,000,000
			3,749,811,497	3,749,811,497
Total lands net book value			**4,771,814,409**	4,771,814,409

(*) During 2016, the Company's shareholders have resolved in their meeting held on 28 Jumad Thani 1437H (corresponding to 7 April 2016) to purchase these lands at the values mentioned above from the Ultimate Parent Company in line with the Murabaha facility agreement signed on 6 April 2016 (note 13-i).

The title deeds of all plots of lands are registered in the name of local banks against a long-term loan (note 13).

The lease agreements for leasehold land on which the Group's buildings are constructed are in the name of an affiliated company and other related parties (note 6).

12. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvement	Shorter of economic life or lease term

	Tools and equipment SR	*Furniture and fixtures SR*	*Vehicles SR*	*Leasehold improvement SR*	***Total 31 March 2018 SR***	*Total 27 September 2017 SR*
Cost:						
At the beginning of the period	125,915,923	83,624,258	3,850,902	26,051,663	**239,442,746**	213,196,289
Additions	12,657,382	1,778,615	35,000	4,886,931	**19,357,928**	26,246,457
At the end of the period	138,573,305	85,402,873	3,885,902	30,938,594	**258,800,674**	239,442,746
Depreciation:						
At the beginning of the period	59,049,612	40,121,274	3,595,316	4,099,503	**106,865,705**	92,449,820
Charge for the period (note 21)	7,507,436	4,815,131	105,393	3,680,775	**16,108,735**	14,415,885
At the end of the period	66,557,048	44,936,405	3,700,709	7,780,278	**122,974,440**	106,865,705
Net book value:						
At 31 March 2018	**72,016,257**	**40,466,468**	**185,193**	**23,158,316**	**135,826,234**	
At 27 September 2017	66,866,311	43,502,984	255,586	21,952,160		132,577,041

13. LONG-TERM LOANS

The movement in long-term loans is as follows:

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
Balance at the beginning of the period	**6,021,000,000**	6,021,000,000
Repayments	**(66,000,000)**	-
	5,955,000,000	6,021,000,000
Less: un-amortised transaction costs	**(144,373,806)**	(154,002,868)
Balance at the end of the period	**5,810,626,194**	5,866,997,132
Less: current portion of long-term loans	**(433,000,000)**	(232,000,000)
Non-current portion of long-term loans	**5,377,626,194**	5,634,997,132

Below is the repayment schedule of the outstanding long-term loans as at:

	31 March 2018 SR	*27 September 2017 SR*
Within one year	**433,000,000**	232,000,000
Between two to five years	**4,054,500,000**	3,546,750,000
More than five years	**1,467,500,000**	2,242,250,000
	5,955,000,000	6,021,000,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and buildings and personal and corporate guarantees from the shareholders.

Un-amortised transaction costs movement as follow:

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
Balance at the beginning of the period	**154,002,868**	162,868,146
Amortised transaction cost during the period (note 22)	**(9,629,062)**	(8,865,278)
Balance at the end of the period	144,373,806	154,002,868

No loans have been obtained during the period.

During the previous years, the Group;

(i) On 6 April 2016, Riyadh Centres Company Limited (a subsidiary) signed a long-term Murabaha facility agreement of SR 5,550 million with various local banks for the construction of certain shopping malls. As at 31 March 2018, the subsidiary has utilized SR 3,890 million out of the total Murabaha facility amount. The Murabaha facility carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building, personal and corporate guarantees from the shareholders. The Murabaha facility is repayable in 17 unequal semi-annual basis starting from April 2018.

13. LONG-TERM LOANS (continued)

(ii) Long-term loan facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized in prior period. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

(iii) Long-term loan facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilised during 2015. The loan carries fixed commission per annum until completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(iv) Long-term loan amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

(v) Long-term loan amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

Certain of the above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. The Group is compliant with the loan covenants as of the end of the reporting period.

14. UNEARNED REVENUE

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

15. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2018 SR	*27 September 2017 SR*
Tenants security deposits	**102,905,068**	97,829,589
Output Value Added Tax, net	**45,583,941**	-
Accrued expenses	**21,616,475**	24,001,470
Accrued finance charges	**21,420,006**	86,779,380
Employees' accruals	**21,118,043**	20,849,894
Others	**2,772,253**	4,912,109
	215,415,786	234,372,442

16. ZAKAT

Charge for the period

Zakat charge for the period amounting to SR 15,436,709 consists of the current period provision (27 September 2017: SR 17,247,637) and is based on the following:

	31 March 2018 SR	*27 September 2017 SR*
Shareholders' equity, beginning balance	**4,806,220,454**	4,880,711,192
Income before zakat	**338,904,491**	476,541,567
Opening provisions and other adjustments	**1,056,243,430**	739,143,946
Non-current liabilities	**5,402,784,682**	5,663,933,397
Non-current assets	**(10,986,684,697)**	(11,070,424,622)

Some of these amounts have been adjusted in arriving at the zakat charge for the period.

Movements in zakat provision during the period

The movement in the provision for zakat during the period is as follows:

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
Balance at beginning of the period	**132,929,198**	117,353,841
Provision for the period	**15,436,709**	17,247,637
Paid during the period	**(1,805,937)**	(1,672,280)
Balance at end of the period	**146,559,970**	132,929,198

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the Ultimate Parent Company is preparing and submitting combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years 2007 to 2016 have been submitted to GAZT. It should be noted that despite the fact that the Ultimate Parent Company is submitting a combined zakat returns including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual zakat base.

16. ZAKAT (continued)

Status of assessments (continued)

On 5 Jumad Awal 1436H (corresponding to 24 February 2015), the Ultimate Parent Company received a letter from GAZT requesting submission of individual zakat return for each company instead of combined zakat returns previously submitted for the years from 2007 to 2016. The Ultimate Parent Company has submitted its appeal which was approved by GAZT on 16 June 2017.

17. CAPITAL

The shareholders and their respective holdings as at 31 March 2018 and 27 September 2017 are as follows:

Name of shareholders	*Ownership %*		*Number of shares*		*Amount*	
	31 March 2018	*27 September 2017*	***31 March 2018***	*27 September 2017*	***31 March 2018 SR***	*27 September 2017 SR*
FAS Real Estate Company Limited	**52**	52	**231,400,000**	2,314,000	**2,314,000,000**	2,314,000,000
Saaf International Co. Limited	**3**	3	**13,350,000**	133,500	**133,500,000**	133,500,000
Mr. Fawaz Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Mr. Salman Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Dr. Abdul Majeed Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Al-Farida Alola Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
Al-Farida Althaniah Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
Al-Farida Althalithah Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
	100	100	**445,000,000**	4,450,000	**4,450,000,000**	4,450,000,000

(*) These are the new shareholders admitted to the Company's shareholding effective from registration of the Closed Saudi Joint Stock Company's commercial registration dated 8 Muhurram 1439H (corresponding to 28 September 2017).

Pursuant to the shareholders' resolution dated 18 Ramadan 1438H (corresponding to 13 June 2017), the par value of the Company's shares was reduced from SR 1,000 per share to SR 10 per share. As a result, the Company's capital was divided from 4,450,000 shares to 445,000,000 shares.

18. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the capital. Accordingly, the Company has set aside 10% of the net income for the period to the statutory reserve. This reserve is not available for dividend distribution.

19. DIVIDENDS DISTRIBUTION

The Company's shareholders in their meeting held on 14 Rajab 1439H (corresponding to 31 March 2018) resolved to distribute dividends amounting to SR 0.4944 per share aggregating to SR 220,000,000. An amount of SR 42,385,875 out of that total dividend is settled through the shareholders' account (note 6).

The Company's shareholders in their meeting held on 7 Muhram 1439H (corresponding to 27 September 2017) resolved to distribute dividends amounting to SR 0.5978 per share aggregating to SR 266,000,000. An amount of SR 187,273,147 out of that total dividend is settled through the shareholders' account (note 6).

19. DIVIDENDS DISTRIBUTION (continued)

The Company's shareholders in their meeting held on 5 Shawwal 1438H (corresponding to 29 June 2017) resolved to distribute dividends amounting to SR 0.5843 per share aggregating to SR 260,000,000. An amount of SR 142,340,978 out of that total dividend is settled through the shareholders' account (note 6).

20. ADVERTISEMENT AND PROMOTION EXPENSES

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017* SR
Promotion	**3,184,051**	3,412,688
Advertisement	**2,576,998**	4,270,751
	5,761,049	7,683,439

21. GENERAL AND ADMINISTRATION EXPENSES

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017* SR
Employees' salaries and other benefits	**48,857,163**	42,844,394
Provision for doubtful receivables (note 5)	**21,682,840**	73,131,658
Depreciation (note 12)	**16,108,735**	14,415,885
Communication and software license	**6,363,895**	5,446,173
Professional fees	**5,975,416**	4,445,563
Government expenses	**5,231,892**	1,449,923
Insurance	**4,559,853**	3,429,407
Rent expense	**1,697,611**	1,705,780
Write-off of receivables (note 5)	-	1,562,261
Others	**3,949,488**	2,882,819
	114,426,893	151,313,863

22. FINANCIAL CHARGES

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017* SR
Commission expense on long-term loans	**134,871,697**	135,079,532
Amortisation of transaction costs (note 13)	**9,629,062**	8,865,278
Bank charges	**122,910**	92,101
	144,623,669	144,036,911

23. OTHER INCOME, NET

	For the period from 28 September 2017 to 31 March 2018 SR	*For the period from 1 April 2017 to 27 September 2017 SR*
Reversal of liabilities no longer payable	**2,025,810**	14,067,418
Dividend income from available for sale investments	-	5,737,500
Loss on sale of land (notes 6 & 11)	-	(1,631,586)
Impairment of advances to suppliers (note 7)	-	(7,835,354)
Others	**759,372**	(668,886)
	2,785,182	9,669,092

24. EARNINGS PER SHARE

Earnings per share are calculated by dividing income from main operations and net income for the period attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares at the end of the period.

25. SEGMENT REPORTING

These are attributable to the Group's activities and business lines approved by the management to be used as a basis for the financial reporting and are consistent with the internal reporting process. 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 balance sheet and in the consolidated statement of income.

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

26. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies as of 31 March 2018 and 27 September 2017 are as follows:

	31 March 2018 SR	*27 September 2017 SR*
Commitments for projects under construction (note 11)	**2,573,302,981**	2,384,729,394
Letters of guarantee	**5,900,000**	5,400,000

27. OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2018 SR	*27 September 2017 SR*
Less than one year	**286,321,450**	168,414,450
One to five years	**1,353,059,195**	1,304,035,295
More than five years	**4,783,677,907**	5,139,503,258
	6,423,058,552	6,611,953,003

The lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 6).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

Payments under operating leases are recognised as expenses under cost of revenues during the period which amounted to SR 97 million (27 September 2017: SR 97 million).

28. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and bank balances, accounts receivable and certain other current assets, amounts due from related parties and available for sale investments. Financial liabilities of the Group consist of long-term loans, accounts payable, tenants' security deposits and amounts due to related parties. The fair values of financial instruments of the Group at the consolidated balance sheet date are not materially different from their carrying values.

29. RISK MANAGEMENT

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk and real estate risk), credit risk, liquidity risk and currency risk.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

29. RISK MANAGEMENT (continued)

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 interest bearing long-term assets, but has commission bearing liabilities as at 31 March 2018. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme'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.

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 both its leasing activities and financing 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.

Accounts receivables
Tenants are assessed according to Group criteria prior to entering into lease arrangements.

Amounts 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 due from related parties (note 6). The Group does not hold collateral as a security. This assessment is undertaken each financial period. 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.

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by ultimate parent'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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

30. KEY SOURCES OF ESTIMATION UNCERTAINTY

Doubtful accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the consolidated balance sheet date, gross accounts receivable were SR 385,349,999 (27 September 2017: SR 365,172,973) with SR 138,616,823 (27 September 2017: SR 121,548,137) allowance for doubtful receivables. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income.

Useful lives of investment properties and property and equipment

The Group management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

31. EVENTS AFTER THE REPORTING PERIOD

On 26 April 2018, the Group has signed a long-term Murabaha facility agreement of SR 1,433 million with local bank for the refinancing/funding of development of certain shopping malls and for repayment of selected debts. The Group has utilized SR 1,372 million out of the total Murabaha facility amount.

In addition, on 26 April 2018, the Group has signed a long-term Ijara facility agreement of SR 5,771 million with various local banks to make certain facilities available on the terms of Master Purchase Agreement, the Master Lease Agreement and other transaction documents. The Group has utilized SR 5,528 million out of the total Ijara facility amount.

On 19 November 2018, the Ultimate Parent Company received the final zakat assessments on the combined zakat returns submitted to GAZT for the years 2007 to 2016 resulting in lower amount of zakat provision as compared to the amounts reflected in the Ultimate Parent Company's records. Consequently, the Ultimate Parent Company allocated the Group with zakat refunds amounting to SR 75.1 million subsequent to the financial year ended 31 March 2018.

32. REISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to the issuance of the audited consolidated financial statements ("previous financial statements") for the period ended 31 March 2018, the management is reissuing these consolidated financial statements ("reissued financial statements"), after amending the disclosure related to the Group's plan to adopt IFRSs as endorsed in KSA to be for the financial reporting as at and for the year ended 31 March 2018 which was disclosed in the previous financial statements to be for the financial reporting as at and for the year ending 31 March 2019.

In addition, the management amended the disclosure related to the par value of the Company's shares from SR 1,000 per share to SR 10 per share. As a result, the Company's capital was divided from 4,450,000 shares to 445,000,000 shares. The computations of earnings per share and dividends per share has been amended due to the change in number of outstanding shares.

These have been corrected in the accompanying reissued financial statements and disclosed in notes (3), (17) and (19) to the reissued financial statements.

المراكز العربية
Arabian Centres

Arabian Centres Company Limited and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARABIAN CENTRES COMPANY (A Closed Saudi Joint Stock Company)

Opinion

We have audited the accompanying special-purpose consolidated financial statements of Arabian Centres Company (the "Company") and its subsidiaries (the "Group"), which comprise the special-purpose consolidated balance sheet as at 31 March 2018 and the related special-purpose consolidated statement of income, special-purpose consolidated statement of cash flows and special-purpose consolidated statement of changes in equity for the year then ended, and notes to the special-purpose consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special-purpose consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, its special-purpose consolidated financial performance and its special-purpose consolidated cash flows for the year then ended in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia ("KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special-Purpose Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in KSA that are relevant to our audit of the special-purpose 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.

Emphasis of a Matter – Basis of Preparation and Presentation

We draw attention to note 2 to the special-purpose consolidated financial statements. As set out therein, the legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017). However, as per the Company's management decision, the accompanying special-purpose consolidated financial statements were prepared to present one complete fiscal year commencing from 1 April 2017 to 31 March 2018. Our opinion is not modified in this respect.

Other Matter

The Group has prepared separate sets of consolidated financial statements for the periods from 1 April 2017 to 27 September 2017 (being the last statutory consolidated financial statements of the Limited Liability Company) and from 28 September 2017 to 31 March 2018 (being the first statutory consolidated financial statements of the Closed Saudi Joint Stock Company) in accordance with accounting standards generally accepted in the KSA on which we issued a separate auditor's reports to the partners/shareholders of the Company dated 7 Muhurram 1440H (corresponding to 17 September 2018) and 28 Jumad Thani 1440H (corresponding to 5 March 2019), respectively.

Responsibilities of Management and those Charged with Governance for the Special-Purpose Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose consolidated financial statements in accordance with accounting standards generally accepted in KSA as set out in note (2) to the special-purpose consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of special-purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 are responsible for overseeing the Group's financial reporting process.

Building a better working world

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Auditor's Responsibilities for the Audit of the Special-Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the special-purpose 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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special-purpose consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special-purpose 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.

- 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, we are required to draw attention in our auditor's report to the related disclosures in the special-purpose 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 special-purpose consolidated financial statements, including the disclosures, and whether the special-purpose 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 special-purpose 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.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. 277

Riyadh: 29 Jumad Thani 1440H
(6 March 2019)

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

	Note	2018 SR	2017 SR
ASSETS			
CURRENT ASSETS			
Cash and bank balances	5	**80,350,968**	158,217,588
Accounts receivable, net	6	**246,733,176**	233,778,665
Amounts due from related parties	7	**238,579,401**	172,253,415
Advances to a contractor, related party	9	**274,507,859**	180,687,245
Prepayments and other current assets	8	**53,900,913**	85,554,655
TOTAL CURRENT ASSETS		**894,072,317**	830,491,568
NON-CURRENT ASSETS			
Advances to a contractor, related party – non-current portion	9	**80,692,116**	11,963,378
Amounts due from related parties	7	**200,322,570**	214,445,047
Prepaid rent		**175,999,000**	162,337,000
Investment in an associate	10	**39,669,322**	35,018,397
Available for sale investments	11	**128,476,217**	232,169,521
Investment properties	12	**10,225,699,238**	10,298,992,922
Property and equipment	13	**135,826,234**	120,746,469
TOTAL NON-CURRENT ASSETS		**10,986,684,697**	11,075,672,734
TOTAL ASSETS		**11,880,757,014**	11,906,164,302
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term loans	14	**433,000,000**	66,000,000
Accounts payable		**276,725,098**	245,864,112
Amounts due to related parties	7	**221,619,546**	226,099,892
Unearned revenue	15	**277,252,240**	325,346,658
Accruals and other current liabilities	16	**215,415,786**	224,778,169
Zakat payable	17	**146,559,970**	117,353,841
TOTAL CURRENT LIABILITIES		**1,570,572,640**	1,205,442,672
NON-CURRENT LIABILITIES			
Long-term loans	14	**5,377,626,194**	5,792,131,854
Employees' end-of-service indemnities		**25,158,488**	26,842,696
TOTAL NON-CURRENT LIABILITIES		**5,402,784,682**	5,818,974,550
TOTAL LIABILITIES		**6,973,357,322**	7,024,417,222
EQUITY			
SHAREHOLDERS' EQUITY			
Capital	18	**4,450,000,000**	4,450,000,000
Statutory reserve	19	**370,739,315**	293,651,971
Retained earnings		**84,510,004**	136,723,904
Unrealised (loss) gain on revaluation of available for sale investments	11	**(23,783)**	335,317
TOTAL SHAREHOLDERS' EQUITY		**4,905,225,536**	4,880,711,192
Non-controlling interests		**2,174,156**	1,035,888
TOTAL EQUITY		**4,907,399,692**	4,881,747,080
TOTAL LIABILITIES AND EQUITY		**11,880,757,014**	11,906,164,302

The accompanying notes from 1 to 33 form an integral part of these special-purpose consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 SR	2017 SR
Revenue		2,159,410,194	2,123,773,892
Cost of revenue		(530,729,147)	(543,225,629)
Depreciation of investment properties	12	(267,494,367)	(221,582,422)
Write-off of investment properties	12	-	(45,942,462)
GROSS PROFIT		1,361,186,680	1,313,023,379
EXPENSES			
Advertisement and promotion	21	(13,444,488)	(19,122,910)
General and administration	22	(265,740,756)	(158,637,391)
TOTAL EXPENSES		(279,185,244)	(177,760,301)
INCOME FROM MAIN OPERATIONS		1,082,001,436	1,135,263,078
Share in net income of an associate	10	9,650,928	8,821,507
Financial charges	23	(288,660,580)	(179,121,136)
Other income, net	24	12,454,274	12,025,947
INCOME BEFORE ZAKAT		815,446,058	976,989,396
Zakat	17	(32,684,346)	(27,154,423)
NET INCOME FOR THE YEAR		782,761,712	949,834,973
NET INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Parent Company		770,873,444	931,731,071
Non-controlling interests		11,888,268	18,103,902
		782,761,712	949,834,973
EARNINGS PER SHARE:	25		
Income from main operations per share attributable to the Shareholders of the Company		2.43	2.55
Net income for the year per share attributable to the Shareholders of the Parent Company		1.73	2.09

The accompanying notes from 1 to 33 form an integral part of these special-purpose consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 SR	2017 SR
OPERATING ACTIVITIES			
Income before zakat		**815,446,058**	976,989,396
Adjustments for:			
Financial charges	23	**288,660,580**	179,121,136
Depreciation of investment properties	12	**267,494,367**	221,582,422
Provision for doubtful debts	6	**94,814,498**	22,931,392
Depreciation of property and equipment	13	**30,524,620**	20,885,529
Impairment of advances to suppliers	24	**7,835,354**	-
Provision for employees' end-of-services indemnities		**5,663,576**	6,364,526
Loss on sale of land	24	**1,631,586**	-
Accounts receivable written off	6	**1,562,261**	-
Share in net income of an associate	10	**(9,650,928)**	(8,821,507)
Reversal of liabilities no longer payable	24	**(16,093,228)**	-
Investment properties written-off	12	-	45,942,462
		1,487,888,744	1,464,995,356
Changes in operating assets and liabilities:			
Accounts receivable		**(109,331,270)**	(87,141,982)
Amounts due from/to related parties, net		**(199,475,543)**	(232,077,192)
Prepayments and other current assets		**10,156,388**	18,608,963
Accounts payable		**32,447,239**	18,357,477
Unearned revenue		**(33,587,443)**	(120,770,612)
Accruals and other current liabilities		**66,974,986**	30,912,954
Cash generated from operations		**1,255,073,101**	1,092,884,964
Employees' end-of-service indemnities paid		**(7,347,784)**	(460,724)
Zakat paid	17	**(3,478,217)**	(261,078)
Net cash from operating activities		**1,244,247,100**	1,092,163,162
INVESTING ACTIVITIES			
Additions to investment properties	12	**(332,456,377)**	(2,651,195,788)
Purchase of property and equipment	13	**(45,604,385)**	(80,745,360)
Dividends received from an associate	10	**5,000,003**	10,000,000
Advances to a contractor - related party		**(162,549,352)**	451,292,283
Net cash used in investing activities		**(535,610,111)**	(2,270,648,865)
FINANCING ACTIVITIES			
Repayment of long-term loans	14	**(66,000,000)**	(2,349,000,000)
Payment of financial charges		**(346,503,609)**	(91,697,402)
Dividends paid	7	**(374,000,000)**	(230,000,000)
Proceeds from long-term loans	14	-	3,886,000,000
Payment of transaction costs	14	-	(103,651,575)
Non-controlling interests		-	(17,781,863)
Net cash (used in) from financing activities		**(786,503,609)**	1,093,869,160
NET DECREASE IN CASH AND BANK BALANCES		**(77,866,620)**	(84,616,543)
Cash and bank balances at the beginning of the year		**158,217,588**	242,834,131
CASH AND BANK BALANCES AT THE END OF THE YEAR	5	**80,350,968**	158,217,588

The accompanying notes from 1 to 33 form an integral part of these special-purpose consolidated financial statements.

SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 SR	2017 SR
Non-cash transactions:			
Dividends settled through shareholders' account	7 & 20	**372,000,000**	485,000,000
Sale of land settled through Ultimate Parent Company's account	7	**115,763,625**	-
Available for sale investments transferred to the Ultimate Parent Company	7	**(103,334,204)**	(948,667)
Amounts due to the Ultimate Parent Company settled through other related parties' account	7	**77,657,872**	-
Dividend settled through other related party's account	7	**10,750,000**	-
Unrealised loss on revaluation of available for sale investments	11	**(359,100)**	(1,336,148)
Investment properties transferred to the Ultimate Parent Company, net	7 & 12	**(20,860,483)**	(193,081,334)
Prepaid rent transferred to the Ultimate Parent Company	7	-	(14,316,500)
Capitalised transaction costs	12	-	(6,614,242)

The accompanying notes from 1 to 33 form an integral part of these special-purpose consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

SPECIAL-PURPOSE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 March 2018

	Equity attributable to the Shareholders of the Parent Company						
	Capital SR	*Statutory reserve* SR	*Retained earnings* SR	*Unrealised (loss) gain on revaluation of available for sale investments* SR	*Total shareholders' equity* SR	*Non-controlling interests* SR	*Total equity* SR
Balance as at 31 March 2016	4,450,000,000	200,478,864	13,165,940	1,671,465	4,665,316,269	713,849	4,666,030,118
Net income for the year	-	-	931,731,071	-	931,731,071	18,103,902	949,834,973
Transfer to statutory reserve	-	93,173,107	(93,173,107)	-	-	-	-
Dividends (notes 7 & 20)	-	-	(715,000,000)	-	(715,000,000)	(18,500,000)	(733,500,000)
Movement in non-controlling interests	-	-	-	-	-	718,137	718,137
Net movement during the year (note 11)	-	-	-	(1,336,148)	(1,336,148)	-	(1,336,148)
Balance as at 31 March 2017	4,450,000,000	293,651,971	136,723,904	335,317	4,880,711,192	1,035,888	4,881,747,080
Net income for the year	-	-	770,873,444	-	770,873,444	11,888,268	782,761,712
Transfer to statutory reserve	-	77,087,344	(77,087,344)	-	-	-	-
Dividends (notes 7 & 20)	-	-	(746,000,000)	-	(746,000,000)	(10,750,000)	(756,750,000)
Net movement during the year (note 11)	-	-	-	(359,100)	(359,100)	-	(359,100)
Balance as at 31 March 2018	**4,450,000,000**	**370,739,315**	**84,510,004**	**(23,783)**	**4,905,225,536**	**2,174,156**	**4,907,399,692**

The accompanying notes from 1 to 33 form an integral part of these special-purpose consolidated financial statements.

1. ACTIVITIES

Arabian Centres Company ("the Company" or "the Parent Company") is a Closed 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 legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017).

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

The special-purpose consolidated financial statements were approved for issue by its Board of Directors (BOD) on 29 Jumad Thani 1440H (corresponding to 6 March 2019).

Following is the list of subsidiaries included in these special-purpose consolidated financial statements as at 31 March 2018 and 2017:

	Ownership %	
Name of subsidiary (i)	***Direct***	***Indirect (ii)***
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alllokair and Company	50%	-
Yarmouk Mall Company Limited (iii)	95%	5%
Al Erth Al Matin Trading Company (iii)	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited (iii)	95%	5%
Mall of Arabia Company Limited (iii)	95%	5%
Aziz Mall Trading Company Limited (iii)	95%	5%
Dhahran Mall Trading Company Limited (iii)	95%	5%
Al Noor Mall Trading Company Limited (iii)	95%	5%
Al Yasmeen Mall Trading Company (iii)	95%	5%
Al Dammam Mall Trading Company (iii)	95%	5%
Al Malaz Mall Trading Company (iii)	95%	5%
Al Hamra Mall Trading Company (iii)	95%	5%
Al Erth Al Rasekh Trading Company (iii)	95%	5%

(i) All subsidiaries are limited liability companies incorporated in the KSA.
(ii) Indirect ownership is owned through cross ownership within the Group.
(iii) During the previous years, the Company assigned the operations of its malls to the benefit of its subsidiaries and reflected in their respective financial statements. However, pursuant to the Company's shareholders' resolution dated 1 April 2017, the Company has regained the operations of these malls effective 1 April 2017.

2. BASIS OF PREPARATION AND PRESENTATION

As set out in note (1) above, the legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muharram 1439H (corresponding to 28 September 2017). According to the Company's By-laws, the first fiscal period of the Company after conversion starts from the date of registration in the amended commercial registration certificate (i.e. 28 September 2017) and ends on 31 March 2018. However, the Company's management decided to prepare and present these special-purpose consolidated financial statements for one complete year commencing from 1 April 2017 to 31 March 2018. These special-purpose consolidated financial statements have been prepared in accordance with accounting standards generally accepted in KSA.

The comparative figures for the year ended 31 March 2017 which relate to the operations of the Group before the Company's conversion to a Closed Saudi Joint Stock Company are shown for comparative purposes.

3. BASIS OF CONSOLIDATION

These special-purpose consolidated financial statements include assets, liabilities and the results of the operations of the Parent Company and its subsidiaries as disclosed in note (1) above. A subsidiary company is that in which the Parent Company has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and/or over which it exerts control. A subsidiary company is consolidated from the date on which the Parent Company obtains control until the date that control ceases. The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company and the individual financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The Group's significant intercompany balances and transactions have been eliminated in these special-purpose consolidated financial statements.

Non-controlling interests represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the special-purpose consolidated statement of income and within equity in the special-purpose consolidated balance sheet, separately from shareholders' equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying special-purpose consolidated financial statements have been prepared in accordance with the accounting standards generally accepted in KSA. The significant accounting policies adopted are as follows:

Accounting convention
The special-purpose consolidated financial statements are prepared under the historical cost convention except for available for sale investments which are stated at fair values.

Use of estimates
The preparation of special-purpose consolidated financial statements in conformity with the generally accepted accounting standards requires use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and activities, actual result ultimately may differ from those estimates.

Accounts receivable
Accounts receivable are recognised at their original invoiced value. A provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. Bad debts are written off as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in associates are accounted for using equity method of accounting, whereas the investment in associate is carried in the special-purpose consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The special-purpose consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any change and discloses this, when applicable, in the special-purpose consolidated statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss of the Group's investment in its associates. The Group determines at each balance sheet date whether there is an objective evidence that the investment in associate is impaired. If any such indication exists, the Group calculates the amount of impairment as being the difference between the fair value of the investment in associate and the acquisition cost and recognises the amount in the special-purpose consolidated statement of income. The financial statements of the associates are prepared for the same period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Available for sale investments

Investments that are bought neither with the intention of being held to maturity nor for the trading purposes are stated at fair value and are included under non-current assets, unless they will be sold in the next reporting period. Changes in fair value are credited or charged to the special-purpose consolidated statement of changes in equity.

Fair value is determined by reference to the market value if an open active market exists, or the use of other alternative valuation methods. Otherwise, cost is considered to be the fair value.

Where partial holdings are sold, these are accounted for on a weighted average basis.

Investment properties

Investment properties comprise completed property and property under construction and re-developed that are held to earn rentals or for capital appreciation or both. Investment properties are initially recorded at property cost including transaction costs. Transaction costs include transfer of ownership 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 cost 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 accumulated impairment in value. Land and projects under construction are not depreciated. The cost of other properties is depreciated on a straight-line basis over the estimated useful lives of the properties.

Expenditure for repair and maintenance are charged to the special-purpose consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Property and equipment

Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any accumulated impairment in value. The cost less estimated residual value of property and equipment, if any, is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leaseholds improvements are depreciated on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Expenditures for repair and maintenance are charged to the special-purpose consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

The Group conducts periodic review of the carrying amount of its non-financial assets to determine whether there is any evidence that those non-financial assets may have suffered an impairment loss. If such evidence exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of that asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense in the special-purpose consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately in the special-purpose consolidated statement of income.

Leases

Operating lease contracts — the Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expenses over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the year in which they are earned.

Lease contracts — the Group as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the special-purpose consolidated statement of income as they arise.

Other leases are classified as operating leases. Operating lease payments are recognised as an expense in the special-purpose consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost, made under operating leases are charged to the special-purpose consolidated income statement in accordance with the terms of the lease contracts over the lease term based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the year end.

Loans and borrowings
Loans and borrowings are recognised at the proceeds received value by the Group.

Zakat
The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Employees' end-of-service indemnities
End of service indemnities, required by the Saudi Arabian labour law, are provided in the special-purpose consolidated financial statements based on the employees' length of services.

Revenue recognition
Revenue is recognised 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. Amounts disclosed as revenue are net of trade allowances and rebates. 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 later in this section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income
The Group is the lessor in 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 special-purpose consolidated statement of income due to its operating nature, except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. 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, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the special-purpose consolidated statement of income when the right to receive them arises.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the year 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 special-purpose consolidated statement of income, since the management considers that the Group acts as an agent in this respect.

Dividend income

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

Other income

All other incomes are recognised on an accrual basis when the Group's right to earn the revenue is established.

Borrowing costs

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised up to stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, thereafter, such costs are charged to the special-purpose consolidated statement of income.

Expenses

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

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

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 analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

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

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

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the date of such transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated into Saudi Riyals at the exchange rates prevailing at that date. Any realised or unrealised exchange gains or losses arising from such translations are recorded in the special-purpose consolidated statement of income.

5. CASH AND BANK BALANCES

	2018 **SR**	*2017* SR
Cash at banks	**79,509,242**	157,403,090
Cash in hand	**841,726**	814,498
	80,350,968	158,217,588

6. ACCOUNTS RECEIVABLE, NET

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

At 31 March 2018, accounts receivable at nominal value of SR 138,616,823 (31 March 2017: SR 48,416,479) were impaired. Movement in the provision for doubtful debts were as follows:

	2018 **SR**	*2017* SR
At the beginning of the year	**48,416,479**	26,164,067
Provision for the year (note 22)	**94,814,498**	22,931,392
Write-off	**(4,614,154)**	(678,980)
At the end of the year	**138,616,823**	48,416,479

During the year, the Group has directly written-off accounts receivable amounting to SR 1.56 million (31 March 2017: SR Nil) (note 22).

During the year, the management reviewed the pattern of collection of accounts receivable from its tenants and have categorized them based on the expected credit risk associated with each of them. Based on the rigorous and comprehensive review of its ageing brackets of each category of receivables, the management came up with a provision for doubtful debts as at 31 March 2018 amounting to SR 138.6 million. Had the Group assessed its provision for doubtful debts based on the previous methodology, the net income for the year would have been higher by SR 94.8 million.

As at 31 March, the ageing of unimpaired accounts receivable was as follows:

			Past due but not impaired			
	Total	*Neither past due nor impaired*	*Up to 30 days*	*31 - 90 days*	*91 - 180 days*	*> 180 days*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
2018	**246,733,176**	**53,132,178**	**24,528,780**	**36,301,629**	**53,747,330**	**79,023,259**
2017	233,778,665	47,872,204	15,522,011	27,807,900	46,287,556	96,288,994

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

7. RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these special-purpose 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 Parent Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

Related party transactions

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

	2018 ***SR***	*2017* *SR*
Dividends settled through shareholders' account (note 20)	**372,000,000**	485,000,000
Dividends paid in cash to shareholders	**374,000,000**	230,000,000
Construction work included in projects under construction (note 12)	**255,140,377**	1,170,306,809
Dividend settled through other related party's account	**10,750,000**	-
Lands acquired from the Ultimate Parent Company (note 12)	**-**	1,418,309,050
Rental revenue, net of discounts	**530,114,645**	453,205,333
Services revenue	**88,509,292**	89,392,807
Rental discounts	**218,485,666**	150,000,000
Transfer of investment properties to Ultimate Parent Company (note 12)	**(20,860,483)**	(193,081,334)
Available for sale investments transferred to the Ultimate Parent Company (note 11)	**(103,334,204)**	(948,667)
Prepaid rent transferred to the Ultimate Parent Company	**-**	(14,316,500)
Settlement of balances through other related parties	**77,657,872**	-
Payment to suppliers on behalf of the Ultimate Parent Company	**19,934,275**	-
Sale of land settled through Ultimate Parent Company's account (note 12)	**115,763,625**	-

With the consent of the shareholders of the Company, the contracts for the construction of all projects are awarded to an affiliate, Fawaz Abdulaziz Al Hokair & Partners Real Estate Company ("FARE") (note 9). The process of awarding these contracts does not include bidding.

Related party balances

The following table summarise the related parties balances at the end of the year:

(i) Amounts due from related parties:

Name of related party	*Nature of relationship*	*2018* ***SR***	*2017* *SR*
Current:			
FAS Holding Company for Hotels	Affiliate	**150,000,000**	150,000,000
Food and Entertainment Trading Company Limited (a)	Affiliate	**34,041,953**	8,546,450
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Affiliate	**22,909,203**	5,183,388
FAS for Trading (a)	Affiliate	**20,500,000**	-
Billy Games Company Limited (a)	Affiliate	**8,046,667**	-
Coffee Centers Company Limited (a)	Affiliate	**1,252,761**	4,664,918
Kids Space Company Limited (a)	Affiliate	**509,797**	-
Skill Innovative Games Co.	Affiliate	**359,945**	-
Nesk Trading Project Company Limited (b)	Affiliate	**73,722**	-
Tadaris Najd Security Company	Affiliate	**-**	3,314,044
Others	Affiliate	**885,353**	544,615
		238,579,401	172,253,415

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances (continued)

(i) Amounts due from related parties (continued):

Name of related party	*Nature of relationship*	*2018 SR*	*2017 SR*
Non-current:			
FAS Holding Company for Hotels	Affiliate	**200,322,570**	200,322,570
Al Madaen Star Real Estate	Affiliate	-	14,122,477
		200,322,570	214,445,047

(ii) Amounts due to related parties:

Name of related party	*Nature of relationship*	*2018 SR*	*2017 SR*
Fawaz Abdulaziz Al Hokair & Co. (b)	Affiliate	**200,287,692**	209,501,639
Saudi FAS Holding Company	Ultimate Parent Company	**15,627,387**	3,068,243
Tadaris Najd Security Company	Affiliate	**4,455,858**	-
Etqan Facilities Management	Affiliate	**1,248,609**	-
Nesk Trading Project Company Limited (b)	Affiliate	-	13,530,010
		221,619,546	226,099,892

(iii) Advances to a contractor (note 9):

Name of related party	*Nature of relationship*	*2018 SR*	*2017 SR*
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	Affiliate		
Current portion		**274,507,859**	180,687,245
Non-current portion		**80,692,116**	11,963,378
		355,199,975	192,650,623

(a) These mainly represent rental receivables from the related parties.
(b) This mainly represents advance rentals received, net of rental income receivable.

Terms and conditions of transactions with related parties

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either year, as it believes that these balances are fully recoverable.

The lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group, who have assigned these lease agreements to the Group's benefit (notes 12 and 27).

8. PREPAYMENTS AND OTHER CURRENT ASSETS

	2018 **SR**	*2017* SR
Advances to suppliers	**34,374,172**	60,643,413
Prepaid expenses	**7,529,635**	5,143,773
Letters of guarantee	**5,900,000**	5,400,000
Employees' receivables	**3,230,144**	5,740,007
Prepaid rent	**2,191,806**	8,235,119
Others	**675,156**	392,343
	53,900,913	85,554,655

During the year, the Group impaired advances to suppliers amounting to SR 7.8 million (31 March 2017: SR Nil) (note 24).

9. ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to FARE for the construction of shopping malls, which are under various stages of completion (note 7).

10. INVESTMENT IN AN ASSOCIATE

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in KSA which is engage primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out for its own interest. The movement of the investment during the year is as follow:

	Percentage of ownership	*Opening balance* SR	*Share of net income* SR	*Dividend* SR	*Ending balance* SR
2018	**25%**	**35,018,397**	**9,650,928**	**(5,000,003)**	**39,669,322**
2017	25%	36,196,890	8,821,507	(10,000,000)	35,018,397

11. AVAILABLE FOR SALE INVESTMENTS

	2018 **SR**	*2017* SR
Investments in real estate projects (i)	**121,500,000**	224,834,204
Investments real estate fund (ii)	**6,976,217**	7,335,317
	128,476,217	232,169,521

(i) Investments in real estate projects:

	2018 **SR**	*2017* SR
Amlak International for Real Estate Finance Company (a)	**121,500,000**	121,500,000
Yanbu Real Estate (b)	**-**	53,334,204
Khomasiat Taibah Limited Company (c)	**-**	50,000,000
	121,500,000	224,834,204

11. AVAILABLE FOR SALE INVESTMENTS (continued)

(i) Investments in real estate projects (continued):

a) The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

b) This investment represents 9.77% investment in equity in real estate held by Yanbu Real Estate (Mosahama). During the year, the Group transferred its investment to the Ultimate Parent Company at book value (note 7).

c) This represents 7.14% equity investment in Khomasiat Taibah Limited Company. The investment is in the name of the Ultimate Parent Company, Saudi FAS Holding Company, which had assigned the investment to the benefit of the Group. Effective 1 April 2017, the Ultimate Parent Company regained the beneficial interest in this investment which is carried at book value (note 7).

d) During the year ended 31 March 2017, the Group transferred its investment in Akwan Properties to the Ultimate Parent Company at book value amounting to SR 948,667 (note 7). This investment represents 4.5% equity investment in Akwan Properties purchased through Ultimate Parent Company which was assigned to the Group's benefit in prior years.

(ii) Investments real estate fund:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 6.9 million as of 31 March 2018 (31 March 2017: SR 7.3 million). The unrealised loss amounting to SR 0.4 million (31 March 2017: SR 1.3 million) has been recognised in available for sale investments as part of equity.

Movement in the investments in real estate fund was as follows:

	2018	*2017*
	SR	*SR*
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**335,317**	1,671,465
Unrealised loss during the year	**(359,100)**	(1,336,148)
At the end of the year	**(23,783)**	335,317
Net carrying amount	**6,976,217**	7,335,317

12. INVESTMENT PROPERTIES

The estimated useful lives of the investment properties for the calculation of depreciation are as follows:

Buildings	33 years
Buildings on leasehold land	Shorter of economic life or lease term

	Lands *SR*	*Buildings* *SR*	*Buildings on leasehold land* *SR*	*Projects under construction* *SR*	***Total 2018 SR***	*Total 2017 SR*
Cost:						
At the beginning of the year	4,889,209,620	2,790,679,825	2,890,559,887	1,059,056,016	**11,629,505,348**	9,223,596,384
Additions	-	4,719,540	27,101,090	300,635,747	**332,456,377**	2,657,810,030
Disposal	(117,395,211)	-	-	-	**(117,395,211)**	-
Transfer to Ultimate Parent Company (note 7)	-	-	(37,850,996)	(15,961,407)	**(53,812,403)**	(193,081,334)
Write-off	-	-	-	-	-	(58,819,732)
Transfers	-	76,508	-	(76,508)	-	-
At the end of the year	4,771,814,409	2,795,475,873	2,879,809,981	1,343,653,848	**11,790,754,111**	11,629,505,348
Depreciation:						
At the beginning of the year	-	531,379,800	799,132,626	-	**1,330,512,426**	1,121,807,274
Charge for the year	-	91,103,607	176,390,760	-	**267,494,367**	221,582,422
Transfer to Ultimate Parent Company (note 7)	-	-	(32,951,920)	-	**(32,951,920)**	-
Write-off	-	-	-	-	-	(12,877,270)
At the end of the year	-	622,483,407	942,571,466	-	**1,565,054,873**	1,330,512,426
Net book value:						
At 31 March 2018	**4,771,814,409**	**2,172,992,466**	**1,937,238,515**	**1,343,653,848**	**10,225,699,238**	
At 31 March 2017	4,889,209,620	2,259,300,025	2,091,427,261	1,059,056,016		10,298,992,922

Projects under construction pertains to expenditures relating to various malls which are still in the course of construction as at the end of the reporting period.

The Group sold land with book value of SR 117.4 million to its Ultimate Parent Company which was settled through Ultimate Parent Company's account amounting to SR 115.8 million (note 7) and resulted in a loss on sale of land amounting to SR 1.6 million (note 24).

12. INVESTMENT PROPERTIES (continued)

Net book value of the Group's land at the end of the year is as follows:

	Owned by the Group / shareholders	*Title deeds registered with bank Yes / No*	***2018 SR***	*2017 SR*
Shopping malls – lands				
- Aziziah Mall – Makkah	Group	Yes	**178,227,665**	178,227,665
- Mall of Arabia Jeddah	Group	Yes	**141,115,102**	141,115,102
- Sahara Plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000
- Al Noor Centre	Group	Yes	**68,120,000**	68,120,000
- Jubail Land	Group	Yes	**32,500,000**	32,500,000
- Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145
- Arkan Salam Mall (*)	Group	Yes	**250,000,000**	250,000,000
- Hamra Mall (*)	Group	Yes	**256,100,000**	256,100,000
			1,022,002,912	1,022,002,912
Lands				
- Oyoun Al Raed Land	Group	Yes	**1,770,439,947**	1,770,439,947
- Oyoun Al Basateen Land	Group	Yes	**1,067,162,500**	1,067,162,500
- Dammam Land	Group	Yes	**-**	117,395,211
- Khalij Mall Land (*)	Group	Yes	**290,209,050**	290,209,050
- Dammam Airport (*)	Group	Yes	**210,000,000**	210,000,000
- Al Qassim Land (*)	Group	Yes	**350,000,000**	350,000,000
- Abha Land (*)	Group	Yes	**62,000,000**	62,000,000
			3,749,811,497	3,867,206,708
Total lands net book value			**4,771,814,409**	4,889,209,620

(*) During 2016, the Company's shareholders have resolved in their meeting held on 28 Jumad Thani 1437H (corresponding to 7 April 2016) to purchase these lands at the values mentioned above from the Ultimate Parent Company in line with the Murabaha facility agreement signed on 6 April 2016 (note 14-i).

The title deeds of all plots of lands are registered in the name of local banks against a long-term loan (note 14).

The lease agreements for leasehold land on which the Group's buildings are constructed are in the name of an affiliated company and other related parties (note 7).

As at 31 March 2018, an amount of SR Nil (31 March 2017: SR 112.4 million) was capitalised as cost of borrowings for the construction of projects under construction (note 14).

As at 31 March 2018, an amount of SR Nil (31 March 2017: SR 6.6 million) was capitalised as amortised transaction cost for the construction of projects under construction (note 14-i).

13. PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Tools and equipment	4 – 8 years
Furniture and fixtures	4 – 10 years
Vehicles	4 years
Leasehold improvements	Shorter of economic life or lease term

	Tools and equipment SR	*Furniture and fixtures* SR	*Vehicles* SR	*Leasehold improvement* SR	***Total 2018*** ***SR***	*Total 2017* SR
Cost:						
At the beginning of the year	108,023,426	76,097,349	3,850,902	25,224,612	**213,196,289**	132,450,929
Additions	30,549,879	9,305,524	35,000	5,713,982	**45,604,385**	80,745,360
At the end of the year	138,573,305	85,402,873	3,885,902	30,938,594	**258,800,674**	213,196,289
Depreciation:						
At the beginning of the year	52,088,093	35,487,910	3,495,634	1,378,183	**92,449,820**	71,564,291
Charge for the year (note 22)	14,468,955	9,448,495	205,075	6,402,095	**30,524,620**	20,885,529
At the end of the year	66,557,048	44,936,405	3,700,709	7,780,278	**122,974,440**	92,449,820
Net book value:						
At 31 March 2018	**72,016,257**	**40,466,468**	**185,193**	**23,158,316**	135,826,234	
At 31 March 2017	55,935,333	40,609,439	355,268	23,846,429		120,746,469

14. LONG-TERM LOANS

The movement in long-term loans is as follows:

	2018 *SR*	*2017* *SR*
Balance at the beginning of the year	**6,021,000,000**	4,484,000,000
Addition of a new facility	**-**	3,886,000,000
Repayments	**(66,000,000)**	(2,349,000,000)
	5,955,000,000	6,021,000,000
Less: un-amortised transaction costs	**(144,373,806)**	(162,868,146)
Balance at the end of the year	**5,810,626,194**	5,858,131,854
Less: current portion of long-term loans	**(433,000,000)**	(66,000,000)
Non-current portion of long-term loans	**5,377,626,194**	5,792,131,854

Below is the repayment schedule of the outstanding long-term loans as at:

	2018 *SR*	*2017* *SR*
Within one year	**433,000,000**	66,000,000
Between two to five years	**4,054,500,000**	3,132,500,000
More than five years	**1,467,500,000**	2,822,500,000
	5,955,000,000	6,021,000,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and buildings and personal and corporate guarantees from the shareholders.

Un-amortised transaction costs movement as follow:

	2018 *SR*	*2017* *SR*
Balance at the beginning of the year	**162,868,146**	78,759,297
Additions during the year related to a new facility	**-**	103,651,575
Amortised transaction cost during the year (note i below)	**(18,494,340)**	(19,542,726)
Balance at the end of the year	**144,373,806**	162,868,146

i) Amortised transaction cost during the year was allocated as follow:

	2018 *SR*	*2017* *SR*
Amortisation charge for the year (note 23)	**18,494,340**	12,928,484
Capitalised to investment properties – projects under construction (note 12)	**-**	6,614,242
Balance at the end of the year	**18,494,340**	19,542,726

14. LONG-TERM LOANS (continued)

No loans have been obtained during the current year.

During the year ended 31 March 2017 and previous years, the Group;

(i) On 6 April 2016, Riyadh Centres Company Limited (a subsidiary) signed a long-term Murabaha facility agreement of SR 5,550 million with various local banks for the construction of certain shopping malls. As at 31 March 2018, the subsidiary has utilized SR 3,890 million out of the total Murabaha facility amount. The Murabaha facility carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building, personal and corporate guarantees from the shareholders. The Murabaha facility is repayable in 17 unequal semi-annual basis starting from April 2018.

(ii) Long-term loan facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized in prior year. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

(iii) Long-term loan facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilised during 2015. The loan carries fixed commission per annum until completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three periods grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(iv) Long-term loan amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

(v) Long-term loan amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016.

Certain of the above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. The Group is compliant with the loan covenants as of the end of the reporting period.

As at 31 March 2018, an amount of SR Nil (31 March 2017: SR 112.4 million) was capitalised as cost of borrowings for the construction of projects under construction (note 12).

15. UNEARNED REVENUE

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

16. ACCRUALS AND OTHER CURRENT LIABILITIES

	2018 *SR*	*2017* *SR*
Tenants security deposits	**102,905,068**	94,978,757
Output Value Added Tax, net	**45,583,941**	-
Accrued expenses	**21,616,475**	6,989,557
Accrued finance charges	**21,420,006**	97,757,375
Employees' accruals	**21,118,043**	17,765,166
Others	**2,772,253**	7,287,314
	215,415,786	224,778,169

17. ZAKAT

Charge for the year

Zakat charge for the year amounting to SR 32,684,346 consists of the current year provision (31 March 2017: SR 27,154,423) and is based on the following:

	2018 *SR*	*2017* *SR*
Shareholders' equity, beginning balance	**4,880,711,192**	4,665,316,269
Income before zakat	**815,446,058**	976,989,396
Opening provisions and other adjustments	**1,195,116,605**	700,569,439
Non-current liabilities	**5,402,784,682**	5,818,974,550
Non-current assets	**(10,986,684,697)**	(11,075,672,734)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 March is as follows:

	2018 *SR*	*2017* *SR*
Balance at beginning of the year	**117,353,841**	88,492,940
Provision for the year	**32,684,346**	27,154,423
Prior year's adjustment	**-**	1,967,556
Paid during the year	**(3,478,217)**	(261,078)
Balance at end of the year	**146,559,970**	117,353,841

17. ZAKAT (continued)

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the Ultimate Parent Company is preparing and submitting combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years 2007 to 2016 have been submitted to GAZT. It should be noted that despite the fact that the Ultimate Parent Company is submitting a combined zakat returns including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual zakat base.

On 5 Jumad Awal 1436H (corresponding to 24 February 2015), the Ultimate Parent Company received a letter from GAZT requesting submission of individual zakat return for each company instead of combined zakat returns previously submitted for the years from 2007 to 2016. The Ultimate Parent Company has submitted its appeal which was approved by GAZT on 16 June 2017.

18. CAPITAL

The shareholders and their respective holdings as at 31 March 2018 and 31 March 2017 are as follows:

Name of shareholders	*Ownership %*		*Number of shares*		*Amount*	
	2018	*2017*	***2018***	*2017*	***2018 SR***	*2017 SR*
FAS Real Estate Company Limited	**52**	52	**231,400,000**	2,314,000	**2,314,000,000**	2,314,000,000
Saaf International Co. Limited	**3**	3	**13,350,000**	133,500	**133,500,000**	133,500,000
Mr. Fawaz Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Mr. Salman Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Dr. Abdul Majeed Abdulaziz Al Hokair	**10**	15	**44,500,000**	667,500	**445,000,000**	667,500,000
Al-Farida Alola Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
Al-Farida Althaniah Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
Al-Farida Althalithah Real Estate Company (Owned By One Person) (*)	**5**	-	**22,250,000**	-	**222,500,000**	-
	100	100	**445,000,000**	4,450,000	**4,450,000,000**	4,450,000,000

(*) These are the new shareholders admitted to the Company's shareholding effective from registration of the Joint Stock Company's commercial registration dated 8 Muhurram 1439H (corresponding to 28 September 2017).

Pursuant to the shareholders' resolution dated 18 Ramadan 1438H (corresponding to 13 June 2017), the par value of the Company's shares was reduced from SR 1,000 per share to SR 10 per share. As a result, the Company's capital was divided from 4,450,000 shares to 445,000,000 shares.

19. STATUTORY RESERVE

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the capital. Accordingly, the Company has set aside 10% of the net income for the year to the statutory reserve. This reserve is not available for dividend distribution.

20. DIVIDENDS DISTRIBUTION

The Company's shareholders in their meeting held on 14 Rajab 1439H (corresponding to 31 March 2018) resolved to distribute dividends amounting to SR 0.4944 per share aggregating to SR 220,000,000. An amount of SR 42,385,875 out of that total dividend is settled through the shareholders' account (note 7).

The Company's shareholders in their meeting held on 7 Muhram 1439H (corresponding to 27 September 2017) resolved to distribute dividends amounting to SR 0.5978 per share aggregating to SR 266,000,000. An amount of SR 187,273,147 out of that total dividend is settled through the shareholders' account (note 7).

The Company's shareholders in their meeting held on 5 Shawwal 1438H (corresponding to 29 June 2017) resolved to distribute dividends amounting to SR 0.5843 per share aggregating to SR 260,000,000. An amount of SR 142,340,978 out of that total dividend is settled through the shareholders' account (note 7).

The Company's shareholders in their meetings held on 2 Rabi Thani 1438H (corresponding to 31 December 2016) and on 2 Rajab 1438H (corresponding to 30 March 2017) resolved to distribute dividends amounted to SR 160.6742 per share resulted in a total amount of SR 715,000,000, out of which SR 485,000,000 was transferred to the shareholders' account (note 7).

21. ADVERTISEMENT AND PROMOTION EXPENSES

	2018	*2017*
	SR	*SR*
Advertisement	**6,847,749**	10,523,388
Promotion	**6,596,739**	8,599,522
	13,444,488	19,122,910

22. GENERAL AND ADMINISTRATION EXPENSES

	2018	*2017*
	SR	*SR*
Provision for doubtful receivables (note 6)	**94,814,498**	22,931,392
Employees' salaries and other benefits	**91,701,557**	74,368,522
Depreciation (note 13)	**30,524,620**	20,885,529
Communication and software license	**11,810,068**	1,340,851
Professional fees	**10,420,979**	25,932,778
Insurance	**7,989,260**	7,026,396
Government expenses	**6,681,815**	1,738,806
Rent expense	**3,403,391**	1,645,070
Write-off of receivables (note 6)	**1,562,261**	-
Others	**6,832,307**	2,768,047
	265,740,756	158,637,391

23. FINANCIAL CHARGES

	2018	*2017*
	SR	*SR*
Commission expense on long-term loans	**269,951,229**	166,024,588
Amortisation of transaction costs (note 14)	**18,494,340**	12,928,484
Bank charges	**215,011**	168,064
	288,660,580	179,121,136

24. OTHER INCOME, NET

	2018 *SR*	*2017* *SR*
Reversal of liabilities no longer payable	**16,093,228**	-
Dividend income from available for sale investments	**5,737,500**	5,737,500
Loss on sale of land (notes 7 & 12)	**(1,631,586)**	-
Impairment of advances to suppliers (note 8)	**(7,835,354)**	-
Free tickets	-	2,152,617
Others	**90,486**	4,135,830
	12,454,274	12,025,947

25. EARNINGS PER SHARE

Earnings per share are calculated by dividing income from main operations and net income for the year attributable to the shareholders of the Parent Company by the weighted average number of outstanding shares at the end of the year.

26. SEGMENT REPORTING

These are attributable to the Group's activities and business lines approved by the management to be used as a basis for the financial reporting and are consistent with the internal reporting process. 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 special-purpose consolidated balance sheet and in the special-purpose consolidated statement of income.

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

27. COMMITMENTS AND CONTINGENCIES

The Group's commitments and contingencies as of 31 March are as follows:

	2018 *SR*	*2017* *SR*
Commitments for projects under construction (note 12)	**2,573,302,981**	2,605,139,308
Letters of guarantee	**5,900,000**	5,400,000

28. OPERATING LEASE COMMITMENTS

Commitments for minimum lease payments under non-cancellable operating leases are as follows:

	2018 *SR*	*2017* *SR*
Less than one year	**286,321,450**	285,746,450
One to five years	**1,353,059,195**	1,401,742,795
More than five years	**4,783,677,907**	5,652,813,044
	6,423,058,552	7,340,302,289

28. OPERATING LEASE COMMITMENTS (continued)

The lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 7).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

Payments under operating leases are recognised as expenses under cost of revenues during the year which amounted to SR 194 million (31 March 2017: SR 212 million).

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and bank balances, accounts receivable and certain other current assets, amounts due from related parties and available for sale investments. Financial liabilities of the Group consist of long-term loans, accounts payable, tenants' security deposits and amounts due to related parties. The fair values of financial instruments of the Group at the consolidated balance sheet date are not materially different from their carrying values.

30. RISK MANAGEMENT

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk and real estate risk), credit risk, liquidity risk and currency risk.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

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 interest bearing long-term assets, but has commission bearing liabilities as at 31 March 2018. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

30. RISK MANAGEMENT (continued)

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisers who are experts in the specific planning requirements in the scheme'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.

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 both its leasing activities and financing 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.

Accounts receivables
Tenants are assessed according to Group criteria prior to entering into lease arrangements.

Amounts 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 due from related parties (note 7). The Group does not hold collateral as a security. This assessment is undertaken each financial period. 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.

Credit risk related to financial instruments and cash deposit
Credit risk from balances with banks and financial institutions is managed by ultimate parent'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.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the consolidated financial statements accordingly.

31. KEY SOURCES OF ESTIMATION UNCERTAINTY

Doubtful accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

31. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Doubtful accounts receivable (continued)

At the consolidated balance sheet date, gross accounts receivable were SR 385,349,999 (31 March 2017: SR 282,195,144) with SR 138,616,823 (31 March 2017: SR 48,416,479) allowance for doubtful receivables. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the special-purpose consolidated statement of income.

Useful lives of investment properties and property and equipment

The Group management determines the estimated useful lives of its investment properties and property and equipment for calculating depreciation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

32. EVENTS AFTER THE REPORTING PERIOD

On 26 April 2018, the Group has signed a long-term Murabaha facility agreement of SR 1,433 million with local bank for the refinancing/funding of development of certain shopping malls and for repayment of selected debts. The Group has utilized SR 1,372 million out of the total Murabaha facility amount.

In addition, on 26 April 2018, the Group has signed a long-term Ijara facility agreement of SR 5,771 million with various local banks to make certain facilities available on the terms of Master Purchase Agreement, the Master Lease Agreement and other transaction documents. The Group has utilized SR 5,528 million out of the total Ijara facility amount.

On 19 November 2018, the Ultimate Parent Company received the final zakat assessments on the combined zakat returns submitted to GAZT for the years 2007 to 2016 resulting in lower amount of zakat provision as compared to the amounts reflected in the Ultimate Parent Company's records. Consequently, the Ultimate Parent Company allocated the Group with zakat refunds amounting to SR 75.1 million subsequent to the financial year ended 31 March 2018.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

المراكز العربية
Arabian Centres

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARABIAN CENTRES COMPANY (A Closed Saudi Joint Stock Company)

Opinion

We have audited the consolidated financial statements of Arabian Centres Company (the "Company") and its subsidiaries (together with the Company, referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 March 2018 and the related consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2018, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA") (collectively, referred to as "IFRSs as endorsed in KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in KSA. 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 professional code of conduct and ethics endorsed in KSA 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.

Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to note (2) to the consolidated financial statements. As set out therein, the legal status of the Company has changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017). However, as per the decision of the Company's management, the accompanying consolidated financial statements were prepared to present one complete fiscal year commencing from 1 April 2017 to 31 March 2018. Our opinion is not modified in this respect.

Other Matter

The Group has prepared separate sets of consolidated financial statements for the periods from 1 April 2017 to 27 September 2017 (being the last statutory consolidated financial statements of the Limited Liability Company) and from 28 September 2017 to 31 March 2018 (being the first statutory consolidated financial statements of the Closed Saudi Joint Stock Company) in accordance with accounting standards generally accepted in KSA on which we issued a separate auditor's reports to the partners/shareholders of the Company dated 7 Muhurram 1440H (corresponding to 17 September 2018) and 28 Jumad Thani 1440H (corresponding to 5 March 2019), respectively.

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 IFRSs as endorsed in KSA 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 relating 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 are responsible for overseeing the Group's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ARABIAN CENTRES COMPANY
(A Closed Saudi Joint Stock Company) (continued)

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 ISAs that are endorsed in KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs that are endorsed in KSA, we exercise professional judgment and maintain professional skepticism 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.
- 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, 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.

for Ernst & Young

Abdulaziz A. Al-Sowailim
Certified Public Accountant
License No. 277

Riyadh: 29 Jumad Thani 1440H
(6 March 2019)

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2018

	Note	31 March 2018 (note 6) SR	31 March 2017 (note 6) SR	1 April 2016 (note 6) SR
Assets				
Current assets				
Cash and bank balances	7	**80,350,968**	158,217,588	242,834,131
Accounts receivable	8	**246,733,176**	233,778,665	169,568,075
Amounts due from related parties	9	**238,579,401**	172,253,415	160,244,013
Advances to a contractor, related party	9 & 11	**274,507,859**	180,687,245	223,221,397
Prepayments and other current assets	10	**53,900,913**	85,554,655	104,163,618
Accrued revenue		**32,984,696**	32,618,955	25,793,673
Total current assets		**927,057,013**	863,110,523	925,824,907
Non-current assets				
Advances to a contractor, related party – non-current portion	9 & 11	**80,692,116**	11,963,378	420,721,509
Amounts due from related parties	9	**200,322,570**	214,445,047	364,445,046
Prepaid rent		**175,999,000**	162,337,000	176,653,500
Accrued revenue – non-current portion		**65,969,394**	65,237,911	51,587,345
Investment in an associate	12	**39,669,322**	35,018,397	36,196,890
Available for sale investments	13	**128,476,217**	232,169,521	234,454,336
Investment properties	14	**10,781,869,500**	10,687,575,636	8,430,148,046
Property and equipment	15	**136,827,578**	122,046,556	60,886,638
Total non-current assets		**11,609,825,697**	11,530,793,446	9,775,093,310
Total assets		**12,536,882,710**	12,393,903,969	10,700,918,217
Liabilities and equity				
Liabilities				
Current liabilities				
Current portion of long-term loans	16	**433,000,000**	66,000,000	351,000,000
Accounts payable	19	**276,725,098**	245,864,112	227,506,635
Amounts due to related parties	9	**221,619,546**	226,099,892	321,481,738
Unearned revenue	17	**277,252,240**	325,346,658	446,117,270
Accrued lease rentals	20	**11,301,470**	10,721,937	10,642,937
Accruals and other current liabilities	18	**215,415,786**	224,778,169	119,369,965
Zakat payable	22	**146,559,970**	117,353,841	88,492,940
Total current liabilities		**1,581,874,110**	1,216,164,609	1,564,611,485
Non-current liabilities				
Long-term loans	16	**5,395,029,126**	5,802,837,335	4,059,293,885
Accrued lease rentals – non-current portion	20	**624,688,650**	469,595,074	401,188,599
Employees' end-of-service benefits	21	**30,338,170**	31,852,170	27,408,894
Total non-current liabilities		**6,050,055,946**	6,304,284,579	4,487,891,378
Total liabilities		**7,631,930,056**	7,520,449,188	6,052,502,863
Equity				
Share capital	23	**4,450,000,000**	4,450,000,000	4,450,000,000
Statutory reserve	24	**370,739,315**	293,651,971	200,478,864
Other reserves		**2,759,217**	922,317	1,671,465
Retained earnings (Accumulated losses)		**77,572,310**	126,091,604	(6,532,287)
Equity attributable to the Shareholders of the Parent Company		**4,901,070,842**	4,870,665,892	4,645,618,042
Non-controlling interests		**3,881,812**	2,788,889	2,797,312
Total equity		**4,904,952,654**	4,873,454,781	4,648,415,354
Total liabilities and equity		**12,536,882,710**	12,393,903,969	10,700,918,217

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Consolidated statement of income
For the year ended 31 March 2018

	Note	2018 (note 6) SR	2017 (note 6) SR
Revenue	26	**2,160,507,418**	2,144,249,740
Cost of revenue	27	**(527,034,783)**	(528,446,559)
Depreciation of investment properties	14	**(268,366,279)**	(243,941,671)
Write-off of investment properties	14	**-**	(48,098,895)
Gross profit		**1,365,106,356**	1,323,762,615
Advertisement and promotion expenses	28	**(13,444,488)**	(19,122,910)
General and administration expenses	29	**(268,864,592)**	(156,824,013)
Operating income		**1,082,797,276**	1,147,815,692
Share in earnings of an associate	12	**9,650,928**	8,821,507
Financial charges	32	**(295,358,031)**	(182,938,285)
Other income	30	**31,757,095**	12,025,947
Other expenses	31	**(9,751,949)**	-
Income before zakat		**819,095,319**	985,724,861
Zakat	22	**(32,684,346)**	(27,154,423)
Net income for the year		**786,410,973**	958,570,438
Net income for the year attributable to:			
Shareholders of the Parent Company		**774,568,050**	940,796,998
Non-controlling interests		**11,842,923**	17,773,440
		786,410,973	958,570,438
Earnings per share:			
Basic and diluted earnings per share attributable to Shareholders of the Parent Company	33	**1.74**	2.11

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 March 2018

	Note	2018 (note 6) SR	2017 (note 6) SR
Net income for the year		**786,410,973**	958,570,438
Other comprehensive income (loss)			
Item that may be reclassified to the consolidated statement of income in subsequent periods			
Change in fair value of available for sale investments, net of zakat	13	**(359,100)**	(1,336,148)
Item that will not be reclassified to the consolidated statement of income in subsequent periods			
Re-measurements of employees' end-of-service benefits, net of zakat	21	**2,196,000**	587,000
Other comprehensive income (loss) for the year, net of zakat		**1,836,900**	(749,148)
Total comprehensive income for the year		**788,247,873**	957,821,290
Total comprehensive income for the year attributable to:			
Shareholders of the Parent Company		**776,404,950**	940,047,850
Non-controlling interests		**11,842,923**	17,773,440
		788,247,873	957,821,290

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2018

	Attributable to Shareholders of the Parent Company						
	Share capital SR	Statutory reserve SR	Other reserves SR	Retained earnings (Accumulated losses) SR	Total SR	Non-controlling interests SR	Total equity SR
Balance at 1 April 2016	4,450,000,000	200,478,864	1,671,465	(6,532,287)	4,645,618,042	2,797,312	4,648,415,354
Net income for the year	-	-	-	940,796,998	940,796,998	17,773,440	958,570,438
Other comprehensive income for the year	-	-	(749,148)	-	(749,148)	-	(749,148)
Total comprehensive income	-	-	(749,148)	940,796,998	940,047,850	17,773,440	957,821,290
Transfer to statutory reserve	-	93,173,107	-	(93,173,107)	-	-	-
Dividends (notes 9 and 25)	-	-	-	(715,000,000)	(715,000,000)	(17,781,863)	(732,781,863)
Balance at 31 March 2017	4,450,000,000	293,651,971	922,317	126,091,604	4,870,665,892	2,788,889	4,873,454,781
Net income for the year	-	-	-	774,568,050	774,568,050	11,842,923	786,410,973
Other comprehensive income for the year	-	-	1,836,900	-	1,836,900	-	1,836,900
Total comprehensive income	-	-	1,836,900	774,568,050	776,404,950	11,842,923	788,247,873
Transfer to statutory reserve	-	77,087,344	-	(77,087,344)	-	-	-
Dividends (notes 9 and 25)	-	-	-	(746,000,000)	(746,000,000)	(10,750,000)	(756,750,000)
Balance at 31 March 2018	**4,450,000,000**	**370,739,315**	**2,759,217**	**77,572,310**	**4,901,070,842**	**3,881,812**	**4,904,952,654**

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Arabian Centres Company and its Subsidiaries
(A Closed Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 March 2018

	Note	2018 SR	2017 SR
Operating activities			
Income before zakat		**819,095,319**	985,724,861
Adjustments for:			
Financial charges	32	**295,358,031**	182,938,285
Depreciation of investment properties	14	**268,366,279**	243,941,671
Provision for doubtful debts	29	**94,814,498**	22,931,392
Depreciation of property and equipment	15	**30,823,363**	20,935,319
Impairment of advances to suppliers	31	**7,835,354**	-
Provision for employees' end-of-services benefits	21	**7,399,000**	5,491,000
Loss on sale of land	31	**1,631,586**	-
Accounts receivable written-off	29	**1,562,261**	-
Investment properties written-off	14	**-**	48,098,895
Reversal of accrued lease rentals	30	**(9,032,522)**	-
Share in earnings of an associate	12	**(9,650,928)**	(8,821,507)
Reversal of liabilities no longer payable	30	**(16,093,228)**	-
		1,492,109,013	1,501,239,916
Changes in working capital:			
Accounts receivable		**(109,331,270)**	(87,141,982)
Amounts due from/to related parties, net		**(199,993,892)**	(232,077,192)
Prepayments and other current assets		**10,156,388**	18,608,963
Accounts payable		**32,447,238**	18,357,477
Accrued revenue		**(1,097,223)**	(20,475,848)
Accrued lease rentals		**(3,235,480)**	(15,768,712)
Unearned revenue		**(33,587,443)**	(120,770,612)
Accruals and other current liabilities		**66,974,986**	30,912,954
Cash generated from operations		1,254,442,317	1,092,884,964
Employees' end-of-service benefits paid	21	**(6,717,000)**	(460,724)
Zakat paid	22	**(3,478,217)**	(261,078)
Net cash from operating activities		1,244,247,100	1,092,163,162
Investing activities			
Additions to investment properties		**(332,456,377)**	(2,651,195,788)
Purchase of property and equipment	15	**(45,604,385)**	(80,745,360)
Dividend received from an associate	12	**5,000,003**	10,000,000
Advances to a contractor – related party		**(162,549,352)**	451,292,283
Net cash used in investing activities		**(535,610,111)**	(2,270,648,865)
Financing activities			
Proceeds from long-term loans	16	**-**	3,886,000,000
Payment of transaction costs	16	**-**	(103,651,575)
Payment of financial charges		**(346,503,609)**	(91,697,402)
Repayment of long-term loans	16	**(66,000,000)**	(2,349,000,000)
Dividends paid to non-controlling interests		**-**	(17,781,863)
Dividends paid	9	**(374,000,000)**	(230,000,000)
Net cash (used in) from financing activities		**(786,503,609)**	1,093,869,160
Net decrease in cash and bank balances		**(77,866,620)**	(84,616,543)
Cash and bank balances at beginning of the year		**158,217,588**	242,834,131
Cash and bank balances at end of the year		**80,350,968**	158,217,588
Significant non-cash transactions:			
Dividends settled through Ultimate Parent Company's account	9 & 25	**372,000,000**	485,000,000
Capitalized rent-free period – investment properties		**167,941,111**	82,904,310
Amounts due to the Ultimate Parent Company settled through other related parties' account	9	**77,657,872**	-
Dividend settled through related party's account	9	**10,750,000**	-
Sale of land settled through Ultimate Parent Company's account	9 & 14	**(115,763,625)**	-
Available for sale investments transferred to the Ultimate Parent Company	9	**(103,334,204)**	(948,667)
Investment property transferred to related parties	9	**(20,342,134)**	(193,081,334)
Unrealized loss on revaluation of available for sale investments	13	**(359,100)**	(1,336,148)
Prepaid rent transferred to the Ultimate Parent Company account	9	**-**	(14,316,500)
Capitalized transaction costs	14	**-**	8,449,392
Capitalized rent-free period – property and equipment		**-**	1,349,877

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

1 Corporate information and activities

Arabian Centres Company ("the Company" or "the Parent Company") is a Closed 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 legal status of the Company has changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017).

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

The consolidated financial statements were approved for issue by its Board of Directors (BOD) on 29 Jumad Thani 1440H (corresponding to 6 March 2019).

Following is the list of subsidiaries included in these consolidated financial statements as at 31 March 2018, 31 March 2017 and 1 April 2016.

Name of subsidiary (i)	Ownership %	
	Direct	Indirect (ii)
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	50%	-
Yarmouk Mall Company Limited (iii)	95%	5%
Al Erth Al Matin Trading Company (iii)	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited (iii)	95%	5%
Mall of Arabia Company Limited (iii)	95%	5%
Aziz Mall Trading Company Limited (iii)	95%	5%
Dhahran Mall Trading Company Limited (iii)	95%	5%
Al Noor Mall Trading Company Limited (iii)	95%	5%
Al Yasmeen Mall Trading Company (iii)	95%	5%
Al Dammam Mall Trading Company (iii)	95%	5%
Al Malaz Mall Trading Company (iii)	95%	5%
Al Hamra Mall Trading Company (iii)	95%	5%
Al Erth Al Rasekh Trading Company (iii)	95%	5%

(i) All subsidiaries are limited liability companies incorporated in KSA.
(ii) Indirect ownership is owned through cross ownership within the Group.
(iii) During the previous years, the Company assigned the operations of its malls to the benefit of its subsidiaries and reflected in their respective financial statements. However, pursuant to the Company's shareholders' resolution dated 1 April 2017, the Company has regained the operations of these malls effective 1 April 2017.

2 Basis of preparation and presentation

As set out in note (1) above, the legal status of the Company has been changed from a Limited Liability Company to a Closed Saudi Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017). According to the Company's By-laws, the first fiscal period of the Company after conversion starts from the date of registration in the amended commercial registration certificate (i.e. 28 September 2017) and ends on 31 March 2018. However, the Company's management decided to prepare and present these consolidated financial statements for one complete year from 1 April 2017 to 31 March 2018.

2 Basis of preparation and presentation (continued)

The comparative figures as at 31 March 2017 and 1 April 2016 which relate to the operations of the Group before the Company's conversion to a Closed Saudi Joint Stock Company are shown for comparative purposes.

Statement of compliance

As required by the Saudi Organization for Certified Public Accountants ("SOCPA"), all companies other than listed, are required to adopt International Financial Reporting Standards ("IFRSs") that are endorsed in KSA and other standards and pronouncements that are endorsed by SOCPA (collectively referred to as "IFRSs as endorsed in KSA") for all financial periods starting from 1 January 2018, with early adoption permitted for all financial periods starting from 1 January 2017. The Company elected to early adopt IFRSs as endorsed in KSA starting from 1 April 2017.

These are the Group's first annual consolidated financial statements prepared in accordance with IFRSs as endorsed in KSA. Accordingly, IFRS 1 "First time adoption of International Financial Reporting Standards" endorsed in KSA has been applied. Significant accounting policies are described in note (5) to the consolidated financial statements. Refer to note (6) for further information.

The Group has prepared separate sets of consolidated financial statements for the periods from 1 April 2017 to 27 September 2017 (being the last statutory consolidated financial statements of the Limited Liability Company) and from 28 September 2017 to 31 March 2018 (being the first statutory consolidated financial statements of the Closed Saudi Joint Stock Company) in accordance with Generally Accepted Accounting Principles ("GAAP") issued by SOCPA in KSA (referred to as "SOCPA GAAP").

Basis of measurement and functional currency

These consolidated financial statements are prepared under the historical cost convention except for measurement of available for sale investments at fair value. These consolidated financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Company.

3 Significant accounting estimates, assumptions and judgements

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

Estimates and assumptions

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

Impairment test of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five to eight 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.

3 Significant accounting estimates, assumptions and judgements (continued)

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.

Impairment of available for sale investments
The Group treats available for sale investments as impaired when there has been a significant or prolonged decline in the fair value of investments below their costs, or where other objective evidence of impairment exists or given due consideration to other factors, including normal volatility in share prices for quoted securities and the future cash flows and the discount factors for unquoted securities.

Critical judgements in applying accounting standards

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

Provision for doubtful debts
The Group reviews its accounts receivable at each reporting date to assess whether a provision for doubtful debts should be recorded in the consolidated statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

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.

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 estimated useful lives. When determining the 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

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.

3 Significant accounting estimates, assumptions and judgements (continued)

Critical judgements in applying accounting standards (continued)

Determination of control and significant influence (continued)

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

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

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

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

Based on above considerations, management of the Group believe:

- 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.

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.

4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

4 Standards issued but not yet effective (continued)

IFRS 9: Financial Instruments

IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss ("FVTPL"), those measured at fair value through Other Comprehensive Income ("FVOCI") and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option to present fair value changes in Other Comprehensive Income ("OCI"). Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in OCI rather than the statement of income, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted. Management will adopt IFRS 9 in the Group's consolidated financial statements for the annual year beginning 1 April 2018.

The Group will apply simplified approach for measuring expected credit losses ("ECL"), which uses a lifetime expected allowance against the Group's accounts receivables and contract assets. In addition, the Group will classify its investments in units of mutual fund and investments in real estate companies as FVTPL and FVOCI, respectively, previously classified as AFS financial assets under IAS 39. As at 1 April 2018, there will be a decrease in the provision for doubtful debts and investments in real estate companies amounting to SR 36.8 million and SR 21.4 million, respectively.

IFRS 15: Revenue from Contracts with Customers

The International Accounting Standards Board ("IASB") has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers revenue arising from the sale of goods and the rendering of services, and IAS 11 that covers construction contracts.

The new revenue standard introduces a single principle-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted. Management will adopt IFRS 15 in the Group's consolidated financial statements for the annual year beginning 1 April 2018. There will be no impact due to adoption of this standard as the Group's revenue mainly consists of rental income from lease contracts with in the scope of IAS 17, Leases.

IFRS 16: Leases

The International Accounting Standards Board (IASB) has issued a new standard for the recognition of leases. This standard will replace:

- International Accounting Standard (IAS) 17 – 'Leases'
- International Financial Reporting Interpretations Committee (IFRIC) 4 – 'Whether an arrangement contains a lease'
- Standard Interpretations Committee (SIC) 15 – 'Operating leases – Incentives'
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

4 Standards issued but not yet effective (continued)

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption of certain short-term leases and leases of low-value assets. Under IFRS 16, 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.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2019, with earlier application permitted. Management anticipates that IFRS 16 will be adopted for the annual year beginning 1 April 2019. Management is currently assessing the effect of this standard on the future financial reporting periods of the Group. The application of IFRS 16 may have a significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of the Group's lease arrangements. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group completes a detailed review.

5 Summary of significant accounting policies

The significant accounting policies applied by the Group in the preparation of these consolidated financial statements are set out below:

Basis of consolidation

Subsidiaries

Refer to note (3) 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 year 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 Parent 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). This note also discloses the country of incorporation, principal activities and percentages of ownership.

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 income; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated statement of income 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 subsidiaries 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 income. 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 income.

5 Summary of significant accounting policies (continued)

Basis of consolidation (continued)

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 income, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Associate
An associate is an entity over which the Group has significant influence. 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
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 income, 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 is 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 income 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 income.

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 income.

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 income where appropriate.

Foreign currencies

Presentation currency
The consolidated financial statements are presented in Saudi Riyals ("SR").

5 Summary of significant accounting policies (continued)

Foreign currencies (continued)

Transactions and balances
Foreign currency transactions are translated into 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 income. 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 income).

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 equivalent 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.

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.

5 Summary of significant accounting policies (continued)

Fair value measurement (continued)

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.

Revenue recognition

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. Amounts disclosed as revenue are net of trade allowances and rebates. 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 later in this section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks.

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 income due to its operating nature, except for contingent rental income which is recognized when it arises. 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. 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, the management are reasonably certain that the tenant will exercise that option.

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

Turnover rent
The Group recognizes income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited 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 income, since the management considers that the Group acts as an agent in this respect.

5 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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.

Expenses

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

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

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.

Zakat

The Group is subject to the Regulations of the General Authority of Zakat and Tax ("GAZT") in KSA. Zakat is provided on an accrual basis and is computed and charged based on zakat base. Adjustments if any are made to the zakat provision when the final assessments are obtained from the GAZT.

Property and equipment

Property and equipment is stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. Historical 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 income in the period they are incurred. Betterments 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:

	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 useful life or lease term)

5 Summary of significant accounting policies (continued)

Property and equipment (continued)

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

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

Investment properties

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

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

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

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

	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 useful life or lease term)
Building on leasehold land	4 – 50 years (Shorter of useful life or lease term)

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

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

Impairment of non-financial assets

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 (pre-zakat) that reflects current market assessment of the time value of money and the risks specific to the asset.

5 Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

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 income 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 income.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through statement of income, loans and receivables, held-to-maturity investments, available for sale (AFS) financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of income, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into the following categories:

- Loans and other receivables; and
- AFS financial assets.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statement of income.

The losses arising from impairment are recognized in the consolidated statement of income.

Accounts receivable are stated at the amortized cost, which generally correspond to face value (original invoice amount), do not bear interest, and generally have a 30 to 90 days term, less any provision for doubtful debts and impairment. A provision for doubtful debts is made based upon Group's best estimate of expected credit losses related to those receivables. Such estimate is based on customers' financial status and historical write-off experience. Account balances are written off against such provision after all means of collection have been exhausted and potential of recovery is remote. Bad debts written off as such are recorded in the consolidated statement of income as incurred.

Other receivables include amounts due from related parties, employees' receivables and other such receivables which are not 'trade' receivables. Other receivables are stated at amortized cost which generally correspond to their face value. Provision for doubtful receivables is assessed as per methodology noted above, if any.

5 Summary of significant accounting policies (continued)

Financial assets (continued)

Subsequent measurement (continued)

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through statement of income. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, AFS financial assets are subsequently measured at fair value (except for those unquoted equity instrument for which cost exemption is applied) with unrealized gains or losses recognized in consolidated statement of comprehensive income and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of income. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Unquoted equity instruments are carried at cost (subject to availability of internal and external impairment indicators) as their fair value cannot be measured reliably.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to the consolidated statement of income over the remaining life of the investment using the EIR method. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5 Summary of significant accounting policies (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it include the assets in the group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of income.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value less any impairment loss on that investment previously recognized in the consolidated statement of income – is removed from OCI and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in their fair value after impairment are recognized in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

5 Summary of significant accounting policies (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified at initial recognition:

- Financial liabilities at fair value through statement of income;
- Loans and borrowings; and
- Payables and other financial liabilities measured at amortized cost using the EIR method.

All financial liabilities are recognized initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of payables, loans and borrowings, the proceeds received net of directly attributable transaction costs.

Subsequent measurement
Financial liabilities at fair value through statement of income continue to be recorded at fair value with changes being recorded in the consolidated statement of income.

Accounts payable represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Accounts payable are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the EIR method.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gain and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the consolidated statement of income.

De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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.

5 Summary of significant accounting policies (continued)

Employee benefits

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.

End-of-services benefits obligation
The Group primarily has end of service benefits which qualifies as defined benefit plans.

The liability recognized in the consolidated statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date.

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

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

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 income as past service costs.

Current and past service costs related to end-of-service benefits and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

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

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. In accordance with the Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Leases

Group as lessor
The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Group as lessee
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

5 Summary of significant accounting policies (continued)

Leases (continued)

Group as lessee (continued)
Initial direct cost (which primarily represents initial leasing commission included in the cost of investment property), made under operating leases are charged to the consolidated statement of income in the form of depreciation over shorter of the useful life of the investment property or the terms of the lease contracts based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Segment reporting

An operating segment is a component of the Group:

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

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

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

Unearned revenue

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

Unearned revenues also include advance rent collected against the properties for which rental agreements commence subsequent to the end of the reporting period.

6 First time adoption of IFRSs as endorsed in KSA

For all financial years up to and including the year ended 31 March 2018, the Group prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") issued by SOCPA in KSA (referred to as "SOCPA GAAP"). As explained in note (2) above, the Group elected to early adopt IFRSs as endorsed in KSA starting from 1 April 2017. These are the Group's first annual consolidated financial statements prepared in accordance with IFRSs as endorsed in KSA. Accordingly, IFRS 1 as endorsed in KSA has been applied.

In compliance with the requirements of IFRS 1 as endorsed in KSA, the consolidated financial statements are prepared after incorporating required adjustments to reflect the transition to IFRSs as endorsed in KSA from SOCPA GAAP. The Group has analysed the impact on the consolidated statement of financial position as at the transition date i.e. 1 April 2016, along with the presented consolidated statements of financial position as at 31 March 2017 and 31 March 2018, and the consolidated statements of income and comprehensive income for the years ended 31 March 2017 and 31 March 2018. The notes below explain the significant adjustments in transitioning from SOCPA GAAP to IFRSs as endorsed in KSA.

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.1 Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRSs as endorsed in KSA. The Group has applied the following exemptions:

- IFRS 3 Business Combinations has not been applied to acquisition of a subsidiary that is considered business under IFRSs as endorsed in KSA that occurred before 1 April 2016. Use of this exemption means that the carrying amounts of assets and liabilities under SOCPA GAAP, that are required to be recognized under IFRSs as endorsed in KSA, are their deemed costs at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRSs as endorsed in KSA. The Group did not recognize or exclude any previously recognized amounts as a result of IFRS recognition requirements.

- The Group, under SOCPA GAAP, is already capitalizing the amortization of transaction costs on a straight-line basis. However, IFRS requires that transaction costs shall be amortized using EIR method. The Group has applied the transitional provisions in IAS 23 Borrowing Costs and capitalizes borrowing costs relating to all qualifying assets after the date of transition. The Group has not restated for differential borrowing costs on qualifying assets prior to the date of transition to IFRSs as endorsed in KSA, being the difference between the amortization of transaction costs on a straight-line basis and EIR method.

- The Group has applied the transitional provisions in IAS 39 Financial Instruments: Recognition and Measurement pertaining to the application of day one gain or loss prospectively to long-term financial assets and liabilities for which transactions occurred on or after the date of transition to IFRSs as endorsed in KSA. Therefore, transactions related to the Group's long-term amounts due from related parties and tenants' security deposits occurred prior to the date of transition to IFRSs as endorsed in KSA are not retrospectively restated.

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.2 Reconciliation of the consolidated statement of financial position as at 1 April 2016 (date of transition to IFRSs as endorsed in KSA)

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Balance as per IFRSs as endorsed in KSA SR
Assets				
Current assets				
Cash and bank balances		242,834,131	-	242,834,131
Accounts receivable		169,568,075	-	169,568,075
Amounts due from related parties		160,244,013	-	160,244,013
Advances to a contractor, related party		223,221,397	-	223,221,397
Prepayments and other current assets		104,163,618	-	104,163,618
Accrued revenue	6.7.1	-	25,793,673	25,793,673
Total current assets		**900,031,234**	**25,793,673**	**925,824,907**
Non-current assets				
Advances to a contractor, related party – non-current portion		420,721,509	-	420,721,509
Amounts due from related parties		364,445,046	-	364,445,046
Prepaid rent		176,653,500	-	176,653,500
Accrued revenue – non-current portion	6.7.1	-	51,587,345	51,587,345
Investment in an associate		36,196,890	-	36,196,890
Available for sale investments		234,454,336	-	234,454,336
Investment properties	6.7.2 & 6.7.3	8,101,789,110	328,358,936	8,430,148,046
Property and equipment		60,886,638	-	60,886,638
Total non-current assets		**9,395,147,029**	**379,946,281**	**9,775,093,310**
Total assets		**10,295,178,263**	**405,739,954**	**10,700,918,217**
Liabilities and equity				
Liabilities				
Current liabilities				
Current portion of long-term loans		351,000,000	-	351,000,000
Accounts payable		227,506,635	-	227,506,635
Amounts due to related parties		321,481,738	-	321,481,738
Unearned revenue		446,117,270	-	446,117,270
Accrued lease rentals	6.7.3	-	10,642,937	10,642,937
Accruals and other current liabilities		119,369,965	-	119,369,965
Zakat payable		88,492,940	-	88,492,940
Total current liabilities		**1,553,968,548**	**10,642,937**	**1,564,611,485**
Non-current liabilities				
Long-term loans	6.7.4	4,054,240,703	5,053,182	4,059,293,885
Accrued lease rentals – non-current portion	6.7.3	-	401,188,599	401,188,599
Employees' end-of-service benefits	6.7.5	20,938,894	6,470,000	27,408,894
Total non-current liabilities		**4,075,179,597**	**412,711,781**	**4,487,891,378**
Total liabilities		**5,629,148,145**	**423,354,718**	**6,052,502,863**
Equity				
Share capital		4,450,000,000	-	4,450,000,000
Statutory reserve		200,478,864	-	200,478,864
Other reserves		1,671,465	-	1,671,465
Retained earnings (Accumulated losses)	6.7.1 to 6.7.5	13,165,940	(19,698,227)	(6,532,287)
Equity attributable to the Shareholders of the Parent Company		**4,665,316,269**	**(19,698,227)**	**4,645,618,042**
Non-controlling interests	6.7.1 to 6.7.3	713,849	2,083,463	2,797,312
Total equity		**4,666,030,118**	**(17,614,764)**	**4,648,415,354**
Total liabilities and equity		**10,295,178,263**	**405,739,954**	**10,700,918,217**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.3 Reconciliation of the consolidated statement of financial position as at 31 March 2017

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Balance as per IFRSs as endorsed in KSA SR
Assets				
Current assets				
Cash and bank balances		158,217,588	-	158,217,588
Accounts receivable		233,778,665	-	233,778,665
Amounts due from related parties		172,253,415	-	172,253,415
Advances to a contractor, related party		180,687,245	-	180,687,245
Prepayments and other current assets		85,554,655	-	85,554,655
Accrued revenue	6.7.1	-	32,618,955	32,618,955
Total current assets		**830,491,568**	**32,618,955**	**863,110,523**
Non-current assets				
Advances to a contractor, related party – non-current portion		11,963,378	-	11,963,378
Amounts due from related parties		214,445,047	-	214,445,047
Prepaid rent		162,337,000	-	162,337,000
Accrued revenue – non-current portion	6.7.1	-	65,237,911	65,237,911
Investment in an associate		35,018,397	-	35,018,397
Available for sale investments		232,169,521	-	232,169,521
Investment properties	6.7.2 to 6.7.4	10,298,992,922	388,582,714	10,687,575,636
Property and equipment	6.7.3	120,746,469	1,300,087	122,046,556
Total non-current assets		**11,075,672,734**	**455,120,712**	**11,530,793,446**
Total assets		**11,906,164,302**	**487,739,667**	**12,393,903,969**
Liabilities and equity				
Liabilities				
Current liabilities				
Current portion of long-term loans		66,000,000	-	66,000,000
Accounts payable		245,864,112	-	245,864,112
Amounts due to related parties		226,099,892	-	226,099,892
Unearned revenue		325,346,658	-	325,346,658
Accrued lease rentals	6.7.3	-	10,721,937	10,721,937
Accruals and other current liabilities		224,778,169	-	224,778,169
Zakat payable		117,353,841	-	117,353,841
Total current liabilities		**1,205,442,672**	**10,721,937**	**1,216,164,609**
Non-current liabilities				
Long-term loans	6.7.4	5,792,131,854	10,705,481	5,802,837,335
Accrued lease rentals – non-current portion	6.7.3	-	469,595,074	469,595,074
Employees' end-of-service benefits	6.7.5	26,842,696	5,009,474	31,852,170
Total non-current liabilities		**5,818,974,550**	**485,310,029**	**6,304,284,579**
Total liabilities		**7,024,417,222**	**496,031,966**	**7,520,449,188**
Equity				
Share capital		4,450,000,000	-	4,450,000,000
Statutory reserve		293,651,971	-	293,651,971
Other reserves	6.7.5	335,317	587,000	922,317
Retained earnings	6.7.1 to 6.7.5	136,723,904	(10,632,300)	126,091,604
Equity attributable to the Shareholders of the Parent Company		**4,880,711,192**	**(10,045,300)**	**4,870,665,892**
Non-controlling interests	6.7.1 to 6.7.3	1,035,888	1,753,001	2,788,889
Total equity		**4,881,747,080**	**(8,292,299)**	**4,873,454,781**
Total liabilities and equity		**11,906,164,302**	**487,739,667**	**12,393,903,969**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.4 Reconciliation of the consolidated statement of financial position as at 31 March 2018

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Balance as per IFRSs as endorsed in KSA SR
Assets				
Current assets				
Cash and bank balances		80,350,968	-	80,350,968
Accounts receivable		246,733,176	-	246,733,176
Amounts due from related parties		238,579,401	-	238,579,401
Advances to a contractor, related party		274,507,859	-	274,507,859
Prepayments and other current assets		53,900,913	-	53,900,913
Accrued revenue	6.7.1	-	32,984,696	32,984,696
Total current assets		**894,072,317**	**32,984,696**	**927,057,013**
Non-current assets				
Advances to a contractor, related party – non-current portion		80,692,116	-	80,692,116
Amounts due from related parties		200,322,570	-	200,322,570
Prepaid rent		175,999,000	-	175,999,000
Accrued revenue – non-current portion	6.7.1	-	65,969,394	65,969,394
Investment in an associate		39,669,322	-	39,669,322
Available for sale investments		128,476,217	-	128,476,217
Investment properties	6.7.2 to 6.7.4	10,225,699,238	556,170,262	10,781,869,500
Property and equipment	6.7.3	135,826,234	1,001,344	136,827,578
Total non-current assets		**10,986,684,697**	**623,141,000**	**11,609,825,697**
Total assets		**11,880,757,014**	**656,125,696**	**12,536,882,710**
Liabilities and equity				
Liabilities				
Current liabilities				
Current portion of long-term loans		433,000,000	-	433,000,000
Accounts payable		276,725,098	-	276,725,098
Amounts due to related parties		221,619,546	-	221,619,546
Unearned revenue		277,252,240	-	277,252,240
Accrued lease rentals	6.7.3	-	11,301,470	11,301,470
Accruals and other current liabilities		215,415,786	-	215,415,786
Zakat payable		146,559,970	-	146,559,970
Total current liabilities		**1,570,572,640**	**11,301,470**	**1,581,874,110**
Non-current liabilities				
Long-term loans	6.7.4	5,377,626,194	17,402,932	5,395,029,126
Accrued lease rentals – non-current portion	6.7.3	-	624,688,650	624,688,650
Employees' end-of-service benefits	6.7.5	25,158,488	5,179,682	30,338,170
Total non-current liabilities		**5,402,784,682**	**647,271,264**	**6,050,055,946**
Total liabilities		**6,973,357,322**	**658,572,734**	**7,631,930,056**
Equity				
Share capital		4,450,000,000	-	4,450,000,000
Statutory reserve		370,739,315	-	370,739,315
Other reserves	6.7.5	(23,783)	2,783,000	2,759,217
Retained earnings	6.7.1 to 6.7.5	84,510,004	(6,937,694)	77,572,310
Equity attributable to the Shareholders of the Parent Company		**4,905,225,536**	**(4,154,694)**	**4,901,070,842**
Non-controlling interests	6.7.1 to 6.7.3	2,174,156	1,707,656	3,881,812
Total equity		**4,907,399,692**	**(2,447,038)**	**4,904,952,654**
Total liabilities and equity		**11,880,757,014**	**656,125,696**	**12,536,882,710**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.5 Reconciliation of the consolidated statements of income and other comprehensive income for the year ended 31 March 2017

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Balance as per IFRSs as endorsed in KSA SR
Revenue	6.7.1	2,123,773,892	20,475,848	2,144,249,740
Cost of revenue	6.7.3	(543,225,629)	14,779,070	(528,446,559)
Depreciation of investment properties	6.7.2 & 6.7.3	(221,582,422)	(22,359,249)	(243,941,671)
Write-off of investment properties	6.7.2	(45,942,462)	(2,156,433)	(48,098,895)
Gross profit		**1,313,023,379**	**10,739,236**	**1,323,762,615**
Advertisement and promotion expenses		(19,122,910)	-	(19,122,910)
General and administration expenses	6.7.3 & 6.7.5	(158,637,391)	1,813,378	(156,824,013)
Operating income		**1,135,263,078**	**12,552,614**	**1,147,815,692**
Share in earnings of an associate		8,821,507	-	8,821,507
Financial charges	6.7.4	(179,121,136)	(3,817,149)	(182,938,285)
Other income		12,025,947	-	12,025,947
Income before zakat		**976,989,396**	**8,735,465**	**985,724,861**
Zakat		(27,154,423)	-	(27,154,423)
Net income for the year		**949,834,973**	**8,735,465**	**958,570,438**
Net income for the year attributable to:				
Shareholders of the Parent Company		931,731,071	9,065,927	940,796,998
Non-controlling interests	6.7.1 to 6.7.3	18,103,902	(330,462)	17,773,440
		949,834,973	8,735,465	958,570,438
Other comprehensive income (loss)				
Item that may be reclassified to the consolidated statement of income in subsequent periods				
Change in fair value of available for sale financial assets, net of zakat		(1,336,148)	-	(1,336,148)
Item that will not be reclassified to consolidated statement of income in subsequent periods				
Re-measurements of employees' end-of-service benefits, net of zakat	6.7.5	-	587,000	587,000
Other comprehensive income (loss) for the year, net of zakat		(1,336,148)	587,000	(749,148)
Total comprehensive income for the year		**948,498,825**	**9,322,465**	**957,821,290**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.6 Reconciliation of the consolidated statements of income and other comprehensive income for the year ended 31 March 2018

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Balance as per IFRSs as endorsed in KSA SR
Revenue	6.7.1	2,159,410,194	1,097,224	2,160,507,418
Cost of revenue	6.7.3	(530,729,147)	3,694,364	(527,034,783)
Depreciation of investment properties	6.7.2 & 6.7.3	(267,494,367)	(871,912)	(268,366,279)
Gross profit		**1,361,186,680**	**3,919,676**	**1,365,106,356**
Advertisement and promotion expenses		(13,444,488)	-	(13,444,488)
General and administration expenses	6.7.3 & 6.7.5	(265,740,756)	(3,123,836)	(268,864,592)
Operating income		**1,082,001,436**	**795,840**	**1,082,797,276**
Share in earnings of an associate		9,650,928	-	9,650,928
Financial charges	6.7.4	(288,660,580)	(6,697,451)	(295,358,031)
Other income	6.7.2, 6.7.3 & 6.7.6	12,454,274	19,302,821	31,757,095
Other expense	6.7.6	-	(9,751,949)	(9,751,949)
Income before zakat		**815,446,058**	**3,649,261**	**819,095,319**
Zakat		(32,684,346)	-	(32,684,346)
Net income for the year		**782,761,712**	**3,649,261**	**786,410,973**
Net income for the year attributable to:				
Shareholders of the Parent Company		770,873,444	3,694,606	774,568,050
Non-controlling interests	6.7.1 to 6.7.3	11,888,268	(45,345)	11,842,923
		782,761,712	3,649,261	786,410,973
Other comprehensive income (loss)				
Item that may be reclassified to the consolidated statement of income in subsequent periods				
Change in fair value of available for sale financial assets, net of zakat		(359,100)	-	(359,100)
Item that will not be reclassified consolidated statement of income in subsequent periods				
Re-measurements of employees' end-of-service benefits, net of zakat	6.7.5	-	2,196,000	2,196,000
Other comprehensive income (loss) for the year, net of zakat		**(359,100)**	**2,196,000**	**1,836,900**
Total comprehensive income for the year		**782,402,612**	**5,845,261**	**788,247,873**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments and reclassifications

6.7.1 Amortization of lease revenue on a straight-line basis

Under IFRSs as endorsed in KSA, revenue from leases classified as operating leases should be amortized using straight-line method. Historically, the Group recognized lease revenue as per contract terms (i.e. lease increments, rental discounts and rent-free periods were not straight-lined). As part of the transition to IFRSs as endorsed in KSA, management has calculated the lease revenue using the straight-line method. The impacts on the consolidated financial statements were as follows:

Consolidated statement of financial position line items	1 April 2016 SR	31 March 2017 SR	**31 March 2018 SR**
Increase in accrued revenue	77,381,018	20,475,848	**1,097,224**
Increase in retained earnings	(76,512,648)	(20,459,021)	**(1,352,740)**
(Increase) / decrease in non-controlling interests	(868,370)	(16,827)	**255,516**

Consolidated statement of income line items	2017 SR	**2018 SR**
(Increase) / decrease in non-controlling interests	(16,827)	**255,516**
Increase in revenue	(20,475,848)	**(1,097,224)**

Accrued revenue has been appropriately presented in the current and non-current assets in the reconciliations as presented earlier.

6.7.2 Impact due to componentization of investment properties

Under IFRSs as endorsed in KSA, investment properties should be componentized and the useful lives for each significant component be identified separately. Such componentization practice was not followed generally by companies in KSA. As part of the transition to IFRSs as endorsed in KSA, management has applied the concept of assets components retrospectively and accounted for its impact on the useful lives, which resulted in a negative impact on retained earnings and decrease in the net book value of investment properties. The impact on the consolidated financial statements was as follows:

Consolidated statement of financial position line items	1 April 2016 SR	31 March 2017 SR	**31 March 2018 SR**
(Decrease) / increase in investment properties	(26,272,210)	(11,370,287)	**13,150,259**
Decrease / (increase) in retained earnings	26,578,562	11,481,191	**(13,180,923)**
(Increase) / decrease in non-controlling interests	(306,352)	(110,904)	**30,664**

Consolidated statement of income line items	2017 SR	**2018 SR**
Increase / (decrease) in depreciation of investment properties	9,213,854	**(12,631,909)**
(Increase) / decrease in non-controlling interests	(110,904)	**30,664**
Increase in other income (*)	-	**(518,350)**
Increase in write-off of investment properties (**)	2,156,433	-

(*) Other income have been impacted as a result of the componentization of investment properties disposed during the year for which the carrying value decreased.

(**) Write-off of investment properties have been impacted as a result of the componentization of investment properties disposed during the year for which the carrying value increased.

6.7.3 Amortization of lease expense on a straight-line basis and capitalization of rent-free period to investment properties and property and equipment

Under IFRSs as endorsed in KSA, all leases classified as operating leases where the Group is a lessee should be amortized using straight-line method. Historically, the Group has recognized lease expense as per contract terms (i.e. rent free periods and lease increments were not straight lined). As part of the transition to IFRSs as endorsed in KSA, management has calculated the lease expenses using the straight-line method. Moreover, during the rent free period of certain land leases, the Group was completing construction activities on buildings on the leased land as a result of which management can capitalize lease rental during the construction period.

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments (continued)

6.7.3 Amortization of lease expense on a straight-line basis and capitalisation of rent-free period to investment properties and property and equipment (continued)

The impact on the consolidated financial statements was as follows:

Consolidated statement of financial position line items	1 April 2016 SR	31 March 2017 SR	**31 March 2018 SR**
(Increase) in accrued lease rentals	(411,831,536)	(68,485,475)	**(155,673,109)**
Decrease / (increase) in retained earnings	58,109,131	(3,031,720)	**1,775,398**
Increase in investment properties	354,631,146	69,758,915	**154,437,289**
(Increase) / decrease in non-controlling interests	(908,741)	458,193	**(240,835)**
Increase / (decrease) in property and equipment	-	1,300,087	**(298,743)**

Consolidated statement of income line items	2017 SR	**2018 SR**
Increase / (decrease) in cost of revenue	14,779,070	**(3,694,364)**
Increase in depreciation of investment properties	13,145,395	**13,503,821**
(Decrease) / increase in general and administration expenses	(939,852)	**757,628**
Decrease / (increase) in non-controlling interests	458,193	**(240,835)**
Increase in other income (*)	-	**(9,032,522)**

(*) Other income have been impacted due to reversal of accrued lease rental pertaining to lease termination (notes 20 & 30)

Accrued lease rentals have been appropriately presented in the current and non-current liabilities in the reconciliations as presented earlier.

6.7.4 Amortization of loan transaction costs using the effective interest method

Under IFRSs as endorsed in KSA, all financial instruments measured at amortized cost and interest-bearing financial assets/liabilities should be amortized using the effective interest rate method. Historically, the Group amortized loan related transaction costs using the straight-line method. As part of the transition to IFRSs as endorsed in KSA, management has calculated the amortization of the transaction costs using the effective interest rate method. The impact on the consolidated financial statements was as follows:

Consolidated statement of financial position line items	1 April 2016 SR	31 March 2017 SR	**31 March 2018 SR**
Increase in long-term loans	(5,053,182)	(5,652,299)	**(6,697,451)**
Decrease in retained earnings	5,053,182	3,817,149	**6,697,451**
Increase in investment properties (*)	-	1,835,150	-

(*)The Group has not restated for differential borrowing costs on qualifying assets prior to the date of transition to IFRSs as endorsed in KSA (see note 6.1).

Consolidated statement of income line item	2017 SR	**2018 SR**
Increase in financial charges	3,817,149	**6,697,451**

6 First time adoption of IFRSs as endorsed in KSA (continued)

6.7 Explanation of significant transitional adjustments (continued)

6.7.5 Actuarial valuation of employees' benefits

Under IFRSs as endorsed in KSA, employees' end-of-service benefits are required to be calculated using actuarial valuations. Historically, the Group has calculated these obligations based on the local regulations in KSA at the reporting date without considering expected future service periods of employees, salary increments and discount rates. The impact on the consolidated financial statements was as follows:

Consolidated statement of financial position line items	1 April 2016 SR	31 March 2017 SR	**31 March 2018 SR**
(Increase) / decrease in employees' end-of-service benefits	(6,470,000)	1,460,526	**(170,208)**
Decrease / (increase) in retained earnings	6,470,000	(873,526)	**2,366,208**
Increase in other reserves	-	(587,000)	**(2,196,000)**

Consolidated statement of income line item	2017 SR	**2018 SR**
(Decrease) / increase in general and administration expenses	(873,526)	**2,366,208**

Consolidated statement of comprehensive income line item	2017 SR	**2018 SR**
Increase in other reserves	(587,000)	**(2,196,000)**

6.7.6 Reclassification adjustments

Reclassification of other expense from other income to a separate line in order to comply with the offsetting rules contained within IAS 1, Presentation of Financial Statements. The impact on the consolidated financial statements was as follows:

Consolidated statement of income line items	2017 SR	**2018 SR**
Increase in other expense	-	**9,751,949**
Increase in other income	-	**(9,751,949)**

6.8 Effect on statement of cash flows

There have been no significant impact on cash flows for the years ended 31 March 2018 and 2017 after the transition to IFRSs as endorsed in KSA.

7 Cash and bank balances

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Cash at banks	**79,509,242**	157,403,090	241,932,204
Cash in hand	**841,726**	814,498	901,927
Total	**80,350,968**	158,217,588	242,834,131

8 Accounts receivable

Accounts receivable comprise of commission free net receivables due from private 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.

Movement in the provision for doubtful debts was as follows:

	2018 SR	2017 SR
At the beginning of the year	**48,416,479**	26,164,067
Provision for the year (note 29)	**94,814,498**	22,931,392
Write-off	**(4,614,154)**	(678,980)
At the end of the year	**138,616,823**	48,416,479

During the year, the Group has directly written-off accounts receivable amounting to SR 1.56 million (31 March 2017: SR Nil) (note 29).

8 Accounts receivable (continued)

During the year, the management reviewed the pattern of collection of accounts receivable from its tenants and have categorized them based on the credit risk associated with each of them. Based on the rigorous and comprehensive review of its ageing brackets of each category of receivables, the management came up with a provision for doubtful debts as at 31 March 2018 amounting to SR 138.6 million. Had the Group assessed its provision for doubtful debts based on the previous methodology, the net income for the year would have been higher by SR 94.8 million.

The ageing of unimpaired accounts receivable was as follows:

	Total SR	Neither past due nor impaired SR	Past due but not impaired			
			Up to 30 days SR	31 - 90 days SR	91 - 180 days SR	> 180 days SR
31 March 2018	**246,733,176**	**53,132,178**	**24,528,780**	**36,301,629**	**53,747,330**	**79,023,259**
31 March 2017	233,778,665	47,872,204	15,522,011	27,807,900	46,287,556	96,288,994
1 April 2016	169,568,075	50,134,057	13,007,134	13,988,311	24,308,062	68,130,511

As set out above, accounts receivable include amounts which are past due at the end of the reporting period but against which the Group has not recognised a provision for doubtful receivables because amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

In determining the recoverability of accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the end of the reporting period.

9 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 to 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 parent company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation and are not disclosed in this note.

9.1 Parent entity and other shareholders

The Group is owned by the following entities as of 31 March 2018, 31 March 2017 and 1 April 2016 (note 23):

Name	Type	Place of incorporation	Ownership %		
			2018	2017	2016
Saudi FAS Holding Company	Ultimate Parent Company	Kingdom of Saudi Arabia	**52**	52	52
Saaf International Co. Limited	Shareholder	Kingdom of Saudi Arabia	**3**	3	3
Mr. Fawaz Abdulaziz Al Hokair	Shareholder	Kingdom of Saudi Arabia	**10**	15	15
Mr. Salman Abdulaziz Al Hokair	Shareholder	Kingdom of Saudi Arabia	**10**	15	15
Dr. Abdul Majeed Abdulaziz Al Hokair	Shareholder	Kingdom of Saudi Arabia	**10**	15	15
Al-Farida Alola Real Estate Company (Owned By One Person) (*)	Shareholder	Kingdom of Saudi Arabia	**5**	-	-
Al-Farida Althaniah Real Estate Company (Owned By One Person) (*)	Shareholder	Kingdom of Saudi Arabia	**5**	-	-
Al-Farida Althalithah Real Estate Company (Owned By One Person) (*)	Shareholder	Kingdom of Saudi Arabia	**5**	-	-

(*) New shareholders admitted to the Company's shareholding effective from registration of the Joint Stock Company's commercial registration dated 8 Muhurram 1439H (corresponding to 28 September 2017).

9.2 Subsidiaries

Interest in subsidiaries are set out in note (1).

9 Related party transactions and balances (continued)

9.3 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	2018 SR	2017 SR
Salaries and short-term benefits	18,720,260	14,915,419
End-of-service benefits	1,049,423	2,093,753
Total key management compensation	**19,769,683**	17,009,172

9.4 Related party transactions

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

	2018 SR	2017 SR
Ultimate Parent Company		
Dividends settled through Ultimate Parent Company's account (note 25)	**372,000,000**	485,000,000
Dividends paid	**374,000,000**	230,000,000
Lands acquired and paid (note 14)	-	1,418,309,050
Transfer of available for sale investments (note 13)	**(103,334,204)**	(948,667)
Transfer of prepaid rent	-	(14,316,500)
Settlement of balances through other related parties	**77,657,872**	-
Payments to suppliers on behalf of the Ultimate Parent Company	**19,934,275**	-
Transfer of investment properties (note 14)	**20,342,134**	126,227,485
Sale of land settled through Ultimate Parent Company's account (note 14)	**115,763,625**	-
Fellow subsidiaries and other related parties		
Dividend settled through related party's account	**10,750,000**	-
Rental revenue	**558,120,319**	453,205,333
Rental discounts	**218,485,666**	150,000,000
Service expenses	**88,509,292**	89,392,807
Construction work included in projects under construction	**255,140,377**	1,170,306,809
Transfer of investment properties (note 14)	-	66,853,849

With the consent of the Shareholders of the Parent Company, the contracts for the construction of all projects are awarded to a fellow subsidiary, Fawaz Abdulaziz Al Hokair & Partners Real Estate Company (FARE) (note 11). The process of awarding these contracts does not include bidding.

9.5 Related party balances

The following table summarizes related parties balances:

i) Amounts due from related parties

Current	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Fellow subsidiaries			
FAS Holding Company for Hotels	**150,000,000**	150,000,000	50,000,000
Food and Entertainment Trading Company Limited (a)	**34,041,953**	8,546,450	24,265,587
FAS for Trading (a)	**20,500,000**	-	-
Coffee Centers Company Limited (a)	**1,252,761**	4,664,918	3,709,401
Nesk Trading Project Company Limited (b)	**73,722**	-	-
Other related parties			
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	**22,909,203**	5,183,388	10,473,439
Billy Games Company Limited (a)	**8,046,667**	-	20,655,165
Kids Space Company Limited (a)	**509,797**	-	30,410,413
Skill Innovative Games Co. (a)	**359,945**	-	-
Tadaris Najd Security Company	-	3,314,044	15,599,888
Akwaan Properties for Real Estate	-	-	3,064,158
Others	**885,353**	544,615	2,065,962
	238,579,401	172,253,415	160,244,013

9 Related party transactions and balances (continued)

9.5 Related party balances (continued)

i) Amounts due from related parties (continued)

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Non-current			
Fellow subsidiary			
FAS Holding Company for Hotels	**200,322,570**	200,322,570	350,322,569
Other related parties			
Al Madaen Star Real Estate	-	14,122,477	14,122,477
	200,322,570	214,445,047	364,445,046

ii) Amounts due to related parties:

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Ultimate Parent Company			
Saudi FAS Holding Company	**15,627,387**	3,068,243	68,681,809
Fellow subsidiary			
Nesk Trading Project Company Limited (b)	-	13,530,010	55,503,141
Other related parties			
Fawaz Abdulaziz Al Hokair & Co. (b)	**200,287,692**	209,501,639	197,296,788
Tadaris Najd Security Company	**4,455,858**	-	-
Etqan Facilities Management	**1,248,609**	-	-
	221,619,546	226,099,892	321,481,738

iii) Advances to a contractor (note 11):

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Other related party			
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company (FARE) (b)			
Current portion	**274,507,859**	180,687,245	223,221,397
Non-current portion	**80,692,116**	11,963,378	420,721,509
	355,199,975	192,650,623	643,942,906

(a) These mainly represent rental receivables from the related parties.
(b) These mainly represent advance rentals received, net of rental income receivables.

9.6 Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured, commission free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either year as it believes that such balances are collectable.

It should be noted that the lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group who have assigned these lease agreements to the Group's benefit (notes 14 and 37).

The Group obtained long-term loans from local banks which are secured by personal and corporate guarantees from the shareholders (note 16).

10 Prepayments and other current assets

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Advances to suppliers	**34,374,172**	60,643,413	72,869,806
Prepaid expenses	**7,529,635**	5,143,773	3,518,509
Letters of guarantee	**5,900,000**	5,400,000	5,400,000
Employees' receivables	**3,230,144**	5,740,007	4,823,063
Prepaid rent	**2,191,806**	8,235,119	17,398,187
Others	**675,156**	392,343	154,053
Total	**53,900,913**	85,554,655	104,163,618

During the year, the Group impaired advances to suppliers amounting to SR 7.8 million (31 March 2017: SR Nil) (note 31).

11 Advances to a contractor – related party

Advances to a contractor represents advance paid to FARE (a fellow subsidiary) for the construction of shopping malls, which are under various stages of completion (note 9).

12 Investment in an associate

Investment in an associate represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in KSA which is engage primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out for its own interest. The movement of the investment during the year is as follow:

	Percentage of ownership	Opening balance SR	Share in earnings SR	Dividend SR	Ending balance SR
2018	**25%**	**35,018,397**	**9,650,928**	**(5,000,003)**	**39,669,322**
2017	25%	36,196,890	8,821,507	(10,000,000)	35,018,397

The tables below provide summarized financial information for the associate. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts as of 31 December 2017, 2016 and 2015. No material movements have occurred between 31 December 2017 up to 31 March 2018, 31 December 2016 up to 31 March 2017 and 31 December 2015 up to 1 April 2016.

Summarized statement of financial position:

	31 December 2017 SR	31 December 2016 SR	31 December 2015 SR
Total current assets	**15,867,699**	14,922,958	6,102,667
Total non-current assets	**236,993,943**	252,996,913	285,234,093
Total current liabilities	**(74,536,822)**	(74,815,320)	(63,643,170)
Total non-current liabilities	**(19,647,532)**	(53,030,963)	(82,906,030)
Net assets	**158,677,288**	140,073,588	144,787,560

12 Investment in an associate (continued)

Statement of income for the year ended:

	31 December 2017 SR	31 December 2016 SR
Revenue	**112,111,427**	119,343,463
Cost of revenue	**(61,097,801)**	(70,131,891)
Gross profit	**51,013,626**	49,211,572
Advertisement and promotion expenses	**(349,349)**	(1,735,023)
General and administration expenses	**(2,499,869)**	(3,305,055)
Operating income	**48,164,408**	44,171,494
Financial charges	**(10,468,203)**	(10,284,937)
Other income	**1,789,916**	1,399,471
Income before zakat	**39,486,121**	35,286,028
Zakat	**(882,409)**	-
Net income for the year	**38,603,712**	35,286,028
Reconciliation to carrying amounts:		
Opening net assets	**140,073,588**	144,787,560
Dividends	**(20,000,012)**	(40,000,000)
Net income for the year	**38,603,712**	35,286,028
Closing net assets	**158,677,288**	140,073,588

The associate had no contingent liabilities or capital commitments as at 31 March 2018, 31 March 2017 and 1 April 2016.

13 Available for sale investments

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Investments in real estate companies – Unquoted (i)	**121,500,000**	224,834,204	225,782,871
Investment in a real estate fund – Quoted (ii)	**6,976,217**	7,335,317	8,671,465
	128,476,217	232,169,521	234,454,336

(i) Investments in real estate companies - Unquoted:

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Amlak International for Real Estate Finance Company (a)	**121,500,000**	121,500,000	121,500,000
Yanbu Real Estate Company (b)	**-**	53,334,204	53,384,204
Khomasiat Taibah Limited Company (c)	**-**	50,000,000	50,000,000
Akwan Properties (d)	**-**	-	898,667
	121,500,000	224,834,204	225,782,871

(a) The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

(b) This investment represents 9.77% investment in equity in real estate held by Yanbu Real Estate (Mosahama). During the year, the Group transferred its investment to the Ultimate Parent Company at book value (note 9).

(c) This represents 7.14% equity investment in Khomasiat Taibah Limited Company. The investment is in the name of the Ultimate Parent Company, Saudi FAS Holding Company, which had assigned the investment to the benefit of the Group. Effective 1 April 2017, the Ultimate Parent Company regained the beneficial interest in this investment which is carried at book value (note 9).

13 Available for sale investments (continued)

(i) Investments in real estate companies – Unquoted (continued):

(d) During the year ended 31 March 2017, the Company transferred its investment in Akwan Properties to the Ultimate Parent Company. However, this investment represents 4.5% equity investment in Akwan Properties purchased through Ultimate Parent Company which was assigned to the Company's benefit in prior years (note 9).

(ii) Investment in a real estate fund - Quoted:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7.3 million. Market value of the investment amounted to SR 6.9 million as of 31 March 2018 (31 March 2017: SR 7.3 million; 1 April 2016: SR 8.7 million). The unrealized loss amounting to SR 0.4 million (31 March 2017: SR 1.3 million) has been recognized in the consolidated statement of comprehensive income.

The movement in investment in real estate fund was as follows:

	2018 SR	2017 SR
Opening balance	**7,335,317**	8,671,465
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**335,317**	1,671,465
Unrealized loss during the year	**(359,100)**	(1,336,148)
At the end of the year	**(23,783)**	335,317
Net carrying amount	**6,976,217**	7,335,317

14 Investment properties

		Buildings						Buildings on Leasehold Land				
	Land SR	Building Component SR	Electrical Component SR	Mechanical Component SR	Firefighting System SR	Conveying System SR	Total Buildings SR	Building Component SR	Mechanical Component SR	Total Buildings on Leasehold Land SR	Projects Under Construction SR	Total SR
Cost:												
At the beginning of the year	4,889,209,620	1,996,610,432	397,327,861	276,970,425	65,040,865	57,584,696	2,793,534,279	2,949,434,150	185,836,578	3,135,270,728	1,310,610,126	12,128,624,753
Additions	-	5,770,791	278,300	288,909	155,310	-	6,493,310	25,327,320	-	25,327,320	468,576,858	500,397,488
Disposal	(117,395,211)	-	-	-	-	-	-	-	-	-	-	(117,395,211)
Transfer to Ultimate Parent Company (note 9)	-	-	-	-	-	-	-	(37,850,996)	-	(37,850,996)	(15,961,407)	(53,812,403)
Transfers	-	76,508	-	-	-	-	76,508	-	-	-	(76,508)	-
At the end of the year	4,771,814,409	2,002,457,731	397,606,161	277,259,334	65,196,175	57,584,696	2,800,104,097	2,936,910,474	185,836,578	3,122,747,052	1,763,149,069	12,457,814,627
Depreciation:												
At the beginning of the year	-	253,373,267	99,188,195	132,238,801	18,571,659	22,507,956	525,879,878	843,534,469	71,634,770	915,169,239	-	1,441,049,117
Charge for the year	-	45,681,102	15,941,391	18,697,053	2,181,699	2,902,180	85,403,425	170,705,324	12,257,530	182,962,854	-	268,366,279
Transfer to Ultimate Parent Company (note 9)	-	-	-	-	-	-	-	(33,470,269)	-	(33,470,269)	-	(33,470,269)
At the end of the year	-	299,054,369	115,129,586	150,935,854	20,753,358	25,410,136	611,283,303	980,769,524	83,892,300	1,064,661,824	-	1,675,945,127
Net book values:												
At 31 March 2018	4,771,814,409	1,703,403,362	282,476,575	126,323,480	44,442,817	32,174,560	2,188,820,794	1,956,140,950	101,944,278	2,058,085,228	1,763,149,069	10,781,869,500
At 31 March 2017	4,889,209,620	1,743,237,165	298,139,666	144,731,624	46,469,206	35,076,740	2,267,654,401	2,105,899,681	114,201,808	2,220,101,489	1,310,610,126	10,687,575,636

14 Investment properties (continued)

	Buildings							Buildings on Leasehold Land				
	Land SR	Building Component SR	Electrical Component SR	Mechanical Component SR	Firefighting System SR	Conveying System SR	Total Buildings SR	Building Component SR	Mechanical Component SR	Total Buildings on Leasehold Land SR	Projects Under Construction SR	Total SR
Cost:												
At the beginning of the year	3,473,600,570	1,633,524,697	267,168,089	227,416,239	22,088,765	26,386,768	2,176,584,558	2,200,080,047	152,597,184	2,352,677,231	1,635,113,970	9,637,976,329
Additions	1,418,309,050	8,113,100	-	-	-	-	8,113,100	29,157,598	-	29,157,598	1,286,969,742	2,742,549,490
Transfer to related parties (note 9)	(2,700,000)	-	-	-	-	-	-	-	-	-	(190,381,334)	(193,081,334)
Write-off	-	(29,031,951)	-	-	-	-	(29,031,951)	(29,787,781)	-	(29,787,781)	-	(58,819,732)
Transfers	-	384,004,586	130,159,772	49,554,186	42,952,100	31,197,928	637,868,572	749,984,286	33,239,394	783,223,680	(1,421,092,252)	-
At the end of the year	4,889,209,620	1,996,610,432	397,327,861	276,970,425	65,040,865	57,584,696	2,793,534,279	2,949,434,150	185,836,578	3,135,270,728	1,310,610,126	12,128,624,753
Depreciation:												
At the beginning of the year	-	224,175,574	81,362,260	120,167,202	12,917,014	16,966,501	455,588,551	693,838,667	58,401,065	752,239,732	-	1,207,828,283
Charge for the year	-	33,403,868	17,826,935	12,071,599	5,654,645	5,541,455	74,497,522	156,210,444	13,233,705	169,444,149	-	243,941,671
Write-off	-	(4,206,195)	-	-	-	-	(4,206,195)	(6,514,642)	-	(6,514,642)	-	(10,720,837)
At the end of the year	-	253,373,267	99,188,195	132,238,801	18,571,659	22,507,956	525,879,878	843,534,469	71,634,770	915,169,239	-	1,441,049,117
Net book values:												
At 31 March 2017	4,889,209,620	1,743,237,165	298,139,666	144,731,624	46,469,206	35,076,740	2,267,654,401	2,105,899,681	114,201,808	2,220,101,489	1,310,610,126	10,687,575,636
At 1 April 2016	3,473,600,570	1,409,349,123	185,805,829	107,249,037	9,171,751	9,420,267	1,720,996,007	1,506,241,380	94,196,119	1,600,437,499	1,635,113,970	8,430,148,046

Projects under construction pertains to expenditures relating to various malls which are still in the course of construction at the end of the reporting period.

The Group sold land with book value of SR 117.4 million to its Ultimate Parent Company which was settled through Ultimate Parent Company's account amounting to SR 115.8 million (note 9.4) and resulted to a loss on sale of land amounting to SR 1.6 million (note 31).

Fair value of investment property

Management estimate that the fair value of the investment properties as at 31 March 2018 is SR 22,567,865,403 (31 March 2017: SR 21,924,970,822; 1 April 2016: SR 18,086,515,279). An independent third party, CBRE DIFC Ltd. ("Valuer"), has performed the valuation of the investment properties using the income approach. The Valuer have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was at 31 March 2018 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 ("Standards") 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 being basis of transparency of retail rental payment terms and discount rates/ capitalization rate (yields).

14 Investment properties (continued)

Amounts recognized in the consolidated statement of income for investment properties during the year are as follows:

	2018 SR	2017 SR
Rental income	2,160,507,418	2,144,249,740
Direct operating expenses	(795,401,062)	(820,487,125)
	1,365,106,356	1,323,762,615

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

	Owned by the Group / Shareholders	Title deeds registered with bank Yes / No	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Shopping malls – lands					
Aziziah Mall – Makkah	Group	Yes	**178,227,665**	178,227,665	178,227,665
Mall of Arabia – Jeddah	Group	Yes	**141,115,102**	141,115,102	141,115,102
Sahara Plaza – Riyadh	Group	Yes	**75,240,000**	75,240,000	75,240,000
Al Noor Centre	Group	Yes	**68,120,000**	68,120,000	68,120,000
Jubail Land	Group	Yes	**32,500,000**	32,500,000	32,500,000
Hafouf Al Ahsa Mall	Group	Yes	**20,700,145**	20,700,145	20,700,145
Arkan Salam Mall (*)	Group	Yes	**250,000,000**	250,000,000	-
Hamra Mall (*)	Group	Yes	**256,100,000**	256,100,000	-
			1,022,002,912	1,022,002,912	515,902,912
Lands					
Oyoun Al Raed Land	Group	Yes	**1,770,439,947**	1,770,439,947	1,770,439,947
Oyoun Al Basateen Land	Group	Yes	**1,067,162,500**	1,067,162,500	1,067,162,500
Dammam land	Group	Yes	-	117,395,211	117,395,211
Aziz Mall land – generator (**)	Shareholders	No	-	-	2,700,000
Khalij Mall Land (*)	Group	Yes	**290,209,050**	290,209,050	-
Dammam Airport (*)	Group	Yes	**210,000,000**	210,000,000	-
Al Qassim Land (*)	Group	Yes	**350,000,000**	350,000,000	-
Abha Land (*)	Group	Yes	**62,000,000**	62,000,000	-
			3,749,811,497	3,867,206,708	2,957,697,658
Total land net book value			4,771,814,409	4,889,209,620	3,473,600,570

(*) During 2016, the Company's shareholders have resolved in their meeting held on 28 Jumad Thani 1437H (corresponding to 7 April 2016) to purchase these lands at the values mentioned above from the Ultimate Parent Company (note 9) in line with the Murabaha facility agreement signed on 6 April 2016 (note 16 A-i).

(**) During 2016, the Company's shareholders have resolved in their meeting held on 2 Rajab 1438H (corresponding to 30 March 2017) to transfer Aziz Mall land - generator to the Ultimate Parent Company at the net book value.

The title deeds of all plots of lands are registered in the name of local banks against a long-term loan (note 16).

Certain lease agreements for leasehold land on which the Group's buildings are constructed are in the name of related parties (note 9).

Borrowing costs amounting to SR Nil (31 March 2017: SR 112.4 million, 1 April 2016: SR 83.5 million) was capitalized at an average capitalization rate Nil (31 March 2017: 5.14%; 1 April 2016: 4.06%) to projects under construction (note 16).

Transaction costs amounting to SR Nil (31 March 2017: SR 8.5 million; 1 April 2016: SR 6.5 million) was capitalized to projects under construction (note 16).

15 Property and equipment

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Total SR
Cost:					
At the beginning of the year	108,023,426	76,097,349	3,850,902	26,574,489	**214,546,166**
Additions	30,549,879	9,305,524	35,000	5,713,982	**45,604,385**
At the end of the year	138,573,305	85,402,873	3,885,902	32,288,471	**260,150,551**
Accumulated depreciation:					
At the beginning of the year	52,088,093	35,487,910	3,495,634	1,427,973	**92,499,610**
Charge for the year (note 29)	14,468,955	9,448,495	205,075	6,700,838	**30,823,363**
At the end of the year	66,557,048	44,936,405	3,700,709	8,128,811	**123,322,973**
Net book values:					
At 31 March 2018	**72,016,257**	**40,466,468**	**185,193**	**24,159,660**	**136,827,578**
At 31 March 2017	55,935,333	40,609,439	355,268	25,146,516	122,046,556

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15 Property and equipment (continued)

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Total SR
Cost:					
At the beginning of the year	71,743,277	57,297,649	3,410,003	-	132,450,929
Additions	36,678,281	18,799,700	42,767	26,574,489	82,095,237
Reclassification	(398,132)	-	398,132	-	-
At the end of the year	108,023,426	76,097,349	3,850,902	26,574,489	214,546,166
Accumulated depreciation:					
At the beginning of the year	41,628,462	27,083,712	2,852,117	-	71,564,291
Charge for the year (note 29)	10,857,763	8,404,198	245,385	1,427,973	20,935,319
Reclassification	(398,132)	-	398,132	-	-
At the end of the year	52,088,093	35,487,910	3,495,634	1,427,973	92,499,610
Net book values:					
At 31 March 2017	55,935,333	40,609,439	355,268	25,146,516	122,046,556
At 1 April 2016	30,114,815	30,213,937	557,886	-	60,886,638

16 Long-term loans

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Current portion of long-term loans	**433,000,000**	66,000,000	351,000,000
Non-current portion of long-term loans	**5,395,029,126**	5,802,837,335	4,059,293,885
	5,828,029,126	5,868,837,335	4,410,293,885

Movement in the long-term loans follows:

	2018 SR	2017 SR
Balance at the beginning of the year	**6,021,000,000**	4,484,000,000
Addition of a new facility (note A below)	**-**	3,886,000,000
Repayments	**(66,000,000)**	(2,349,000,000)
	5,955,000,000	6,021,000,000
Less: un-amortized transaction costs	**(126,970,874)**	(152,162,665)
Balance at the end of the year	**5,828,029,126**	5,868,837,335

Outstanding balance of long-term loans as of 1 April 2016 amounting to SR 4,410 million is net of un-amortized transaction costs amounting to SR 73.7 million. The transactions during 2016 and prior years are disclosed in note 16 B below.

Un-amortized transaction costs movement as follow:

	2018 SR	2017 SR
Balance at the beginning of the year	**152,162,665**	73,706,115
Additions during the year related to a new facility	**-**	103,651,575
Amortized transaction costs during the year (see below)	**(25,191,791)**	(25,195,025)
Balance at the end of the year	**126,970,874**	152,162,665

Amortized transaction costs during the year was allocated as follow:

	2018 SR	2017 SR
Capitalized to investment properties – projects under construction (note 14)	**-**	8,449,392
Amortization charge for the year (note 32)	**25,191,791**	16,745,633
Balance at the end of the year	**25,191,791**	25,195,025

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

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Within one year	**433,000,000**	66,000,000	351,000,000
Between two to five years	**4,054,500,000**	3,132,500,000	2,941,812,500
More than five years	**1,467,500,000**	2,822,500,000	1,191,187,500
Total	**5,955,000,000**	6,021,000,000	4,484,000,000

The Group obtained the above long-term loans from local banks which are repayable in semi-annual instalments. These facilities are subject to commission rates based on fixed commission rates and SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the shareholders.

16 Long-term loans (continued)

No loans have been obtained during the current year.

A) During 2017, the Group;

(i) On 6 April 2016, Riyadh Centres Company Limited (a subsidiary) signed a conventional long-term Murabaha facility agreement of SR 5,550 million with various local banks for the construction of certain shopping malls. As at 31 March 2017, the Group has utilized SR 3,886 million out of the total Murabaha facility amount. The Murabaha facility carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land, building and personal and corporate guarantees from the Shareholders. The Murabaha facility is repayable in 17 unequal semi-annual basis starting from April 2018.

B) During 2016 and previous years, the Group obtained the following:

(i) Conventional long-term Murabaha facility for construction of Oyoun Al Basateen Mall - Jeddah amounting to SR 1,600 million from a local bank out of which SR 900 million was utilized during the current year. The loan carries commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the Shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from May 2018. The new facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in May 2018 and last instalment due in April 2025. The commission is payable on a semi-annual basis from May 2015.

(ii) Conventional long-term Murabaha facility for construction of Mall of Arabia - Riyadh amounting to SR 1,970 million from a local bank out of which SR 1,235 million was utilized during 2015. The loan carries fixed commission per annum until completion of the mall and other certain agreed margin thereafter and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the Shareholders. The loan is repayable on a semi-annual basis and the principal repayment will start after three years grace period from July 2017. The facility will be repaid in 14 unequal semi-annual instalments, the first instalment will be due in July 2017 and last instalment due in January 2024. The commission is payable on a semi-annual basis from June 2014.

(iii) Conventional long-term Murabaha facility amounting to SR 750 million from a local bank. The loan carries fixed commission margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the Shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016 (note 16 A-i).

(iv) Conventional long-term Murabaha facility amounting to SR 1,950 million from a local bank. The loan carries fixed commission of SIBOR plus agreed margin per annum and is secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the Shareholders. The loan is repayable in 15 unequal semi-annual instalments, the first instalment was due in December 2013 and last instalment due in December 2020. The commission was payable on a semi-annual basis from December 2013. As at 31 March 2017, the related facility was settled in full in accordance with the Murahaba Facility Agreement signed on 6 April 2016 (note 16 A-i).

Certain of the above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group ensures that it is always in compliance with the loan covenants prescribed in such agreements. The Group is compliant with the loan covenants as of the end of the reporting period.

Borrowing costs amounting to SR Nil (31 March 2017: SR 112.4 million; 1 April 2016: SR 83.5 million) was capitalized at an average capitalisation rate Nil (31 March 2017: 5.14%; 1 April 2016: 4.06%) to projects under construction (note 14).

Transaction costs amounting to SR Nil (31 March 2017: SR 8.5 million; 1 April 2016: SR 6.5 million) was capitalized to projects under construction (note 14).

17 Unearned revenue

Unearned revenue represent cash received against which services are to be performed or goods are 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.

18 Accruals and other current liabilities

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Tenants' security deposits	**102,905,068**	94,978,757	70,238,413
Output Value Added Tax, net	**45,583,941**	-	-
Accrued expenses	**21,616,475**	6,989,557	10,329,196
Accrued financial charges	**21,420,006**	97,757,375	23,262,125
Employees' accruals	**21,118,043**	17,765,166	13,066,526
Others	**2,772,253**	7,287,314	2,473,705
	215,415,786	224,778,169	119,369,965

19 Accounts payable

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

20 Accrued lease rentals

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Current portion of accrued lease rentals	**11,301,470**	10,721,937	10,642,937
Non-current portion of accrued lease rentals	**624,688,650**	469,595,074	401,188,599
	635,990,120	480,317,011	411,831,536

Movement in accrued lease rentals:

	2018 SR	2017 SR
Balance at the beginning of the year	**480,317,011**	411,831,536
Additions due to capitalization of rent-free period	**167,941,111**	84,254,187
Net movement in accrued lease rentals due to recognition of lease expense on a straight-line basis	**(3,235,480)**	(15,768,712)
Reversal of accrued lease rentals (note 30)	**(9,032,522)**	-
Balance at the end of the year	**635,990,120**	480,317,011

21 Employees' end-of-service benefits

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Defined benefit obligation (DBO)	**30,338,170**	31,852,170	27,408,894

The Group maintains an unfunded 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. The discount rate is based on government bond yields in KSA.

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.

21 Employees' end-of-service benefits (continued)

The following table represents the movement of the DBO:

	2018 SR	2017 SR
Opening balance	**31,852,170**	27,408,894
Current service cost	**6,569,000**	4,681,000
Interest cost	**830,000**	810,000
Total amount recognized in the consolidated statement of income	**7,399,000**	5,491,000
Remeasurements		
Gain / (Loss) from change in demographic assumptions	**-**	-
Gain from change in financial assumptions	**(394,000)**	(2,441,000)
Experience (gains) losses	**(1,802,000)**	1,854,000
Amount recognized in the consolidated statement of comprehensive income	**(2,196,000)**	(587,000)
Benefits paid during the year	**(6,717,000)**	(460,724)
Closing balance	**30,338,170**	31,852,170

Significant actuarial assumptions

The significant actuarial assumptions used in benefits liabilities computation:

	31 March 2018	31 March 2017	1 April 2016
Discount rate	**4.25%**	3.4%	2.6%
Salary growth rate	**6% for FY 2019 and 2020 and 4.5% for each future year**	3.1%	3.0%
Withdrawal rate	**5.0%**	5.0%	5.0%
Retirement age	**60**	60	60
Mortality rate	**AXC00**	AXC00	AXC00

Sensitivity analysis

The results are sensitive to the assumptions used. The table below shows the change in DBO based on change in assumptions in the base assumption value as of 31 March 2018:

			Impact on defined benefit obligation	
	Change in Assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	(30,338)	(27,176)	(31,618)
Salary growth rate	1%	(30,338)	(31,580)	(27,169)
Withdrawal rate	20%	(30,338)	(28,425)	(30,217)

The average duration of the DBO at the end of the reporting period is 8.3 years (31 March 2017: 11.8 years).

The Group expects to make contributions during the next reporting period to the benefit plan amounting to SR 4.7 million (31 March 2017: SR 1.6 million).

22 Zakat

Charge for the year

Zakat charge for the year amounting to SR 32,684,346 consists of the current year provision (31 March 2017: SR 27,154,423), based on the following:

	31 March 2018 SR	31 March 2017 SR
Shareholders' equity, beginning balance	**4,873,454,781**	4,648,415,354
Income before zakat	**819,095,319**	985,724,861
Opening provisions and other adjustments	**1,174,593,491**	678,545,572
Non-current liabilities	**6,050,055,946**	6,304,284,579
Non-current assets	**(11,609,825,697)**	(11,530,793,446)

22 Zakat (continued)

Movements in zakat provision during the year

The movement in the provision for zakat for the year ended 31 March are as follows:

	2018 SR	2017 SR
Balance at beginning of the year	**117,353,841**	88,492,940
Provision for the year	**32,684,346**	27,154,423
Prior years adjustment	**-**	1,967,556
Paid during the year	**(3,478,217)**	(261,078)
Balance at end of the year	**146,559,970**	117,353,841

Status of assessments

The Company has filed its zakat returns from inception date up to the year ended 31 March 2006 with GAZT and received the related zakat certificates. The zakat assessments have been completed up to year ended 31 March 2006.

Effective the year ended 31 March 2007, the Ultimate Parent Company is preparing and submitting combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years 2007 to 2016 have been submitted to GAZT. It should be noted that despite the fact that the Ultimate Parent Company is submitting a combined zakat returns including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual zakat base.

On 5 Jumad Awal 1436H (corresponding to 24 February 2015), the Ultimate Parent Company received a letter from GAZT requesting submission of individual zakat return for each company instead of combined zakat returns previously submitted for the years from 2007 to 2016. The Ultimate Parent Company has submitted its appeal which was approved by GAZT on 16 June 2017.

23 Share capital

The shareholders and their respective holdings as at 31 March 2018, 31 March 2017 and 1 April 2016 are as follows:

Name of shareholder	*Ownership %*			*Number of shares*			*Amount*		
	2018	*2017*	*2016*	***2018***	*2017*	*2016*	***2018 SR***	*2017 SR*	*2016 SR*
FAS Real Estate Company Limited	**52**	52	52	**231,400,000**	2,314,000	2,314,000	**2,314,000,000**	2,314,000,000	2,314,000,000
Saaf International Co. Limited	**3**	3	3	**13,350,000**	133,500	133,500	**133,500,000**	133,500,000	133,500,000
Mr. Fawaz Abdulaziz Al Hokair	**10**	15	15	**44,500,000**	667,500	667,500	**445,000,000**	667,500,000	667,500,000
Mr. Salman Abdulaziz Al Hokair	**10**	15	15	**44,500,000**	667,500	667,500	**445,000,000**	667,500,000	667,500,000
Dr. Abdul Majeed Abdulaziz Al Hokair	**10**	15	15	**44,500,000**	667,500	667,500	**445,000,000**	667,500,000	667,500,000
Al-Farida Alola Real Estate Company (Owned By One Person) (*)	**5**	-	-	**22,250,000**	-	-	**222,500,000**	-	-
Al-Farida Althaniah Real Estate Company (Owned By One Person) (*)	**5**	-	-	**22,250,000**	-	-	**222,500,000**	-	-
Al-Farida Althalithah Real Estate Company (Owned By One Person) (*)	**5**	-	-	**22,250,000**	-	-	**222,500,000**	-	-
	100	100	100	**445,000,000**	4,450,000	4,450,000	**4,450,000,000**	4,450,000,000	4,450,000,000

(*) New shareholders admitted to the Company's shareholding effective from registration of the Joint Stock Company's commercial registration dated 8 Muhurram 1439H (corresponding to 28 September 2017).

Pursuant to the shareholders' resolution dated 18 Ramadan 1438H (corresponding to 13 June 2017), the par value of the Company's shares was reduced from SR 1,000 per share to SR 10 per share. As a result, the Company's capital was divided from 4,450,000 shares to 445,000,000 shares.

24 Statutory reserve

In accordance with the Companies Law and the Company's By-laws, the Company must transfer 10% of its net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve total 30% of the share capital. Accordingly, the Company has set aside 10% of the net income for the year to the statutory reserve. This reserve is not available for dividend distribution. The reserve is being set aside based on the annual statutory consolidated financial statements.

25 Dividends distribution

The Company's shareholders in their meeting held on 14 Rajab 1439H (corresponding to 31 March 2018) resolved to distribute dividends amounting to SR 0.4944 per share aggregating to SR 220,000,000. An amount of SR 42,385,875 out of that total dividends was settled through Ultimate Parent Company's account (note 9).

The Company's shareholders in their meeting held on 7 Muhram 1439H (corresponding to 27 September 2017) resolved to distribute dividends amounting to SR 0.5978 per share aggregating to SR 266,000,000. An amount of SR 187,273,147 out of that total dividends was settled through Ultimate Parent Company's account (note 9).

The Company's shareholders in their meeting held on 5 Shawwal 1438H (corresponding to 29 June 2017) resolved to distribute dividends amounting to SR 0.5843 per share aggregating to SR 260,000,000. An amount of SR 142,340,978 out of that total dividends was settled through Ultimate Parent Company's account (note 9).

The Company's shareholders in their meetings held on 2 Rabi Thani 1438H (corresponding to 31 December 2016) and on 2 Rajab 1438H (corresponding to 30 March 2017) resolved to distribute dividends amounted to SR 160.6742 per share resulted in a total amount of SR 715,000,000, out of which SR 485,000,000 was settled through Ultimate Parent Company's account (note 9).

26 Revenue

	2018 SR	2017 SR
Gross rental revenue (*)	**2,348,453,216**	2,194,268,088
Rental discounts	**(298,043,521)**	(150,000,000)
	2,050,409,695	2,044,268,088
Service and management charges income	**93,956,388**	82,062,035
Turnover rent	**12,585,624**	15,210,080
Commission income on provisions for utilities for heavy users, net	**3,555,711**	2,709,537
Total	**2,160,507,418**	2,144,249,740

(*) Gross rental revenue include related maintenance and insurance costs of Malls' premises included as a part of rent for each of the tenants with certain mark ups.

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 2018 SR	31 March 2017 SR	1 April 2016 SR
Within one year	**2,200,422,752**	1,323,278,888	1,334,621,267
After one year but not more than five years	**3,384,391,140**	3,139,347,323	4,541,285,800
More than five years	**368,271,373**	571,884,367	780,639,756
	5,953,085,265	5,034,510,578	6,656,546,823

27 Cost of revenue

	2018 SR	2017 SR
Rental expense	**191,281,762**	194,818,996
Utilities expense	**108,568,959**	107,768,017
Security expense	**84,765,413**	89,336,730
Cleaning expense	**74,896,503**	74,675,791
Repairs and maintenance expense	**39,780,122**	32,784,611
Employees' salaries and other benefits	**27,742,024**	28,958,930
Others	**-**	103,484
	527,034,783	528,446,559

28 Advertisement and promotion expenses

	2018 SR	2017 SR
Advertisement	6,847,749	10,523,388
Promotions	6,596,739	8,599,522
Total	13,444,488	19,122,910

29 General and administration expenses

	2018 SR	2017 SR
Provision for doubtful debts (note 8)	94,814,498	22,931,392
Employees' salaries and other benefits	94,067,765	73,494,996
Depreciation (note 15)	30,823,363	20,935,319
Communication and internet expense	11,810,068	1,340,851
Professional fees	10,420,979	25,932,778
Insurance expense	7,989,260	7,026,396
Government expenses	6,681,815	1,738,806
Rent expense	3,862,277	655,428
Write-off of receivables (note 8)	1,562,261	-
Others	6,832,306	2,768,047
	268,864,592	156,824,013

30 Other income

	2018 SR	2017 SR
Reversal of liability no longer payable	16,093,228	-
Reversal of accrued lease rentals (note 20)	9,032,522	-
Dividend income from available for sale investments	5,737,500	5,737,500
Free tickets	-	2,152,617
Others	893,845	4,135,830
	31,757,095	12,025,947

31 Other expenses

	2018 SR	2017 SR
Impairment of advances to suppliers (note 10)	7,835,354	-
Loss on sale of land (note 14)	1,631,586	-
Others	285,009	-
	9,751,949	-

32 Financial charges

	2018 SR	2017 SR
Commission expense on long-term Murabaha facilities	269,951,229	166,024,588
Amortization of transaction costs (note 16)	25,191,791	16,745,633
Bank charges	215,011	168,064
	295,358,031	182,938,285

33 Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the financial year as all the Parent 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.

	2018 SR	2017 SR
Net income for the year	**786,410,973**	958,570,438
Net income attributable to the shareholders of the Parent Company	**774,568,050**	940,796,998
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 23)	**445,000,000**	445,000,000
Basic and diluted earnings per share attributable to net income for the year	**1.77**	2.15
Basic and diluted earnings per share attributable to the shareholders of the Parent Company	**1.74**	2.11

There has been no item of dilution affecting the weighted average number of ordinary shares.

34 Segment reporting

These are attributable to the Group's activities and business lines approved by the management to be used as a basis for the financial reporting and are consistent with the internal reporting process. 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 balance sheet and in the consolidated statement of income and other comprehensive income.

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

35 Financial instruments

Financial instruments by category

Financial instruments have been categorised as follows:

Financial assets	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Accounts receivable	**246,733,176**	233,778,665	169,568,075
Available for sale investments	**128,476,217**	232,169,521	234,454,336
Amounts due from related parties	**438,901,971**	386,698,462	524,689,059
Cash and bank balances	**80,350,968**	158,217,588	242,834,131
Total financial assets	**894,462,332**	1,010,864,236	1,171,545,601

Financial liabilities	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Accounts payable	**276,725,098**	245,864,112	227,506,635
Amounts due to related parties	**221,619,546**	226,099,892	321,481,738
Long-term loans	**5,828,029,126**	5,868,837,335	4,410,293,885
Tenants' security deposits	**102,905,068**	94,978,757	70,238,413
Total financial liabilities	**6,429,278,838**	6,435,780,096	5,029,520,671

Fair value estimation of financial instruments

The following tables shows the fair values of the financial assets and liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial instruments not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Financial asset Investments real estate fund	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2018	**6,976,217**	-	-	**6,976,217**
31 March 2017	7,335,317	-	-	7,335,317
1 April 2016	8,671,465	-	-	8,671,465

35 Financial instruments (continued)

Fair value estimation of financial instruments (continued)

Financial liability Long-term loans	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2018	-	**5,828,029,126**	-	**5,828,029,126**
31 March 2017	-	5,868,837,335	-	5,868,837,335
1 April 2016	-	4,410,293,885	-	4,410,293,885

Fair value of other financial instruments approximate their carrying amounts largely due to the short-term maturities of these instruments.

36 Financial risk and capital management

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, accounts payable and cash and bank balances that arise directly from its operations.

The Group is exposed to market risk (including commission rate risk, real estate risk and currency risk), credit risk, liquidity risk and equity price risk.

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 income 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
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 2018, 31 March 2017 and 1 April 2016. 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 income before zakat (through the impact on floating rate borrowings) for the year ended 31 March:

Gain/(loss) through the consolidated statement of income	**2018** **SR**	2017 SR
Floating rate debt:		
SIBOR +100bps	**(59,796,244)**	(38,860,000)
SIBOR -100bps	**59,796,244**	38,860,000

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the scheme'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
The Group did not have any foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

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.

36 Financial risk and capital management (continued)

Credit risk (continued)

Accounts receivable
Tenants are assessed according to Group criteria prior to entering into lease arrangements.

Amounts 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 (note 9). 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.

Credit risk related to 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.

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 no material uncertainties in the net current liability position of the Group.

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

Contractual maturities of financial liabilities 31 March 2018	Less than 6 months SR	Between 6 and 12 months SR	Between 1 and 2 years SR	Between 2 and 5 years SR	Over 5 years SR	Total SR
Accounts payable	276,725,098	-	-	-	-	276,725,098
Amounts due to related parties	221,619,546	-	-	-	-	221,619,546
Tenants' security deposits	102,905,068	-	-	-	-	102,905,068
Long-term loans	307,196,374	403,468,316	926,391,397	3,959,273,165	1,547,743,185	7,144,072,437
Total	908,446,086	403,468,316	926,391,397	3,959,273,165	1,547,743,185	7,745,322,149

Contractual maturities of financial liabilities 31 March 2017	Less than 6 months SR	Between 6 and 12 months SR	Between 1 and 2 years SR	Between 2 and 5 years SR	Over 5 years SR	Total SR
Accounts payable	245,864,112	-	-	-	-	245,864,112
Amounts due to related parties	226,099,892	-	-	-	-	226,099,892
Tenants' security deposits	94,978,757	-	-	-	-	94,978,757
Long-term loans	144,599,987	184,465,502	562,380,992	2,452,963,635	4,280,323,051	7,624,733,167
Total	711,542,748	184,465,502	562,380,992	2,452,963,635	4,280,323,051	8,191,675,928

Contractual maturities of financial liabilities 1 April 2016	Less than 6 months SR	Between 6 and 12 months SR	Between 1 and 2 years SR	Between 2 and 5 years SR	Over 5 years SR	Total SR
Accounts payable	227,506,635	-	-	-	-	227,506,635
Amounts due to related parties	321,481,738	-	-	-	-	321,481,738
Tenants' security deposits	70,238,413	-	-	-	-	70,238,413
Long-term loans	213,535,061	287,547,121	1,167,326,755	2,515,705,544	1,503,472,923	5,687,587,404
Total	832,761,847	287,547,121	1,167,326,755	2,515,705,544	1,503,472,923	6,306,814,190

36 Financial risk and capital management (continued)

Equity price risk

The Group is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Group's equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SR 7.0 million (31 March 2017: SR 7.3 million; 1 April 2016: SR 8.7 million). A decrease of 15% on the market value could have an impact of approximately SR 1.0 million (31 March 2017: SR 1.1 million) on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase of 15% in the value of the quoted equity investments would only impact equity, but would not have an impact on income.

Capital management

Capital is equity attributable to the shareholders of the Parent Company. The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The management also monitors the level of dividends to the shareholders. There were no changes in the Group's approach to capital management during the year. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Total liabilities	**7,631,930,056**	7,520,449,188	6,052,502,863
Less: cash and bank balances	**80,350,968**	158,217,588	242,834,131
Net debt	**7,551,579,088**	7,362,231,600	5,809,668,732
Total equity	**4,904,952,654**	4,873,454,781	4,648,415,354
Amount directly accumulated in equity relating to fair value adjustments	**23,783**	(335,317)	(1,671,465)
Adjusted capital	**4,904,976,437**	4,873,119,464	4,646,743,889
Debt to adjusted capital ratio	**154%**	151%	125%

37 Commitments and contingencies

Commitments

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Commitments for projects under construction	**2,573,302,981**	2,605,139,308	2,491,733,817
Commitments to purchase equity investments	**-**	-	2,696,000
Letter of guarantee	**5,900,000**	5,400,000	5,400,000

Operating lease commitments – Group as a lessee

The Group has entered into operating leases on certain parcels of land and staff accommodation. Future minimum rentals payable under non-cancellable operating leases at the end of the reporting periods are, as follows:

	31 March 2018 SR	31 March 2017 SR	1 April 2016 SR
Within one year	**286,321,450**	285,746,450	404,192,193
After one year but not more than five years	**1,353,059,195**	1,401,742,795	2,309,824,277
More than five years	**4,783,677,907**	5,652,813,044	10,285,168,330
	6,423,058,552	7,340,302,289	12,999,184,800

37 Commitments and contingencies (continued)

Certain lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group (note 9).

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

The above commitments include lease agreement with the Ultimate Parent Company amounted to SR Nil (31 March 2017: Nil; 1 April 2016: SR 768 million).

Payments under operating leases are recognized as expenses under cost of revenue during the year which amounted to SR 195 million (31 March 2017: SR 195 million).

38 Events after the reporting period

On 26 April 2018, the Group has signed a long-term Murabaha facility agreement of SR 1,433 million with a local bank for the refinancing/funding of development of certain shopping malls and for repayment of selected debts. The Group has utilized SR 1,372 million out of the total Murabaha facility amount.

In addition, on 26 April 2018, the Group has signed a long-term Ijara facility agreement of SR 5,771 million with various local banks to make certain facilities available on the terms of Master Purchase Agreement, the Master Lease Agreement and other transaction documents. The Group has utilized SR 5,528 million out of the total Ijara facility amount.

On 19 November 2018, the Ultimate Parent Company received the final zakat assessments on the combined zakat returns submitted to GAZT for the years 2007 to 2016 resulting in lower amount of zakat provision as compared to the amounts reflected in the Ultimate Parent Company's records. Consequently, the Ultimate Parent Company allocated the Group with zakat refunds amounting to SR 75.1 million subsequent to the financial year ended 31 March 2018.

المراكز العربية
Arabian Centres

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2018 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Financial Statements
For the nine-month period ended 31 December 2018

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Licence No. 46/11/323 issued 11/3/1992

Independent auditors' report

To the Shareholders of Arabian Centres Company (A Saudi Closed Joint Stock Company)

Opinion

We have audited the consolidated interim financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated interim statement of financial position as at 31 December 2018, the consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated interim financial statements present fairly, in all material respects, the consolidated interim financial position of the Group as at 31 December 2018, and its consolidated interim financial performance and its consolidated interim cash flows for the interim period 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 Certified Public 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 Auditors' Responsibilities for the Audit of the consolidated interim 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 interim 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.

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

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

In preparing the consolidated interim 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 are responsible for overseeing the Group's financial reporting process..

KPMG Al Fozan & Partners Certified Public Accountants, a registered company in the Kingdom of Saudi Arabia, and a non-partner member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative, a Swiss entity.

Independent auditors' report

To the Shareholders of Arabian Centres Company (A Saudi Closed Joint Stock Company) (continued)

Auditors' Responsibilities for the Audit of the Consolidated Interim Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 interim 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 interim 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.
- 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 auditors' report to the related disclosures in the consolidated interim 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 auditors' 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 interim financial statements, including the disclosures, and whether the consolidated interim 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 interim 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").

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No.: 371

Riyadh on: 30 Jumada'll 1440H
Corresponding to: 7 March 2019

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Statement of Financial Position
As at 31 December 2018

	Note	31 December 2018	31 March 2018
		SR	SR
Assets			
Current assets			
Cash and cash equivalents	6	**153,227,136**	80,350,968
Accounts receivable	7	**311,861,069**	246,733,176
Amounts due from related parties	8	**362,159,089**	238,579,401
Advances to a contractor, related party	8 & 9	**610,179,017**	274,507,859
Prepayments and other current assets	10	**118,007,107**	119,091,960
Accrued revenue (rental)		**30,833,881**	32,984,696
Total current assets		**1,586,267,299**	992,248,060
Non-current assets			
Amounts due from related parties	8	**200,322,570**	200,322,570
Advances to a contractor, related party – non-current portion	8 & 9	**64,793,425**	80,692,116
Prepaid rent – non-current portion		**-**	48,517,542
Accrued revenue (rental) – non-current portion		**61,667,762**	65,969,394
Investment in equity-accounted investee	11	**38,786,022**	39,669,322
Other investments	12	**108,708,763**	128,476,217
Investment properties	13	**10,776,044,743**	10,781,869,500
Property and equipment	14	**120,371,885**	136,827,578
Total non-current assets		**11,370,695,170**	11,482,344,239
Total assets		**12,956,962,469**	12,474,592,299
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	15	**488,173,008**	433,000,000
Accounts payable	16	**194,908,527**	276,725,098
Amounts due to related parties	8	**19,715,550**	221,619,546
Unearned revenue	17	**359,264,975**	277,252,240
Accrued lease rentals	18	**13,467,359**	11,301,470
Accruals and other current liabilities	19	**335,414,184**	162,539,755
Zakat payable	20	**75,946,832**	146,559,970
Total current liabilities		**1,486,890,435**	1,528,998,079
Non-current liabilities			
Long-term loans	15	**6,062,592,031**	5,395,029,126
Accrued lease rentals – non-current portion	18	**506,030,225**	560,359,883
Employees' end-of-service benefits	21	**26,998,947**	30,338,170
Other non-current liabilities	19	**40,583,381**	54,914,387
Total non-current liabilities		**6,636,204,584**	6,040,641,566
Total liabilities		**8,123,095,019**	7,569,639,645
Equity			
Share capital	22	**4,450,000,000**	4,450,000,000
Statutory reserve	23	**370,739,315**	370,739,315
Other reserves		**(13,727,000)**	2,759,217
Retained earnings		**11,001,549**	77,572,310
Equity attributable to the owners of the Company		**4,818,013,864**	4,901,070,842
Non-controlling interests		**15,853,586**	3,881,812
Total equity		**4,833,867,450**	4,904,952,654
Total liabilities and equity		**12,956,962,469**	12,474,592,299

The accompanying notes from 1 to 37 form an integral part of these consolidated interim financial statements.

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Statement of Profit or Loss
For the nine-month period ended 31 December 2018

	Note	Nine-month period ended 31 December 2018	31 December 2017
		SR	SR
Revenue	25	**1,619,985,894**	1,600,717,055
Cost of revenue	26	**(405,564,306)**	(401,538,886)
Depreciation of investment properties	13	**(191,149,099)**	(203,893,003)
Gross profit		**1,023,272,489**	995,285,166
Other income	27	**6,842,642**	19,850,971
Other expense	28	**(6,336,740)**	(9,466,940)
Advertisement and promotion expenses	29	**(4,947,142)**	(10,653,936)
Impairment loss on accounts receivable	7	**(53,202,227)**	(87,682,749)
General and administration expenses	30	**(125,064,219)**	(121,775,250)
Operating profit		**840,564,803**	785,557,262
Share of profit of equity accounted investee	11	**8,116,700**	9,650,928
Finance cost	31	**(361,806,126)**	(222,480,818)
Profit before zakat		**486,875,377**	572,727,372
Zakat	20	**61,787,709**	(25,442,323)
Profit for the period		**548,663,086**	547,285,049
Profit for the period attributable to:			
Owners of the Company		**538,399,739**	537,619,020
Non-controlling interests		**10,263,347**	9,666,029
		548,663,086	547,285,049
Earnings per share:			
Basic and diluted earnings per share	32	**1.23**	1.23

The accompanying notes from 1 to 37 form an integral part of the consolidated interim financial statements.

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Statement of Comprehensive Income
For the nine-month period ended 31 December 2018

	Note	Nine-month period ended 31 December 2018 SR	31 December 2017 SR
Profit for the period		**548,663,086**	547,285,049
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	*21*	**2,990,000**	--
Items that are or may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets	*12*	--	(359,101)
Other investment at FVOCI – net change in fair value	*12*	**1,900,000**	--
Other comprehensive income / (loss) for the period		**4,890,000**	(359,101)
Total comprehensive income for the period		**553,553,086**	546,925,948
Total comprehensive income for the period attributable to:			
Owners of the Company		**543,289,739**	537,259,919
Non-controlling interests		**10,263,347**	9,666,029
		553,553,086	546,925,948

The accompanying notes from 1 to 37 form an integral part of these consolidated interim financial statements.

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Statement of Changes in Equity
For the nine-month period ended 31 December 2018

	Attributable to Shareholders of the Company						
	Share capital	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	SR	SR	SR	SR	SR	SR	SR
31 December 2017							
Balance at 1 April 2017	4,450,000,000	293,651,971	922,317	126,091,604	4,870,665,892	2,788,889	4,873,454,781
Profit for the period	--	--	--	537,619,020	537,619,020	9,666,029	547,285,049
Other comprehensive income for the period	--	--	(359,101)	--	(359,101)	--	(359,101)
Total comprehensive income for the period	--	--	(359,101)	537,619,020	537,259,919	9,666,029	546,925,948
Dividends (notes 8 and 24)	--	--	--	(526,000,000)	(526,000,000)	--	(526,000,000)
Balance at 31 December 2017	4,450,000,000	293,651,971	563,216	137,710,624	4,881,925,811	12,454,918	4,894,380,729
31 December 2018							
Balance at 1 April 2018	**4,450,000,000**	**370,739,315**	**2,759,217**	**77,572,310**	**4,901,070,842**	**3,881,812**	**4,904,952,654**
Impact of adoption IFRS 9 ECL	--	--	--	**35,053,283**	**35,053,283**	**1,708,427**	**36,761,710**
Impact of adoption IFRS 9 FVTOCI	--	--	**(21,400,000)**	--	**(21,400,000)**	--	**(21,400,000)**
Impact of adoption IFRS 9 FVTPL	--	--	**23,783**	**(23,783)**	--	--	--
Profit for the period	--	--	--	**538,399,739**	**538,399,739**	**10,263,347**	**548,663,086**
Other comprehensive income for the period	--	--	**4,890,000**	--	**4,890,000**	--	**4,890,000**
Total comprehensive income for the period	--	--	**4,890,000**	**538,399,739**	**543,289,739**	**10,263,347**	**553,553,086**
Dividends (note 8 and note 24)	--	--	--	**(640,000,000)**	**(640,000,000)**	--	**(640,000,000)**
Balance at 31 December 2018	**4,450,000,000**	**370,739,315**	**(13,727,000)**	**11,001,549**	**4,818,013,864**	**15,853,586**	**4,833,867,450**

The accompanying notes from 1 to 37 form an integral part of these consolidated interim financial statements.

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Interim Statement of Cash Flows
For the nine-month period ended 31 December 2018

	Note	Nine-month period ended 31 December 2018 SR	31 December 2017 SR
Cash flows from Operating activities			
Profit before Zakat		**486,875,377**	572,727,372
Adjustments for:			
Depreciation of investment properties	*13*	**191,149,099**	203,893,003
Depreciation of property and equipment	*14*	**24,478,826**	21,224,025
Share of profit of equity accounted investee	*11*	**(8,116,700)**	(9,650,928)
Finance cost	*31*	**361,806,126**	222,480,818
Provision for employees' end-of-services benefits	*21*	**4,630,000**	6,755,885
Impairment of accounts receivable	*7*	**53,202,227**	87,682,749
Change of fair value of other investments	*12*	**267,453**	--
Impairment of advance to suppliers	*28*	**6,069,287**	7,835,354
Loss on sale of land		**--**	1,631,586
Reversal of liabilities no longer payable		**--**	(14,067,418)
		1,120,361,695	1,100,512,446
Changes in working capital:			
Accounts receivable		**(81,568,410)**	(100,570,842)
Amounts due from related parties, net		**(867,066,749)**	(326,582,812)
Prepayments and other current assets		**(26,706,471)**	690,015
Accounts payable		**(81,816,571)**	13,980,164
Accrued revenue		**6,452,447**	1,354,268
Accrued lease rentals		**7,983,638**	78,767,246
Unearned revenue		**82,012,735**	88,921,047
Accruals and other current liabilities		**43,430,440**	(55,448,604)
Cash generated from operating activities		**203,082,754**	801,622,928
Employees' end-of-service benefits paid	*21*	**(4,979,223)**	(758,055)
Zakat paid	*20*	**-**	(1,672,280)
Net cash from operating activities		**198,103,531**	799,192,593
Cash flows from investing activities			
Additions to investment properties	*13*	**(219,478,629)**	(310,864,114)
Purchase of property and equipment	*14*	**(8,023,133)**	(36,190,983)
Dividend received from an associate	*11*	**9,000,000**	5,000,003
Advances to a contractor, related party		**(319,772,467)**	(40,801,263)
Net cash used in investing activities		**(538,274,229)**	(382,856,357)
Cash flows from Financing activities			
Payment of financial charges		**(168,360,880)**	(296,176,788)
Dividends paid		**--**	(196,385,875)
Proceeds from long-term loans	*15*	**6,900,274,012**	--
Payment of transaction costs	*15*	**(91,692,960)**	--
Repayment of long-term loans	*15*	**(6,227,173,306)**	(66,000,000)
Net cash from / (used in) financing activities		**413,046,866**	(558,562,663)
Net increase / (decrease) in cash and cash equivalents		**72,876,168**	(142,226,427)
Cash and cash equivalents at the beginning of the period	*6*	**80,350,968**	158,217,588
Cash and cash equivalents at end of the period	*6*	**153,227,136**	15,991,161
Non-cash transactions:			
Dividends settled through Ultimate Parent Company's account	*8 & 24*	**640,000,000**	329,614,125
Investment property transferred to related parties	*8 & 13*	**(83,867,364)**	(4,380,725)
Zakat payable transferred to the Ultimate Parent Company	*8*	**8,825,429**	--
Unrealized loss on revaluation of available for sale investments	*12*	**(162,220)**	(359,101)
Amounts due to the Ultimate Parent Company settled through related parties' account	*10*		77,657,872
Capitalized rent- investment properties	*18*	**107,573,129**	125,841,433
Sale of land settled through Ultimate Parent Company's account		**--**	(115,763,625)
Available for sale investments transferred to the Ultimate Parent Company			(103,334,204)
Capitalized finance cost for Project under construction		**32,601,544**	--

The accompanying notes from 1 to 37 form an integral part of these consolidated interim financial statements.

1 CORPORATE INFORMATION AND ACTIVITIES

Arabian Centres Company ("the Company") is a Saudi Closed 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 legal status of the Company has been changed from a Limited Liability Company to a Saudi Closed Joint Stock Company effective 8 Muhurram 1439H (corresponding to 28 September 2017).

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

Following is the list of subsidiaries included in these consolidated interim financial statements as of 31 December 2018, 31 March 2018 and 31 December 2017:

	Ownership %	
Name of subsidiary (i)	**Direct**	**Indirect (ii)**
Riyadh Centres Company Limited	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	95%	5%
Al Makarem International for Real Estate Development Company	95%	5%
Oyoun Al Raed Mall Trading	95%	5%
Oyoun Al Basateen Company for Trading	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company	50%	--
Yarmouk Mall Company Limited	95%	5%
Al Erth Al Matin Trading Company	95%	5%
Arkan Salam for Real Estate and Contracting Company Limited	95%	5%
Mall of Arabia Company Limited	95%	5%
Aziz Mall Trading Company Limited	95%	5%
Dhahran Mall Trading Company Limited	95%	5%
Al Noor Mall Trading Company Limited	95%	5%
Al Yasmeen Mall Trading Company	95%	5%
Al Dammam Mall Trading Company	95%	5%
Al Malaz Mall Trading Company	95%	5%
Al Hamra Mall Trading Company	95%	5%
Al Erth Al Rasekh Trading Company	95%	5%

(i) All subsidiaries are limited liability companies incorporated in KSA.
(ii) Indirect ownership is held through other subsidiaries within the Group.

2 BASIS OF PREPARATION AND PRESENTATION

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in KSA and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA"). The significant accounting policies are described in note (5) to the consolidated interim financial statements which have been consistently applied to all the periods presented.

As set out in note (1), the legal status of the Company has been changed from Limited Liability Company to a Closed Joint Stock Company effective from 8 Muhurram 1439H (corresponding to 28 September 2017). However, notwithstanding the change in its legal form, the Company's management has presented comparative figures in these Financial Statements from 1 April 2017 to 31 December 2017.

These financial statements should be read in conjunction with the consolidated interim financial statements for the year ended 31 March 2018 which are the first IFRS consolidated financial statements of the Group.

Statement of compliance

These consolidated interim financial statements have been prepared in accordance IFRSs as endorsed in KSA.

Basis of measurement, functional and presentation currency

These consolidated interim financial statements are prepared under the historical cost convention except for measurement of other investments at fair value and employees end of service benefits using projected unit credit method. These consolidated interim financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Company.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Group used these assumptions and estimates on the basis available when the consolidated interim 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 to eight years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provisions

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

Long-term assumptions for employee benefits

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

Impairment of unquoted equity investments

The Group treats unquoted equity investments as impaired when there has been a significant or prolonged decline in the fair value of investments below their costs. The group considered the decline of 20% to be significant and a period of nine months to be prolonged.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Estimates and assumptions (continued)

Impairment of trade and other receivables
The Group's exposure to credit risk of trade and other receivable 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.

Critical judgements in applying accounting standards

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

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
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.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Critical judgements in applying accounting standards (continued)

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

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

Based on above considerations, management of the Group believes:

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

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

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.

4 STANDARDS ISSUES BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated interim financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16: Leases

The International Accounting Standards Board (IASB) has issued a new standard for the recognition of leases. This standard will replace:

- International Accounting Standard (IAS) 17 – 'Leases'
- International Financial Reporting Interpretations Committee (IFRIC) 4 – 'Whether an arrangement contains a lease'
- Standard Interpretations Committee (SIC) 15 – 'Operating leases – Incentives'
- SIC-27 – 'Evaluating the substance of transactions involving the legal form of a lease'

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption of certain short-term leases and leases of low-value assets. Under IFRS 16, 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.

The standard has a mandatory effective date for annual periods beginning on or after 1 January 2019, with earlier application permitted. Management is currently assessing the effect of this standard on the future financial reporting periods of the Group.

Management anticipates that IFRS 16 will be adopted for the annual year beginning 1 April 2019. The application of IFRS 16 may have an impact on amounts reported and disclosures made in the Group's consolidated interim financial statements in respect of the Group's lease arrangements. However, it is not practicable to provide a reasonable estimate of effects of the application of this standard until the Group completes a detailed review.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Group in the preparation of these consolidated interim financial statements are set out below:

Basis of consolidation

Subsidiaries
Refer to note (3) 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 year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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). This note also discloses the country of incorporation, principal activities and percentages of ownership.

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 interim statement of profit or loss ; and
- reclassifies the shareholders' share of components previously recognized in OCI to consolidated interim 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 subsidiaries 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 interim 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 interim statement of profit or loss .

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

Associate
An associate is an entity over which the Group has significant influence. 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
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 interim statement of profit or loss , and the Group's share of movements in OCI of the investee in consolidated interim statement of comprehensive income, if any.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Dividends received or receivable from an associate is 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 interim 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 interim 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 interim 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 interim statement of profit or loss where appropriate.

Foreign currencies

Transactions and balances

Foreign currency transactions are translated into 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 interim 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 interim statement of comprehensive income or consolidated interim statement of profit or loss).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated interim 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 equivalent 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.

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.

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 interim 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants.

For assets and liabilities that are recognized in the consolidated interim 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.

Revenue recognition

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The new revenue standard introduces a single principle-based five-step model for the recognition of revenue when control of a good is transferred to or a service performed for the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improves the comparability of revenue from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

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. Amounts disclosed as revenue are net of trade allowances and rebates. Accordingly there is no material effect of adopting IFRS 15 on the recognition of revenue of the Group.

The Group revenue mainly consists of rental income from lease contracts with in scope of IAS 17 Leases. For other revenue streams IFRS 15 applies.

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 interim statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. 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. 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, the management are reasonably certain that the tenant will exercise that option.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Turnover rent
The Group recognizes income from turnover rent on the basis of audited turnover reports submitted by the tenants. In the absence of audited 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, management charges and other expenses recoverable from tenants (continued)

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 interim statement of profit or loss, since the management considers that the Group acts as an agent in this respect.

Principal versus agent consideration
The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis. In this assessment, the Group has considered if it has obtained control of the specified services before they are transferred to the customer, as well as other indicators such as the party primarily responsible for fulfilment, inventory risk and discretion in establishing price. The Group has concluded it is the principal in all of its revenue arrangements (except for service charges related to utilities for heavy users – as discussed in the previous section) since it is the primary obligor, it has pricing latitude and is also exposed to credit risks. There was no restatement due to this change as the Group's policy is already in line with the requirements of IFRS 15.

Presentation and disclosure requirements
As required for the consolidated interim 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. 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

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

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.

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.

Zakat

The Group is subject to Zakat according to the regulations of the General Authority for Zakat and Tax "GAZT". Zakat provision is estimated based on the Group's individual zakat base, even though the Ultimate Parent Company submits a combined zakat returns including its wholly owned subsidiaries and adjust zakat provision when final assessment for the combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries is received. Any differences in the estimates are recognised when the final assessment is approved by "GAZT" at Ultimate Parent Company level and such differences are recognised in the consolidated interim statement of profit or loss in the year in which the final assessment is approved by "GAZT".

Property and equipment

Property and equipment is 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 interim statement of profit or loss in the period they are incurred. Betterments 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

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:

	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 interim 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.

Investment properties

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

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

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

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

	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)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 interim statement of profit or loss in the period of de-recognition.

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 (pre-zakat) 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 interim 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 interim statement of profit or loss .

Financial instruments

Effective 1 April 2018, the Group has adopted IFRS 9 which replaces the requirements under IAS 39, 'Financial Instruments: Recognition and Measurement' relating to classification and measurement of financial instruments.

As a result of adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 'Presentation of Financial Instruments', which require impairment of financial assets to be presented in a separate line item in the consolidated interim statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in general and administrative expenses. Consequently, the Group reclassified impairment losses amounting to SR 87,682,749 recognized under IAS 39.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Additionally, the Group has adopted consequential amendments to IFRS 7 'Financial Instruments: Disclosures' that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost 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 to hold assets to collect contractual cash flows; 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 amortised 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 amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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 amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

The Group has classified its investments in units of a mutual fund as FVTPL since contractual cash flows are not limited to principal and interest only.

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises 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 recognised on its consolidated interim 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 derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises 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 recognised 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 recognised in profit or loss.

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 realise the asset and settle the liability simultaneously.

Impairment of financial assets

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 trade receivables 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets (continued)

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 reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

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

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

The effect of adopting IFRS 9 is disclosed in note 34 to the consolidated interim financial statements which pertains to the new impairment requirements and reclassification of original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial instruments.

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions (continued)

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.

Employee benefits

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 interim statement of financial position.

End-of-services benefits obligation

The Group primarily has end of service benefits which qualifies as defined benefit plans.

The liability recognized in the consolidated interim statement of financial position is the Defined Benefit Obligation (DBO) at the reporting date

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

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

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

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. In accordance with the Companies Law in KSA, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Leases

Group as lessor
The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as lessee

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Leases are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated interim statement of profit or loss on a straight-line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Initial direct cost (which primarily represents initial leasing commission included in the cost of investment property), made under operating leases are charged to the consolidated interim statement of profit or loss in the form of depreciation over shorter of the economic life of the investment property or the terms of the lease contracts based on a systematic basis as this method is more representative of the time pattern in which use of benefit are derived from the leased assets.

Segment reporting

An operating segment is a component of the Group:

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

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

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

Unearned revenue

Unearned revenues include advance rent collected against the properties for which rental agreements commence subsequent to the end of the reporting period.

6 CASH AND CASH EQUIVALENTS

	31 December 2018 SR	31 March 2018 SR
Cash at banks	**152,320,106**	79,509,242
Cash in hand	**907,030**	841,726
Total	**153,227,136**	80,350,968

7 ACCOUNTS RECEIVABLE

Accounts receivable comprise of interest free net receivables due from private 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.

7 ACCOUNTS RECEIVABLE (CONTINUED)

The effect of initial application of IFRS 9 is described in note 34. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirement.

	31 December 2018 SR	31 March 2018 SR
Gross accounts receivable	466,081,737	385,349,999
Less: Impairment loss / provision on accounts receivable	(154,220,668)	(138,616,823)
	311,861,069	246,733,176

Movement in the impairment loss was as follows:

	Nine-month period ended 31 December 2018 SR	Year ended 31 March 2018 SR
At the beginning of the period	138,616,823	48,416,479
Impact of adoption IFRS 9	(36,761,710)	-
Provision for the period	53,202,227	94,814,498
Write-off	(836,672)	(4,614,154)
At the end of the period	154,220,668	138,616,823

The ageing of unimpaired accounts receivable was given in Note 35.

8 RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these consolidated interim 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 and are not disclosed in this note.

8.1 Parent entity and shareholders

The Group is owned by the following entities as of 31 December 2018, 31 March 2018 and 31 December 2017:

Name	Type
Saudi FAS Holding Company *	Ultimate Parent Company
FAS Real Estate Company Limited	Immediate Parent Company
Saaf International Co. Limited	Shareholder
Mr. Fawaz Abdulaziz Al Hokair	Shareholder
Mr. Salman Abdulaziz Al Hokair	Shareholder
Dr. Abdul Majeed Abdulaziz Al Hokair	Shareholder
Al-Farida Alola Real Estate Company	Shareholder
Al-Farida Althaniah Real Estate Company	Shareholder
Al-Farida Althalithah Real Estate Company	Shareholder

* Shareholders of the immediate parent company (FAS Real Estate Company Limited) assigned their shares held in the immediate parent company to Saudi FAS Holding Company. Hence, Saudi FAS Holding Company is considered as the Ultimate Parent Company.

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

8.2 Subsidiaries

Interest in subsidiaries are set out in note (1).

8.3 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
End-of-service benefits	**519,752**	1,023,625
Salaries and short-term benefits	**8,295,945**	14,411,445
Total key management compensation	**8,815,697**	15,435,070

8.4 Related party transactions

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

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Ultimate Parent Company		
Transfer of project under construction along with prepaid rent and accrued lease rentals to Ultimate parent company (note 13)	**107,242,362**	-
Transfer of Zakat Payable to Ultimate parent company	**(8,825,429)**	-
Dividends settled through shareholders' account	**(640,000,000)**	(329,614,125)
Dividends paid	**-**	(196,385,875)
Transfer of available for sale investment to the Ultimate Parent Company	**-**	(103,334,204)
Settlement of balances through other related party	**20,500,000**	77,657,872
Payment to suppliers on behalf of the Ultimate Parent Company	**8,700,469**	-
Transfer of investment properties (note 13)	**(83,867,364)**	(4,380,725)
Sale of land settled through Ultimate Parent Company's account	**-**	115,763,625

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Fellow subsidiaries and other related parties		
Construction work included in projects under construction	**262,545,829**	275,008,033
Rental revenue	**408,682,910**	375,568,982
Service expenses	**45,041,011**	62,482,805

With the consent of the shareholders of the Company, the contracts for the construction of all projects are awarded to other related party Fawaz Abdulaziz Al Hokair & Partners Real Estate Company (note 9). The process of awarding these contracts does not include bidding.

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

8.5 Related party balances

The following table summarizes related parties balances:

i) Amounts due from related parties:

	31 December 2018 SR	31 March 2018 SR
Current		
Ultimate Parent Company		
Saudi FAS Holding Company	-	-
Fellow subsidiaries		
FAS Holding Company for Hotels	**150,000,000**	150,000,000
Food and Entertainment Trading Company Limited (a)	**75,684,975**	34,041,953
FAS for Trading (a)	-	20,500,000
Coffee Centers Company Limited (a)	**2,516,773**	1,252,761
Nesk Trading Project Company Limited (b)	**8,011,000**	73,722
Other related parties		
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	**65,561,528**	22,909,203
Billy Games Company Limited (a)	**22,327,584**	8,046,667
Kids Space Company Limited (a)	**3,186,603**	509,797
Skill Innovative Games Co. (a)	**2,015,952**	359,945
Tadaris Najd Security Company	**15,721,007**	-
FAS Technologist Trading Co	**8,030,804**	-
Food Gate Co	**4,575,588**	-
Next Generation Co	**2,121,140**	-
Others	**2,406,135**	885,353
	362,159,089	238,579,401
Non-current		
Fellow subsidiary		
FAS Holding Company for Hotels	200,322,570	200,322,570
	200,322,570	200,322,570

ii) Amounts due to related parties:

	31 December 2018 SR	31 March 2018 SR
Current		
Ultimate Parent Company		
Saudi FAS Holding Company	**6,621,379**	15,627,387
Other related parties		
Fawaz Abdulaziz Al Hokair & Co. (b)	--	200,287,692
Tadaris Najd Security Company	--	4,455,858
Etqan Facilities Management	**13,094,171**	1,248,609
	19,715,550	221,619,546

8 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

8.5 Related party balances (continued)

iii) Advances to a contractor (note 9):

	31 December 2018 SR	31 March 2018 SR
Other related party		
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company		
Current portion	**610,179,017**	274,507,859
Non-current portion	**64,793,425**	80,692,116
	674,972,442	355,199,975

(a) These mainly represent rental receivables from the related parties.
(b) These mainly represent advance rentals received, net of rental income receivables.

8.6 Terms and conditions of transactions with related parties

The above outstanding balances are unsecured, interest free and settlement occurs in cash. The Group did not record any impairment of receivables relating to amounts owed by related parties in either period.

It should be noted that some of the lease agreements for leasehold lands on which the Group's investment properties (buildings) are constructed on, are in the name of related entities of the Group who have assigned these lease agreements to the Group's benefit (note 13 and 36).

9 ADVANCES TO A CONTRACTOR – RELATED PARTY

Advances to a contractor represents advance paid to Fawaz Abdulaziz Al Hokair & Partners Real Estate Company for the construction of shopping malls, which are under various stages of completion (note 8).

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2018 SR	31 March 2018 SR
Advances to suppliers	**27,978,080**	34,374,172
Prepaid expenses	**9,468,404**	8,204,791
Employees' receivables	**4,929,215**	3,230,144
Prepaid rent	**75,131,408**	67,382,853
Margin money deposits	**500,000**	5,900,000
Total	**118,007,107**	119,091,960

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Equity accounted investee represents an investment in the share capital of Aswaq Al Mustaqbal for Trading Company; a real estate company incorporated in the Kingdom of Saudi Arabia which is engage primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease out.

11 INVESTMENT IN EQUITY ACCOUNTED INVESTEE (CONTINUED)

The movement of the investment during the period/year is as follow:

	Percentage of ownership	Opening balance	Share in earnings	Dividend	Ending balance
		SR	SR	SR	SR
As at 31 December 2018	**25%**	**39,669,322**	**8,116,700**	**(9,000,000)**	**38,786,022**
As at 31 December 2017	25%	35,018,397	9,650,928	(5,000,003)	39,669,322

The tables below provide summarized financial information for the associate. The information disclosed reflects the amounts presented in the financial statements of the associate and not the Group's share of those amounts as of 31 December 2018 and 31 December 2017. No material movement has occurred between 31 December 2017 to 31 March 2018.

Summarized statement of financial position:

	31 December 2018 SR	31 December 2017 SR
Total current assets	**33,507,048**	15,867,699
Total non-current assets	**221,473,380**	236,993,943
Total current liabilities	**(67,516,390)**	(74,536,822)
Total non-current liabilities	**(32,319,950)**	(19,647,532)
Net assets	**155,144,088**	158,677,288

Share of income for the period ended	**Nine month period ended 31 December 2018 SR**	Year ended 31 December 2017 SR
Revenue	**90,396,960**	112,111,427
Finance cost	**(4,994,889)**	(10,468,203)
Zakat	**(1,020,736)**	(882,409)
Net income for the period	**32,466,800**	38,603,712

Reconciliation to carrying amounts:		
Opening net assets	**158,677,288**	140,073,588
Dividends	**(36,000,000)**	(20,000,012)
Net income for the period	**32,466,800**	38,603,712
Closing net assets	**155,144,088**	158,677,288

The associate requires the Group's consent to distribute its earnings. The Group does not foresee giving such consent at the reporting date. The associate had no contingent liabilities or capital commitments as at 31 December 2018 and 31 December 2017.

12. OTHER INVESTMENTS

The effect of initial application of IFRS 9 in the group's financial instruments is described in Note 34. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirement.

	31 December 2018 SR	31 March 2018 SR
Investments in real estate companies at FVOCI		
Unquoted (i)	**102,000,000**	121,500,000
Investment in a real estate fund at FVTPL– Quoted (ii)	**6,708,763**	6,976,217
Total	**108,708,763**	128,476,217

(i) Investments in real estate companies - Unquoted:

	31 December 2018 SR	31 March 2018 SR
Amlak International for Real Estate Finance Company	**102,000,000**	121,500,000
	102,000,000	121,500,000

The Group's equity investment of 8.5% in Amlak International for Real Estate Finance Company is owned directly and indirectly through the Company's subsidiaries. The Group paid SR 121.5 million to acquire the investments which includes payment of SR 45 million as premium for the investment.

(ii) Investment in a real estate fund - Quoted:

This represents 0.25% equity investment in Digital City Fund (68 units each for SR 100,000) purchased for SR 7 million. Market value of the investment amounted to SR 6.7 million (31 March 2018: SR 6.9 million). The unrealized loss amounting to SR 0.3 million for the nine-month period ended 31 December 2018 (nine-month period ended 31 December 2017: SR 0.4 million) has been recognized in the consolidated interim statement of profit or loss .

The movement in investments in real estate fund was as follows:

	Nine-month period ended 31 December 2018 SR	Year Ended 31 March 2018 SR
Opening balance	**6,976,217**	7,335,317
Cost:		
At the beginning and end of the period/year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the period/year	**(23,783)**	335,317
Unrealized loss during the period/year	**(267,454)**	(359,100)
At the end of the period/year	**(291,237)**	(23,783)
Net carrying amount	**6,708,763**	6,976,217

13 INVESTMENT PROPERTIES

		Buildings on freehold land						Buildings on leasehold land (#)				
31 December 2018	**Land SR**	**Building Component SR**	**Electrical Components SR**	**Mechanical Components SR**	**Firefighting System SR**	**Conveying System SR**	**Total Buildings SR**	**Building Component SR**	**Mechanical Components SR**	**Total Buildings on Leasehold Land SR**	**Projects Under Construction SR**	**Total SR**
Cost:												
At the beginning of the period	4,771,814,409	2,002,457,731	397,606,161	277,259,334	65,196,175	57,584,696	2,800,104,097	2,936,910,474	185,836,578	3,122,747,052	1,763,149,069	12,457,814,627
Additions	--	2,698,972	652,838	--	562,554	--	3,914,364	1,891,912	79,523	1,971,435	353,767,503	359,653,302
Transfer (note 8), (*)	--	7,780,794	--	--	--	--	7,780,794	3,144,824	--	3,144,824	(185,254,578)	(174,328,960)
At the end of the period	4,771,814,409	2,012,937,497	398,258,999	277,259,334	65,758,729	57,584,696	2,811,799,255	2,941,947,210	185,916,101	3,127,863,311	1,931,661,994	12,643,138,969
Depreciation:												
At the beginning of the period	--	299,054,369	115,129,586	150,935,854	20,753,358	25,410,136	611,283,303	980,769,524	83,892,300	1,064,661,824	--	1,675,945,127
Charge for the period	--	37,355,650	11,982,439	14,048,127	1,662,245	2,176,634	67,225,095	114,730,304	9,193,700	123,924,004	--	191,149,099
At the end of the period	--	336,410,019	127,112,025	164,983,981	22,415,603	27,586,770	678,508,398	1,095,499,828	93,086,000	1,188,585,828	--	1,867,094,226
Net book values:												
At 31 December 2018	**4,771,814,409**	**1,676,527,478**	**271,146,974**	**112,275,353**	**43,343,126**	**29,997,926**	**2,133,290,857**	**1,846,447,382**	**92,830,101**	**1,939,277,483**	**1,931,661,994**	**10,776,044,743**
At 31 March 2018	4,771,814,409	1,703,403,362	282,476,575	126,323,480	44,442,817	32,174,560	2,188,820,794	1,956,140,950	101,944,278	2,058,085,228	1,763,149,069	10,781,869,500

Projects under construction pertains to expenditures relating to 9 malls which are still in the course of construction as at the end of the reporting period and these are expected to complete within 2 to 3 years.

(#) includes SR 43.22 million (31 March 2018: SR 46.76 million) for buildings which are constructed on leasehold lands where lease agreements are in the name of related parties.

(*) During the period ended 31 December 2018, the Group transferred mall under construction with book value of SR 174 million to its Ultimate Parent Company which was settled through Ultimate Parent Company's account.

Fair value of investment property

Management has appointed independent valuers to determine the fair value of the investment properties as of 30 September 2018. According to the valuers, the fair value of the investment properties as at 30 September 2018 is SR 21,366,049,636. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 30 September 2018 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

Management, in consultation with valuer believes that the fair values of the investment properties as at 31 December 2018 are not materially different from the above.

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

13 INVESTMENT PROPERTIES (CONTINUED)

Amounts recognized in the consolidated interim statement of profit or loss for investment properties during the periods are as follows:

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Revenue	**1,619,985,894**	1,600,717,055
Cost of revenue	**(405,564,306)**	(401,538,886)
Depreciation of investment properties	**(191,149,099)**	(203,893,003)
	1,023,272,489	995,285,166

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

	Owned by the Company	**Title deeds registered with the Company**	**31 December 2018**	31 March 2018
			SR	SR
Shopping malls – land				
Aziziah Mall – Makkah	Yes	No	**178,227,665**	178,227,665
Mall of Arabia – Jeddah	Yes	No	**141,115,102**	141,115,102
Sahara Plaza – Riyadh	Yes	No	**75,240,000**	75,240,000
Al Noor Centre	Yes	No	**68,120,000**	68,120,000
Jubail Land	Yes	No	**32,500,000**	32,500,000
Hafouf Al Ahsa Mall	Yes	No	**20,700,145**	20,700,145
Arkan Salam Mall	Yes	No	**250,000,000**	250,000,000
Hamra Mall	Yes	No	**256,100,000**	256,100,000
			1,022,002,912	1,022,002,912
Land				
Oyoun Al Raed Land	Yes	No	**1,770,439,947**	1,770,439,947
Oyoun Al Basateen Land	Yes	No	**1,067,162,500**	1,067,162,500
Khalij Mall Land	Yes	Yes	**290,209,050**	290,209,050
Dammam Airport	Yes	No	**210,000,000**	210,000,000
Al Qassim Land	Yes	No	**350,000,000**	350,000,000
Abha Land	Yes	No	**62,000,000**	62,000,000
			3,749,811,497	3,749,811,497
Total land net book value			**4,771,814,409**	4,771,814,409

14. PROPERTY AND EQUIPMENT

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Total SR
31 December 2018					
Cost:					
At the beginning of the period	138,573,305	85,402,873	3,885,902	32,288,471	260,150,551
Additions	3,947,676	3,921,814	87,500	66,143	8,023,133
At the end of the period	142,520,981	89,324,687	3,973,402	32,354,614	268,173,684
Depreciation:					
At the beginning of the period	66,557,048	44,936,405	3,700,709	8,128,811	123,322,973
Charge for the period (note 30)	12,124,553	6,584,708	151,691	5,617,874	24,478,826
At the end of the period	78,681,601	51,521,113	3,852,400	13,746,685	147,801,799
Net book values:					
At 31 December 2018	**63,839,380**	**37,803,574**	**121,002**	**18,607,929**	**120,371,885**
At 31 March 2018	72,016,257	40,466,468	185,193	24,159,660	136,827,578

15. LONG TERM LOANS

Movement in the long term loans follows:

	31 December 2108 SR	31 March 2018 SR
Balance at the beginning of the period/year	**5,955,000,000**	6,021,000,000
Addition of a new facility	**6,900,274,012**	--
Repayments	**(6,227,173,306)**	(66,000,000)
	6,628,100,706	5,955,000,000
Less: un-amortized transaction costs	**(77,335,667)**	(126,970,874)
Balance at the end of the period/year	**6,550,765,039**	5,828,029,126
Less: current portion of long-term loans	**(488,173,008)**	**(433,000,000)**
Non-current portion of long-term loans	**6,062,592,031**	**5,395,029,126**

Un-amortized transaction costs movement is as follows:

	Nine-month period ended 31 December 2018 SR	Year ended 31 March 2018 SR
Balance at the beginning of the period/year	**126,970,874**	152,162,665
Additions during the period	**91,692,960**	--
Write off during the period	**(125,171,285)**	--
Capitalized arrangement fees	**(1,517,719)**	--
Amortized transaction costs during the period/year	**(14,639,163)**	(25,191,791)
Balance at the end of the period/year	**77,335,667**	126,970,874

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

	31 December 2018 SR	31 March 2018 SR
Within one year	**488,173,008**	433,000,000
Between two to five years	**2,632,434,211**	4,054,500,000
More than five years	**3,507,493,487**	1,467,500,000
Total	**6,628,100,706**	5,955,000,000

The Group obtained the above long-term loans from local banks which are repayable in unequal semi-annual instalments. These facilities are subject to commission rates based on SIBOR plus an agreed commission rates. The facilities are secured by assignment of leases, insurance policies, proceeds of rental income, land and building and personal and corporate guarantees from the Shareholders.

During the nine-month period ended 31 December 2018, the Group had the following transactions:
On 26 April 2018, the Group has signed a long-term Islamic facility arrangement up to SR 7,205 million with local banks for the refinancing the exiting loans. This facility is divided into Murabaha facility up to SR 1,433 million and Ijara facility up to SR 5,772 million. The Group has utilized SR 1,372 million out of the total Murabaha facility amount and SR 5,528 million out of the total Ijara facility amount. Accordingly unamortised transaction cost SR 125 million on the existing loans has been written off (note 31).

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group is compliant with the loan covenants as of the end of the reporting period.

16 ACCOUNTS PAYABLE

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

17 UNEARNED REVENUE

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

18 ACCRUED LEASE RENTALS

Movement in accrued lease rentals:

	Nine-month period ended 31 December 2018 SR	Year ended 31 March 2018 SR
Balance at the beginning of the period/year	**571,661,353**	480,317,011
Additions due to capitalization of rent-free period	**39,773,311**	103,612,344
Net movement in accrued lease rentals due to recognition of lease expense on a straight-line basis	**(1,475,482)**	(3,235,480)
Transfer to the Ultimate Parent Company (note 8)	**(90,461,598)**	--
Reversal of accrued lease rentals	**--**	(9,032,522)
	519,497,584	571,661,353
Less: current portion of accrued lease rentals	**(13,467,359)**	(11,301,470)
Balance at the end of the period/year	**506,030,225**	560,359,883

19 ACCRUALS AND OTHER CURRENT LIABILITIES

	31 December 2018 SR	31 March 2018 SR
Tenants' security deposits*	**66,894,023**	47,990,681
Accrued financial charges	**84,136,569**	21,420,006
Accrued expenses	**76,965,165**	26,427,084
Output Value Added Tax, net	**93,275,774**	45,583,941
Employees' accruals	**14,142,653**	21,118,043
Total	**335,414,184**	162,539,755

* Non-current portion of tenants' security deposits aggregating to SR 40.5 million (31 March 2018: SR 54.9 million) are disclosed as other non-current liabilities.

20 ZAKAT

Charge for the period/year

Zakat charge for period amounted to SR 13,354,434 (nine-month period ended 31 December 2017: SR 25,442,323) consists of the current period provision.

The current period zakat provision is based on the following:

	31 December 2018 SR	31 March 2018 SR
Shareholders' equity, beginning balance	**4,904,952,654**	4,873,454,781
Income before zakat	**486,875,379**	819,095,319
Opening provisions and other adjustments	**(123,160,084)**	1,174,593,491
Non-current liabilities	**6,636,204,584**	6,050,055,946
Non-current assets	**(11,370,695,173)**	(11,609,825,697)

Some of these amounts as reported above have been adjusted in arriving at the zakat charge for the period/year.

Movements in zakat provision during the period/year

The movement in the provision for zakat is as follows:

		Nine-month period ended 31 December 2018 SR	Year ended 31 March 2018 SR
Balance at beginning of the period/year	(a)	**146,559,970**	117,353,841
Excess provision reversed		**(75,142,143)**	--
Provision for the period/year		**13,354,434**	32,684,346
	(b)	**(61,787,709)**	32,684,346
Transferred to ultimate parent company	(c)	**(8,825,429)**	--
Paid during the period/year	(d)	--	(3,478,217)
Balance at end of the period/year	(a+b+c+d)	**75,946,832**	146,559,970

Status of assessments

Effective the year ended 31 March 2007, the Ultimate Parent Company is preparing and submitting combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years 2007 to 2016 have been submitted to GAZT. It should be noted that despite the fact that the Ultimate Parent Company is submitting a combined zakat returns including its wholly owned subsidiaries, the Group's management computes and records the zakat provision based on the Group's individual zakat base and adjust zakat provision when final assessment for the combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries received.

20 ZAKAT (CONTINUED)

Status of assessments (continued)

During the period ended 31 December 2018, final assessment order for the combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries for the years 2007 to 2016 were received from "GAZT".

The Ultimate parent company has allocated SR 8.8 million as Group's share of Zakat liability for the years 2007 to 2016. The group has Zakat provision of SR 83.9 million for the years 2007 to 2016. Accordingly the Group has recorded the impact of final assessment received in the statement of profit or loss.

21 EMPLOYEES' END-OF-SERVICE BENEFITS

	31 December 2018 SR	31 March 2018 SR
Defined Benefit Obligation (DBO)	**26,998,947**	30,338,170

The Group grants end-of-service benefits (benefit plan) to its employees taking into consideration the local labour 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 interim 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 interim statement of comprehensive income and in the consolidated interim statement of changes in equity.

21 EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

The following table represents the movement of the DBO:

	Nine-month period ended 31 December 2018 SR	Year ended 31 March 2018 SR
Opening balance	**30,338,170**	31,852,170
Current service cost	**3,579,000**	6,569,000
Interest cost	**1,051,000**	830,000
Total amount recognized in the consolidated interim statement of profit or loss	**4,630,000**	7,399,000
Re-measurements		
Gain / (Loss) from change in financial assumptions	**(1,279,000)**	(394,000)
Experience gains	**(1,711,000)**	(1,802,000)
Amount recognized in the consolidated interim statement of comprehensive income	**(2,990,000)**	(2,196,000)
Benefits paid during the period/year	**(4,979,223)**	(6,717,000)
Closing balance	**26,998,947**	30,338,170

Significant actuarial assumptions

The significant actuarial assumptions used in DBO computation:

	31 December 2018	31 March 2018
Discount rate	5.25%	4.9%
Salary growth rate	6% for FY 2019 and 2020 and 4.5% for each future year	6% for FY 2019 and 2020 and 4.5% for each future year
Withdrawal rate	5.0%	5.0%
Retirement age	60	60

Sensitivity analysis

The results are sensitive to the assumptions used. The table below shows the change in DBO based on either a 1% increase or decrease in the base assumption value as of 31 December 2018:

			Impact on defined benefit obligation	
	Change in Assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	26,998,947	23,632,000	30,755,000
Salary growth rate	1%	26,998,947	30,739,000	23,586,000
Withdrawal rate	20%	26,998,947	26,804,000	26,921,000

The Group expects to make contributions during the next three months reporting period to the benefit plan amounting to SR 1.1 million.

22 SHARE CAPITAL

The shareholders and their respective holdings as at 31 December 2018 and 31 March 2018 are as follows:

Name of shareholders	Ownership %	Number of shares	Amount SR
FAS Real Estate Company Limited	52	231,400,000	2,314,000,000
Saaf International Co. Limited	3	13,350,000	133,500,000
Mr. Fawaz Abdulaziz Al Hokair	10	44,500,000	445,000,000
Mr. Salman Abdulaziz Al Hokair	10	44,500,000	445,000,000
Dr. Abdul Majeed Abdulaziz Al Hokair	10	44,500,000	445,000,000
Al-Farida Alola Real Estate Company *	5	22,250,000	222,500,000
Al-Farida Althaniah Real Estate Company *	5	22,250,000	222,500,000
Al-Farida Althalithah Real Estate Company*	5	22,250,000	222,500,000
	100	**445,000,000**	**4,450,000,000**

* One Person Company

23 STATUTORY RESERVE

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

24 DIVIDENDS DISTRIBUTION

The Company's shareholders in their meeting held on 23 Rabie Akhar 1440H (corresponding to 31 December 2018) resolved to distribute dividends amounting to SR 0.62 per share aggregating to SR 280,000,000. Total dividends was settled through Ultimate Parent Company's account

The Company's shareholders in their meeting held on 20 Muharam 1440H (corresponding to 30 September 2018) resolved to distribute dividends amounting to SR 0.40 per share aggregating to SR 180,000,000. Total dividends was settled through Ultimate Parent Company's account

The Company's shareholders in their meeting held on 16 Shawwal 1439H (corresponding to 30 June 2018) resolved to distribute dividends amounting to SR 0.40 per share aggregating to SR 180,000,000. Total dividends was settled through Ultimate Parent Company's account.

The Company's shareholders in their meeting held on 14 Rajab 1439H (corresponding to 31 March 2018) resolved to distribute dividends amounting to SR 0.4943 per share aggregating to SR 220,000,000. An amount of SR 42,385,875 out of that total dividends was settled through Ultimate Parent Company's account.

25 REVENUE

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Rental income (*)	**1,541,024,127**	1,519,568,803
Service and management charges income	**73,112,845**	70,811,561
Commission income on provisions for utilities for heavy users, net	**2,740,165**	2,711,120
Turnover rent	**3,108,757**	7,625,571
Total	**1,619,985,894**	1,600,717,055

(*) Rental income include 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 3 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	31 December 2018	31 March 2018
	SR	SR
Within one year	**1,507,639,170**	2,200,422,752
After one year but not more than five years	**1,926,808,025**	3,384,391,140
More than five years	**214,835,622**	368,271,373
	3,649,282,817	5,953,085,265

26 COST OF REVENUE

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Rental expense	**171,440,405**	144,480,755
Utilities expense	**90,006,785**	93,069,359
Security expense	**44,885,986**	57,566,001
Cleaning expense	**44,091,020**	56,023,809
Repairs and maintenance	**32,314,877**	29,729,855
Employees' salaries and other benefits	**22,825,233**	20,669,107
Total	**405,564,306**	401,538,886

27 OTHER INCOME

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Reversal of liability no longer payable*	**-**	14,067,418
Dividends	**5,737,500**	5,737,500
Other	**1,105,142**	46,053
Total	**6,842,642**	19,850,971

* Represents long aged deposits which are no longer payable.

28 OTHER EXPENSES

	Nine-month period ended	
	31 December 2018 SR	31 December 2017 SR
Impairment of advances to suppliers	6,069,287	7,835,354
Loss on sale of land	-	1,631,586
Other	267,453	-
Total	6,336,740	9,466,940

29 ADVERTISEMENT AND PROMOTION EXPENSES

	Nine-month period ended	
	31 December 2018 SR	31 December 2017 SR
Promotions	1,747,324	5,362,536
Advertisement	3,199,818	5,291,400
Total	4,947,142	10,653,936

30 GENERAL AND ADMINISTRATION EXPENSES

	Nine-month period ended	
	31 December 2018 SR	31 December 2017 SR
Employees' salaries and other benefits	45,733,252	68,221,786
Depreciation (note 14)	24,478,826	21,224,025
Government expenses	24,765,666	3,189,564
Professional fees	7,981,339	5,600,429
Insurance expense	6,345,610	5,805,919
Rent expense	3,106,142	2,879,135
Communication and internet expense	9,209,960	10,211,953
Maintenance	194,867	410,816
Others	3,248,557	4,231,623
Total	125,064,219	121,775,250

31 FINANCE COST

	Nine-month period ended	
	31 December 2018 SR	31 December 2017 SR
Commission expense on long-term Murabaha facilities	221,994,814	204,770,351
Amortization of transaction costs (note 15)	14,640,027	17,710,467
Write-off of unamortized transaction cost (note 15)	125,171,285	--
Total	361,806,126	222,480,818

32 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income attributable to the 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.

	Nine-month period ended	
	31 December 2018	31 December 2017
	SR	SR
Net profit for the period	548,663,086	547,285,049
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 22)	445,000,000	445,000,000
Basic and diluted earnings per share attributable to net income for the period	1.23	1.23

There has been no item of dilution affecting the weighted average number of ordinary shares.

33 SEGMENT REPORTING

These are attributable to the Group's activities and business lines approved by the management to be used as a basis for the financial reporting and are consistent with the internal reporting process. 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 interim statement of financial position, the consolidated interim statement of profit or loss and consolidated statement of comprehensive income.

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

34 FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows:

	31 December 2018	31 March 2018
Financial Assets	**SR**	SR
Cash and bank balances	**153,227,136**	80,350,968
Accounts receivable	**311,861,069**	246,733,176
Amounts due from related parties	**562,481,659**	438,901,971
Other investments	**108,708,764**	128,476,217
Total financial assets	**1,136,278,627**	894,462,332

34 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

	31 December 2018 SR	31 March 2018 SR
Financial Liabilities		
Accounts payable	**194,908,527**	276,725,098
Amounts due to related parties	**19,715,550**	221,619,546
Long-term loans	**6,550,765,039**	5,828,029,126
Tenants' security deposits	**107,477,404**	102,905,068
Total financial liabilities	**6,872,866,520**	6,429,278,838

Fair value estimation of financial instruments

The following table present the Group's financial instruments measured at fair value at 31 December 2018 and 31 March 2018,:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 December 2018				
Investments real estate fund	**6,708,763**	--	--	**6,708,763**
Amlak International for Real Estate Finance Company	--	--	**102,000,000**	**102,000,000**
31 March 2018				
Investments real estate fund	6,976,217	--	--	6,976,217

Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities:

1 April 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 SR	New carrying amount under IFRS 9 SR
Financial assets				
Cash and bank balances	Loans and receivables	Amortized cost	80,350,968	80,350,968
Accounts receivable	Loans and receivables	Amortized cost	246,733,176	283,494,886
Amounts due from related parties	Loans and receivables	Amortized cost	438,901,971	438,901,971
Other investment – investment in units	Available-for-sale investments	FVTPL	6,976,217	6,976,217
Other investment – investment in units	Available-for-sale investments	FVTOCI	121,500,000	100,100,000
Total			894,462,332	909,824,042

34 FINANCIAL INSTRUMENTS (CONTINUED)

Classification of financial assets on the date of initial application of IFRS 9 (continued)

1 April 2018	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabilities				
Accounts payable	Amortized cost	Amortized cost	276,725,098	276,725,098
Amounts due to related parties	Amortized cost	Amortized cost	221,619,546	221,619,546
Long-term loans	Amortized cost	Amortized cost	5,828,029,126	5,828,029,126
Tenants' security deposits	Amortized cost	Amortized cost	102,905,068	102,905,068
Total			6,429,278,838	6,429,278,838

35 FINANCIAL RISK MANAGEMENT

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.

The Group is exposed to market risk (including commission rate risk, real estate risk and currency risk), credit risk, liquidity risk and equity price risk.

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 income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2018 and 31 December 2017. 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 income before zakat (through the impact on floating rate borrowings):

	Nine-month period ended	
	31 December 2018	31 December 2017
Gain/(loss) through the consolidated interim statement of profit or loss	**SR**	SR
Floating rate debt:		
SIBOR +100bps	(49,710,755)	(44,662,500)
SIBOR -100bps	49,710,755	44,662,500

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Real estate risk

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

- The cost of the development schemes may increase if there are delays in the planning process. The Group uses advisors who are experts in the specific planning requirements in the scheme'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

The Group did not have any foreign currency denominated monetary assets or liabilities at the reporting date for which it was exposed to foreign currency fluctuations. Consequently, no foreign currency sensitivity analysis has been presented.

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.

Trade receivables

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.

Expected credit loss assessment as at 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics such as geographic region, age of customer relationship and type of product purchased.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth and unemployment rates.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2018:

31 December 2018	Gross carrying amount	Weighted-average loss	Loss allowance (%)
0–90 days past due	99,863,754	6,451,738	6.46%
91–180 days past due	78,071,559	9,556,205	12.24%
181–270 days past due	79,259,946	15,791,981	19.92%
271–360 days past due	35,484,966	7,362,641	20.75%
361 –450 days past due	36,132,622	12,229,048	33.84%
451 -540 days past due	21,619,562	8,012,106	37.06%
541 –630 days past due	20,753,691	8,838,906	42.59%
631 -720 days past due	17,038,971	8,121,377	47.66%
More than 720 days past due	77,856,666	77,856,666	100.00%
	466,081,737	**154,220,668**	

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	31 December 2018
Balance at 1April 2018 per previous IAS 39	**138,616,823**
Adjustment on initial application of IFRS 9	**(36,761,710)**
Balance at 1 April 2018 per IFRS 9	**101,855,113**
Amounts written off	**(836,672)**
Net re-measurement of loss allowance	**53,202,227**
Balance at 31 December 2018	**154,220,668**

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 (note 8). 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.

Credit risk related to 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.

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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	**Less than 6 months**	**Between 6 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
31 December 2018	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Accounts payable	194,908,527	--	--	--	--	194,908,527
Amounts due to related parties	19,715,550	--	--	--	--	19,715,550
Tenants' security deposits	51,060,809	15,833,214	21,139,903	16,027,403	3,416,075	107,477,404
Long-term loans	238,051,017	265,949,319	647,662,386	2,444,730,262	4,907,109,571	8,503,502,555
Total	**503,735,903**	**281,782,533**	**668,802,289**	**2,460,757,665**	**4,910,525,646**	**8,825,604,036**

Contractual maturities of financial liabilities	**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 2018	**SR**	**SR**	**SR**	**SR**	**SR**	**SR**
Accounts payable	276,725,098	--	--	--	--	276,725,098
Amounts due to related parties	221,619,546	--	--	--	--	221,619,546
Tenants' security deposits	27,233,271	20,757,410	28,784,436	23,019,328	3,110,623	102,905,068
Long-term loans	307,196,374	403,468,316	926,391,397	3,959,273,165	1,547,743,185	7,144,072,437
Total	832,774,289	424,225,726	955,175,833	3,982,292,493	1,550,853,808	7,745,322,149

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity price risk

The Group is exposed to equity price risks arising from equity investments. At the end of the reporting period, most of the Group's equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

At the reporting date, the exposure of quoted equity investments was SR 6.7 million (31 March 2018: SR 7 million). A decrease / increase of 15% on the market value could have an impact of approximately SR 1 million (nine-month period ended 31 December 2017: SR 1 million) on the total comprehensive income or equity attributable to the Group, depending on whether the decline is significant or prolonged.

Capital management

Capital is equity attributable to the shareholders of the Company. The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The management policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions. The management monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity.

The management also monitors the level of dividends to the shareholders. There were no changes in the Group's approach to capital management during the period. Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31 December 2018 SR	31 March 2018 SR
Total liabilities	**8,123,095,019**	7,569,639,645
Less: cash and bank balances	**153,227,136**	80,350,968
Net debt	**7,969,867,883**	**7,**489,288,677
Total equity	**4,833,867,450**	4,904,952,654
Debt to adjusted capital ratio	**165%**	153%

36 COMMITMENTS AND CONTINGENCIES

Commitments

	31 December 2018 SR	31 March 2018 SR
Commitments for projects under construction	**2,420,295,860**	2,573,302,981

Operating lease commitments – Group as a lessee

The Group has entered into operating leases on certain parcels of land and staff accommodation. Payments under operating leases are recognized as expenses under cost of revenue during the period which amounted to SR 171 million (nine-month period ended 31 December 2017: SR 144 million).

Future minimum rentals payable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	31 December 2018 SR	31 March 2018 SR
Within one year	**333,003,290**	244,959,094
After one year but not more than five years	**1,358,782,530**	1,303,326,795
More than five years	**5,497,351,293**	4,770,208,231
	7,189,137,113	6,318,494,120

Some of the land lease agreements are in the name of the related parties of the Group, who have assigned these leases in favour of the Group.

Operating lease payments represent rentals payable for land rented for the purpose of construction of buildings for leasing purposes. Leases are negotiated for a range from 10 to 22 years.

37 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

المراكز العربية
Arabian Centres

Valuation Advisory Report

Project Mustang

Arabian Centres Company

28 February 2019

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For the attention of The Directors
Arabian Centres Company
PO Box 341904, Riyadh 11333
Saudi Arabia

Dear Sirs,

Valuation Report and Property Schedules: Project Mustang

Please find enclosed our Valuation Report and Property Schedules for Project Mustang.

We trust that these meet your requirements with regard to this assignment. If having reviewed our report, you have any questions, please do not hesitate to contact me.

Yours faithfully,

Simon Brand FRICS
Executive Director
Head of Valuation and Transaction Advisory MENA Region
Taqeem No.1220000635

For and on behalf of JLL
Encl. Valuation Report and Property Schedules

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شركة جونز لانغ لاسال العربية السعودية للتقييم العقاري
السجل التجاري رقم ١٠١٠٩٣١٢٨٦
الطابق السابع عشر، البرج الجنوبي، أبراج التعاونية
طريق الملك فهد، المملكة العربية السعودية
هاتف: ٠٠٩٦٦١١٢١٨٠٣٠٨ فاكس: ٠٠٩٦٦١١٢١٨٠٣٠٨
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EXECUTIVE SUMMARY

This Executive Summary must be read in conjunction with the following Valuation Report.

Instructions and Purpose of Valuation:	We are instructed to provide our opinion of the Market Value of the freehold or leasehold interests in the various Properties for inclusion in the prospectus to be published by Arabian Centres Company in connection with the proposed Initial Public Offering of shares and the listing of those shares on the Tadawul, KSA. The tenure of each property is identified in this report. For the avoidance of doubt, properties identified as leasehold are valued to lease expiry.
Valuation Standards:	Our opinions of value and this Valuation Report are prepared in accordance with Taqeem Regulations and the RICS Valuation – Professional Standards (July 2017) ("Standards") which comply with the International Valuation Standards.
Subject of Valuation:	The portfolio comprises various retail properties in Saudi Arabia, as detailed in the following Property Schedules ("Properties").
Basis of Valuation:	We have provided our opinion of the Market Value of the Properties, defined by the Standards as: *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*
Date of Valuation:	31 December 2018
Aggregate Market Value:	**SAR 19,087,500,000** **(NINETEEN BILLION, EIGHTY-SEVEN MILLION, FIVE HUNDRED THOUSAND SAUDI ARABIAN RIYALS)** The aggregate Market Value reported above is the sum of the Market Value of each Property valued individually and does not necessarily represent the Market Value of the Properties if sold as a single portfolio. In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, purchaser's costs of acquisition or for any tax liability. For individual asset values please refer to the following schedule.

SCHEDULE OF MARKET VALUES

Property No.	Property Name	City	Market Value as at 31 December 2018 (SAR)
1	Khurais Mall	Riyadh	117,000,000
2	Salaam Mall	Riyadh	653,000,000
3	Sahara Plaza	Riyadh	81,500,000
4	Tala Mall	Riyadh	72,000,000
5	Nakheel Mall	Riyadh	1,309,000,000
6	Nakheel Plaza	Qassim	12,000,000
7	Salma Mall	Hail	31,000,000
8	Aziz Mall	Jeddah	1,099,000,000
9	Haifa Mall	Jeddah	375,000,000
10	Mall of Arabia	Jeddah	3,617,000,000
11	Salaam Mall	Jeddah	770,000,000
12	Mall of Dhahran	Dhahran	1,303,000,000
13	Al Ahsa Mall	Hofuf	475,000,000
14	Makkah Mall	Makkah	1,941,000,000
15	Jubail Mall	Jubail	417,000,000
16	Jouri Mall	Taif	662,000,000
17	Al Noor Mall	Madinah	1,563,000,000
18	Hamra Mall	Riyadh	1,304,000,000
19	Yasmeen Mall	Jeddah	904,000,000
20	Al Khaleej Mall	Riyadh	804,000,000
21	Dammam Airport Mall	Dammam	1,102,000,000
22	University Avenue-KSU	Riyadh	476,000,000
Total			**19,087,500,000**

Property Details		City	Tenure	Leasehold Unexpired Term (Years)	Leasable Areas (sq m)	Occupancy (%)	Weighted Unexpired Lease Team (Years)	Gross Passing Base Rent (SAR pa)	Net Operating Income (SAR pa)	CapEx, SAR	Methodology	Yields		Market Value as at 31 December 2018	
No	Name											Exit %	Initial %	(SAR)	(SAR/sq m)
1	Khurais Mall	Riyadh	LH	3.01	41,372	92.0%	1.37	48,342,058	43,060,786	3,969,487	Income Approach	109.36%	35.60%	117,000,000	2,828
2	Salaam Mall	Riyadh	FH	N/A	49,926	95.7%	1.80	56,423,084	56,889,644	7,400,516	Income Approach	9.25%	8.62%	653,000,000	13,079
3	Sahara Plaza	Riyadh	FH	N/A	12,223	N/A	N/A	N/A	N/A	N/A	Market Approach	N/A	N/A	81,500,000	6,668
4	Tala Mall	Riyadh	LH	10.34	22,711	89.2%	1.29	32,714,193	12,003,744	5,625,051	Income Approach	26.80%	15.41%	72,000,000	3,170
5	Nakheel Mall	Riyadh	LH	15.57	55,707	99.0%	1.18	149,987,038	150,839,221	13,470,771	Income Approach	15.40%	11.41%	1,309,000,000	23,498
6	Nakheel Plaza	Qassim	LH	0.99	49,387	96.0%	1.65	40,147,257	35,671,632	2,239,820	Income Approach	N/A	132.28%	12,000,000*	243
7	Salma Mall	Hail	LH	13.19	16,952	91.4%	1.10	14,060,172	7,899,519	1,244,202	Income Approach	19.15%	12.41%	31,000,000*	1,829
8	Aziz Mall	Jeddah	LH	27.93	72,153	95.0%	1.88	122,457,401	106,990,271	9,456,244	Income Approach	11.47%	9.65%	1,099,000,000	15,232
9	Haifa Mall	Jeddah	LH	13.29	32,946	83.6%	1.48	53,752,899	40,458,348	8,023,408	Income Approach	19.00%	10.57%	375,000,000	11,382
10	Mall of Arabia	Jeddah	FH	N/A	109,185	96.5%	2.06	228,119,629	240,242,430	28,172,425	Income Approach	7.25%	6.59%	3,617,000,000	33,127
11	Salaam Mall	Jeddah	LH	13.59	121,363	92.9%	2.23	149,298,671	97,640,201	10,107,862	Income Approach	18.94%	12.53%	770,000,000	6,345
12	Mall of Dhahran	Dhahran	LH	6.11	160,647	96.5%	1.86	271,759,041	274,560,274	31,993,076	Income Approach	98.94%	20.56%	1,303,000,000	8,111
13	Al Ahsa Mall	Hofuf	FH	N/A	51,979	88.0%	1.91	41,486,921	38,894,628	4,170,862	Income Approach	9.25%	8.11%	475,000,000	9,138
14	Makkah Mall	Makkah	FH	N/A	37,545	94.9%	1.68	120,237,954	134,696,110	8,413,497	Income Approach	7.50%	6.91%	1,941,000,000	51,698
15	Jubail Mall	Jubail	FH	N/A	20,908	90.1%	1.53	30,128,494	30,180,383	4,886,278	Income Approach	8.50%	7.16%	417,000,000	19,945
16	Jouri Mall	Taif	LH	16.20	48,122	93.9%	1.73	84,066,896	76,748,198	8,722,074	Income Approach	15.60%	11.44%	662,000,000	13,757
17	Al Noor Mall	Madinah	FH	n/a	67,110	98.3%	1.79	106,668,362	116,220,762	8,246,934	Income Approach	8.00%	7.40%	1,563,000,000	23,290
18	Hamra Mall	Riyadh	FH	n/a	53,951	89.9%	2.87	89,720,044	93,123,277	8,373,580	Income Approach	8.00%	7.10%	1,304,000,000	24,170
19	Yasmeen Mall	Jeddah	LH	15.91	54,634	95.8%	2.56	114,321,188	105,425,646	11,012,352	Income Approach	15.65%	11.52%	904,000,000	16,546
20	Al Khaleej Mall	Riyadh	FH	N/A	51,453	N/A	N/A	N/A	N/A	N/A	Income Approach	N/A	N/A	804,000,000	15,626
21	Dammam Airport Mall	Dammam	FH	N/A	52,918	N/A	N/A	N/A	N/A	N/A	Income Approach	N/A	N/A	1,102,000,000	20,825
22	University Avenue KSU	Riyadh	LH	27.60	51,804	N/A	N/A	N/A	N/A	N/A	Income Approach	N/A	N/A	476,000,000	9,188
	Total													**19,087,500,000**	

** 50% interest*

TERMS OF ENGAGEMENT

Client

Arabian Centres Company (the "Company"/ "ACC").

Addressees

Arabian Centres Company (the "Company"/ the "Addressee").

Instructions and Purpose of Valuation

We are instructed to provide our opinion of the Market Value of the freehold or leasehold interests in the various Properties for inclusion in the prospectus to be published by ACC in connection with the proposed Initial Public Offering of shares by the Company and the listing of those shares on the Tadawul.

This Valuation Report is subject to and should be read in conjunction with our Scope of Work and Terms of Engagement, dated 4 November 2015, as novated on 1 May 2017 and 04 June 2018 and our General Principles Adopted in the Preparation of Valuations and Reports, attached as Appendix B.

Valuation Standards

The Valuation assignment has been undertaken in accordance with the Taqeem Regulations (Saudi Authority for Accredited Valuers) and Royal Institution of Chartered Surveyors Valuation – Professional Standards (July 2017) ('the Standards") and in conformity with the guidance notes of the International Valuation Standards (2017 Edition).

Subject of Valuation

The portfolio comprises various retail properties in Saudi Arabia, as detailed in the Property Schedules ("Properties") below. Our opinion of value reflects the value of the land, buildings and plant and machinery required to provide normal building services.

Previous Involvement

We valued the Properties as at 30 September 2015, 31 March 2016, 31 March 2017, 30 September 2017, 31 March 2018, 30 June 2018 and 30 September 2018. The proportion of total fees received from ACC entities relative to the total fee income of JLL during the preceding year is less than 5%, which is considered 'minimal' by the RICS.

Conflict of Interest

We are not aware of any existing conflicts or potential conflicts of interest, either on the part of JLL or the individual members of the valuation team assigned to this project, which prevent us from providing an independent and objective opinion of the value of the Properties.

Status of Valuer

Simon Brand FRICS, Head of Valuation and Transaction Advisory MENA Region has supervised and is the 'Responsible Valuer' for the Project. He has been assisted by other valuers at JLL as detailed in the following schedules, and the term "we" refers to this team collectively. We have sufficient current local and international knowledge of the market for the Properties and the skills and understanding to undertake the valuations competently.

We are acting as an External Valuer, defined in the Standards as:

"a valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment".

Interest Valued

We have valued the freehold or leasehold interests in the Properties. Please refer to the individual property reports below for further information.

Basis of Valuation

We have provided our opinion of the Market Value of the Properties, defined in the Standards as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.''

In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, a purchaser's costs of acquisition or for any tax liability.

Further commentary on the definition of Market Value and its application can be found in Appendix C.

Valuation Date

The valuation date is 31 December 2018.

Currency Adopted

The currency adopted is Saudi Arabian Riyals (SAR).

Publication

This Valuation Report (or part thereof) or reference thereto may only be included or quoted in any pre-offering announcement, road show materials, admission document, offering circular prepared in connection with the IPO, with our prior written consent (such consent not to be unreasonably withheld or delayed) and the detailed wording to be included must first be reviewed by us and we must be given the opportunity to update or amend this Valuation Report (or part thereof) (as the case may be) if necessary. We will only allow limited use of this Valuation Report in promotional material.

We consent to the Valuation Report being included in the Prospectus, subject to our approval of the form and context of the publication within the Prospectus, such consent not to be unreasonably withheld or delayed, and to us being given reasonable opportunity to update or amend the Valuation Report

Neither the whole of the Valuation Report, nor any part, nor reference thereto, may be published in any other document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear. Our approval is not required if disclosure is required by law.

Liability

This Valuation Report may only be relied upon for the Purpose. No reliance may be placed on draft versions of this Valuation Report.

Our liability to the public investors, the Client and the addressees for this Valuation Report shall be unlimited. Notwithstanding the previous sentences, in the event that the Initial Public Offering does not complete, our liability in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise howsoever caused arising out of or in connection with this engagement shall, save for fraud, death and personal injury, be limited to USD 1 million in aggregate to all of the Addressees.

You undertake to ensure that third parties save those buying pursuant to the Initial Public Offering, to whom this Valuation Report is disclosed are made aware that this is on a non-reliance basis and JLL disclaims any responsibility or liability whatsoever to such a party in relation to this Valuation Report.

INVESTIGATIONS

Nature and sources of information relied upon

ACC have, unless stated otherwise in the following Property reports, provided us with the information relating to the Properties listed below which we have fully relied upon:

- Title Deeds, where applicable;
- Copies of land/building lease contracts;
- Krookies/site plans;
- Legal Due Diligence Key Findings Report issued by Abdulaziz Alajlan & Partners in association with Baker & McKenzie dated 19 December 2018;
- Financial Due Diligence Key Findings Report issued by PwC as part of the Prospectus dated 20 December 2018;
- Building Completion Certificates;
- Floor plans;
- Tenancy schedules as at 31 December 2018;
- Unaudited Profit and Loss Statement for 2015/2016/2017/2018;
- CAPEX budget for 2018-2019;
- Building Permits;
- Footfall summary for April 2016 – March 2018;
- Information on the sales performance of the portfolio (April 2017 – March 2018) for tenants who are paying turnover rent in addition to the base rent agreed in the lease contracts;
- Service charge and chilled water contribution recovery for the past three years;
- Information on extension of the Head Lease for Salma Mall in Hail, KSA;
- Copy of the renewal of the Headlease for Aziz Mall.

We have not verified the information provided. ACC has certified, for and on behalf of all parties providing information to us, that any and all information and documentation provided to us is accurate and complete in all material respects. Should this prove not to be the case, we reserve the right to amend our valuation accordingly as any change to the above information relied upon may materially affect the value of the Properties.

Prior to delivery of this Valuation Report and/or the release of any letters we are required to issue, ACC has informed us in writing of any material facts or information of which they are aware and that could reasonably be expected to:

- Influence the conclusions to be made by us in this Valuation Report, and any bring down letters; and/or
- Affect the correctness, accuracy or completeness of the documents provided by the Client or its agents to us;

Should we be informed by the Company of any such facts or information, the required changes shall be made to our valuation.

We confirm that ACC has formally advised us that as at the date of our valuation no material changes have

occurred in the Properties comprising operational retail centres since the date of the Properties' inspection. However, from the information provided to us by the Company we understand that the construction projects have materially changed since our last inspection date due to the advancement of the construction stage. We have reflected the respective changes in our valuation.

Extent of Investigations

We have reported within the extent of our expertise, on the understanding that the Company will seek further specialist advice where necessary. Where we have reasons for concern, we have raised these in this Valuation Report and caveated them accordingly. Following subsequent detailed investigations, we reserve the right to review and amend our valuations accordingly.

Title and Tenure

We have ourselves not undertaken title investigations with the relevant municipalities. We have been provided with a Legal Due Diligence Report issued by Abdulaziz Alajlan & Partners in association with Baker & McKenzie dated 19 December 2018.

Having regard to the Legal Due Diligence Report and the instructions of the Company, we have valued the Properties under an assumption of good and marketable freehold or leasehold titles clear of all mortgages, charges, encumbrances and third-party interests that can be transferred to foreign owners/entities. If the title includes wider building/complex or common areas in which the Property is located, we have assumed that a separate freehold title exists or can be obtained at no cost on the same basis detailed above.

If at a later date any defects in title or restrictions on the transferability of the Properties are proven, this may affect our opinion of value and we reserve the right to review and amend our valuation accordingly.

Inspection and Areas

For the purposes of our valuations we have undertaken an external/internal visual inspection of the Properties. ACC has confirmed that as at the date of our valuation there have been no material changes to the physical attributes of the Properties and the areas in which they are situated since the dates of our inspections.

We have not undertaken a measured survey of the Properties. You have agreed that we can rely upon the site and leasable areas provided to us by you. We are advised that these are prepared in accordance with the measurement policy of the Company, which is not in accordance with the RICS Code of Measuring Practice (6th Edition). In this regards it should be noted that the rental evidence was based on the latest lease transactions in the Properties. Thus, we understand that the comparison of rental levels was made on a like-for-like basis.

We recommend that specialists be instructed to verify the areas provided to us.

State of Repair

We have not undertaken building surveys. Unless advised by you and stated in the following schedules, we have assumed that the structure of the Properties are in good condition and the state of repair is commensurate with their age and use. We recommend that specialists be instructed to verify this.

Utilities and Building Services

We have not tested the utilities available to the Properties nor the plant and equipment required to provide normal building services. We have assumed that the utilities and building services are of sufficient capacity for the current operation and future use/expansion of the Properties and are in good condition. We recommend that specialists be instructed to verify this.

Planning and Building Regulations

We have not undertaken planning or building investigations. Unless advised by you and stated in the following property reports, we have assumed that the Properties have received appropriate building permits/ completion certificates issued by relevant authorities or that these can be obtained at no cost, and that the Properties have been constructed in accordance with all relevant regulations.

Contamination and Hazardous Substances

We have not undertaken investigations into contamination and hazardous substances. Unless advised by you and stated in the following schedules, we have assumed that the Properties are not adversely affected by contamination and hazardous substances. We recommend that specialists be instructed to verify this.

Environmental Matters

We have not undertaken investigations into environmental matters. Unless advised by you and stated in the following schedules, we have assumed that the Properties are not adversely affected by environmental matters and that ground conditions are sufficient for any proposed developments/extensions. We recommend that specialists be instructed to verify this.

Operational Licences/Permits/Certificates/Agreements

We have not undertaken investigations into the status of operational licences, permits, certificates, agreements. Unless advised by you and stated in the following schedules, we have assumed that valid licences, permits, certificates, agreements are in-place for the on-going operation of the Properties in accordance with all relevant regulations and that these licences/permits/certificates/agreements will be renewed without issue or significant cost upon expiry.

Tenancy Schedule

We have been provided with tenancy schedules for the Properties as at 31 December 2018. These detail the unit's location, number, type and function, tenant's name, brand name, leasable area (in square metres), rent start date and rent end date (per Gregorian calendar), annual base rent, service charge and chilled water charge.

We have not been provided with copies of all lease agreements. Where the copies of lease agreements have been made available to us, we have cross-referenced the terms of the singed lease agreements with the tenancy schedules.

We have made further inquiries regarding contracted rent escalations, rent-free periods, rental rebates and bad debts and have taken into account all the details provided to us accordingly.

We have been provided with a Financial Due Diligence Report prepared by PwC as part of the Prospectus dated 20 December 2018. They have reviewed a representative sample of signed lease agreements and cross-referenced these against the tenancy schedules. They state that they have found no inconsistencies between these and that the tenancy schedules are complete and accurate.

We have valued the Properties on the basis detailed above. If at a later date any inaccuracies in the tenancy schedule are proved, this may affect our opinion of value and we reserve the right to review and amend our valuation accordingly.

Occupational Tenancies

We have provided our opinion of value on the basis that all lease agreements have been agreed at arm's length and on market related terms.

We have been provided with copies of selected lease agreements for the Properties. ACC has confirmed to us that these are the standard occupational lease agreements used across all of the Properties. We have assumed the terms of these provided lease agreements are consistent with (or are at least a very close variation of) all actual signed lease agreements. If at a later date this is proved not to be the case, we reserve the right to amend our valuation accordingly.

Examples of the key terms of the lease agreements are provided below.

Al Ahsa Mall, Hofuf

Provisions	Conditions
Lessor	Arabian Centres Co.
Tenant Trading Name	City Max
Start Date	03/08/1431 (H) corresponds to 14/07/2010 (G)
End Date	02/08/1441 (H) corresponds to 26/03/2020 (G)
Fit Out Period	N/A
Annual Rental Payment	Year 1 – 7% of the total annual sales with an advance payment established by the contract; Year 2 to 10 – 8% of the total annual sales with an advance payment established by the contract. In case the percentage of the total annual sales is higher than the advance payment the difference to be paid by the tenant. In case the percentage of the total sales is lower than the advance payment the difference to be credited for the next year's payment. To be paid in one instalment upon signing the contract with one cheque or a bank transfer. Annual rent for each subsequent year shall be settled at the end of each contractual year.
Grace Period	N/A
Turnover rent	Covered under "Annual Rental Payment" clause above.
Service charge and chilled water	Included into the rent detailed above
Assignment/sub-letting	Permissible subject to prior landlord approval
Renewal	Renewable for the same period
Alterations	Fitting works in the unit permissible subject to prior written consent from the landlord
Fit-out	At tenant's own expense and in accordance with landlord's requirements

Source: JLL's interpretation of the lease contract provided by the Company

Al Salaam Mall, Jeddah

Provisions	Conditions
Lessor	Inmaia Real Estate, Tourism Investment and Development Co.
Tenant Trading Name	Danube
Start Date	01/08/1430 (H) corresponds to 23/07/2009(G)
End Date	30/07/1445 (H)corresponds to 09/02/2024 (G)
Fit Out Period	N/A
Annual Rental Payment	Fixed amount. 10% upon contract signage, 50% after four months from contract signage, 40% after one year from contract signage. Annual rent for each subsequent year shall be paid in two instalments on Day 1 of each six-month period.
Annual Rent Revision	5% every five years.
Grace Period	N/A
Turnover rent	N/A
Service charge and chilled water	Fixed amount
Assignment/sub-letting	Permissible subject to prior landlord approval
Renewal	Renewable for similar term subject to both parties' consent
Alterations	Fitting works in the unit permissible subject to prior written consent from the landlord
Fit-out	At tenant's own expense and in accordance with landlord's requirements

Source: JLL's interpretation of the lease contract provided by the Company

We note that Abdulaziz Alajlan & Partners in association with Baker & McKenzie advise in their Legal Due Diligence Key Findings Report dated 19 December 2018 that the Company has provided a sample of leases for its 5 Key Account Tenants, each of which rents multiple stores across several of the Company's Malls as well as a sample leases entered into with various related parties.

We understand that no legal issues with regards to the provided sample of leases have been identified by the legal advisor.

Key Risks

In accordance with the information from the Legal Due Diligence report dated 19 December 2018 and Financial Due Diligence report dated 20 December 2018 (part of the Prospectus) we would like to draw your attention to the following risk factors identified by the advisors:

- *There is no guarantee that the rent escalation rates agreed at the time of execution of the Company's lease contracts will be sufficient to compensate the Company for the increases in the operating costs or inflation rates, or that such increases will correspond to growth rates in rental values. Furthermore, in a more challenging market environment, and particularly with highly-sought after tenants, the Company may not be able to include or apply these contractual rent escalation provisions at all and instead may need to offer discounts to its tenants to retain them in its Malls.*

  We note that the Company has had to offer rental discounts to some tenants.

- *The majority of the Head Leases do not provide the Company with a right of renewal upon expiry of the initial term and many Head Leases do not provide for compensation to the tenant for the improvements on the land, namely the shopping malls, upon expiry of the initial term or the lease or upon termination.*

  We note that our valuation has been prepared on the basis of the existing agreed terms and no assumptions on the renewal of the Head Leases have been applied by us.

- *In addition to the above, the Company has entered into Head Lease contracts for certain land sites for development in the future. In some cases, the Company is currently enjoying "rent free" periods. As and when the rent-free periods end, the Company will be required to start making rental payments under these Head Leases regardless of whether the development has happened or not. Any delays in the development of these sites would mean that the Company would be paying rent without any*

corresponding revenues. Costs relating to these Head Leases are currently being capitalised in anticipation of their future development. To the extent there are delays in development of these sites, the Company's auditors may require that the Company stop capitalizing these costs and instead book them as operating expenses, which would adversely affect the Company's profitability.

We would like to draw your attention to the fact that as per our instruction we have not valued these leases which are potentially liabilities.

- *Pursuant to the master purchase agreement entered into by the Company under the Ijara Facility, the Company has transfer the registered title for certain assets to affiliates of the ijara participant banks as consideration for the payment of the principal financing amounts under the Ijara Facility.*

  We would like to draw your attention to the fact that our valuation assumes that the Properties are free and clear of mortgages and no allowances were made for the risk highlighted above.

- *The Head Lease for University Boulevard (Riyadh) provides that during the term of the lease, no shareholders of the Tenant (ACC) may assign and/or transfer any of their shares to any of its associated companies or any other person without the prior written consent of the Landlord.*

  As per the LDD the Client has received a non-objection letter with regard to the University Boulevard (Riyadh) dated 31 October 2018 signed by the landlord under the Head Lease – Riyadh Valley. The letter states that the landlord is aware of the anticipated change of control in the Company resulting from the Offering and has no objections to this.

- *The Company has been issued with Amana (Building) Completion Certificates in respect of nine (9) Malls (out of a total of 19 Malls), and is in the process of obtaining these certificates for its remaining Malls.*

  We would like to draw your attention to the fact that our valuation assumes that the Properties possess all the required permits, licenses and certificates. Should the Company fail to obtain the required Trading Licenses by the date of the offering we reserve the right to review our opinion of value.

- *Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralised land registry. Given that indefeasibility of title does not yet exist in Saudi Arabia, various types of historical evidence are relied upon to identify and prove ownership of land, such as court judgments, sale agreements and historical deeds. Given that not all relevant historical evidence may be available in every case, there is often a residual risk of future ownership disputes.*

  We would like to draw your attention to the fact that our valuation includes no allowances for the greater risks associated with the properties than usual highlighted above.

- *The Company's land lease payables amounted to SR61.9 (Refer to Accounts payable section of the Prospectus) as at 30 June 2018. Land lease payables at 30 June 2018G mainly related to Haifaa Mall (SAR 14.5 million), Jouri Mall (SAR 12.1 million), Mall of Dhahran (SAR 10.6 million), and Mall of Arabia - Jeddah (SAR 9.9 million).*

  We have queried the above with the Client and have been advised that considering the strong relationship with those landlords, it is normal practice to have outstanding payments related to long-term leases. We have been advised by the Company that the outstanding payments have been agreed to be paid on a payment plan basis which was approved by the landlords under the Head Leases.

  Please, note that, since we have not been explicitly advised on the amount of outstanding payments, we have not accounted for the above risks in our valuation and assumed that no outstanding payments exist with regards to the leasehold Properties.

  We would like to draw your attention to the fact that, should the details of such outstanding payments be made available to us, it will have a direct impact on the cash flows and negatively affect the value of

the Properties. We reserve the right to review our opinion of value should this information be provided to us.

- *We understand that the design and construction of malls is principally performed by related parties (Fawaz Abdulaziz Al Hokair & Real Estate Company "FAS Contracting"). Management explained that rates provided by FAS Contracting are lower than market rates because the Company uses FAS Contracting to build all their malls hence, they can negotiate better rates.*

  We would like to draw your attention to the fact that, should a Third Party acquire any Property which is under construction as at the date of the offering, there are risks associated with the inability to achieve similar level of construction rates provided by other construction companies and consequently the Market Value of such Properties is likely to be affected.

- *We understand that Nakheel Plaza extension is included into Other Properties list in FDD. We also understand that the Property comprises the Panda hypermarket.*

  We would like to draw your attention to the fact that the above extension forms part of the rent-roll provided to us for valuation purposes. Consequently, the Market Value of the extension is captured in the Market Value of Nakheel Plaza.

VALUATION APPROACH

Market Value Definition

Our valuations provide an estimate of Market Value, prepared in accordance with Taqeem Regulations and the RICS Valuation – Professional Standards (July 2017) (the "Standards"), defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Base Rent and Turnover Lease Structure

ACC has advised that leases typically have a turnover provision. This turnover provision may generate a turnover rent. The turnover rent is calculated based upon a percentage of sales that exceeds the base rent. This percentage is agreed in the lease. Where the turnover percentage exceeds the base rent, turnover rent is payable at the end of each year.

Gross Passing Rent Definition

Gross Passing Rent (or "current rent") is the income receivable at the date of valuation and includes income from the letting of retail units and storage space. Gross Passing Rent does not take into account rent for vacant units or units where there is a future lease start date.

The specialty leasing (kiosks, ATMs etc.), multimedia and other non-GLA income, where applicable, are taken into account in our valuation as 'Additional Income'.

Income Approach – DCF Method

The Market Value of the 19 operating malls has been assessed using the Discounted Cash Flow (DCF) calculation method. This takes into account the agreed rent for the signed leases, the market rent for currently vacant space and estimated rents for re-letting of the space after lease term expiry. This is based upon the Tenancy Schedule, the accuracy of which is therefore important and impacts Market Value.

DCF has been also used for assessment of Gross Development Value for the three malls under construction where our valuation assumptions were based on the performance of the market and the operating malls in relevant cities of KSA.

We have calculated the DCF both over a 5-year hold period (where the unexpired headlease term exceeds five years; where the remaining headlease term is shorter, the forecast period is adjusted respectively) and assumed a capitalised value based on a stabilised rental income of the property after this period (the exit value). Cash flows for the relevant year are calculated as follows: the Rental Income including Additional Income and (where applicable) Turnover Income at full occupancy is reduced by the loss of rent due to vacancy. Where applicable, income from step rents at the pre-agreed rent step dates has been added to obtain the Total Gross Revenue. While rents are calculated according to their particular adjustment clauses (indexation agreed in the lease contracts), operating expenses have been adjusted by 5% on a yearly basis. Capital expenditures (Sinking fund) have been modelled as a percentage of the Total Gross Base Rent.

After deduction of the non-recoverable operating expenses (i.e. but not exclusively Management and Maintenance Costs as well as rental payments in case of the leasehold properties) the Net Operating Income (NOI) is determined.

The exit value is calculated based on the Cash Flow of Year 6 (or the year following the chosen forecast period for the properties with the unexpired headlease term of less than 5 years). The exit value takes the Rental Income at full occupancy and subtracts the expenses at full occupancy, resulting in the Stabilised Net Operating Income. This result is capitalised into perpetuity (in case of the freehold properties) or for the duration of the unexpired lease term (in case of leasehold properties) and produces an indication for the exit value. For calculating the sales proceeds at exit a growth implicit yield has been applied. This Exit Yield is based upon applicable market transactions or market sentiment pertaining to current market conditions. This yield can then be varied for property specific attributes such as obsolescence, reversionary potential/

over-rent, lease expiry profile and any capital enhancement projects factored into the Cash Flow. Only known and confirmed future competition at the valuation date is taken into consideration in the adopted Exit Yield.

Discounting the remaining Cash Flows and the Net Proceeds from Sale to the valuation date produces the Market Value. The cash flows calculated across the valuation period are discounted to the valuation date monthly in advance using the market derived discount rate. The discount rate adopted considers the probability of default as well as the security of the forecast for the Cash Flow. Therefore, factors which influence the discount rate include existing terms and conditions of lease contracts and strengths of tenant covenants.

The following yields are inputs/outputs from our discounted cash flow calculation:

- Initial yield: the net passing rent at the date of valuation expressed as a percentage of the net capital value.
- Exit yield: the yield represents the asset as stabilised, rental levels at market prices, capital expenditure spent which is included in the cash flow as the asset 5 years older.
- Internal Rate of Return: the unleveraged discount rate.

Generic Valuation Assumptions, Inputs and Considerations

Generic Valuation Assumptions, Inputs and Considerations	
Income Analysis	
Gross Passing Rent/Current Base Rental Income	Gross Passing Rent (or "current rent") is the income receivable at the date of valuation and We been provided with a copy of the current tenancy schedule, dated 31 December 2018. We have also been provided with other current and budgetary income and expenditure related information. We have relied upon the information provided to us by ACC and their advisors. We have not independently verified any of the information provided. However, we have sought clarification from ACC on any discrepancies. We have assumed that responses to any discrepancies are accurate at the date of valuation. We note that from the tenancy schedule provided the retail tenants are split between 'Internal' tenants that are brands owned by Al Hokair and 'External' tenants, which are third party tenants. The level of rental rates for 'Internal' tenants is lower than the level of rental rates for 'External' tenants. However, it does not differ from the correlation of rental rates achieved by multibrand and monobrand retail families in other retail malls in the region. Thus, the split into Al Hokair brands (multibrand retailer) and third-party tenants (monobrand retailers) and the respective difference in their rental rates is in line with market practice.

Tenant Sales Performance	The leases are structured based on a rent, which is typically paid annually in advance on the anniversary of the lease start date. We however understand that it is ACC's strategy to incorporate turnover provisions in the new leases. The turnover provision varies for each tenant according to the lease agreement. This turnover provision may generate a turnover rent. The turnover rent is calculated based upon a percentage of sales that exceeds the base rent. This percentage is agreed in the lease. Where the turnover percentage exceeds the base rent, turnover rent is payable at the end of each year. We have been provided with the information on the audited turnover for the period of April 2017 – March 2018.
Other Income	Considering the information provided by the client and also taking into account information on malls across KSA for the purposes of our valuation we have assumed that total miscellaneous non-GLA income will amount to 10% of total base rent.
Valuation Inputs	
Opinion of Market Rent	When applying Market Rents we have had consideration to recent transactions in the malls, including the use, size and level. We highlight that there are a number of tenants, which operate under a single brand, and therefore the passing rents for these operators may differ due to their negotiating power over other operators. For the Properties under construction we have applied Market Rents based on the latest transactions in stabilised malls.
Operating Expenses	We have been provided with the information on the total OpEx for 2017 and 2018. We also understand that the Client incurs additional marketing costs. We have not been provided Advertising & Marketing costs for the Properties and we understand there is a single marketing budget to be distributed across all ACC malls. Generally, the level of operating expenses for comparable retail assets is in the range of SAR 250 – SAR 350 per sq m per annum.
Letting Fees	We have been advised leasing fees are included with the operating expenses. Therefore, no additional fees have been included in our valuation.
Doubtful Debtors Allowance	We are of the opinion that any property owner is likely to suffer some loss of income because of bad debts. In accordance with the information provided to us by ACC, we applied the budgeted loss due to doubtful debtors at 2% of the total revenues of a mall for the first two years of the cash flow and 1% starting Year 3.
Tenant Incentives	We have been advised by the Client that due to the challenging market conditions some tenants are requesting rental support. We have been provided with information on the incentives provided by ACC to internal and external tenants in Year 1. We have accounted for these incentives in our cashflow as CapEx as these are one-time rent reductions which happen in Year 1.
Capital Expenditure	We have been provided with the information on planned CapEx for 2018-2019. We have explicitly modelled allowance for capital expenditure in our valuation. We have analysed the level of the CapEx allowance in other retail malls we have been involved with. We have assumed that a prudent owner will incur CapEx to maintain the Properties and preserve an interest therein on part of tenants. Thus, we have allowed for sinking fund of 3% of the Total Base Rent per annum.

Growth Rates	We have been informed by ACC that line store retail units are subject to annual escalation of 5%. This is a standard lease term across all the operating malls. There are minimal exceptions. Rent indexation varies for anchor stores but is generally lower than that of the line store retail units. Some key anchors pay no escalation but most pay approximately 2.5% per annum. We have reconciled the information provided to us as part of year-on-year revaluation assignments. A review of the retrospective tenancy schedules supports indexation of 0% – 2.5% per annum for anchors and 5% per annum for the line store retail units. We assume that it will take time for the market to revert to the previous level of performance due to current retail market slowdown. We assume only 50% of the above market rental growth to be absorbed by the market in Year 1.

Market Growth Profile	Year 1	Year 2
Line Stores	2.50%	5.0%
Anchors	1.25%	2.5%

Market Yield and Liquidity	There is limited transaction activity in the Saudi Arabian real estate market. This could depress the value of a property where a rapid disposal is sought or required. Any investment transactions are usually off-market deals. The confidential nature of these can result in inaccurate information about the transaction. As such values are derived from a combination of market knowledge, investor sentiment towards commercial property and risk-free rates in the region with a build-up to allow for property specific risk factors and characteristics. In assessing the values of the larger assets we have also considered prime retail yields from a global perspective in both core markets and in other frontier or emerging markets. We have had regard to both the property fundamentals and also the ownership, legislative and perceived systemic risk factors of Property ownership in Saudi Arabia. It is difficult to gauge the full extent of these "emerging market" risk factors and they have the potential to depress or slow the realisation of value from the Properties. Due to considerable volatility of the market of Saudi Arabia, investors are primarily focusing on the Initial Yield profiles of investment assets. Consequently, when assessing the Market Value of the portfolio we have taken a view on the level of Initial Yields for each property, which were viewed to stay above 7% and vary depending on property specifications and KPIs.
Company Non-controlling Interest	Based on the findings of the LDD we understand that the Company has a non-controlling interest in Nakheel Plaza and Salma Mall where the stake of the Company is 50%. We have reflected this in our valuation through the straight-line apportionment of the Market Value of the Properties in accordance with the Compnay's share.

Income Approach – Residual Method

We have simplified the development timeline for ongoing development projects also known as IPUCs (Investment Property Under Construction) into five stages from the initial stage of site acquisition and/or assembly to the final stage whereby the IPUC is converted to an investment property as a fully let and income producing completed development. These stages are listed below:

Stage 1 - Site Acquisition/Site assembly;

Stage 2 - Planning consent and permits obtained, demolition and construction commences;

Stage 3 - Construction programme underway, agreements for lease in place on % of units;

Stage 4 - Practical completion imminent;

Stage 5 - Conversion from IPUC to Investment Property.

The standard approach adopted for the valuation of IPUCs is the Residual Method of Valuation. Total costs include construction, fees, contingency, finance costs and developer's profit which are deducted from our estimate of the development value upon completion to arrive at a surplus. We refer to this surplus as the residual value; which is the amount that a purchaser would be willing to pay for the site. This applies well to Stage 1 and Stage 2 however can become more complicated as the development progresses.

A standardised approach is therefore important to the valuation of an IPUC throughout the development to ensure that it is only certain variables that can change and not the approach. We continue to value the development in this way throughout Stages 1 to 4. As the development progresses the value of the project (the residual) should increase as remaining costs are reduced, the level of risk and therefore required profit also fall (see Profit on Costs parameters) and the remaining time prior to the IPUC becoming income producing and being converted into an investment property is reduced.

Profit on Cost

The level of profit reasonably required by a purchaser (and therefore reflected in arriving at market value) will diminish as each stage is passed and the risk associated in realising the value of the completed development is reduced. The amount of profit is typically measured as profit on cost and will be influenced by the level of pre-lets and agreements for lease secured. Typically profit on cost varies between 10% for de-risked 100% pre-let IPUCs and 25% for 100% speculative IPUCs. This assumes a standard retail led development in a viable location with a site free from any contamination or any other onerous factors that may impact negatively upon value.

Profit on cost is expressed as a percentage of total costs including fees, finance costs and site value (residual value) and is the estimated level of profit that a purchaser would reasonably expect to receive in acquiring the IPUC and completing the development. The level of profit may be varied depending on the perceived risks left in the development. Key determinants include the level and quality of pre-lets and that required permits, planning consents and other legal requirements are all in place.

Finance Costs

Finance costs adopted will be those available in the financial markets for a developer of similar covenant strength and reputation to Arabian Centres Company. Finance costs are applied to 100% of the total development costs and it is assumed that this is repaid in full at the end of the construction period. The interest payments are calculated on a monthly basis.

Contingency

Contingency costs are typically adopted as a percentage of the construction costs and fees assumed in the valuation. Typically, 10% is adopted but can be varied to reflect the complexity of development project or if the timescale is longer than normal. As the development nears completion the level of contingency can be reduced. Where construction contracts are turnkey contracts the liability rests with the contractor and so contingency costs may be removed. Where fixed price construction contracts are agreed this may be removed if the contract is considered to completely de-risk the construction costs for the owner/developer.

1. KHURAIS MALL, RIYADH, KSA

Property Name/ Address: Khurais Mall, Riyadh, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 06 August 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located approximately 1.4 km southeast of Al Riyadh Mall at the junction of Khaled Ibn Al Walid Street and Hafsa Bint Umar Street. An Othaim Supermarket is located opposite Al Riyadh Mall.

There is a good road network surrounding the Property.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	10/08/2002
LH End Date (G)	04/01/2022
Remaining Term	3.01
Passing Ground Rent (Gregorian)	5,552,113
Opening Year	2004
GBA, sqm	60,230
Parking Capacity, spaces	917
GLA, sqm; of which	41,372
GLA units, sqm	41,372
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	45
Land plot size, sqm	62,408
Vacancy on Area, %	3,302 sqm [7.98%]
WAULT	1.37
Key Tenants	Panda Hypermarket
	Red Tag
	Billy Beez
Footfall (2017-2018)	3,342,320

** Date is after the grace period*

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	20,197	48.82%	3	0	100.00%
Line shop	19,992	48.32%	143	2,968	85.15%
F&B	1,127	2.72%	22	332	70.54%
Kiosks, ATMs, etc.	0	0.00%	25	0	0.00%
Warehouse	56	0.14%	9	2	96.43%
Total	41,372	100.00%	202	3,302	92.02%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa) *	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
48,342,058	92.02%	56,203,498	10,343,000	43,060,786	35.60%	13.00%

* Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.

** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 – 50	4,100
51 – 200	2,600
201 – 500	1,900
501 – 1,500	1,300
Over 1,500	400

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (Sq m)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	81	10,827	26.2%	24,231,709	50.1%	24,231,709	0.4	0.0%
3	2020	27	4,932	11.9%	11,031,604	22.8%	11,031,604	0.2	0.0%
4	2021	16	20,464	49.5%	10,813,806	22.4%	10,750,446	0.2	-0.6%
5	2022	0	0	0.0%	0	0.0%	0	0.0	-
6	2023	3	1,847	4.5%	2,264,938	4.7%	2,264,938	0.0	0.0%
Vacant	Vacant	50	3,302	8.0%	0	0.0%	7,924,800	0.1	-
Total		177*	41,372	100%	48,342,058	100%	56,203,498	100%	16%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	12.09	12.09	12.09
F&B	2.00	9.75	4.20
Line store	2.00	10.09	3.53
Kiosks, ATMs, etc.	0.00	0.00	0.00
Warehouse	2.08	4.08	3.18

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	40	14,903,441	48,342,058	81.4%
External Rent Income	87	33,438,617		
Additional Income		5,030,069	5,126,662	8.5%
Service Charge Recovery		6,031,314	6,512,511	10.2%
Total	127*	59,403,441	59,981,232	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 5,552,113 per annum
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	7.5%
Capex, SAR	SAR 3,969,487

Date of Valuation: 31 December 2018

Market Value: **SAR 117,000,000**

(ONE HUNDRED AND SEVENTEEN MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

2. SALAAM MALL, RIYADH, KSA

Property Name/ Address: Salaam Mall, Riyadh, KSA.

Property Inspection: The Property was inspected by Peter Stebbings MRICS on 02 September 2018. We highlight that the inspection was undertaken on a visual basis only.

Salaam Mall is located on the Western Ring Branch Road approximately 15 km south of the centre of Riyadh. Salaam Mall is the only major retail destination in the southwest district of Riyadh servicing one of the most densely populated residential areas.

There is a good road network surrounding the Property and good connectivity to the Western Ring Road. According to the High Commission for the Development of Arriyadh (HCDR), a dedicated bus lane on Hamzah Bin Abdulmuttalib Road extending 23.5 km, is planned to intersect the Western Ring Road, providing additional accessibility.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2005
GBA, sqm	67,421
Parking Capacity, spaces	1,040
GLA, sqm; of which	49,926
GLA units, sqm	49,926
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	48
Land plot size, sqm	171,464
Vacancy on Area, %	2,136 sqm [4.28%]
WAULT	1.80
Key Tenants	Panda Hypermarket
	Centrepoint
	Fun Time
Footfall (2017-2018)	4,365,969

Property Description:

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	19,382	38.82%	1	0	100.00%
Line shop	29,160	58.41%	140	2,112	92.76%
F&B	1,357	2.72%	17	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	31	0	0.00%
Warehouse	27	0.05%	6	24	11.11%
Total	49,926	100.00%	195	2,136	95.72%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
56,423,084	95.72%	59,834,849	12,481,500	56,889,644	8.62%	11.75%

** Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 – 50	3,400
51 – 200	2,500
201 – 500	2,000
501 – 1,500	1,200
Over 1,500	400

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (sqm)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	64	7,977	16.0%	19,388,215	34.4%	19,378,383	0.3	-0.1%
3	2020	56	16,976	34.0%	21,855,565	38.7%	21,855,565	0.4	0.0%
4	2021	18	2,324	4.7%	4,838,681	8.6%	4,838,681	0.1	0.0%
5	2022	2	411	0.8%	889,007	1.6%	889,007	0.0	0.0%
6	2023	4	3,884	7.8%	3,694,441	6.5%	3,694,438	0.1	0.0%
7	2024	1	16,153	32.4%	5,597,015	9.9%	5,597,015	0.1	0.0%
8	2025	1	65	0.1%	160,160	0.3%	160,160	0.0	0.0%
Vacant	Vacant	18	2,136	4.3%	0	0.0%	3,421,600	0.1	-
Total		164*	49,926	100%	56,423,084	100%	59,834,849	100%	6%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	15.09	15.09	15.09
F&B	3.00	9.84	4.51
Line store	2.00	9.76	4.43
Kiosks, ATMs, etc.	1.00	10.00	2.85
Warehouse	3.00	4.08	3.69

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Income	39	15,495,415	57,308,244	80.3%
External Income	107	40,927,670		
Additional Income		5,722,329	5,730,824	8.1%
Turnover Rent		1,105,061	1,105,061	1.6%
Service Charge Recovery		7,046,088	7,258,340	10.0%
Total	146*	70,296,562	71,402,468	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*

Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	5.0%
Capex, SAR	SAR 7,400,516

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 653,000,000**

(SIX HUNDRED AND FIFTY-THREE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

3. SAHARA PLAZA, RIYADH, KSA

Property Name/ Address: Sahara Plaza, Riyadh, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia on 08 August 2018. We highlight that the inspection was undertaken on a visual basis only.

Sahara Plaza is located in the northern part of the city in King Fahad Neighbourhood and is situated north of King Abdullah Road at the junction of King Abdulaziz Road. Hayat Mall is also within close proximity to the Property, located adjacent to the north of Sahara Mall.

The Property is accessible from both King Abdulaziz Road and King Abdullah Road. It is also accessible via internal service roads from the north and northwest. Sahara Plaza benefits from a frontage of approximately 160m along King Abdullah Road.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2002
GBA, sqm	28,364
Parking Capacity, spaces	125
GLA, sqm; of which	12,222
GLA units, sqm	12,222
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	98
Land plot size, sqm	12,540

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

As per the above the asset is significantly underperforming. Thus, we have benchmarked the level of land value for the Property as the Market Value of a property is based on its highest and best use which may in some circumstances include re-development, the value of which may be derived from comparable land transactions.

Land values in Riyadh commonly sit at a high percentage of Market Value and for low density developments on main thoroughfares the land value may exceed the value of the income stream. Especially in case of underperforming assets where the land is not used in line with its highest and best use.

Summary

Land Size, sq m	Use	Land Value, SAR/sq m	Rounded Market Value, SAR
12,540	Commercial	6,500	81,500,000

Comparables

Ref	Size (sqm)	Rate/sqm	Use	Type	FAR	GFA	GFA Rate
1	5,300	10,000	Mixed use	Asking Price	2	8,500	3,542
2	10,360	6,307	Commercial	Transaction in 3/2017	2	20,720	3,154
3	5,160	11,781	Commercial	Transaction in 12/2017	2	10,320	5,891

Adjustments to Comparables

Ref	Location	Quantum	Negotiation
1	Negative	Negative	Negative
2	Positive	n/a	n/a
3	Negative	Negative	n/a

Date of Valuation: 31 December 2018

Market Value: **SAR 81,500,000**

(EIGHTY-ONE MILLION AND FIVE HUNDRED THOUSAND SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

4. TALA MALL, RIYADH, KSA

Property Name/ Address: Tala Mall, Riyadh, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 07 August 2018. We highlight that the inspection was undertaken on a visual basis only.

Tala Mall is located at Exit 5 of the Northern Ring Road and King Abdulaziz Road in the An Nafal District of Riyadh.

The location represents an increasingly prime position within Riyadh as a result of the northwards city expansion and the nearby KAFD. The location benefits from good connectivity and accessibility from all directions.

The Property was originally constructed by INMAIA Real Estate and was known as “Le Mall”.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Building
LH Start Date (G)*	01/05/2014
LH End Date (G)	30/04/2029
Remaining Term	10.34
Passing Ground Rent (Gregorian)	21,000,000
Opening Year	2014
GBA, sqm	46,292
Parking Capacity, spaces	680
GLA, sqm; of which	22,711
GLA units, sqm	22,711
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	33
Land plot size, sqm	11,022
Vacancy on Area, %	2,460 sqm [10.83%]
WAULT	1.29
Key Tenants	Zara
	Sparky’s
	Lefties
Footfall (2017-2018)	4,905,295

** Date is after the grace period*

Type	Leasable Area (sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	3,709	16.33%	0	0	100.00%
Line shop	17,669	77.80%	102	2,388	86.48%
F&B	1,333	5.87%	16	72	94.60%
Kiosks, ATMs, etc.	0	0.00%	21	0	0.00%
Total	22,711	100.00%	139	2,460	89.17%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occ-upancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
32,714,193	89.17%	38,162,193	7,948,850	12,003,744	15.41%	15.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/ Annum)
0 – 50	2,900
51 - 200	2,400
201 – 500	2,000
501 – 1,500	900
Over 1,500	800

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (sqm)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	64	11,267	49.6%	19,993,939	61.1%	19,993,939	0.5	0.0%
3	2020	13	1,919	8.4%	4,524,458	13.8%	4,524,458	0.1	0.0%
4	2021	14	1,813	8.0%	4,012,688	12.3%	4,012,687	0.1	0.0%
5	2022	2	1,480	6.5%	1,483,780	4.5%	1,483,780	0.0	0.0%
6	2023	0	0	0.0%	0	0.0%	0	0.0	-
7	2024	2	2,456	10.8%	1,975,115	6.0%	1,975,115	0.1	0.0%
8	2025	1	1,253	5.5%	563,850	1.7%	563,850	0.0	0.0%
Vacant	Vacant	21	2,460	10.8%	0	0.0%	5,448,000	0.1	-
Total		118*	22,711	100%	32,714,193	100%	38,162,193	100%	17%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
F&B	2.08	9.76	4.02
Line store	2.00	10.09	3.93
Kiosks, ATMs, etc.	1.00	4.92	3.02

Source: JLL analysis of ACC data.

Income Sources

Income	No. of Leases	Amount (Month 1 * 12)	Amount (Year 1)	% of Total Income
Internal Income	41	13,770,273	36,182,206	79.7%
External Income	56	18,943,920		
Additional Income		3,309,049	3,618,221	8.1%
Service Charge Recovery		5,003,187	5,343,825	12.2%
Total	97*	41,026,429	45,144,252	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 21,000,000 per annum
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	10.0%
Capex, SAR	SAR 5,625,051

Date of Valuation: 31 December 2018

Market Value: **SAR 72,000,000**

(SEVENTY-TWO MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

5. NAKHEEL MALL, RIYADH, KSA

Property Name/ Address: Nakheel Mall, Riyadh, KSA (excludes Nakheel Mall Extention 1 & 2)

Property Inspection: The Property was inspected by Liudmila Makedonskaia on 07 August 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in the Al Mughrizat District of Riyadh, at the intersection of Uthman Ibn Affan Road and Al Imam Saud Ibn Abdul Aziz Road. The Property benefits from good visibility and accessibility from Al Imam Saud Ibn Abdul Aziz Road from the east and Uthman Ibn Affan Road from the north.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	26/02/2015
LH End Date (G)	23/07/2034
Remaining Term	15.57
Passing Ground Rent (Gregorian)	18,915,279
Opening Year	2014
GBA, sqm	98,000
Parking Capacity, spaces	1,473
GLA, sqm; of which	55,707
GLA units, sqm	54,799
Non-GLA units (kiosks, ATM, etc.), sqm	908
Parking Provision, 1 space per sq m of GLA	37
Land plot size, sqm	119,025
Vacancy on Area, %	555 sqm [1.00%]
WAULT	1.18
Key Tenants	Sparky's
	Saudi Global Academy
	Zara
Footfall (2017-2018)	9,472,355

** Date is after the grace period*

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Line shop	52,011	93.37%	196	553	98.94%
F&B	2,788	5.00%	28	0	100.00%
Kiosks, ATMs, etc.	908	1.63%	39	2	99.78%
Total	55,707	100.00%	263	555	99.00%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
149,987,038	99.00%	150,069,033	19,497,450	150,839,221	11.41%	12.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	6,100
51 - 200	3,800
201 – 500	3,700
501 – 1,500	1,900
Over 1,500	1,200

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (sqm)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	135	31,404	57.3%	93,634,593	62.4%	92,382,761	0.6	-1.3%
3	2020	32	8,545	15.6%	21,994,444	14.7%	24,391,130	0.2	10.9%
4	2021	30	3,144	5.7%	15,706,990	10.5%	13,081,116	0.1	-16.7%
5	2022	7	3,304	6.0%	8,388,728	5.6%	7,798,528	0.1	-7.0%
6	2023	6	2,371	4.3%	5,325,020	3.6%	5,391,420	0.0	1.2%
7	2024	4	4,836	8.8%	4,561,663	3.0%	4,555,776	0.0	-0.1%
8	2025	1	642	1.2%	375,600	0.3%	375,602	0.0	0.0%
Vacant	Vacant	9	555	1.0%	0	0.0%	2,092,700	0.0	-
Total		224*	54,801	100%	149,757,866	100%	150,069,033	100%	0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
F&B	2.00	9.75	4.65
Line store	1.00	10.01	4.07
Kiosks, ATMs, etc.	1.00	5.00	3.19

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Income	84	58,697,463	152,027,002	78.0%
External Income	131	91,289,575		
Additional Income		15,274,201	15,948,664	7.9%
Service Charge Recovery		27,045,552	28,683,600	14.1%
Total	215*	192,306,791	196,659,266	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 18,915,279 per annum
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	2.5%
Capex, SAR	SAR 13,470,771

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,309,000,000**

(ONE BILLION THREE HUNDRED AND NINE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

6. NAKHEEL PLAZA, QASSIM, KSA

Property Name/ Address: Nakheel Plaza, Qassim, KSA.

Property Inspection: The Property was inspected by Khalid Alsomali on 04 June 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in the city centre of Buraydah in Al Safra District, a considerably high-density area. It is situated approximately 450 m from the Municipality of Qassim, 1.80 km from King Abdullah Sports City, 2.20 km from Al Othaim Mall and 20 km from Prince Nayef Bin Abdulaziz Regional Airport.

King Saud Road is considered to be one of Buraydah's primary commercial roads where a number of retail units are located. There are also various government and educational buildings (such as the Civil Affairs Office and Saudi Arabian Airlines Office).

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	01/08/2000
LH End Date (G)	26/12/2019
Remaining Term	0.99
Passing Ground Rent (Gregorian)	288,618
Opening Year	2004
GBA, sqm	63,904
Parking Capacity, spaces	536
GLA, sqm; of which	49,387
GLA units, sqm	49,387
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	92
Land plot size, sqm	148,317
Vacancy on Area, %	2,001 sqm [4.05%]
WAULT	1.65
Key Tenants	Panda Hypermarket
	Fun Time
	Max
Footfall (2017-2018)	N/A

** Date is after the grace period*

Type	Leasable Area (sq ft)	Leasable Area (%)	No. of Units	Vacant Area (sq m)	Occupancy Rate (%)
Anchor	28,694	58.10%	5	0	100.00%
Line shop	19,966	40.43%	107	1,861	90.68%
F&B	720	1.46%	14	136	81.11%
Kiosks, ATMs, etc.	0	0.00%	27	0	0.00%
Warehouse	7	0.01%	7	4	42.86%
Total	49,387	100.00%	160	2,001	95.95%

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
40,147,257	95.95%	43,348,857	10,371,270	35,671,632	132.28%	20.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	3,900
51 - 200	2,300
201 – 500	1,800
501 – 1,500	800
Over 1,500	300

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (sqm)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	39	22,483	45.5%	16,281,607	40.6%	16,281,607	0.4	0.0%
3	2020	46	17,983	36.4%	14,656,142	36.5%	14,656,141	0.3	0.0%
4	2021	15	1,792	3.6%	3,432,402	8.5%	3,432,402	0.1	0.0%
5	2022	3	623	1.3%	945,790	2.4%	945,790	0.0	0.0%
6	2023	2	494	1.0%	988,000	2.5%	988,000	0.0	0.0%
7	2024	4	4,011	8.1%	3,843,317	9.6%	3,843,317	0.1	0.0%
Vacant	Vacant	24	2,001	4.1%	0	0.0%	3,201,600	0.1	-
Total		133*	49,387	100%	40,147,257	100%	43,348,857	100%	8%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	10.09	10.09	10.09
F&B	2.00	9.84	4.20
Line store	2.00	8.08	4.77
Kiosks, ATMs, etc.	1.92	4.83	2.72
Warehouse	2.00	4.00	3.00

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Income	28	9,157,439	34,401,334	86.6%
External Income	81	30,989,818		
Additional Income		1,268,938	1,774,761	2.7%
Service Charge Recovery		4,948,469	5,119,407	10.7%
Total	109*	46,364,665	41,295,501	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 288,618 per annum
Operating Cost, SAR	SAR 210 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	10%
Capex, SAR	SAR 2,239,820

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value of the Company's Share:

SAR 12,000,000

(TWELVE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

7. SALMA MALL, HAIL, KSA

Property Name/ Address: Salma Mall, Hail, KSA.

Property Inspection: The Property was inspected by Annmar AlMoghrabi on 15 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Al Beheira district, a low-density area in Hail city approximately 3.40 km from the city centre and 4.80 km from Hail Airport. It faces King Saud Road to the west, Al Wadi to the east and is bound by internal unnamed roads to the north and south.

King Saud Road is considered to be one of Hail's primary commercial roads with a number of developments including Aja Plaza, the Hail Chamber of Commerce, hotels, offices, hospitals and banks (Al Riyad Bank, Alinma Bank, Samba Bank, Al Bilad Bank) situated along it.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Building
LH Start Date (G)*	14/06/2013
LH End Date (G)	09/03/2032
Remaining Term	13.19
Passing Ground Rent (Gregorian)	3,800,000
Opening Year	2014
GBA, sqm	22,378
Parking Capacity, spaces	1,040
GLA, sqm; of which	16,952
GLA units, sqm	16,952
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	16
Land plot size, sqm	56,300
Vacancy on Area, %	1,455 sqm [8.58%]
WAULT	1.10
Key Tenants	Zara
	Sparky's
	Waikiki
Footfall (2017-2018)	1,593,208

** Date is after the grace period*

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	2,103	12.41%	2	0	100.00%
Line shop	14,087	83.10%	75	1,335	90.52%
F&B	762	4.50%	11	120	84.25%
Kiosks, ATMs, etc.	0	0.00%	12	0	0.00%
Total	16,952	100.00%	100	1,455	91.42%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occ-upancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
14,060,172	91.42%	17,552,172	5,933,200	7,899,519	12.41%	13.50%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	N/A
51 - 200	1,800
201 – 500	500
501 – 1,500	400
Over 1,500	200

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Inc-ome (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	44	10,723	63.3%	8,494,361	60.4%	8,494,361	0.5	0.0%
3	2020	12	1,800	10.6%	2,841,568	20.2%	2,841,568	0.2	0.0%
4	2021	9	871	5.1%	1,565,811	11.1%	1,565,811	0.1	0.0%
5	2022	1	1,270	7.5%	908,533	6.5%	908,533	0.1	0.0%
6	2023	0	0	0.0%	0	0.0%	0	0.0	-
Vacant	Vacant	21	1,455	8.6%	0	0.0%	3,492,000	0.2	-
Total		88	16,952*	100%	14,060,172	100%	17,552,172	100%	25%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	6.75	10.00	8.38
F&B	2.08	5.00	4.56
Line store	2.00	5.92	3.77
Kiosks, ATMs, etc.	1.92	4.92	2.74

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Income	34	5,568,593	14,039,243	79.2%
External Income	33	8,491,579		
Additional Income		1,495,578	1,610,534	8.4%
Service Charge Recovery		2,207,224	2,284,119	12.4%
Total	67*	17,762,974	17,933,897	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 3,800,000 per annum
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	5.0%
Capex, SAR	SAR 1,244,202

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value of the Company's Share:

SAR 31,000,000

(THIRTY-ONE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

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8. AZIZ MALL, JEDDAH, KSA

Property Name/ Address: Aziz Mall, Jeddah, KSA.

Property Inspection: The Property was inspected by Andrey Kuzmin MRICS on 29 May 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Al Faisaliyah District in the central part of Jeddah. The district is located of the old city centre.

Prince Majid Road runs parallel to Al Madinah Road through the city center and will be the main road leading to the new airport terminal, which is expected to commence its operations by the end of 2017.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	22/10/2017
LH End Date (G)	29/11/2046
Remaining Term	27.93
Passing Ground Rent (Gregorian)	25,045,344
Opening Year	2005
GBA, sqm	93,310
Parking Capacity, spaces	1,422
GLA, sqm; of which	72,153
GLA units, sqm	72,153
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	51
Land plot size, sqm	89,100
Vacancy on Area, %	3,616 sqm [5.01%]
WAULT	1.88
Key Tenants	Panda Hypermarket
	Sparky's
	Centrepoint
Footfall (2017-2018)	6,797,062

** Date is after the grace period*

Type	Leasable Area (sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	23,599	32.71%	3	0	100.00%
Line shop	46,362	64.26%	209	3,606	92.22%
F&B	2,177	3.02%	29	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	71	0	0.00%
Warehouse	15	0.02%	7	10	33.33%
Total	72,153	100.00%	322	3,616	94.99%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occ-upancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
122,457,401	94.99%	130,841,401	18,038,250	106,990,271	9.65%	12.75%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	4,000
51 - 200	3,500
201 – 500	2,600
501 – 1,500	1,800
Over 1,500	700

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Income (pa)	% Income	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	77	10,600	14.7%	34,075,847	27.8%	34,075,847	0.3	0.0%
3	2020	102	27,818	38.6%	56,396,492	46.1%	56,396,492	0.4	0.0%
4	2021	30	8,756	12.1%	18,614,630	15.2%	18,614,630	0.1	0.0%
5	2022	2	288	0.4%	632,100	0.5%	632,100	0.0	0.0%
6	2023	4	5,364	7.4%	6,430,366	5.3%	6,430,366	0.0	0.0%
7	2024	0	0	0.0%	0	0.0%	0	0.0	-
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2026	0	0	0.0%	0	0.0%	0	0.0	-
10	2027	1	15,711	21.8%	6,307,967	5.2%	6,307,967	0.0	0.0%
Vacant	Vacant	35	3,616	5.0%	0	0.0%	8,384,000	0.1	-
Total		251*	72,153	100%	122,457,401	100%	130,841,401	100%	7%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	14.09	14.09	14.09
F&B	3.00	5.00	3.82
Line store	1.92	10.00	4.40
Kiosks, ATMs, etc.	1.00	10.00	2.63
Warehouse	3.00	3.08	3.03

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	61	35,437,015	126,440,529	80.9%
External Rent Income	155	87,020,386		
Additional Income		12,497,656	12,644,053	8.3%
Turnover Rent		313,323	399,207	0.2%
Service Charge Recovery		16,165,739	17,102,014	10.7%
Total	216*	151,434,119	156,585,803	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 25,045,344per annum
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	2.5%
Capex, SAR	SAR 9,456,244

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,099,000,000**

(ONE BILLION AND NINETY-NINE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

9. HAIFAA MALL, JEDDAH, KSA

Property Name/ Address: Haifaa Mall, Jeddah, KSA.

Property Inspection: The Property was inspected by Andrey Kuzmin MRICS on 30 May 2018. We highlight that the inspection was undertaken on a visual basis only.

The Ar Ruwais District is located in the centre of Jeddah, north of the old city centre. The district is bound by Falastin Street to the north, Al Madinah Road to the east, Al Andalus Road to the west, and King Abdullah Road to the south.

Madinah Road is one of the main vertical thoroughfares of the city, providing access from the south to the north of Jeddah, and going to the international airport to the north.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	15/11/2012
LH End Date (G)	12/04/2032
Remaining Term	13.29
Passing Ground Rent (Gregorian)	18,598,726
Opening Year	2011
GBA, sqm	50,161
Parking Capacity, spaces	914
GLA, sqm; of which	32,946
GLA units, sqm	32,946
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	36
Land plot size, sqm	90,931
Vacancy on Area, %	5,405 sqm [16.41%]
WAULT	1.48
Key Tenants	Manuel
	Zara
	Billy Beez
Footfall (2017-2018)	4,580,595

** Date is after the grace period*

Property Description:

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	2,520	7.65%	2	0	100.00%
Line shop	28,741	87.24%	129	5,405	81.19%
F&B	1,685	5.11%	19	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	44	0	0.00%
Total	32,946	100.00%	194	5,405	83.59%

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
53,752,899	83.59%	69,427,398	8,236,500	40,458,348	10.57%	13.50%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	3,200
51 - 200	2,700
201 – 500	1,800
501 – 1,500	1,200
Over 1,500	1,000

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (sq m)	% area	Inc-ome (pa)	% inc-ome	ERV	% inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	30	4,445	13.5%	14,270,307	26.5%	14,270,307	0.2	0.0%
3	2020	87	17,528	53.2%	33,881,844	63.0%	33,881,844	0.5	0.0%
4	2021	3	1,627	4.9%	1,772,726	3.3%	1,772,726	0.0	0.0%
5	2022	3	1,631	5.0%	1,472,414	2.7%	1,472,413	0.0	0.0%
6	2023	1	235	0.7%	235,000	0.4%	235,000	0.0	0.0%
7	2024	0	0	0.0%	0	0.0%	0	0.0	-
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2026	1	2,075	6.3%	2,120,609	3.9%	2,120,609	0.0	0.0%
Vacant	Vacant	25	5,405	16.4%	0	0.0%	15,674,500	0.2	-
Total		150*	32,946	100%	53,752,899	100%	69,427,398	100%	29%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	6.00	6.75	6.38
F&B	2.00	5.08	3.77
Line store	1.92	9.67	4.06
Kiosks, ATMs, etc.	1.00	4.83	2.48

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	58	23,608,113	62,223,695	78.7%
External Rent Income	67	30,144,787		
Additional Income		5,891,122	6,222,370	8.6%
Service Charge Recovery		8,638,732	8,562,779	12.7%
Total	125*	68,282,753	77,008,844	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 18,598,726 per annum
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	10.0%
Capex, SAR	SAR 8,023,408

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 375,000,000**

(THREE HUNDRED AND SEVENTY-FIVE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

10. MALL OF ARABIA, JEDDAH, KSA

Property Name/ Address: Mall of Arabia, Jeddah, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 29 May 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in An Nuzhah District in the northern part of Jeddah and is bound by two major roads of the city - Al Madinah Road to the west and An Nuzhah Road which connects to King Fahd Road and Al Harameen Road to the east. The Property is situated 3km south of King Abdulaziz International Airport, 14km north of the city centre, and 4km east of Red Sea Mall.

As per the Company the district cooling plant servicing the Property is located on a neighbouring leasehold land plot. We have beed advised that should the the plant can be relocated to the land plot occupied by the Property. However, we have reflected an additional risk in the applied IRR.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2008
GBA, sqm	247,848
Parking Capacity, spaces	2,053
GLA, sqm; of which	109,185
GLA units, sqm	109,185
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	53
Land plot size, sqm	135,000
Vacancy on Area, %	3,787 sqm [3.47%]
WAULT	2.06

Key Tenants	Entertainment City
	Panda Hypermarket
	Cinema
Footfall (2017-2018)	7,916,204

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	32,255	29.54%	4	0	100.00%
Line shop	71,886	65.84%	260	2,789	96.12%
F&B	4,832	4.43%	52	888	81.62%
Kiosks, ATMs, etc.	0	0.00%	60	0	0.00%
Warehouse	212	0.19%	7	110	48.11%
Total	109,185	100.00%	383	3,787	96.53%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
228,119,629	96.53%	250,465,267	38,214,750	240,242,430	6.59%	10.75%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	6,100
51 - 200	4,000
201 – 500	3,100
501 – 1,500	2,400
Over 1,500	1,100

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Inc-ome (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	88	21,957	20.1%	60,727,822	26.6%	60,727,822	0.2	0.0%
3	2020	109	24,459	22.4%	73,967,183	32.4%	73,967,177	0.3	0.0%
4	2021	44	15,380	14.1%	39,410,391	17.3%	39,409,636	0.2	0.0%
5	2022	17	9,813	9.0%	18,980,833	8.3%	18,980,294	0.1	0.0%
6	2023	11	10,911	10.0%	26,311,935	11.5%	26,311,924	0.1	0.0%
7	2024	5	13,722	12.6%	8,314,332	3.6%	8,314,332	0.0	0.0%
8	2025	1	394	0.4%	407,132	0.2%	407,132	0.0	0.0%
Vacant	Vacant	47	3,787	3.5%	0	0.0%	15,337,350	0.1	-
Total		323*	109,185	100%	228,119,629	100%	250,465,267	100%	10%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	11.09	11.09	11.09
F&B	3.00	6.92	4.04
Line store	1.16	13.84	4.58
Kiosks, ATMs, etc.	1.00	10.00	2.46
Warehouse	1.07	2.49	1.78

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	79	75,528,352	242,758,172	80.6%
External Rent Income	197	159,600,877		
Additional Income		23,251,275	24,275,817	8.0%
Turnover Rent		1,902,855	1,902,855	0.7%
Service Charge Recovery		31,273,575	32,098,549	10.7%
Total	276*	291,556,934	301,035,393	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	2.5%
Capex, SAR	SAR 28,172,425

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 3,617,000,000**

(THREE BILLION, SIX HUNDRED AND SEVENTEEN MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

11. SALAAM MALL, JEDDAH, KSA

Property Name/ Address: Salaam Mall, Jeddah, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 30 May 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Al Naseem District in the southeastern part of Jeddah.

Al Naseem District is located northeast of the old Jeddah city centre and is bound by two main roads – Prince Majid Road to the west and Al Harameen Road to the east. King Abdullah Road forms the southern boundary of the district. Although the Property is located to the south of King Abdullah Road it is considered to be in Al Naseem District. The King Abdualziz University is located 1 km south of the Property.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Building
LH Start Date (G)*	01/08/2012
LH End Date (G)	30/07/2032
Remaining Term	13.59
Passing Ground Rent (Gregorian)	58,740,000
Opening Year	2012
GBA, sqm	212,825
Parking Capacity, spaces	1,825
GLA, sqm; of which	121,363
GLA units, sqm	121,113
Non-GLA units (kiosks, ATM, etc.), sqm	250
Parking Provision, 1 space per sq m of GLA	66
Land plot size, sqm	131,000
Vacancy on Area, %	8,641 sqm [7.12%]
WAULT	2.23
Key Tenants	IKEA
	Danube Hypermarket
	Home Centre
Footfall (2017-2018)	10,972,869

** Date is after the grace period*

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	44,433	36.61%	5	0	100.00%
Line shop	72,377	59.64%	287	8,048	88.88%
F&B	3,979	3.28%	54	351	91.18%
Kiosks, ATMs, etc.	250	0.21%	72	0	100.00%
Warehouse	324	0.27%	23	242	25.31%
Total	121,363	100.00%	441	8,641	92.88%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
149,298,671	92.88%	167,366,467	30,340,750	97,640,201	12.53%	14.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	3,400
51 - 200	2,600
201 – 500	1,900
501 – 1,500	1,400
Over 1500	500

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (sqm)	% Area	Income (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	162	37,500	31.0%	72,137,099	48.3%	71,505,131	0.4	-0.9%
3	2020	86	16,946	14.0%	38,861,023	26.0%	38,216,938	0.2	-1.7%
4	2021	31	4,977	4.1%	10,037,486	6.7%	9,667,883	0.1	-3.7%
5	2022	9	3,907	3.2%	4,296,655	2.9%	4,264,655	0.0	-0.7%
6	2023	8	10,483	8.7%	7,789,441	5.2%	7,903,892	0.0	1.5%
7	2024	2	526	0.4%	751,483	0.5%	751,483	0.0	0.0%
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2032	1	22,152	18.3%	9,013,427	6.0%	9,013,427	0.1	0.0%
Vacant	Vacant	69	8,641	7.1%	0	0.0%	19,631,000	0.1	-
Total		369*	121,113	100%	149,298,671	100%	167,366,467	100%	12%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	2.00	16.50	11.03
F&B	2.00	9.75	3.63
Line store	1.25	10.00	3.64
Kiosks, ATMs, etc.	1.00	10.00	2.54
Warehouse	3.00	6.00	3.46

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount SAR (Month 1*12)	Amount SAR (Year 1)	% of Total Income
Internal Rent Income	56	23,865,322	160,941,252	79.5%
External Rent Income	244	125,433,349		
Additional Income		15,141,636	16,094,125	8.1%
Turnover Income		3,156,049	3,156,049	1.7%
Service Charge Recovery		20,088,848	21,451,050	10.7%
Total	300*	187,685,204	201,642,476	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 58,740,000 per annum
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	7.5%
Capex, SAR	SAR 10,107,862

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 770,000,000**

(SEVEN HUNDRED AND SEVENTY MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

12. MALL OF DHAHRAN, DHAHRAN, KSA

Property Name/ Address: Mall of Dhahran, Dhahran, KSA.

Property Inspection: The Property was inspected by Adam Wellfair FRICS on 08 August 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located at the junction of King Saud Road and Prince Faisal Bin Fahd Road in Dhahran, Eastern Province, Saudi Arabia.

The Property is bordered to the north by Prince Faisal Bin Fahd Road beyond which is the Amwaj Plaza retail complex which contains Hyper Panda, IKEA, Toys r Us, and a number of F&B outlets. There is a sewage treatment plant adjacent to Amwaj Plaza from the west. There is a large vacant plot to the west of the site which is owned (leasehold) by the Client. It is planned to be developed as Dhahran Boulevard; this site does not form part of this valuation.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	15/09/2005
LH End Date (G)	09/02/2025
Remaining Term	6.11
Passing Ground Rent (Gregorian)	23,586,471
Opening Year	2005
GBA, sqm	220,550
Parking Capacity, spaces	4,591
GLA, sqm; of which	160,647
GLA units, sqm	160,461
Non-GLA units (kiosks, ATM, etc.), sqm	186
Parking Provision, 1 space per sq m of GLA	35
Land plot size, sqm	361,318
Vacancy on Area, %	5,674 sqm [3.53%]
WAULT	1.85
Key Tenants	Panda Hypermarket
	Saco
	Sparky's
Footfall (2017-2018)	13,265,028

** Date is after the grace period*

Property Description:

Type	Leasable Area (sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	59,253	36.88%	7	0	100.00%
Line shop	89,046	55.43%	377	4,479	94.97%
F&B	11,795	7.34%	62	1,155	90.21%
Kiosks, ATMs, etc.	186	0.12%	121	0	100.00%
Storage	367	0.23%	19	40	89.10%
Total	160,647	100.00%	586	5,674	96.47%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
271,759,041	96.47%	291,426,426	35,342,340	274,560,274	20.56%	12.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent (SAR/Sq m/Annum)
0 - 50	4,600
51 - 200	3,500
201 – 500	2,800
501 – 1,500	2,100
Over 1,500	700

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Income (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	2	30	0.0%	46,324	0.0%	46,324	0.0	0.0%
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	158	34,621	21.6%	97,521,354	35.9%	97,521,354	0.3	0.0%
3	2020	152	42,979	26.8%	96,829,387	35.6%	96,829,387	0.3	0.0%
4	2021	54	9,855	6.1%	28,894,738	10.6%	28,894,738	0.1	0.0%
5	2022	14	7,274	4.5%	11,208,961	4.1%	11,208,961	0.0	0.0%
6	2023	10	17,478	10.9%	15,913,558	5.9%	15,913,543	0.1	0.0%
7	2024	4	18,308	11.4%	9,718,081	3.6%	9,718,081	0.0	0.0%
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2026	3	20,226	12.6%	11,626,639	4.3%	11,626,639	0.0	0.0%
Vacant	Vacant	67	5,674	3.5%	0	0.0%	16,454,600	0.1	-
Total		465*	160,461	100%	271,759,041	100%	291,426,426	100%	7%

** excluding non-GLA (kiosks, ATMs, etc.)*

Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	4.83	15.00	9.14
F&B	1.50	9.76	4.17
Line store	1.00	9.75	3.88
Kiosks, ATMs, etc.	1.00	9.00	2.25
Warehouse	1.00	4.08	2.85

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	87	68,830,793	284,436,087	80.7%
External Rent Income	311	206,141,049		
Additional Income		27,717,295	28,443,609	8.1%
Turnover Rent		711,115	711,115	0.2%
Service Charge Recovery		37,284,783	38,264,042	10.9%
Total	398*	340,685,035	351,854,852	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 23,586,471 per annum
Operating Cost, SAR	SAR 220 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	5.0%
Capex, SAR	SAR 31,993,076

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,303,000,000**

(ONE BILLION, THREE HUNDRED AND THREE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

Inidcative Market Value upon Ground Lease Renewal

We have been advised by the Company that as of 31 December 2018 the Company is in the process of renewal of the leasehold interest in the Property.

We have been provided with the following terms discussed between the parties:

- Lease term: 37 years starting 1st April 2019;
- Fixed lease land cost: SAR 60 million;
- Variable lease land cost: Percentage of revenues in addition to the fixed rent:

  Year 1 – Year 6 – 0%;

  Year 6 – Year 10 – 20%;

  Year 11 – Year 15 – 22.5%;

  Year 16 – Year 20 – 25%;

  Year 21 – Year 37 – 30%.

Should the above terms have been finalised between the willing parties and the renewal agreement has been signed as at the valuation date of 31 December 2018, the Market Value of Mall of Dhahran would amount to **SAR 2,203,000,000.**

13. AL AHSA MALL, HOFUF, KSA

Property Name/ Address: Al Ahsa Mall, Hofuf, KSA.

Property Inspection: The Property was inspected by Karim ElSuradi on 14 June 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Hofuf which is in Eastern Province in Saudi Arabia. Hofuf is situated approximately 180 km southwest of Dammam Metropolitan Area.

The Property fronts the west side of King Abdullah Road approximately 450m north of King Abdullah Environmental Park. It is located approximately 3 km south of the intersection with Riyadh Road, which is the main highway to Riyadh Road and also connects to Ugair Road, one of the main routes to Dammam Metropolitan Area.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2010
GBA, sqm	65,800
Parking Capacity, spaces	1,608
GLA, sqm; of which	51,979
GLA units, sqm	51,979
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	32
Land plot size, sqm	162,617
Vacancy on Area, %	6,260 sqm [12.04%]
WAULT	1.91
Key Tenants	Panda Hypermarket
	IKEA
	Sparky's
Footfall (2017-2018)	2,918,138

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	14,904	28.67%	3	0	100.00%
Line shop	35,241	67.80%	132	6,019	82.92%
F&B	1,747	3.36%	16	240	86.26%
Kiosks, ATMs, etc.	0	0.00%	39	0	0.00%
Storage	87	0.17%	5	1	98.85%
Total	51,979	100.00%	195	6,260	87.96%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
41,486,921	87.96%	53,007,421	12,994,750	38,894,628	8.11%	11.75%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*
*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	1,800
51 - 200	2,300
201 – 500	1,300
501 – 1,500	900
Over 1,500	500

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Inc-ome (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	63	17,580	33.8%	20,482,855	49.4%	20,482,856	0.4	0.0%
3	2020	38	8,638	16.6%	12,481,496	30.1%	12,481,493	0.2	0.0%
4	2021	3	678	1.3%	837,116	2.0%	837,117	0.0	0.0%
5	2022	1	2,744	5.3%	823,200	2.0%	823,200	0.0	0.0%
6	2023	3	462	0.9%	691,596	1.7%	691,596	0.0	0.0%
7	2024	0	0	0.0%	0	0.0%	0	0.0	-
8	2025	1	10,357	19.9%	3,588,701	8.7%	3,588,701	0.1	0.0%
9	2026	0	0	0.0%	0	0.0%	0	0.0	-
10	2027	1	3,513	6.8%	1,756,500	4.2%	1,756,500	0.0	0.0%
Vacant	Vacant	45	6,260	12.0%	0	0.0%	11,520,500	0.2	-
Total		156*	51,979	100%	41,486,921	100%	53,007,421	100%	28%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	15.09	15.09	15.09
F&B	2.50	9.84	4.32
Line store	2.00	10.08	3.77
Kiosks, ATMs, etc.	1.00	3.00	2.24
Warehouse	2.07	5.00	3.18

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	40	13,599,233	47,599,205	80.6%
External Rent Income	71	27,887,687		
Additional Income		4,122,087	4,759,920	8.0%
Turnover Income		1,086,117	1,086,117	2.1%
Service Charge Recovery		4,779,231	5,508,404	9.3%
Total	111*	51,474,355	58,953,646	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	15.0%
Capex, SAR	SAR 4,170,862

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 475,000,000**

(FOUR HUNDRED AND SEVENTY-FIVE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

14. MAKKAH MALL, MAKKAH, KSA

Property Name/ Address: Makkah Mall, Makkah, KSA.

Property Inspection: The Property was inspected by Amir Nassiri MRICS on 08 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Al Jamiah District, one of the highest density districts in Makkah, located between the holy sites of Mina and Haram. The Property is situated approximately 2 km south-west of Mina and 7 km southeast of the Grand Mosque. The Property is bound by a single main road as it fronts King Abdullah Road to the west.

Al Jamiah District benefits from good accessibility from the following main roads: Al Masjid Al Haram Road to the north and King Abdulaziz Road to the south.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2011
GBA, sqm	56,720
Parking Capacity, spaces	1,000
GLA, sqm; of which	37,545
GLA units, sqm	37,545
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	38
Land plot size, sqm	65,504
Vacancy on Area, %	1,904 sqm [5.07%]
WAULT	1.68
Key Tenants	Billy Beez
	Panda Hypermarket
	Zara
Footfall (2017-2018)	6,842,660

Property Description:

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	4,840	12.89%	2	0	100.00%
Line shop	30,670	81.69%	211	1904	93.79%
F&B	2,004	5.34%	24	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	69	0	0.00%
Storage	31	0.08%	6	0	100.00%
Total	37,545	100.00%	312	1,904	94.93%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
120,237,954	94.93%	127,918,368	13,140,750	134,696,110	6.91%	11.02%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size	Market Rent, (SAR/Sq m/Annum)
0 – 50	6,200
51 – 200	4,500
201 – 500	3,100
501 – 1,500	2,500
Over 1,500	900

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (sqm)	% Area	Income (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	71	7,389	19.7%	35,460,843	29.5%	35,460,843	0.3	0.0%
3	2020	106	14,092	37.5%	52,132,935	43.4%	52,132,935	0.4	0.0%
4	2021	26	5,442	14.5%	16,736,959	13.9%	16,736,958	0.1	0.0%
5	2022	13	6,527	17.4%	10,351,388	8.6%	10,351,388	0.1	0.0%
6	2023	1	46	0.1%	230,000	0.2%	230,000	0.0	0.0%
7	2024	3	2,145	5.7%	5,325,830	4.4%	5,325,830	0.0	0.0%
Vacant	Vacant	23	1,904	5.1%	0	0.0%	7,680,415	0.1	-
Total		243*	37,545	100%	120,237,954	100%	127,918,368	100%	6%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Key Valuation Considerations:

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	10.00	10.00	10.00
F&B	2.00	9.84	4.21
Line store	2.00	10.00	3.48
Kiosks, ATMs, etc.	1.00	4.92	2.41
Warehouse	2.08	4.08	3.05

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount SAR (Month 1*12)	Amount SAR (Year 1)	% of Total Income
Internal Rent Income	45	25,042,010	123,924,565	80.0%
External Rent Income	175	95,195,944		
Additional Income		12,392,456	12,504,736	8.2%
Service Charge Recovery		17,735,723	17,938,339	11.8%
Total	220*	150,366,133	154,367,640	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy, %	3.0%
Capex, SAR	SAR 8,413,497

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,941,000,000**

(ONE BILLION NINE HUNDRED AND FORTY-ONE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

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15. JUBAIL MALL, JUBAIL, KSA

Property Name/ Address: Jubail Mall, Jubail, KSA.

Property Inspection: The Property was inspected by Adam Wellfair FRICS on 16 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property comprises a rectangular shaped G+ 2 neighbourhood shopping mall with ancillary surface car parking spaces. The Property is constructed of steel frame structure with concrete and cladding, large glass windows, and a flat roof.

The Property provides good quality retail units and appears to be in line with the demand requirements in the area.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2015
GBA, sqm	37,366
Parking Capacity, spaces	483
GLA, sqm; of which	20,908
GLA units, sqm	20,908
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	43
Land plot size, sqm	25,871
Vacancy on Area, %	2,067 sqm [9.89%]
WAULT	1.53
Key Tenants	Manuel
	Zara
	Sparky's
Footfall (2017-2018)	1,325,807

Type	Leasable Area (sq m)	Leasable Area (%)	No. of Units	Vacant Area (sq m)	Occupancy Rate (%)
Anchor	5,051	24.16%	3	0	100.00%
Line shop	14,355	68.66%	102	1,959	86.35%
F&B	1,502	7.18%	22	108	92.81%
Kiosks, ATMs, etc.	0	0.00%	10	0	0.00%
Total	20,908	100.00%	137	2,067	90.11%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
30,128,494	90.11%	35,916,104	7,317,800	30,180,383	7.16%	11.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0-50	3,300
51-200	2,400
201-500	2,100
501-1,500	800
Over 1,500	500

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (Sq m)	% Area	Inc-ome (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	58	9,238	44.2%	16,489,005	54.7%	16,489,004	0.5	0.0%
3	2020	25	3,490	16.7%	9,213,882	30.6%	9,213,882	0.3	0.0%
4	2021	6	919	4.4%	1,826,266	6.1%	1,826,266	0.1	0.0%
5	2022	2	1,114	5.3%	840,673	2.8%	840,673	0.0	0.0%
8	2025	1	106	0.5%	269,818	0.9%	269,818	0.0	0.0%
9	2026	1	822	3.9%	369,900	1.2%	369,900	0.0	0.0%
10	2031	0	0	0.0%	0	0.0%	0	0.0	-
Vacant	Vacant	33	2,067	9.9%	0	0.0%	5,787,600	0.2	-
Total		127*	20,908	100%	30,128,494	100%	35,916,104	100%	19%

** excluding non-GLA (kiosks, ATMs, etc.)*

Source: JLL analysis of ACC data

Key Valuation Considerations:

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	6.75	10.00	8.38
F&B	2.91	9.76	3.97
Line store	2.00	15.00	3.65
Kiosks, ATMs, etc.	1.00	3.42	2.50

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	49	13,432,622	32,324,550	80.3%
External Rent Income	45	16,695,872		
Additional Income		3,039,174	3,232,455	8.1%
Service Charge Recovery		4,353,549	4,783,725	11.6%
Total	94*	37,521,217	40,340,730	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	7.5%
Capex, SAR	SAR 4,886,278

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

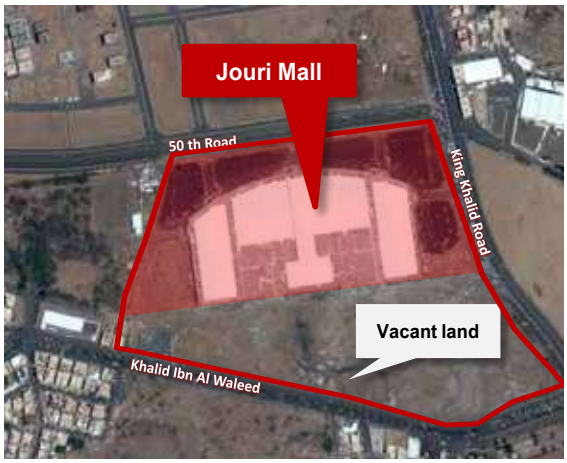
Market Value: **SAR 417,000,000**

(FOUR HUNDRED AND SEVENTEEN MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

16. JOURI MALL, TAIF, KSA



Property Name/ Address: Jouri Mall, Taif, KSA.

Property Inspection: The Property was inspected by Amir Nassiri MRICS on 08 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property is situated in Al Qutbiyah District of Taif. The city of Taif is located in the Makkah Region approximately 80 kilometres south-east of the Holy City of Makkah and approximately 180 kilometres south-east of Jeddah.

The city is located in the Sarwat Mountains at an elevation of 1,700 metres. Its location in the mountains provides for relatively mild climate and makes Taif a popular leisure destination for tourists.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	15/10/2015
LH End Date (G)	11/03/2035
Remaining Term	16.20
Passing Ground Rent (Gregorian)	15,379,213
Opening Year	2015
GBA, sqm	92,663
Parking Capacity, spaces	1,334
GLA, sqm; of which	48,122
GLA units, sqm	48,122
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	36
Land plot size, sqm	258,693
Vacancy on Area, %	2,928 sqm [6.08%]
WAULT	1.73
Key Tenants	Centrepoint
	Sparky's
	Zara
Footfall (2017-2018)	4,873,574

** Date is after the grace period*

Type	Leasable Area (sq m)	Leasable Area (%)	No. of Units	Vacant Area (sq m)	Occupancy Rate (%)
Anchor	4,604	9.57%	2	0	100.00%
Line shop	41,489	86.22%	169	2,928	92.94%
F&B	2,029	4.22%	21	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	44	0	0.00%
Total	48,122	100.00%	236	2,928	93.92%

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
84,066,896	93.92%	92,519,986	12,030,500	76,748,198	11.44%	13.00%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*
*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	N/A
51 - 200	2,900
201 – 500	2,300
501 – 1,500	1,200
Over 1,500	800

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Inc-ome (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	60	15,616	32.5%	26,158,769	31.1%	26,158,769	0.3	0.0%
3	2020	82	13,804	28.7%	39,434,637	46.9%	39,434,637	0.4	0.0%
4	2021	14	1,828	3.8%	4,466,068	5.3%	4,427,952	0.0	-0.9%
5	2022	5	4,032	8.4%	4,460,389	5.3%	4,460,390	0.0	0.0%
6	2023	0	0	0.0%	0	0.0%	0	0.0	-
7	2024	2	1,592	3.3%	3,040,862	3.6%	3,040,862	0.0	0.0%
8	2025	4	6,952	14.4%	5,735,547	6.8%	5,735,552	0.1	0.0%
9	2026	1	1,370	2.8%	770,625	0.9%	770,625	0.0	0.0%
Vacant	Vacant	24	2,928	6.1%	0	0.0%	8,491,200	0.1	-
Total		192*	48,122	100%	84,066,896	100%	92,519,986	100%	10%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	6.75	10.00	8.38
F&B	2.91	9.84	4.38
Line store	1.00	8.00	3.67
Kiosks, ATMs, etc.	1.00	5.00	2.55

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	63	28,520,247	87,436,841	79.6%
External Rent Income	105	55,546,649		
Additional Income		8,439,879	8,743,684	8.0%
Turnover Income		271,211	271,211	0.3%
Service Charge Recovery		12,824,857	13,338,413	12.1%
Total	168*	105,602,843	109,790,150	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 15,379,213 per annum
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	7.5%
Capex, SAR	SAR 8,722,074

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 662,000,000**

(SIX HUNDRED AND SIXTY-TWO MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

17. AL NOOR MALL, MADINAH, KSA

Property Name/ Address: Al Noor Mall, Madinah, KSA.

Property Inspection: The Property was inspected by Amir Nassiri MRICS on 07 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Sultanah District - one of the high-end districts in the northern part of Al Madinah Al Munawarah. Sultanah District is located north of the Masjid Al Nabawi, and is bound by four main roads; King Abdullah Road (Second Ring Road) to the south, Othman Ibn Affan Road to the east, Naif Ibn Abdulaziz to the north and Khaled Ibn Al Waleed to the west.

Sultanah District is divided into two parts, the southern part consists of high-end villas and apartments. The northern part remains undeveloped and consist of farms.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	n/a
LH Start Date (G)	n/a
LH End Date (G)	n/a
Remaining Term	n/a
Passing Ground Rent (Gregorian)	n/a
Opening Year	2008
GBA, sqm	93,917
Parking Capacity, spaces	1,070
GLA, sqm; of which	67,110
GLA units, sqm	67,110
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	63
Land plot size, sqm	84,097
Vacancy on Area, %	1,144 sqm [1.70%]
WAULT	1.79
Key Tenants	Panda Hypermarket
	Centrepoint
	Entertainment City
Footfall (2017-2018)	n/a

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	22,181	33.05%	3	0	100.00%
Line shop	41,902	62.44%	184	1,038	97.52%
F&B	2,910	4.34%	25	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	55	0	0.00%
Storage	117	0.17%	14	106	9.40%
Total	67,110	100.00%	281	1,144	98.30%

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
106,668,362	98.30%	109,543,358	16,777,500	116,220,762	7.40%	10.50%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	3,500
51 - 200	3,000
201 – 500	2,200
501 – 1,500	1,500
Over 1,500	600

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Lea-ses	Area (Sq m)	% Area	Inc-ome (pa)	% Inc-ome	ERV	% Inc-ome	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	66	13,844	20.6%	27,816,572	26.1%	27,816,572	0.3	0.0%
3	2020	95	22,203	33.1%	45,685,302	42.8%	45,685,300	0.4	0.0%
4	2021	42	7,779	11.6%	18,050,314	16.9%	18,050,314	0.2	0.0%
5	2022	3	464	0.7%	1,421,870	1.3%	1,421,869	0.0	0.0%
6	2023	5	3,033	4.5%	6,428,361	6.0%	6,428,361	0.1	0.0%
7	2024	2	12,970	19.3%	5,081,838	4.8%	5,081,838	0.0	0.0%
8	2025	1	5,673	8.5%	2,184,105	2.0%	2,184,105	0.0	0.0%
Vacant	Vacant	12	1,144	1.7%	0	0.0%	2,875,000	0.0	-
Total		226*	67,110	100%	106,668,362	100%	109,543,358	100%	3%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	15.09	15.09	15.09
F&B	2.00	11.84	4.10
Line store	1.00	14.75	4.46
Kiosks, ATMs, etc.	1.00	6.00	2.49
Warehouse	3.00	4.08	3.82

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	48	27,290,846	107,769,155	79.3%
External Rent Income	166	79,377,516		
Additional Income		10,531,482	10,776,916	7.8%
Turnover Rent		3,109,448	3,130,588	2.3%
Service Charge Recovery		14,141,226	14,577,779	10.5%
Total	214*	134,450,518	136,254,438	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 250 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	2.5%
Capex, SAR	SAR 8,246,934

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,563,000,000**

(ONE BILLION, FIVE HUNDRED AND SIXTY-THREE MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

18. AL HAMRA MALL, RIYADH, KSA

Property Name/ Address: Al Hamra Mall, Riyadh, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 06 August 2018. We highlight that the inspection was undertaken on a visual basis only.

Hamra Mall opened in 2016 and is located in the King Faisal District in east Riyadh. It is situated at the intersection of King Abdullah Road and Ash Sheikh Hassan Ibn Hussain Road. The site is bound by King Abdullah Road to the north, Ash Sheikh Hassan Ibn Hussain Road to the east, Rafal's Marvela Community to the west, and private villas and a Fitness Time branch to the south.

The location represents an increasingly prime position within Riyadh in general and specifically as a result of the Riyadh Metro development of which Lines 2 and 6 cross at the Property's intersection.

Property Description:

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	n/a
LH Start Date (G)	n/a
LH End Date (G)	n/a
Remaining Term	n/a
Passing Ground Rent (Gregorian)	n/a
Opening Year	2016
GBA, sqm	77,969
Parking Capacity, spaces	1,026
GLA, sqm; of which	53,951
GLA units, sqm	53,951
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	53
Land plot size, sqm	75,705
Vacancy on Area, %	5,461 sqm [10.12%]
WAULT	2.87
Key Tenants	Centrepoint
	Zara
	Sparky's
Footfall (2017-2018)	N/A

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	4,116	7.63%	2	0	100.00%
Line shop	46,754	86.66%	171	5,260	88.75%
F&B	3,047	5.65%	28	188	93.83%
Kiosks, ATMs, etc.	0	0.00%	35	0	0.00%
Storage	34	0.06%	5	13	61.76%
Total	53,951	100.00%	241	5,461	89.88%

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
89,720,044	89.88%	104,359,837	18,882,850	93,123,277	7.10%	10.50%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	4,000
51 - 200	2,800
201 – 500	2,200
501 – 1,500	1,600
Over 1,500	800

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (Sq m)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	44	6,614	12.3%	22,769,451	25.4%	22,645,744	0.2	-0.5%
3	2020	31	4,303	8.0%	12,203,703	13.6%	12,203,703	0.1	0.0%
4	2021	12	3,208	5.9%	7,289,232	8.1%	7,290,232	0.1	0.0%
5	2022	62	21,304	39.5%	33,482,480	37.3%	33,482,480	0.3	0.0%
6	2023	5	2,970	5.5%	3,170,194	3.5%	3,170,194	0.0	0.0%
7	2024	1	1,045	1.9%	2,669,923	3.0%	2,669,923	0.0	0.0%
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2026	1	120	0.2%	427,637	0.5%	427,637	0.0	0.0%
10	2027	6	8,926	16.5%	7,707,425	8.6%	7,707,425	0.1	0.0%
Vacant	Vacant	44	5,461	10.1%	0	0.0%	14,762,500	0.1	-
Total		206*	53,951	100%	89,720,044	100%	104,359,837	100%	16%

** excluding non-GLA (kiosks, ATMs, etc.)*

Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	6.75	10.00	8.38
F&B	2.91	9.75	3.42
Line store	2.91	10.09	4.46
Kiosks, ATMs, etc.	1.00	5.00	2.34
Warehouse	2.00	3.08	2.27

Source: JLL analysis of ACC data

Income Sources

Income	No. of Leases	Amount SAR (Month 1*12)	Amount SAR (Year 1)	% of Total Income
Internal Rent Income	60	30,648,034	100,189,418	80.4%
External Rent Income	102	59,072,010		
Additional Income		8,861,031	10,018,942	7.9%
Service Charge Recovery		13,047,343	14,278,929	11.7%
Total	162*	111,628,418	124,487,289	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabilisation, %	10.0%
Capex, SAR	SAR 8,373,580

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 1,304,000,000**

(ONE BILLION, THREE HUNDRED AND FOUR MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

19. YASMEEN MALL, JEDDAH, KSA

Property Name/ Address: Yasmeen Mall, Jeddah, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia AssocRICS on 30 May 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property is located in Al Manar District, a mid-end district on the east side of Jeddah city. The Property is situated approximately 4 km east from King Abdulaziz University (women's campus), 7 km north from Al Haramain Railway Station and 8.5 km south from King Abdulaziz International Airport.

The Property is facing Al Haramain Road from the west. The frontage is approximately 550 m. Al Haramain Road is one of Jeddah's major roads and links the city with the two holy cities in Saudi Arabia, Makkah Al Mukaramah and Al Madinah Al Munawarah.

Property Description:

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	01/07/2015
LH End Date (G)	25/11/2034
Remaining Term	15.91
Passing Ground Rent (Gregorian)	16,406,799
Opening Year	2016
GBA, sqm	101,672
Parking Capacity, spaces	2,351
GLA, sqm; of which	54,634
GLA units, sqm	54,634
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	23
Land plot size, sqm	158,356
Vacancy on Area, %	2,299 sqm [4.21%]
WAULT	2.56
Key Tenants	Octo
	Manuel
	Centrepoint
Footfall (2017-2018)	N/A

** Date is after the grace period*

Type	Leasable Area (Sq m)	Leasable Area (%)	No. of Units	Vacant Area (Sq m)	Occupancy Rate (%)
Anchor	10,112	18.51%	2	0	100.00%
Line shop	41,923	76.73%	203	2,298	94.52%
F&B	2,599	4.76%	29	0	100.00%
Kiosks, ATMs, etc.	0	0.00%	69	1	0.00%
Total	54,634	100.00%	303	2,299	95.79%

Basis of Value:

We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Net Operating Income (SAR pa)	Initial Yield (%)	IRR (%)
114,321,188	95.79%	120,283,830	19,121,900	105,425,646	11.52%	12.75%

** Gross Passing Rent is expressed as a Day 1 amount and excludes any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.*

*** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.*

Market Rent Rates

Unit Size (sq m)	Market Rent, (SAR/Sq m/Annum)
0 - 50	3,300
51 - 200	3,100
201 – 500	2,600
501 – 1,500	1,600
Over 1,500	1,000

Source: JLL analysis of ACC data

Expiry Profile

Year	Year	Leases	Area (Sq m)	% Area	Income (pa)	% Income	ERV	% Income	Rvsn
0	Expired	0	0	0.0%	0	0.0%	0	0.0	-
1	2018	0	0	0.0%	0	0.0%	0	0.0	-
2	2019	61	8,024	14.7%	34,668,257	30.3%	34,141,388	0.3	-1.5%
3	2020	33	4,292	7.9%	13,521,709	11.8%	13,867,134	0.1	2.6%
4	2021	35	5,143	9.4%	16,063,392	14.1%	15,554,578	0.1	-3.2%
5	2022	72	20,946	38.3%	37,306,638	32.6%	37,536,498	0.3	0.6%
6	2023	3	637	1.2%	1,611,106	1.4%	1,619,106	0.0	0.5%
7	2024	0	0	0.0%	0	0.0%	0	0.0	-
8	2025	0	0	0.0%	0	0.0%	0	0.0	-
9	2026	3	6,642	12.2%	5,593,074	4.9%	5,570,313	0.0	-0.4%
10	2027	2	6,651	12.2%	5,557,013	4.9%	5,557,013	0.0	0.0%
Vacant	Vacant	25	2,299	4.2%	0	0.0%	6,437,800	0.1	-
Total		234*	54,634	100%	114,321,188	100%	120,283,830	100%	5%

** excluding non-GLA (kiosks, ATMs, etc.)*

Source: JLL analysis of ACC data

Lease Durations

Unit Type	Minimum Duration	Maximum Duration	Average Duration
Anchor	10.00	10.00	10.00
F&B	2.91	9.76	3.77
Line store	2.91	10.08	4.03
Kiosks, ATMs, etc.	1.00	5.00	2.08

Source: JLL analysis of ACC data.

Income Sources

Income	No. of Leases	Amount, SAR (Month 1*12)	Amount, SAR (Year 1)	% of Total Income
Internal Rent Income	66	38,353,257	119,517,026	81.1%
External Rent Income	143	75,967,931		
Additional Income		10,956,469	11,951,703	7.8%
Service Charge Recovery		15,668,968	17,071,794	11.1%
Total	209*	140,946,625	148,540,522	100.0%

** excluding non-GLA (kiosks, ATMs, etc.)*
Source: JLL analysis of ACC data

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Line shops units (Contracted)	Per contract	Per contract	Per contract	Per contract	Per contract
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Source: JLL analysis of ACC data

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 16,406,799 per annum
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2.0%
Structural Vacancy on Stabiliation, %	5.0%
Capex, SAR	SAR 11,012,352

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 904,000,000**

(NINE HUNDRED AND FOUR MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

20. AL KHALEEJ MALL LAND PLOT, RIYADH, KSA

Property Name/ Address: Al Khaleej Mall Land Plot, Riyadh, KSA.

Property Inspection: The Property was inspected by Meshari AlKurbi on 21 May 2017. We highlight that the inspection was undertaken on a visual basis only.

The Property comprises a land plot measuring 101,950 sq m according to the title deed provided by ACC. The plot is occupied by the Al Khaleej Mall construction project. The plot is generally flat and comprises a triangular plot located on Makkah Road and bounded by Ali Izat Bighufich Street to the north.

We understand that the project includes construction of a mosque and imam's residence. As at the date of our valuation these were at design stage. From the approved development brochure provided to us by ACC, we understand that the BUA of the mosque and the residence is 8,000 sq m.

Property Description: As per the construction agreement the completion of Al Khaleej Mall is scheduled for December 2019. We understand it to be typical for the region to use reinforced steel frame. Walls with a rendered finish are generally in-filled with concrete blocks, and ceilings are either panoramic glazed or plaster slabs. Floors are typically tiled.

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2019
GBA, sqm	89,651
Parking Capacity, spaces	1,292
GLA, sqm; of which	51,453
GLA units, sqm	51,453
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	40
Land plot size, sqm	101,950
Completion stage, %	61%

Leasable Areas

Type	Leasable Area (Sq m)
Ground Floor	
Retail Stores	29,735
First Floor	
Casual Dining Area	1,975
Outdoor Seating Area	1,158
Food Court Units	680
Billy Beez Unit	1,006
Entertainment Area	3,251
Retail Stores	13,647
Total	51,453

Source: ACC

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Development Value, SAR	Outstanding Construction Budget incl. Developer's Profit and Cost of Finance, SAR
1,052,000,000	247,531,864

Market Rent Rates

Unit Type	Market Rent, (SAR/Sq m/Annum)
Retail Stores	1,850
Supermarket	850
MSU	1,000
Food Court Units	2,400
Entertainment Anchor	700
Casual Dining	1,700

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	2.5%	2.5%	2.5%	2.5%	2.5%
Line shops units (Contracted)	5.0%	5.0%	5.0%	5.0%	5.0%
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2%
Reletting Voids	Absorption over 3 years
Capex	3% of Base Rent from Year 6

Date of Valuation: 31 December 2018

Market Value: **SAR 804,000,000**

(EIGHT HUNDRED AND FOUR MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

21. AIRPORT MALL, DAMMAM, KSA

Property Name/ Address: Airport Mall, Dammam, KSA.

Property Inspection: The Property was inspected by Adam Wellfair FRICS on 08 August 2018. We highlight that the inspection was underta ken on a visual basis only.

The Property comprises a land plot measuring 143,009 sq m according to the title deeds provided by the Client. The plot is generally flat and comprises a rectangular plot limited by King Fahd Road to the north, Abdulrahman Ibn Awf Street to the east and Zaid Ibn Haritha Street to the south. As at the date of our inspection, the plot had ongoing construction works comprising the initial stage of a retail development known as Dammam Airport Mall.

Property Description: As per the construction agreement the completion of Airport Mall is scheduled for September 2019. We understand it to be typical for the region to use reinforced steel frames. Walls with a rendered finish are generally in-filled with concrete blocks, and ceilings are either panoramic glazed or plaster slabs. Floors are typically tiled.

Key Facts	Value
Type of Tenure	Freehold
Land or Building Lease	N/A
LH Start Date (G)	N/A
LH End Date (G)	N/A
Remaining Term	N/A
Passing Ground Rent (Gregorian)	N/A
Opening Year	2018
GBA, sqm	88,480
Parking Capacity, spaces	1,374
GLA, sqm; of which	52,918
GLA units, sqm	52,918
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	39
Land plot size, sqm	131,238
Completion stage, %	58%

Leasable Areas

Type	Leasable Area (Sq m)
Ground Floor	
Retail Stores	35,411
Anchor Store Area	5,219
First Floor	
Food Court Units Area	1,215
Food Court Seating Area	1,790
Anchor Store Area	2,948
Entertainment Area	3,850
Gym Area	2,485
Total	52,918

Source: ACC

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Development Value, SAR	Outstanding Construction Budget incl. Developer's Profit and Cost of Finance, SAR
1,290,000,000	187,670,247

Main Retail Units

Unit Type	Market Rent, (SAR/Sq m/Annum)
Retail Stores	2,400
Anchor Stores	750
Food Court Units	2,700
Entertainment Anchor	500
Gym	400

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	2.5%	2.5%	2.5%	2.5%	2.5%
Line shops units (Contracted)	5.0%	5.0%	5.0%	5.0%	5.0%
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Operating Expenses

Type	Item
Ground Rent, SAR	n/a
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2%
Reletting Voids	Absorption over 3 years
Capex	3% of Base Rent from Year 6

Date of Valuation: 31 December 2018

Market Value: **SAR 1,102,000,000**

(ONE BILLION, ONE HUNDRED AND TWO MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

22. UNIVERSITY BOULEVARD MALL LAND PLOT, RIYADH, KSA

Property Name/ Address: University Boulevard Mall Land Plot, Riyadh, KSA.

Property Inspection: The Property was inspected by Liudmila Makedonskaia on 08 August 2018. We highlight that the inspection was undertaken on a visual basis only.

The Property comprises a land plot measuring 121,440 sq m according to the land lease agreement provided by ACC. The plot is occupied by the University Boulevard Mall construction project. The plot is generally flat with a gentle slope in its southern part. The plot comprises a strip of land stretching along the southeastern side of Prince Turki Ibn Abdulaziz Al Awwal Road.

Property Description: As per the construction agreement, the completion of University Boulevard Mall is scheduled for September 2019. We understand it to be typical for the region to use reinforced steel frames. Walls with a rendered finish are generally in-filled with concrete blocks, and ceilings are either panoramic glazed or plaster slabs. Floors are typically tiled.

Key Facts	Value
Type of Tenure	Leasehold
Land or Building Lease	Land
LH Start Date (G)*	01/08/2018
LH End Date (G)	31/07/2046
Remaining Term	27.60
Passing Ground Rent (Gregorian)	27,324,000
Opening Year	2018
GBA, sqm	71,471
Parking Capacity, spaces	1,487
GLA, sqm; of which	51,804
GLA units, sqm	51,804
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	35
Land plot size, sqm	121,440
Completion stage, %	69%

** Date is after the grace period*

Leasable Areas

Type	Leasable Area (Sq m)
Ground Floor Retail	23,960
Mezzanine Retail	1,736
First Floor Retail	8,901
Anchor Retail	13,930
External Seating	3,277
Total GLA	51,804

Source: ACC

Basis of Value: We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Development Value, SAR	Outstanding Construction Budget incl. Developer's Profit and Cost of Finance, SAR
571,000,000	95,420,419

Main Retail Units

Unit Type	Market Rent, (SAR/Sq m/Annum)
Retail Stores	2,200
F&Bs	2,500
MSU	1,300
Offices	1,000
Cinema	800

Growth and Escalation

Type	Year 1	Year 2	Year 3	Year 4	Year 5
Anchors (Contracted)	2.5%	2.5%	2.5%	2.5%	2.5%
Line shops units (Contracted)	5.0%	5.0%	5.0%	5.0%	5.0%
Anchors (ERV)	1.25%	2.5%	2.5%	2.5%	2.5%
Line shops and Anchors (ERV)	2.5%	5.0%	5.0%	5.0%	5.0%
Operating Expenses	5.0%	5.0%	5.0%	5.0%	5.0%

Operating Expenses

Type	Item
Ground Rent, SAR	SAR 27,324,000 per annum
Operating Cost, SAR	SAR 350 per sq m per annum
Bad Debts, %	2%
Reletting Voids	Absorption over 3 years
Capex	3% from Year 6

Source: JLL analysis of ACC data

Date of Valuation: 31 December 2018

Market Value: **SAR 476,000,000**

(FOUR HUNDRED AND SEVENTY-SIX MILLION SAUDI ARABIAN RIYALS)

In line with local market practice no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

OPINION OF MARKET VALUE

Market Value

Having regard to the foregoing assumptions we are of the opinion that the aggregate Market Value of the freehold interest in the Properties, subject to minor rounding, as at 31 December 2018 is:

SAR 19,087,500,000

(NINETEEN BILLION, EIGHTY-SEVEN MILLION, FIVE HUNDRED THOUSAND SAUDI ARABIAN RIYALS)

The aggregate Market Value reported above is the sum of the Market Value of each Property valued individually and does not necessarily represent the Market Value of the Properties if sold as a single portfolio.

In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, a purchaser's costs of acquisition or for any tax liability.

For and on behalf of JLL

APPENDIX A. GENERAL TERMS OF BUSINESS

JLL

JLL means Jones Lang LaSalle UAE Limited (Dubai Branch) and/or any subsidiary or holding company or company connected to Jones Lang LaSalle UAE Limited (Dubai Branch), that provides any of the services under the Agreement.

1. When the Terms apply

These General Terms of Business ("the Terms") apply where JLL provides a service to a client and there is no written agreement for the provision of that service or if there is, to the extent that the Terms do not conflict with the terms of that written agreement. In the case of conflict between the Terms and the terms of any written agreement, the terms of the written agreement shall prevail to the extent of the conflict. Reference in these Terms to the agreement means the written or informal agreement that incorporates these Terms ("the Agreement").

2. Service level

JLL is to provide the service to the specification and performance level stated in writing in the Agreement or, if none is stated, to the specification and performance levels that it ordinarily provides in accordance with JLL's duty of care as set out below. Any variations must be agreed in writing.

3. What is not included

JLL has no responsibility for anything that is beyond the scope of the service so defined. In particular, it has neither obligation to provide nor liability for:

- an opinion on price unless specifically instructed to carry out a valuation;
- advice, or failure to advise, on the condition of a property unless specifically instructed to carry out a formal survey;
- the security or management of property unless specifically instructed to arrange it;
- the safety of those visiting a property, unless that is specified in its instructions;
- estimates of construction or building costs, unless it has specifically engaged a qualified cost consultant or quantity surveyor to provide such estimates.

4. Duty of care and Liability

a. Duty of care

JLL owes to the client a duty to act with reasonable skill and care in providing the service and complying with the client's instructions where those instructions do not conflict with:

- the Terms, or
- the Agreement, or
- applicable law, regulations and professional rules. JLL is not obliged to carry out any instructions of the client which conflict with the applicable law, regulations and professional rules.

b. Liability to the client

JLL has no liability for the consequences, including delay in or failure to provide the services, of any failure by the client or any agent of the client:

- to promptly provide information or other material that JLL reasonably requires, or where that information or material provided is inaccurate or incomplete. The client warrants that, where it provides information or material to JLL, JLL is entitled to rely on its accuracy.
- to follow JLL's advice or recommendations.

The liability of JLL in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise howsoever caused arising out of or in connection with the provision of services or otherwise under the Agreement is not limited for fraud or where its negligence causes death or personal injury, but otherwise its liability:

- is excluded to the extent that the client or someone on the client's behalf for whom JLL is not responsible is responsible;
- is excluded if caused by circumstances beyond JLL's reasonable control;
- excludes indirect, special and consequential losses;

- (where JLL is but one of the parties liable) is limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); and

- In any event and in recognition of the relative risks and benefits of the project to both the client and JLL, the risks have been allocated such that the client agrees, to the fullest extent permitted by law, to limit the liability of JLL to the client for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert witness fees and costs, so that the total aggregate liability of JLL to the client shall not exceed and is limited to the professional fees received by JLL from the client.

Apart from fraud or criminal conduct, no employee of the JLL group of companies has any personal liability to the client and neither the client nor anyone representing the client may make a claim or bring proceedings against an employee or former employee personally.

c. Liability to third parties

JLL owes no duty of care and has no liability to anyone but its client, unless specifically agreed in writing by JLL. No third party is intended to have any rights under the Agreement unless agreed in writing.

d. Liability for others

JLL has no liability for products or services that it reasonably needs to obtain from others in order to provide the service.

e. Delegation

JLL may delegate to a third party the provision of the service, or part of it, only where this is reasonable but remains liable for what the third party does unless the client agrees to rely only on the third party (and the client must not unreasonably withhold that agreement). If delegation is at the client's specific request, JLL is not liable for what the third party does or does not do.

The client shall effect and maintain adequate property and public liability insurance and general third party liability insurance providing coverage for bodily injury and property damage which will either include JLL as a joint insured or a waiver of the insurer's subrogation rights against JLL, its employees or delegates.

f. Liability to JLL

The client agrees to indemnify JLL against all third party (including any insurer of the client) claims (including without limitation all third party actions, claims, proceedings, loss, damages, costs and expenses) ("Claims")

- for which the client has agreed to insure under the Agreement;

- that relate in any way to the provision of the service except a Claim that a court of competent jurisdiction decides or JLL acknowledges (whether or not it admits liability) was caused by the fraud, wilful default, breach of contract or negligence of JLL or of a delegate for whom JLL is responsible under the Terms.

5. Delivering the service

a. Timetable

JLL is to use reasonable endeavours to comply with the client's timetable but is not responsible for not doing so unless specifically agreed in writing. Even then, JLL is not liable for delay that is beyond its control.

b. Intellectual property

Unless otherwise agreed in writing all intellectual property rights:

- in material supplied by the client belong to the client.

- in material prepared by JLL belong to JLL.

Each has a non-exclusive right to use the material provided for the purposes for which it is supplied or prepared. No third party has any right to use it without the specific consent of the owner.

c. Confidential material

Each party must keep confidential all confidential information and material of commercial value to the other party of which it becomes aware but it may:

- use it to the extent reasonably required in providing the service;

- disclose it if the other party agrees;

- disclose it if required to do so by law, regulation or other competent authority.

This obligation continues after termination of the Agreement. JLL may after six (6) years from the earlier of completion of the

service or termination of the Agreement destroy any papers it retains without any obligation to notify the client.

6. Remuneration and Payment

a. Fees and Taxes

Where the fees and expenses payable for the service, or for additional or extended services requested by the client are not specified in writing, JLL is entitled to the fee specified by the RICS or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent and reimbursement of expenses properly incurred on the client's behalf. Where the service is not performed in full JLL is entitled to a reasonable fee proportionate to the service provided as estimated by JLL.

Unless specified in writing to the contrary, the client must pay any additional applicable tax as will be added to such fees invoiced to the client.

b. Payment timeframe

If a duly rendered invoice is not paid in full within the timeframe in the Agreement, or within 30 days if no timeframe is so agreed, JLL may impose an additional charge on the balance due of 2% for each month the amount remains outstanding. JLL will be entitled to suspend work on the assignment where any invoice is outstanding beyond the agreed timeframe for payment.

JLL is entitled to postpone the start of or suspend work on an assignment until its initial payment has been received as stated in the Agreement.

7. Communication

The client will appoint for the purpose of this Agreement a representative who will act as liaison and contact person with JLL.

JLL may use electronic communication and systems to provide services, making available to the client any software required that is not generally available.

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

- when delivered, if delivered by hand through a Notary Public in the United Arab Emirates (if that is during normal business hours) otherwise when business hours next commence;
- two business days after posting, if posted by recorded delivery;
- when actually received, if sent by ordinary mail or fax; Notice may not be given by electronic mail.

8. Estimates, Valuations and Financial models

The client acknowledges that unless specified as such in the Agreement and in reports or deliverables prepared by JLL, any financial estimates relating to real estate interests or assets are not opinions of value and may not be construed as valuations.

Where valuations are provided by JLL in accordance with the Agreement, such valuations are based on information reasonably available to JLL at the time of the valuation and its knowledge of the market. JLL will use reasonable skill and care in providing any valuations but the client acknowledges that the valuations are estimates only and the client further acknowledges that market conditions and assumptions may change and reliance on valuations will be at its own risk. All such valuations are prepared in accordance with the terms, conditions and limitations specified in the valuation report.

Financial estimates, cash flow models and valuations may be prepared using business models and software that are the sole property of JLL. JLL has no obligation to share with the client its proprietary models.

9. Termination

a. Termination

The client or JLL may terminate the Agreement immediately by notice to the other if the other:

- has not satisfactorily rectified a substantial or persistent breach of the Agreement within the reasonable period specified in anearliernoticetorectifyit;
- is insolvent according the laws of its country of incorporation.

b. Effect of termination on claims

Termination of the Agreement does not affect any claims that arise before termination or the entitlement of JLL to its proper fees up to the date of termination or to be reimbursed its expenses.

In the event that the assignment is suspended or terminated by reasons outside the direct control of JLL, it shall be entitled to retain in full all payments made or due at the date of suspension or termination, including any initial payment.

10. Compliance

The client is aware of JLL's obligation to comply with prevailing anti-corruption rules, such as but not limited to the U.S. Foreign Corrupt Practices Act ("FCPA") and anti-money laundering provisions relevant to the contracting parties and the client therefore warrants that it will not use money or any other consideration paid by JLL for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any government official in order to assist JLL or any of its subsidiaries, affiliates, holding-companies or anyone acting on their behalf, in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. In addition the client warrants that it is not aware of any (potential) breach of any relevant prevailing anti-money laundering provision.

The client declares and warrants that:

- its members, officers and employees are not a government official(s) and does not and will not employ or otherwise compensate or offer to compensate any government officials, or make or cause another to make any direct or indirect offers or payments to any government officials, for the purpose of influencing or inducing any decision for the benefit of JLL.
- it will not employ any sub-contractor, consultant, agent or representative in connection with the Agreement without a thorough documented examination of his person, reputation and integrity.
- it will not employ any subcontractor, consultant, agent or representative who does not comply with the prevailing anti-corruption rules and in case any such violation comes to its attention it informs JLL immediately.
- it shall not make any payment (including any offer to pay, promise to pay or gift of money or anything else of value) to any JLL employee in connection with the solicitation or award of any services.
- any payments client shall make to third parties related to any services related to the Agreement shall be supported by written,detailedinvoices.
- JLL may immediately terminate the Agreement if the client violates any of the prevailing anti-corruption laws and/or the provisions defined in this compliance clause.

Civil servants, government employees and officials can provide certain services to JLL if the provision of such services does not violate the conflict of interest provisions of the laws governing their position or does not involve the use of their official position to assist JLL in obtaining or retaining business.

11. Miscellaneous

a. Waiver

Failure to enforce any of the Terms is not a waiver of any right to subsequently enforce that or any other term of the Agreement.

b. Severability

The invalidity, illegality and unenforceability in whole or in part of any of the provisions of the Agreement shall not affect the validity, legality or enforceability of its remaining provisions which shall remain in full force and effect.

c. Governing law/Arbitration

The Agreement shall be governed by, construed and interpreted in accordance with the laws in force in the Emirate of Abu Dhabi, and the federal laws of the United Arab Emirates.

Any disputes or conflicts arising out of or in connection with the Agreement or otherwise between the parties of the Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally reserved by arbitration in accordance with the Arbitration rules of the DIFC-LCIA Arbitration Centre, which rules are deemed to be incorporated by reference into this clause. Arbitration shall be held in Dubai, the United Arab Emirates and shall be conducted in English by one (1) arbitrator. An award rendered by the arbitrators shall be final and binding on the parties, their successors and assigns. Such award shall not be subject to appeal to any other court or body and the parties shall forthwith give it full effect.

d. Non-competition

The client herein commits not to recruit or seek to recruit to join the client or any related company any JLL employees directly or indirectly involved in this assignment within a period of twenty-four (24) months from the date of payment of the final invoice. If the client breaches this provision then the client agrees to pay JLL a sum equivalent to six (6) months of the total remuneration of such employee based on his salary prevailing at the time of the breach.

e. No partnership

Nothing contained in the Agreement shall be construed as creating a partnership or joint venture between any of the Parties to the Agreement.

f. Corporate power

Each of the parties hereby represents and warrants to the other as follows:

- that it is duly established and is validly existing under the laws of its incorporation;
- that it has full corporate power and has taken on all corporate acts to enable it to effectively enter into and perform its obligationsundertheAgreement.

g. Force Majeure

It is agreed that the obligations of both parties herein will be affected by an event of Force Majeure including but not limited to, civil disturbances, riots, strikes, act of God, war, governmental decisions or any other acts of a similar nature which is beyond the control of either party, to be sufficient excuse for delay and non-performance traceable to any of these causes.

h. Conflict of Interest

If JLL becomes aware of a conflict of interest it will advise the client promptly and recommend an appropriate course of action.

i. Binding Documents

The engagement letter or agreement instructing JLL as well as the preamble and its attachments, including the Terms form an integral and indivisible part of the Agreement. No amendment to the Agreement shall be valid unless executed in writing and signed by both the parties hereto. Neither party hereto may assign its interest hereunder without the prior written consent of the other party hereto. Words importing the singular number include the plural and vice versa. The obligations of each party shall be binding upon its heirs and assigns. The parties hereto hereby agree and undertake to take all such steps as may be necessary to give effect to the provisions contained in the Agreement.

APPENDIX B. GENERAL PRINCIPLES

Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

1. Saudi Authority for Accredited Valuers (Taqeem)

All work is carried out in accordance with the Saudi Authority for Accredited Valuers (Taqeem) and the International Valuation Standards ("IVS") published by the International Valuation Standards Committee ("IVSC") and the RICS Valuation-Professional Standards, by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by these entities. The valuations are undertaken by currently Registered RICS Valuers and appropriately qualified Taqeem valuers.

2. Valuation Basis

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in the "the Red Book". The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

3. Assumptions and Special Assumptions

Where we make an 'assumption' or 'special assumption' in arriving at our valuations, we define these terms in accordance with the "IVS" as follows:

These types of assumptions generally fall into one of two categories:

(a) assumed facts that are consistent with, or could be consistent with, those existing at the date of valuation ("Assumption"), and

(b) assumed facts that differ from those existing at the date of valuation ("Special Assumption").

All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required.

We will not take steps to verify any assumptions.

4. Disposal Costs Taxation and Other Liabilities

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser's costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration. Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

5. Sources of Information

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

6. Title and Tenancy Information

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

7. Tenants

Although we reflect our general understanding of a tenant's status in our valuations i.e. the markets general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8. Measurements/Floor Areas

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

9. Site Areas

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

10. Estimated Rental Values

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the IVS. Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

11. Town Planning, Acts of Parliament and Other Statutory Regulations

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:-

i) the position is correctly stated in our report;

ii) the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;

iii) that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace and any applicable bye laws.

12. Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

13. Deleterious Materials

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

14. Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

15. Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

16. Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism.

Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

17. Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

18. Confidentiality and Third Party Liability

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

19. Statement of Valuation Approach

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

20. Capital Expenditure Requirement

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

21. Goodwill, Fixtures and Fittings

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

22. Plant and Machinery

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

23. Services

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

24. Land and Building Apportionments

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

25. Portfolio Valuations

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complimentary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

26. Plans and Maps

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence. All rights are reserved.

APPENDIX C. INTERPRETATIVE COMMENTARY OF MARKET VALUE

Definition and Interpretive Commentary reproduced from the IVS – International Valuation Standards, July 2017

Valuations based on market value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC):

Definition

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Commentary

1. In applying market value, regard must also be had to the conceptual framework set out in paragraphs 31–35 of the IVS Framework, including the requirement that the valuation amount reflects the actual market state and circumstances as of theeffectivevaluationdate.

2. The basis of market value is an internationally recognised definition. It represents the figure that would appear in a hypothetical contract of sale at the valuation date. Valuers need to ensure that in all cases the basis is set out clearly in boththeinstructionsandthereport.

3. Market value ignores any existing mortgage, debenture or other charge over the property.

4. Notwithstanding the disregard of special value (see definition in paragraphs 44–47 of the IVS Framework) where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of 'hope value' is reflected in market value. Examples of where the hope of additional value being created or obtained in the future may have an impact on the market value include:

the prospect of development where there is no current permission for that development; and

the prospect of synergistic value (see definition in paragraph 48 of the IVS Framework) arising from merger with another property, or interests within the same property, at a future date.

5. GN 2, GN 4 and GN 5 contain guidance on the application of market value to the specified types of asset.

30 IVS-Defined Basis of Value – Market Value

30.1 Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

30.2 The definition of Market Value shall be applied in accordance with the following conceptual IVS framework:

(a) "the estimated amount"

refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

(b) "an asset should exchange"

refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date;

(c) "on the valuation date"

requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date.

30.2 **(d) "between a willing buyer"**

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

(e) "and a willing seller"

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

(f) "in an arm's length transaction"

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The market value transaction is presumed to be between unrelated parties, each acting independently;

(g) "after proper marketing"

means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

(h) "where the parties had each acted knowledgeably, prudently"

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) "and without compulsion"

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is presumed exposed for sale is the one in which the asset notionally being exchanged is normally exchanged.

30.4 The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

30.5 The nature and source of the valuation inputs must be consistent with the basis of value, which in turn must have regard to the valuation purpose. For example, various approaches and methods may be used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.

30.6 The data available and the circumstances relating to the market for the asset being valued must determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used should provide an indication of Market Value.

30.7 Market Value does not reflect attributes of an asset that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages may relate to the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

APPENDIX D. TAQEEM MEMBERSHIP ID'S

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JLL (NYSE: JLL) is a leading professional services firm that specializes in real estate and investment management. Our vision is to reimagine the world of real estate, creating rewarding opportunities and amazing spaces where people can achieve their ambitions. In doing so, we will build a better tomorrow for our clients, our people and our communities. JLL is a Fortune 500 company with nearly 300 corporate offices, operations in over 80 countries and a global workforce of 86,000 as of June 30, 2018. JLL is the brand name, and a registered trademark, of Jones Lang LaSalle Incorporated.

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JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fuelled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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المراكز العربية
Arabian Centres

Valuation Advisory Report

Jeddah Park Mall

Prepared for Arabian Centres Company

28 March 2019

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For the attention of The Directors
Arabian Centres Company
PO Box 341904, Riyadh 11333
Saudi Arabia

Our ref V8790
Phone +971 4 426 6999
Email simon.brand@jll.com
peter.stebbings@jll.com

Dear Sirs,

28 March 2019

Valuation Report: Jeddah Park Mall

Please find enclosed our Valuation Report for Jeddah Park Mall.

We trust that this meets your requirements with regard to this assignment. If having reviewed our report, you have any questions please do not hesitate to contact us.

Yours faithfully,

Simon Brand FRICS
Executive Director,
Head of Valuation and Transaction Advisory MENA Region
Taqeem No.1220000635

For and on behalf of JLL

Encl. Valuation Report

TERMS OF REFERENCE	
Client:	Arabian Centres Company
Instructions and Purpose of Valuation:	We are instructed to provide our opinion of the Market Value of the leasehold interest in the Property for internal purposes. Subsequently, we have been requested to consent to our valuation report being included into the Prospectus to be published by Arabian Centres Company in connection with the proposed Initial Public Offering of shares and the listing of those shares on the Tadawul, KSA. The date of valuation of the Property is different to the date of the main valuation report. Consequently, the results of this valuation cannot be added to the aggregate Market Value of the Company portfolio estimated as of 31 December 2018, at which date Arabian Centres Company had no interest in the Property.
Basis of Valuation:	Market Value, defined defined by the Standards as: "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." The Valuation has been undertaken in accordance with the Taqeem Regulations, in conformity with the guidance notes of the International Valuation Standards and Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (July 2017). The report is subject to, and should be read in conjunction with our Terms of Engagement including the General Terms and Conditions of Business, our General Principles Adopted in the Preparation of Valuations and Reports and the definition of Market Value therein. No allowance has been made in our valuation for expenses relating to realising the value of the Property free from any encumbrances, mortgages, charges, third party interests or for taxation, which might arise in the event of its disposal.
Subject of Valuation:	The Property comprises a retail mall located in Jeddah in Saudi Arabia, as detailed in the following Property Schedule ('Property').
Date of Valuation:	11 March 2019
Market Value:	SAR 1,228,000,000 (ONE BILLION TWO HUNDRED AND TWENTY-EIGHT MILLION SAUDI ARABIAN RIYALS) In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, purchaser's costs of acquisition or for any tax liability.

1. TERMS OF ENGAGEMENT

1.1 Client

Arabian Centres Company.

1.2 Instructions and Purpose of Valuation

We are instructed to provide our opinion of the Market Value of the leasehold interest in the Property for internal purposes.

Subsequently, we have been requested to consent to our valuation report being included into the Prospectus to be published by Arabian Centres Company in connection with the proposed Initial Public Offering of shares and the listing of those shares on the Tadawul, KSA.

The date of valuation of the Property is different to the date of the main valuation report. Consequently, the results of this valuation cannot be added to the aggregate Market Value of the Company portfolio estimated as of 31 December 2018, at which date Arabian Centres Company had no interest in the Property

1.3 Valuation Standards

The Valuation assignment has been undertaken in accordance with the Taqeem Regulations (Saudi Authority for Accredited Valuers) and Royal Institution of Chartered Surveyors Valuation – Professional Standards (July 2017) ("the Standards") and in conformity with the guidance notes of the International Valuation Standards (2017 Edition).

1.4 Subject of Valuation

The Property comprises a retail mall located in Jeddah, KSA, as detailed in the Property Schedule ("Property") below. Our opinion of value reflects the value of the land, buildings and plant and machinery required to provide normal building services.

As at the valuation date the mall is under construction which is nearing completion. As provided by the Client the Property is 75% complete as at the valuation date. The completion is scheduled for September 2019 while the opening for customers is scheduled for April 2020.

As per the GLA breakdown provided to us by the Client, upon completion the mall will measure c. 128,000 sq m of GLA and will be arranged over four levels. The mall will be provided with 7,800 car parking spaces.

We would like to note that construction projects often experience delays in KSA. Should there be a delay in the completion of the project we reserve a right to review the results of our valuation.

1.5 Previous Involvement

We have not previously valued the Property.

1.6 Conflict of Interest

We are not aware of any existing or other conflicts or potential conflicts of interest, either on the part of JLL or the individual members of the valuation team assigned to this project, which prevent us from providing an independent and objective opinion of the value of the Properties.

1.7 Status of Valuer

The overall assignment has been supervised by Simon Brand FRICS (who is the 'Responsible Valuer' for the purposes of the Standards), Provisional Member of Taqeem. Peter Stebbings MRICS, Accredited Member of Taqeem oversaw Liudmila Makedonskaia AssocRICS.

Together this team is in a position to provide objective and unbiased opinions of value and have sufficient local knowledge, skills and understanding to undertake the valuations competently.

We are acting as an External Valuer. An External Valuer is defined in the Standards as:

"A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment".

1.8 Interest Valued

We have valued the leasehold interest in the Property. Please refer to the property schedule for further information.

1.9 Basis of Valuation

We have provided our opinion of the Market Value of the Property, defined in the Standards as:

"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.''

In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, a purchaser's costs of acquisition or for any tax liability.

Further commentary on the definition of Market Value and its application can be found in Appendix C.

1.10 Valuation Date

The valuation date is 11 March 2019.

1.11 Currency

The currency adopted is Saudi Arabian Riyals (SAR).

1.12 Publication

Subject to our prior written consent to the form and context in which it will appear, the Valuation Report can be reproduced in your financial statements. We have prepared a separate publication statement for this purpose.

However, neither the whole of the Valuation Report, nor any part, nor reference thereto, may be published in any other document, statement or circular, nor in any communication with third parties.

1.13 Liability

In accordance with our Terms of Engagement issued for the valuation of the Property, as at the valuation date our liability is to Arabian Centres Company only, and not to any third party and is limited to the aggregate fee payable under this valuation engagement.

This liability proviso does not apply with respect to 'Clients Information' as such information is considered the responsibility of Arabian Centres Company. Accordingly, we do not accept any liability for inaccurate or misleading information provided by you or your representatives.

We would like to note that as at the date of issuance of this report we have been requested by the Company to consent to the report being added to the Prospectus issued in connection with the proposed Initial Public Offering of shares and the listing of those shares on the Tadawul, KSA.

Based on the above, our liability to the public investors, the Client and the addressees for this valuation report shall be unlimited. Notwithstanding the previous sentences, in the event that the Initial Public Offering does not complete, our liability in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise howsoever caused arising out of or in connection with this engagement shall, save for fraud, death and personal injury, be limited to USD 1 million in aggregate to all of the Addressees.

You undertake to ensure that third parties save those buying pursuant to the Initial Public Offering, to whom this Valuation Report is disclosed are made aware that this is on a non-reliance basis and JLL disclaims any responsibility or liability whatsoever to such a party in relation to this Valuation Report.

2. INVESTIGATIONS

2.1 Nature and sources of information relied upon

Arabian Centres Company have, unless stated otherwise in the following Property report, provided us with the information relating to the Property listed below which we have fully relied upon:

- Floor plans;
- GLA breakdown as at 11 March 2019;
- Information on pre-lets with regards to the mall;
- Copy of the ground lease contract with regards to the mall.

We have not verified the information provided to us. Arabian Centres Company have certified, for and on behalf of all parties providing information to us, that any and all information and documentation provided to us is accurate and complete in all material respects. Should this prove not to be the case, we reserve the right to amend our valuation accordingly as any change to the above information relied upon may materially affect the value of the Property.

2.2 Extent of Investigations

We have reported within the extent of our expertise, on the understanding that the Client will seek further specialist advice where necessary. Where we have reasons for concern, we have raised these in this Valuation Report and caveated them accordingly. Following subsequent detailed investigations, we reserve the right to review and amend our valuations accordingly.

Title and Tenure

We have ourselves not undertaken title investigations with the relevant municipalities. We have been provided with a Legal Due Diligence Report prepared by Baker McKenzie, dated 07 March 2019.

Having regard to the Baker McKenzie Legal Due Diligence Report and the instructions of the Client, we have valued the Property under an assumption of good and marketable leasehold title clear of all mortgages, charges, encumbrances and third-party interests that can be transferred to foreign owners/entities. If the title includes wider building/complex or common areas in which the Property is located, we have assumed that a separate freehold title exists or can be obtained at no cost on the same basis detailed above.

If at a later date any defects in title or restrictions on the transferability of the Property are proven, this may affect our opinion of value and we reserve the right to review and amend our valuation accordingly.

Inspection and Areas

We undertook an external and internal inspection of the Property on 11 March 2019.

We have not undertaken a measured survey of the Property. You have agreed that we can rely upon the site and leasable areas provided to us by you. We are advised that these are prepared not in accordance with the RICS Code of Measuring Practice (6th Edition). In this regards it should be noted that the rental evidence was based on the latest lease transactions in the Company's malls. Thus, we understand that the comparison of rental levels was made on a like-for-like basis.

We recommend that specialists be instructed to verify the areas provided to us.

State of Repair

You have instructed us not to undertake building surveys. Unless advised by you we have assumed that the structure of the Property is in good condition and their state of repair is commensurate with its age and use. We recommend that specialists be instructed to verify this.

Utilities and Building Services

You have instructed us not to test the utilities available to the Property nor the plant and equipment required to provide normal building services. Unless advised by you we have assumed that the utilities and building services are of sufficient capacity for the current operation and future use/expansion of the Property and are in good condition. We recommend that specialists be instructed to verify this.

Planning and Building Regulations

You have instructed us not to undertake planning or building investigations. You have provided us with building completion certificates for most of the completed Property. Unless advised by you we have assumed that the Property has received appropriate building permits/completion certificates issued by the relevant municipality or that these can be obtained at no cost, and that the Property has been constructed in accordance with all relevant regulations.

Contamination and Hazardous Substances

You have instructed us not to undertake investigations into contamination and hazardous substances. Unless advised by you we have assumed that the Property is not adversely affected by contamination and hazardous substances. We recommend that specialists be instructed to verify this.

Environmental Matters

You have instructed us not to undertake investigations into environmental matters. Unless advised by you we have assumed that the Property is not adversely affected by environmental matters and that ground conditions are sufficient for any proposed developments/extensions. We recommend that specialists be instructed to verify this.

Operational Licences/Permits/Certificates/Agreements

You have instructed us not to undertake investigations into the status of operational licences/permits/certificates/agreements. Unless advised by you we have assumed that valid licences/permits/certificates/agreements are in-place for the on-going operation of the Property in accordance with all relevant regulations and that these licences/permits/certificates/agreements will be renewed without issue or significant cost upon expiry.

2.3 Tenancy Schedule

We have been provided with a GLA breakdown for the Property as at 11 March 2019. The breakdown includes the unit numbers, unit type, and leasable areas (in square metres). With regards to the pre-lets we have been provided with unit numbers, tenant names, brand names, leasable areas, base rents, service charges, utility charges (per bill), lease terms, escalation patterns and contract status.

We have valued the Property on the basis detailed above. If at a later date any inaccuracies in the client information are proved, this may affect our opinion of value and we reserve the right to review and amend our valuation accordingly.

3. MARKET COMMENTARY

3.1 Jeddah Retail Supply

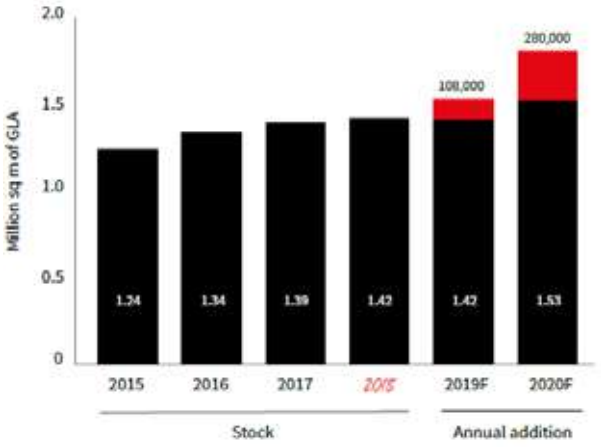
A total of 32,000 sq m of retail GLA was delivered in Jeddah throughout 2018, which is a significant decrease from the average retail GLA delivered in the past three years.

Q4 2018 saw the completion of one neighbourhood centre, Al Marwa Plaza, adding 15,000 sq m of GLA to the retail pipeline. This brings the total retail stock to 1.4 million sq m as of year-end 2018.

The next two years are expected to see the delivery of much higher levels of new supply, with 108,000 sq m and 280,000 sq m scheduled to complete in 2019 and 2020 respectively.

With the rapid social and economic changes being introduced in the Kingdom, cinemas, F&B and entertainment options are becoming increasingly vital features of shopping centres and are expected to play a significant role in the mix of upcoming supply as mall operators capitalise on new opportunities.

Jeddah Retail Mall Supply



Source: JLL

3.2 Retail Performance

Retail rents for regional malls continued to soften in Q4 2018, registering a 5% decline Y-o-Y. Meanwhile, rents in super-regional malls remained relatively stable on the back of limited supply. Vacancy rates were flat Y-o-Y at 11%, as landlords continued to offer incentives to retain tenants and maintain healthy occupancy rates.

Performance is expected to remain under pressure as the supply pipeline increases over the next 12 months. This is likely to result in mall operators adjusting their rent expectations in order to retain tenants and ensure healthy footfall levels.

3.3 Summary of Retail Market Conditions

Indicator	Level	Comment / Outlook
Current Retail Space (GLA)	1.4 million sq m	The completion of Jeddah Park (expected in 2019) would mark the first super regional centre completion in Jeddah in 10 years.
Future Supply (2019F – 2020F)	388,000 sq m	Cinemas, F&B and entertainment options are becoming increasingly vital features of shopping centres.
Change in Average Rents (Regional)	-5% Y-o-Y	Regional shopping centre rents decreased.
Change in Average Rents (Super Regional)	0.6% Y-o-Y	Rents for super regional shopping centres stayed flat Y-o-Y. Rents may soften further over the year due to upcoming supply entering the market. However, stronger household spending following the reinstatement of public sector wages should curb the impact on rents.
Average Retail Vacancy	11%	The level vacancy in malls must be supported by rental incentives from landlords' side.

Source: JLL

4. VALUATION APPROACH

We understand that the Property is under construction as at the valuation date. We also understand from the information provided by the Client that the leasehold ownership rights to the Property are transferred to ACC upon construction completion in September 2019 and ACC are not liable for any costs associated with construction completion of the mall.

The mall's opening for customers is scheduled for April 2020.

Based on the above we have formed our opinion of the Gross Development Value of the Property on opening date – 01 April 2020 - which was subsequently discounted to the valuation date – 11 March 2019.

4.1 Income Approach – DCF Method

The Market Value of the Property has been assessed using the Discounted Cash Flow (DCF) calculation method. We have calculated the DCF over a 5-year hold period and assumed a capitalised value based on a stabilised rental income of the Property after this period (the exit value). Cash flows for the relevant year are calculated as follows: the Rental Income including Additional Income and (where applicable) Turnover Income at full occupancy is reduced by the loss of rent due to vacancy. The rents are calculated according to the data on typical market rent escalation levels, operating expenses have been adjusted by 5% on a yearly basis. Capital expenditures (Sinking fund) have been modelled as a percentage of the Total Gross Base Rent.

After deduction of the non-recoverable operating expenses (i.e. but not exclusively Management and Maintenance Costs as well as rental payments in case of the leasehold properties) the Net Operating Income (NOI) is determined.

The exit value is calculated based on the Cash Flow of Year 6. The exit value takes the Rental Income at full occupancy and subtracts the expenses at full occupancy, resulting in the Stabilised Net Operating Income. This result is capitalised for the duration of the unexpired lease term of the Head lease and produces an indication for the exit value. For calculating the sales proceeds at exit a growth implicit yield has been applied. This Exit Yield is based upon applicable market transactions or market sentiment pertaining to current market conditions. This yield can then be varied for property specific attributes such as obsolescence, reversionary potential/over-rent, lease expiry profile and any capital enhancement projects factored into the Cash Flow. Only known and confirmed future competition at the valuation date is taken into consideration in the adopted Exit Yield.

Discounting the remaining Cash Flows and the Net Proceeds from Sale to the valuation date produces the Market Value. The cash flows calculated across the valuation period are discounted to the valuation date monthly in advance using the market derived discount rate. The discount rate adopted considers the probability of default as well as the security of the forecast for the Cash Flow. Therefore, factors which influence the discount rate include existing terms and conditions of lease contracts and strengths of tenant covenants.

The following yields are inputs/outputs from our discounted cash flow calculation:

- Initial yield: the net passing rent at the date of valuation expressed as a percentage of the net capital value.
- Exit yield: the yield represents the asset as fully let, rental levels at market prices, capital expenditure spent which is included in the cash flow as the asset 5 years older.
- Internal Rate of Return: the unleveraged internal rate of return over the holding period.

Generic Valuation Assumptions, Inputs and Considerations

Generic Valuation Assumptions, Inputs and Considerations	
Valuation Inputs	
Opinion of Market Rent	When applying Market Rents, we have had consideration to the data on the pre-lets in the Property, including the use, size and level as well as our market expertise.
Other Income	Considering the information provided by the client and taking into account information on malls across KSA for the purposes of our valuation we have assumed that total miscellaneous non-GLA income will amount to 10% of total base rent.
Operating Expenses	Generally, the level of operating expenses for comparable retail assets is in the range of SAR 250 – SAR 350 per sq m per annum. For the purposes of the valuation we have allowed for the operating expenses of SAR 350 per sq m of GLA. Taking into account the challenging market conditions we have allowed for the additional marketing cost of SAR 50 per sq m of GLA to ensure the leasing progress is successful.
Letting Fees	We have applied the letting agents' fee of 5% of the Market Rent.
Rent-frees	We have assumed that the developer will be providing rent-free periods to the tenants upon signing the initial lease contracts. We have applied the rent-free of 3 months for small retail units and 6 months for anchor stores and medium sized units.
Capital Expenditure	We have analysed the level of the CapEx allowance in other retail malls we have been involved with. We have assumed that a prudent owner will incur CapEx to maintain the Property and preserve an interest therein on part of tenants. Thus, we have allowed for sinking fund of 3% of the Total Base Rent per annum.
Growth Rates	We have been informed by ACC that the standard lease term across all the operating malls is 5 % for line store retail units annual escalation. There are minimal exceptions. Rent indexation varies for anchor stores but is generally lower than that of the line store retail units. Some key anchors pay no escalation but most pay approximately 2.5% per annum. We assume that it will take time for the market to revert to the previous level of performance due to current retail market slowdown. We assume only 50% of the above market rental growth to be absorbed by the market in Year 1.
Market Yield and Liquidity	There is limited transaction activity in the Saudi Arabian real estate market. This could depress the value of a property where a rapid disposal is sought or required. Any investment transactions are usually off-market deals. The confidential nature of these can result in inaccurate information about the transaction. As such values are derived from a combination of market knowledge, investor sentiment towards commercial property and risk-free rates in the region with a build-up to allow for property specific risk factors and characteristics. In assessing the value of the Property, we have also considered prime retail yields from a global perspective in both core markets and in other frontier or emerging markets. We have had regard to both the property fundamentals and the ownership, legislative and perceived systemic risk factors of Property ownership in Saudi Arabia. It is difficult to gauge the full extent of these "emerging market" risk factors and they have the potential to depress or slow the realisation of value from the Property.

Market Growth Profile	Year 1	Year 2
Line Stores	2.50%	5.0%
Anchors	1.25%	2.5%

Market Yield and Liquidity	For many of the assets the lot size would limit a 100% acquisition of the whole to a very limited number of potential investors. Therefore, any acquisition may in all likelihood need to be based on consortiums acquiring shares in the asset or in a form of bond. It is unlikely that any potential investor (consortium) would take on the management of the malls due to the current performance of existing management and local market expertise required and therefore ACC would likely retain a management role. Accordingly, ownership would be both passive and granular. This may result in a complex ownership structure and the investment would preclude bringing in additional management expertise. As a portfolio of stabilised shopping centres with sustainable performance, purchasers would generally regard there to be limited opportunities in improving the asset from an occupational or operational perspective over the current level of performance. This influences the yield a purchaser would be willing to pay. The complex ownership and limited opportunity to bring in additional management expertise to the investment are explicit assumptions we have made in arriving at our valuations. Taking into account the Property's specification and assumptions on the mall's performance, we have applied the Exit Yield of 8.0% upon the Property Resale in the end of Year 5 of the forecast period. We have applied the discount rate of 11.45% to reflect the risks associated with leasing of the Property in challenging market conditions.

5. PROPERTY SCHEDULE – JEDDAH PARK MALL, JEDDAH, KSA

Property Name/ Address:	Jeddah Park Mall, Jeddah, KSA.
Property Inspection:	The Property was inspected by Amir Nassiri MRICS on 11 March 2019. We highlight that the inspection was undertaken on a visual basis only. The Property is located at the intersection of Prince Mohammed Bin Abdulaziz Street and King Fahd Road in the immediate proximity to IKEA. Serafi Mega Mall is located on the opposite side of Prince Mohammed Bin Abdulaziz Street. There is a good road network surrounding the Property.
Property Description:	

Key Facts	Value
Type of Tenure	Leasehold
Land or Building	Building
LH Start Date (G)	04/06/2020
LH End Date (G)	03/06/2050
Remaining Term	30.00
Passing Ground Rent (Gregorian)	90,000,000
Opening Year	2020
GBA, sqm	n/a
Parking Capacity, spaces	7,800
GLA, sqm; of which	128,740
GLA units, sqm	128,740
Non-GLA units (kiosks, ATM, etc.), sqm	0
Parking Provision, 1 space per sq m of GLA	17
Land plot size, sqm	n/a
Vacancy on Area, %	n/a
WAULT	n/a

Basis of Value:	We have provided our opinion of the Market Value of the Property.

Key Valuation Considerations:

Summary

Gross Passing Rent (SAR pa)*	Occupancy (%)	Market Rent (SAR pa)**	Operational Expenses (SAR pa)	Initial Yield (%)	IRR (%)
n/a	n/a	250,439,557	51,496,000	1.57%	11.45%

* Gross Passing Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent and any contractual stepped increases during the following 12 months and leasing up of any current vacancy. It also excludes any additional income.

** Market Rent is expressed as a Day 1 amount and excludes turnover rent and additional rent. It also excludes any additional income.

Date of Valuation: 11 March 2019

Market Value:

SAR 1,228,000,000

(ONE BILLION TWO HUNDRED AND TWENTY-EIGHT MILLION SAUDI ARABIAN RIYALS)

In line with local market practice, no deduction has been made for purchaser's costs, costs of realisation or taxation.

This executive summary must be read in conjunction with the full valuation report, the agreed Terms of Engagement including the General Terms and Conditions of Business and General Principles Adopted in the Preparation of Valuations and Reports.

6. OPINION OF MARKET VALUE

Having regard to the foregoing assumptions, we are of the opinion that the Market Value of the leasehold interest in the Property as at 11 March 2019 is:

SAR 1,228,000,000
(ONE BILLION TWO HUNDRED AND TWENTY-EIGHT MILLION SAUDI ARABIAN RIYALS)
In line with local market practice, no allowance has been made in our valuations for a seller's costs of realisation, a purchaser's costs of acquisition or for any tax liability.

Yours faithfully,

Simon Brand FRICS
Executive Director, Head of Valuation and Transaction
Advisory MENA Region

Taqeem No. 1220000635

For and on behalf of JLL

APPENDIX A. GENERAL TERMS OF BUSINESS

JLL

JLL means Jones Lang LaSalle Saudi Arabia Company for Real Estate Valuation (CR No. 1010931286) and/or any subsidiary or holding company or company connected to Jones Lang LaSalle Saudi Arabia Company for Real Estate Valuation that provides any of the services under the Agreement.

1. When the Terms Apply

These General Terms of Business ("the Terms") apply where JLL provides a service to a client and there is no written agreement for the provision of that service or if there is, to the extent that the Terms do not conflict with the terms of that written agreement. In the case of conflict between the Terms and the terms of any written agreement, the terms of the written agreement shall prevail to the extent of the conflict. Reference in these Terms to the agreement means the written or informal agreement that incorporates these Terms ("the Agreement").

2. Service level

JLL is to provide the service to the specification and performance level stated in writing in the Agreement or, if none is stated, to the specification and performance levels that it ordinarily provides in accordance with JLL's duty of care as set out below. Any variations must be agreed in writing.

3. What is not included

JLL has no responsibility for anything that is beyond the scope of the service so defined or if not defined anything that is beyond the scope as interpreted by JLL in its sole discretion. In particular, it has neither obligation to provide nor liability for:

- an opinion on price unless specifically instructed to carry out a valuation;
- advice, or failure to advise, on the condition of a property unless specifically instructed to carry out a formal survey;
- the security or management of property unless specifically instructed to arrange it;
- the safety of those visiting a property, unless that is specified in its instructions;
- estimates of construction or building costs, unless it has specifically engaged a qualified cost consultant or quantity surveyor to provide such estimates.

4. Duty of care and Liability

a) Duty of care

JLL owes to the client a duty to act with reasonable skill and care in providing the service and complying with the client's instructions where those instructions do not conflict with:

- the Terms, or
- the Agreement, or
- applicable law, regulations and professional rules. JLL is not obliged to carry out any instructions of the client which conflict with the applicable law, regulations and professional rules.

b) Liability to the client

JLL has no liability for the consequences, including delay in or failure to provide the services, of any failure by the client or any agent of the client:

- to promptly provide information, documentation and/or any other material that JLL reasonably requires at any given time, or where that information, documentation or material provided is inaccurate, misleading or incomplete. The client warrants that, where it provides information, documentation or material to JLL, JLL is entitled to rely on its accuracy.
- to follow JLL's advice or recommendations.

The liability of JLL in contract, tort (including negligence or breach of statutory duty), misrepresentation or otherwise howsoever caused arising out of or in connection with the provision of services or otherwise under the Agreement is not limited for fraud or where its gross negligence causes death or personal injury, but otherwise its liability:

- is excluded to the extent that the client or someone on the client's behalf for whom JLL is not responsible is responsible;
- is excluded if caused by circumstances beyond JLL's reasonable control;
- excludes indirect, special and consequential losses;
- (where JLL is but one of the parties liable) is limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); and
- In any event and in recognition of the relative risks and benefits of the project to both the client and JLL, the risks have been allocated such that the client agrees, to the fullest extent permitted by law, to limit the liability of JLL to the client for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert witness fees and costs, so that the total aggregate liability of JLL to the client shall not exceed and is limited to the professional fees received by JLL from the client.

Apart from fraud or criminal conduct, no employee of the JLL group of companies has any personal liability to the client and neither the client nor anyone representing the client may make a claim or bring proceedings against an employee or former employee personally

c) Liability to third parties

JLL owes no duty of care and has no liability to anyone but its client, unless specifically agreed in writing by JLL. No third party is intended to have any rights under the Agreement unless agreed in writing.

d) Liability for others

JLL has no liability for products or services that it reasonably needs to obtain from others in order to provide the service.

e) Delegation

JLL may delegate to a third party the provision of the service, or part of it, only where this is reasonable but remains liable for what the third party does unless the client agrees to rely only on the third party (and the client must not unreasonably withhold that agreement). If delegation is at the client's specific request, JLL is not liable for what the third party does or does not do.

The client shall effect and maintain adequate property and public liability insurance and general third party liability insurance providing coverage for bodily injury and property damage which will either include JLL as a joint insured or a waiver of the insurer's subrogation rights against JLL, its employees or delegates.

f) Liability to JLL

The client agrees to indemnify JLL against all third party (including any insurer of the client) claims (including without limitation all third party actions, claims, proceedings, loss, damages, costs and expenses) ("Claims")

- for which the client has agreed to insure under the Agreement;
- that relate in any way to the provision of the service except a Claim that a court of competent jurisdiction decides or JLL acknowledges (whether or not it admits liability) was caused by the fraud, wilful default, material breach of contract or gross negligence of JLL or of a delegate for whom JLL is responsible under the Terms.

5. Delivering the service

a) Timetable

JLL is to use reasonable endeavours to comply with the client's timetable but is not responsible for not doing so unless specifically agreed in writing. Even then, JLL is not liable for delay that is beyond its control.

b) Intellectual property

Unless otherwise agreed in writing all intellectual property rights:

- in material supplied by the client belong to the client.
- in material prepared by JLL belong to JLL.

Each has a non-exclusive right to use the material provided for the purposes for which it is supplied or prepared. No third party has any right to use it without the specific consent of the owner.

c) Confidential material

Each party must keep confidential all confidential information and material of commercial value to the other party of which it becomes aware but it may:

- use it to the extent reasonably required in providing the service;
- disclose it if the other party agrees;
- disclose it if required to do so by law, regulation or other competent authority.

This obligation continues for a period of two (2) years after termination of the Agreement. After this period JLL may destroy any papers or information it retained without having to provide the client with an advance notice. Equally JLL may retain any information it must to comply with any regulation of legislation applicable to the international JLL group of companies.

6. Remuneration and Payment

a) Fees and Taxes

Where the fees and expenses payable for the service, or for additional or extended services requested by the client are not specified in writing, JLL is entitled to the fee specified by the RICS or other applicable professional body or, if none is specified, to a fair and reasonable fee by reference to time spent and reimbursement of expenses properly incurred on the client's behalf. Where the service is not performed in full JLL is entitled to a reasonable fee proportionate to the service provided as estimated by JLL.

Unless specified in writing to the contrary, the client must pay any additional applicable tax as will be added to such fees invoiced to the client.

b) V.A.T

VAT and/or similar taxes – Including without limitation value added tax, goods and service tax, sales tax or any similar tax as applicable to the Agreement and the supplementary documentation issued thereunder, including but not limited to invoices, credit notes, debit notes and similar, in accordance with the prevailing laws of the KSA, including any transitional VAT legislative provisions, as enacted and as amended from time to time.

Tax Authority – The designated government agency that is responsible for managing, collecting and enforcing the relevant tax or any similar competent authority and relevant ministry under which it operates. General Authority for Zakat and Tax in KSA.

1. To the extent that the goods and services provided under the Agreement are subject to VAT, JLL shall add VAT to the fee at the prevailing rate as applicable. Where appropriate JLL shall apply any VAT exemption or subject the supply to zero-rated VAT, whichever may be applicable.

2. The VAT for such supply will be calculated as follows:

   A x R

Where:

A is the fee payable for the supply; and

R is the applicable rate of VAT.

3. The client shall indemnify and hold JLL harmless from and against any and all costs of whatever nature and howsoever caused arising as a result of the client's failure to pay to JLL the amount of VAT shown on the VAT invoice in accordance with the payment terms set out thereon.

4. The client shall pay the fee plus VAT to JLL following receipt of a valid tax invoice in accordance with the prevailing VAT Law.

5. The client shall not be responsible for any such taxes or VAT that relate to any purchases by JLL or subcontractors or its other suppliers.

6. For the avoidance of doubt, it shall at all times remain the sole responsibility of JLL to:

   a) Assess the VAT rate(s) and VAT liability arising out of or in connection with the Agreement; and

   b) Account for or pay any VAT (and any other tax liability) relating to payments received by JLL under the Agreement to the relevant Tax Authority.

7. The client shall not be liable to JLL in any way whatsoever for any error or failure by JLL (or the client) in relation to VAT, including without limit:

   a) Where JLL is subject to a VAT ruling(s), determination, announcement or generally accepted practice in connection with the Agreement.

   b) Where JLL has assumed that it can recover input VAT and (for whatever reason) and this assumption is subsequently held to be incorrect or invalid; and/or

   c) Where JLL treatment of VAT in respect of any claim for payment received under the Agreement is subsequently held to be incorrect or invalid

c) Payment timeframe

If a duly rendered invoice is not paid in full within the timeframe in the Agreement, or within 30 days if no timeframe is so agreed, JLL will be entitled to suspend work on the assignment where any invoice is outstanding beyond the agreed timeframe for payment.

JLL is entitled to postpone the start of or suspend work on an assignment until its initial payment has been received as stated in the Agreement.

7. Communication

The client will appoint for the purpose of this Agreement a representative who will act as liaison and contact person with JLL.

JLL may use electronic communication and systems to provide services, making available to the client any software required that is not generally available.

A notice is valid if in writing addressed to the last known address of the addressee and is to be treated as served:

- when delivered, if delivered by hand or through a Notary Public in the United Arab Emirates (if that is during normal business hours) otherwise when business hours next commence;
- two business days after posting, if posted by recorded delivery;
- when actually received, if sent by ordinary mail or fax;
- Notice may not be given by electronic mail.

8. Estimates, Valuations and Financial models

The client acknowledges that unless specified as such in the Agreement and in reports or deliverables prepared by JLL, any financial estimates relating to real estate interests or assets are not opinions of value and may not be construed as valuations.

Where valuations are provided by JLL in accordance with the Agreement, such valuations are based on information reasonably available to JLL at the time of the valuation and its knowledge of the market. JLL will use reasonable skill and care in providing any valuations but the client acknowledges that the valuations are estimates only and the client further acknowledges that market conditions and assumptions may change and reliance on valuations will be at its own risk. All such valuations are prepared in accordance with the terms, conditions and limitations specified in the valuation report.

Financial estimates, cash flow models and valuations may be prepared using business models and software that are the sole property of JLL. JLL has no obligation to share with the client its proprietary models.

9. Termination

a) Termination

The client or JLL may terminate the Agreement immediately by notice to the other if the other:

- has not satisfactorily rectified a substantial or persistent breach of the Agreement within the reasonable period as specified in an earlier notice to rectify it;
- is insolvent according to the laws of its country of incorporation.

b) Effect of termination on claims

Termination of the Agreement does not affect any claims that arise before termination or the entitlement of JLL to its proper fees up to the date of termination or to be reimbursed its expenses.

In the event that the assignment is suspended or terminated by reasons outside the direct control of JLL, it shall be entitled to retain in full all payments made or due at the date of suspension or termination, including any initial payment.

10. Compliance

The client is aware of JLL's obligation to comply with prevailing anti-corruption rules, such as but not limited to the U.S. Foreign Corrupt Practices Act ("FCPA") and anti-money laundering provisions relevant to the contracting parties and the client therefore warrants that it will not use money or any other consideration paid by JLL for unlawful purposes, including purposes violating anti-corruption laws, such as make or cause to be made direct or indirect payments to any government official in order to assist JLL or any of its subsidiaries, affiliates, holding-companies or anyone acting on their behalf, in obtaining or retaining business with, or directing business to, any person, or securing any improper advantage. In addition the client warrants that it is not aware of any (potential) breach of any relevant prevailing anti-money laundering provision.

The client declares and warrants that:

- its members, officers and employees are not a government official(s) and does not and will not employ or otherwise compensate or offer to compensate any government officials, or make or cause another to make any direct or indirect offers or payments to any government officials, for the purpose of influencing or inducing any decision for the benefit of JLL.
- it will not employ any sub-contractor, consultant, agent or representative in connection with the Agreement without a thorough documented examination of his person, reputation and integrity.
- it will not employ any subcontractor, consultant, agent or representative who does not comply with the prevailing anti-corruption rules and in case any such violation comes to its attention it informs JLL immediately.
- it shall not make any payment (including any offer to pay, promise to pay or gift of money or anything else of value) to any JLL employee in connection with the solicitation or award of any services.
- any payments client shall make to third parties related to any services related to the Agreement shall be supported by written, detailed invoices.
- JLL may immediately terminate the Agreement if the client violates any of the prevailing anti-corruption laws and/or the provisions defined in this compliance clause.
- Civil servants, government employees and officials can provide certain services to JLL if the provision of such services does not violate the conflict of interest provisions of the laws governing their position or does not involve the use of their official position to assist JLL in obtaining or retaining business.

11. Miscellaneous

a) Waiver

Failure to enforce any of the Terms is not a waiver of any right to subsequently enforce that or any other term of the Agreement.

b) Severability

The invalidity, illegality and unenforceability in whole or in part of any of the provisions of the Agreement shall not affect the validity, legality or enforceability of its remaining provisions which shall remain in full force and effect.

c) Governing law/Arbitration

The Agreement shall be governed by, construed and interpreted in accordance with the laws in force in the laws of Kingdom of Saudi Arabia.

Any disputes or conflicts arising out of or in connection with the Agreement or otherwise between the parties of the Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally reserved by arbitration in accordance with the last updated Arbitration rules of the Dubai International Arbitration Centre (DIAC), which rules are deemed to be incorporated by reference into this clause. Arbitration shall be held in Dubai, the United Arab Emirates and shall be conducted in English by one (1) arbitrator. An award rendered by the arbitrators shall be final and binding on the parties, their successors and assigns. Such award shall not be subject to appeal to any other court or body and the parties shall forthwith give it full effect.

d) Assignment and Novation

- JLL and the client each binds itself and its partners, successors, executors, administrators, assigns and legal representatives to the other party to this Agreement and to the partners, successors, executors, administrators, assigns and legal representatives of the other party in respect of all covenants and obligations of this Agreement.
- JLL may assign, novate, sublet or transfer any right or obligation under the Agreement without the written consent of the client. The client shall not assign, novate, sublet or transfer any right or obligation under the Agreement without a prior written consent from JLL which consent shall not be unreasonably withheld or delayed.
- Sub-consultancy: Nothing contained in this clause shall prevent JLL from employing within its fee such persons or companies as it may deem appropriate to assist it in the performance of the Agreement. JLL shall subcontract any part of the services to a sub-consultant without the prior approval of the client. Where the client has required JLL to appoint selected consultants as the JLL's sub-consultants, fees owed to those sub-consultants shall be due to JLL in addition to the JLL's own fees.

e) Non-competition

The client herein commits not to recruit or seek to recruit to join the client or any related company any JLL employees directly or indirectly involved in this assignment within a period of twenty-four (24) months from the date of payment of the final invoice. If the client breaches this provision then the client agrees to pay JLL a sum equivalent to six (6) months of the total remuneration of such employee based on his salary prevailing at the time of the breach.

f) No partnership

Nothing contained in the Agreement shall be construed as creating a partnership or joint venture between any of the Parties to the Agreement.

g) Corporate power

Each of the parties hereby represents and warrants to the other as follows:

- that it is duly established and is validly existing under the laws of its incorporation;
- that it has full corporate power and has taken on all corporate acts to enable it to effectively enter into and perform its obligations under the Agreement.

h) Force Majeure

It is agreed that the obligations of both parties herein will be affected by an event of Force Majeure including but not limited to, civil disturbances, riots, strikes, act of God, war, governmental decisions or any other acts of a similar nature which is beyond the control of either party, to be sufficient excuse for delay and non-performance traceable to any of these causes.

i) Conflict of Interest

If JLL becomes aware of a conflict of interest it will advise the client promptly and recommend an appropriate course of action.

j) Binding documents

The engagement letter or agreement instructing JLL as well as the preamble and its attachments, including the Terms form an integral and indivisible part of the Agreement. No amendment to the Agreement shall be valid unless executed in writing and signed by both the parties hereto. Neither party hereto may assign its interest hereunder without the prior written consent of the other party hereto. Words importing the singular number include the plural and vice versa. The obligations of each party shall be binding upon its heirs and assigns. The parties hereto hereby agree and undertake to take all such steps as may be necessary to give effect to the provisions contained in the Agreement.

k) Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto with respect to the Services and supersedes all prior negotiations, representations or agreements related to the Agreement, either written or oral. No amendments to this Agreement shall be effective unless evidenced in writing and signed by the Parties to this Agreement.

APPENDIX B. GENERAL PRINCIPLES

Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

1 Saudi Authority for Accredited Valuers (Taqeem)

All work is carried out in accordance with the Saudi Authority for Accredited Valuers (Taqeem) and the International Valuation Standards ("IVS") published by the International Valuation Standards Committee ("IVSC") and the RICS Valuation-Professional Standards, by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by these entities. The valuations are undertaken by currently Registered RICS Valuers and appropriately qualified Taqeem valuers.

2 Valuation Basis

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in the "the Red Book". The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

3 Assumptions and Special Assumptions

Where we make an 'assumption' or 'special assumption' in arriving at our valuations, we define these terms in accordance with the "IVS" as follows:

These types of assumptions generally fall into one of two categories:

a) assumed facts that are consistent with, or could be consistent with, those existing at the date of valuation ("Assumption"), and

b) assumed facts that differ from those existing at the date of valuation ("Special Assumption").

c) All assumptions and special assumptions must be reasonable under the circumstances, be supported by evidence, and be relevant having regard to the purpose for which the valuation is required.

We will not take steps to verify any assumptions.

4 Disposal Costs Taxation and Other Liabilities

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser's costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration. Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

5 Sources of Information

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

6 Title and Tenancy Information

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

7 Tenants

Although we reflect our general understanding of a tenant's status in our valuations i.e. the markets general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8 Measurements/Floor Areas

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

9 Site Areas

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

10 Estimated Rental Values

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the IVS. Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

11 Town Planning, Acts of Parliament and Other Statutory Regulations

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:-

i. the position is correctly stated in our report;

ii. the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities;

iii. that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace and any applicable bye laws.

12 Structural Surveys

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

13 Deleterious Materials

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

14 Site Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

15 Environmental Contamination

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

16 Insurance

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism.

Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

17 Outstanding Debts

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

18 Confidentiality and Third Party Liability

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

19 Statement of Valuation Approach

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

20 Capital Expenditure Requirement

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

21 Goodwill, Fixtures and Fittings

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

22 Plant and Machinery

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

23 Services

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

24 Land and Building Apportionments

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

25 Portfolio Valuations

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complimentary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

26 Plans and Maps

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence. All rights are reserved.

APPENDIX C. INTERPRETATIVE COMMENTARY OF MARKET VALUE

Definition and Interpretive Commentary reproduced from the IVS – International Valuation Standards, July 2017

Valuations based on market value shall adopt the definition and the conceptual framework settled by the International Valuation Standards Council (IVSC):

Definition	
The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.	
Commentary	
1.	In applying market value, regard must also be had to the conceptual framework set out in paragraphs 31–35 of the IVS Framework, including the requirement that the valuation amount reflects the actual market state and circumstances as of the effective valuation date.
2.	The basis of market value is an internationally recognised definition. It represents the figure that would appear in a hypothetical contract of sale at the valuation date. Valuers need to ensure that in all cases the basis is set out clearly in both the instructions and the report.
3.	Market value ignores any existing mortgage, debenture or other charge over the property.
4.	Notwithstanding the disregard of special value (see definition in paragraphs 44–47 of the IVS Framework) where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the property in the future, this element of 'hope value' is reflected in market value. Examples of where the hope of additional value being created or obtained in the future may have an impact on the market value include: the prospect of development where there is no current permission for that development; and the prospect of synergistic value (see definition in paragraph 48 of the IVS Framework) arising from merger with another property, or interests within the same property, at a future date.
5.	GN 2, GN 4 and GN 5 contain guidance on the application of market value to the specified types of asset.
30	**IVS-Defined Basis of Value – Market Value**
30.1	Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
30.2	The definition of Market Value shall be applied in accordance with the following conceptual IVS framework: **(a) "the estimated amount"** refers to a price expressed in terms of money payable for the asset in an arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value; **(b) "an asset should exchange"** refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the valuation date; **(c) "on the valuation date"** requires that the value is time-specific as of a given date. Because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective valuation date, not as of either a past or future date.

(d) "between a willing buyer"

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute "the market";

(e) "and a willing seller"

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

(f) "in an arm's length transaction"

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated. The market value transaction is presumed to be between unrelated parties, each acting independently;

(g) "after proper marketing"

means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

(h) "where the parties had each acted knowledgeably, prudently"

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) "and without compulsion"

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market participants. The market in which the asset is presumed exposed for sale is the one in which the asset notionally being exchanged is normally exchanged.

30.4 The market value of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

30.5	The nature and source of the valuation inputs must be consistent with the basis of value, which in turn must have regard to the valuation purpose. For example, various approaches and methods may be used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
30.6	The data available and the circumstances relating to the market for the asset being valued must determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used should provide an indication of Market Value.
30.7	Market Value does not reflect attributes of an asset that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages may relate to the physical, geographic, economic or legal characteristics of an asset. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

APPENDIX D. TAQEEM VALUERS' MEMBERSHIP IDS

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No.	Dormant Subsidiary	CR	Capital (SAR)	Company's Direct Interest	Company's Indirect Interest
1	Al Hamra Mall Trading Company	1010428038	100,000	95%	5% owned by Riyadh Centers Company Limited
2	Al Dammam Mall Trading Company	1010428041	100,000	95%	5% owned by Riyadh Centers Company Limited
3	Al Malaz Mall Trading Company	1010428040	100,000	95%	5% owned by Riyadh Centers Company Limited
4	Al Yasmeen Mall Trading Company	1010428036	100,000	95%	5% owned by Riyadh Centers Company Limited
5	Arkan Salam Real Estate & Contracting Company	1010196899	1,000,000	95%	5% owned by Riyadh Centers Company Limited
6	Al Noor Mall Trading Company Limited	1010223203	500,000	95%	5% owned by Aziz Mall Trading Company Limited
7	Aziz Mall Trading Company Limited	1010222015	500,000	95%	5% owned by Mall of Arabia Company Limited
8	Mall of Arabia Company Limited	1010213484	500,000	95%	5% owned by Aziz Mall Trading Company Limited
9	Al Erth Al Matin Trading Company	1010413747	100,000	95%	5% owned by Aziz Mall Trading Company Limited
10	Al Yarmouk Mall Trading Company Limited	1010227785	500,000	95%	5% owned by Oyoun Al-Raed Mall Trading Company
11	Dhahran Mall Trading Company Limited	1010221995	500,000	95%	5% owned by Al Yarmouk Mall Trading Company
12	Al Erth Al Rasekh Trading Company	1010413745	100,000	95%	5% owned by Dhahran Mall Trading Company Limited