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THE DOCUMENT HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF SECURITIES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR IN THE UNITED KINGDOM (THE "**UK**") WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (AS AMENDED, THE "**EU PROSPECTUS REGULATION**") OR SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "**FSMA**"), AS THE CASE MAY BE, FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF SECURITIES. THE DOCUMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE EU PROSPECTUS REGULATION OR REGULATION (EU) 2017/1129 AS IT FORMS PART OF THE DOMESTIC LAW OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

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You are reminded that the Document has been delivered to you on the basis that you are a person into whose possession the Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Document, electronically or otherwise, to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

Neither the Joint Lead Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the Document or for any statement made or purported to be made by any of them, or any other person on their behalf, in connection with the Trustee, the Obligor or the offer of the Certificates (as defined in the Document) (the "**Offer**"), or for any acts or omissions of the Trustee, the Obligor or any other person in connection with the Document or the Offer. The Joint Lead Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of the Document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Lead Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Document.

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the

Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Trustee and the Obligor in such jurisdiction.

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Recipients of the Document who intend to subscribe for or purchase any securities to be issued are reminded that any subscription or purchase may only be made on the basis of the information contained in the final version of the Document.

The distribution of the Document and the offer or sale of the securities described herein in certain jurisdictions may be restricted by law. Persons into whose possession the Document comes are required by the Joint Lead Managers, the Trustee and the Obligor to inform themselves about, and to observe, any such restrictions.

Prohibition of Sales to EEA Retail Investors – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR Product Governance / Professional Investors and ECPs only target market – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook and/or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

ARABIAN CENTRES SUKUK II LIMITED

(an exempted company incorporated with limited liability under the laws of the Cayman Islands)

U.S.$650,000,000 Trust Certificates due 2026

The U.S.$650,000,000 trust certificates due 2026 (the "**Certificates**") of Arabian Centres Sukuk II Limited (in its capacity as issuer and trustee, the "**Trustee**") will be constituted by a declaration of trust (the "**Declaration of Trust**") dated 7 April 2021 (the "**Issue Date**") entered into between the Trustee, Arabian Centres Company ("**ACC**", the "**Company**" or the "**Obligor**" (which expressions shall be construed as referring to Arabian Centres Company acting in all its relevant capacities under the Transaction Documents (as defined herein) to which it is a party unless the context otherwise requires)) and HSBC Corporate Trustee Company (UK) Limited (the "**Delegate**"). The Certificates confer on the holders of the Certificates from time to time (the "**Certificateholders**") the right to receive certain payments (as more particularly described herein) arising from an undivided ownership interest in the assets of a trust declared by the Trustee pursuant to the Declaration of Trust (the "**Trust**") over the Trust Assets (as defined herein) and the Trustee will hold such Trust Assets upon trust absolutely for the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Declaration of Trust and the terms and conditions of the Certificates (the "**Conditions**").

Periodic Distribution Amounts (as defined in the Conditions) shall be payable subject to and in accordance with the Conditions on the outstanding face amount of the Certificates from (and including) the Issue Date to (but excluding) 7 October 2026 (the "**Scheduled Dissolution Date**") at a rate of 5.625 per cent. per annum. Payments on the Certificates will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case or any authority therein or thereof having power to tax to the extent described under Condition 11.

Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed on the Scheduled Dissolution Date. The Certificates may be redeemed before the Scheduled Dissolution Date: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Service Agency Agreement) (each as defined in the Conditions); (iii) following the occurrence of a Change of Control (as defined in the Conditions); (iv) following the occurrence of an Asset Disposition Event (as defined in the Conditions); (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 90 per cent. of the initial aggregate face amount of the Certificates has been purchased and cancelled pursuant to Condition 13; or (vii) following the occurrence of a Delisting Event (as defined in the Conditions) (in the case of (i), (ii) and (vi), at the Dissolution Distribution Amount, in the case of (iii), at the Change of Control Dissolution Distribution Amount, in the case of (iv), at the relevant Asset Disposition Dissolution Distribution Amount, in the case of (v), at the Optional Dissolution Distribution Amount and in the case of (vii), at the Delisting Event Dissolution Distribution Amount (each as defined in the Conditions)), in each case subject to Condition 10. The Trustee will pay the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, solely from the proceeds received in respect of the Trust Assets.

The Certificates will be limited recourse obligations of the Trustee. An investment in the Certificates involves certain risks. Investors should carefully review the risks described herein under "*Risk Factors*".

Application has been made to The International Stock Exchange Authority Limited (the "**Authority**") for the listing of and permission to deal in the Certificates on the Official List of The International Stock Exchange (the "**Exchange**"). There is no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Delisting Event. Settlement of the Certificates is not conditional on such listing or permission.

This Offering Circular has been prepared on the basis that any offer of the Certificates in any member state of the European Economic Area or in the United Kingdom (the "**UK**") will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**") or section 86 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**"), as the case may be, from the requirement to publish a prospectus for offers of securities. This Offering Circular is not a prospectus for the purposes of the EU Prospectus Regulation or Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 Regulation (the "**UK Prospectus Regulation**").

The Certificates will be issued in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Delivery of the Certificates in book-entry form will be made on the Issue Date. Certificates sold in offshore transactions within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") ("**Regulation S Certificates**") will initially be represented by an unrestricted global certificate (an "**Unrestricted Global Certificate**") which will be registered in the name of a nominee for, and will be deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Certificates sold in the United States to "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) that are also qualified purchasers ("**QPs**") (as defined in Section 2(a)(51)(A) of the Investment Company Act (as amended)) ("**Rule 144A Certificates**") will initially be represented by a restricted global certificate (a "**Restricted Global Certificate**", and together with the Unrestricted Global Certificate, the "**Global Certificates**") which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, the Depository Trust Company ("**DTC**"). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Definitive individual certificates in respect of beneficial interests in the Unrestricted Global Certificate and the Restricted Global Certificate(s) ("**Unrestricted Individual Certificates**" and "**Restricted Individual Certificates**", respectively, and together, the "**Individual Certificates**") will not be issued except as described under "*Book Entry, Delivery and Form*".

The Obligor has a long term rating of Ba2 (negative outlook) by Moody's Investors Service Cyprus Ltd. ("**Moody's**") and a long term rating of BB+ (negative outlook) by Fitch Ratings Ltd. ("**Fitch**"). The Certificates are expected to be assigned a rating of Ba2 by Moody's and are expected to be assigned a rating of BB+ by Fitch. Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**EU CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the EU CRA Regulation. The ratings issued by Moody's are endorsed by Moody's Investors Service Limited, which is established in the UK and registered under the EU CRA Regulation as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). Fitch is established in the UK and registered under the UK CRA Regulation. As such, Fitch appears on the list of registered credit rating agencies on the UK FCA's Financial Services Register (at https://www.fca.org.uk/markets/credit-rating-agencies/registered-certified-cras). The ratings issued by Fitch are endorsed by Fitch Ratings Ireland Limited in accordance with the EU CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the EU CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia and the *Shari'a* advisers of J.P. Morgan Securities plc. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approval is in compliance with their individual standards of compliance with *Shari'a* principles.

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Certificates are being offered and sold by the Joint Lead Managers (as defined below) outside the United States in accordance with Regulation S and within the United States to QIBs who are also QPs in accordance with Rule 144A, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act.

The Trustee is a "covered fund" as defined in Section 13 of the Bank Holding Company Act of 1956 (as amended, the "**Volcker Rule**"). However, the Trustee does not believe that an investment in the Certificates would constitute an acquisition of an "ownership interest" (as defined in the Volcker Rule regulation) in a covered fund. See "*Subscription and Sale—Covered Fund*". However, the general effects of the Volcker Rule remain uncertain and there can be no assurance that the features of the Certificates will result in the Certificates not being characterised as "ownership interests" in the Trustee. See "*Risk Factors — Risks relating to the Trustee — The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates*".

Joint Global Coordinators

Credit Suisse | **Goldman Sachs International** | **HSBC**

Joint Lead Managers and Joint Bookrunners

Albilad Capital | **Credit Suisse** | **Goldman Sachs International**

HSBC | **J.P. Morgan** | **Kamco Invest**

Warba Bank

The date of this Offering Circular is 31 March 2021

IMPORTANT NOTICES

This Offering Circular is for the purpose of giving information with regard to the Trustee, the Obligor and the Certificates which, according to the particular nature of the Trustee, the Obligor and the Certificates, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Trustee and the Obligor.

Each of the Trustee and the Obligor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Trustee and the Obligor (which have taken all reasonable care to ensure this is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Offering Circular has been accurately reproduced and, as far as the Trustee and Obligor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers, the Delegate, the Agents (as defined herein), or any of their respective affiliates, as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Certificates or for any acts or omissions of the Trustee, the Obligor or any other person in connection with this Offering Circular or the issue and offering of the Certificates. Each person receiving the Offering Circular acknowledges that such person has not relied on any of the Joint Lead Managers, the Delegate, any of the Agents, or any of their respective affiliates, in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own assessment of the Trustee, the Obligor and/or the Certificates. Nothing contained in this Offering Circular is, or is to be construed as, or shall be relied on as a promise, representation or warranty, whether as to the past or future, by any of the Joint Lead Managers, the Delegate, any of the Agents, or any of their respective affiliates in any respect. To the fullest extent permitted by law, none of the Joint Lead Managers, the Delegate, the Agents or any of their respective affiliates accepts any responsibility whatsoever for the contents of this Offering Circular. Each of the Joint Lead Managers, the Delegate, the Agents, and their respective affiliates, accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise have in respect of this Offering Circular.

No person is or has been authorised by the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Certificates: (a) is intended to provide the basis of any credit or other evaluation; or (b) should be considered as a recommendation by the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Certificates should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of, the Trustee and the Obligor.

Neither the delivery of this Offering Circular nor the offer, issue, sale or delivery of the Certificates shall, under any circumstances, imply that there has been no change in the affairs of the Trustee or the Obligor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Trustee or the Obligor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Certificates is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Joint Lead Managers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee or the Obligor during the life of the Certificates or to advise any investor in the Certificates of any information coming to their attention or that there has been no change in the affairs of any party mentioned herein since that date.

In connection with the issue and sale of the Certificates, each of the Joint Lead Managers and any of their respective affiliates acting as an investor for its own account may take up Certificates and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Trustee or the Obligor or related investments, and may offer or sell such securities or other investments otherwise than in connection with the issue and sale of the Certificates. Accordingly, references in this Offering Circular to the Certificates being offered, issued or sold should be read as including any offer, issue or sale of securities to the Joint Lead Managers and any of their affiliates acting in such capacity. The Joint Lead Managers do not intend to disclose the extent of any such transactions or investments otherwise than in accordance with any legal or regulatory obligation to do so.

No comment is made, or advice is given by, the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents or any of their respective directors, affiliates, advisers or agents in respect of the legality of the purchase of the Certificates by an investor under applicable laws.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER, BUSINESS ADVISER AND *SHARI'A* ADVISER AS TO TAX, LEGAL, BUSINESS, *SHARI'A* AND RELATED MATTERS CONCERNING THE PURCHASE OF CERTIFICATES.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective directors, affiliates, advisers or agents represents that this Offering Circular may be lawfully distributed, or that Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Joint Lead Managers, the Delegate, the Agents or any of their respective directors, affiliates, advisers or agents which is intended to permit a public offering of the Certificates or distribution of this Offering Circular in any jurisdiction where action for that purpose is required.

Accordingly, the Certificates may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Persons into whose possession this Offering Circular comes are required by the Trustee, the Obligor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Certificates in the United States, the UK, the European Economic Area (the "**EEA**"), the Cayman Islands, the United Arab Emirates (the "**UAE**") (excluding the Dubai International Financial Centre (the "**DIFC**")), the DIFC, the Kingdom of Bahrain, Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. For a description of the restrictions on offers, sales and deliveries of Certificates and on the distribution of this Offering Circular and other offering material relating to the Certificates, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including where the currency for payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Certificates unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (a) the Certificates are legal investments for it; (b) the Certificates can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

The transaction structure relating to the Certificates (as described in this Offering Circular) has been approved by the Executive Shariah Committee of HSBC Saudi Arabia and the *Shari'a* advisers of J.P. Morgan Securities plc. Prospective Certificateholders should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approval is in compliance with their individual standards of compliance with *Shari'a* principles. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or any of the Agents makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof.

There is currently no public market for the Certificates. Application has been made to list the Certificates on the Official List of the Exchange, and the Trustee will submit or procure the submission of this Offering Circular to the Authority in connection with the listing application. In the course of any review by the Authority, the Trustee may be requested to make changes to the financial and other information included in this Offering Circular. Comments by the Authority may require significant modification to or reformulation of information contained in this Offering Circular or may require the inclusion of additional information. The Trustee may also be required to update the information in this Offering Circular to reflect any changes in the business, financial condition or results of operations of the Trustee or the Obligor. The application for admission of the Certificates to the Official List of the Exchange may not be approved as of the date of issuance of the Certificates or any date thereafter, and settlement of the Certificates is not conditioned on obtaining this listing.

STABILISATION

In connection with the issue of the Certificates, Goldman Sachs International (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Certificates. The Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) must conduct such stabilisation in accordance with all applicable laws and rules.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular may be deemed to be forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "seeks", "estimate", "project", "will", "would", "may", "could", "continue", "should" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the financial position of the Obligor, or the business strategy, management plans and objectives for future operations of the Obligor, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Obligor's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of the Company*" and other sections of this Offering Circular. The Obligor has based these forward-looking statements on the current view of its management with respect to future events and financial performance. These forward-looking statements are based on numerous assumptions regarding the Obligor's present, and future, business strategies and the environment in which the Obligor expects to operate in the future. Important factors that could cause the Obligor's actual results, performance or achievements to differ materially from those in the forward-looking statements are discussed in this Offering Circular (see "*Risk Factors*").

Forward-looking statements speak only as at the date of this Offering Circular and, without prejudice to any requirements under applicable laws and regulations, the Trustee, the Obligor and the Joint Lead Managers expressly disclaim any obligation or undertaking to publicly update or revise any forward-looking statements in this Offering Circular to reflect any change in the expectations of the Trustee or the Obligor or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Trustee and the Obligor cannot assure potential investors that projected results or events will be achieved and the Trustee and the Obligor caution potential investors not to place undue reliance on these statements.

NOTICE TO INVESTORS IN THE UNITED STATES

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs within the meaning of Rule 144A of the Securities Act who are also QPs defined in Section 2(a)(51) of the Investment Company Act, for informational use solely in connection with the consideration of the purchase of the Certificates. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For the offering of the Certificates, the Trustee, ACC and the Joint Lead Managers are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A under the Securities Act. Prospective investors are hereby notified that sellers of the Certificates may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. The Certificates are subject to restrictions on transferability and resale. Purchasers of the Certificates may not transfer or resell the Certificates except as permitted under the Securities Act and applicable U.S. state securities laws.

VOLCKER RULE

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**") relevant banking entities (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to as covered funds. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. In general, there is limited interpretive guidance regarding the Volcker Rule.

Key terms are widely defined under the Volcker Rule, including "banking entity", "ownership interest", "sponsor" and "covered fund". In particular, "banking entity" is defined to include certain non-U.S. affiliates of U.S. banking entities and "covered fund" is defined to include an issuer that would be an investment company, as defined in the U.S. Investment Company Act of 1940 but for section 3(c)(1) or 3(c)(7), which would extend to the Trustee given its intention to rely on section 3(c)(7). It should also be noted that an "ownership interest" is broadly defined and may arise through a holder's exposure to the profit and losses of a covered fund as well as through any right of the holders to participate in the selection of an investment advisor, manager or board of directors of the covered fund. However, Certificates should not constitute an "ownership interest" as that term is used in the Volcker Rule, in a covered fund. However, the general effects of the Volcker Rule remain uncertain and there can be no assurance that the features of the Certificates will result in the Certificates not being characterised as "ownership interests" in the Trustee.

Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Trustee, ACC and the Joint Lead Managers makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Certificates, now or at any time in the future. See "*Risk Factors — Risks relating to the Trustee — The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates*".

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

The Certificates represent interests in a collective investment scheme (as defined in the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) which has not been authorised, recognised or otherwise approved by the UK Financial Conduct Authority. Accordingly, this Offering Circular is not being distributed to and must not be passed on to the general public in the United Kingdom (the "**UK**").

The distribution in the UK of this Offering Circular and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if distribution is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"); (ii) persons falling within any of the categories of persons described in Article 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "**Promotion of CISs Order**"); (ii) persons falling within any of the categories of person described in Article 22(2)(a)-(d) (High net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made. Persons of any other description in the UK may not receive and should not act or rely on this Offering Circular or any other marketing materials in relation to the Certificates.

Potential investors in the UK in the Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in the Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme.

Any individual intending to invest in the Certificates should consult his professional adviser and ensure that he fully understands all the risks associated with making such an investment and that he has sufficient financial resources to sustain any loss that may arise from such investment.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for the Certificates and this Offering Circular shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for the Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Offering Circular may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Saudi Arabian Capital Market Authority (the "**CMA**").

The CMA does not make any representation as to the accuracy or completeness of this Offering Circular and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Circular. Prospective purchasers of the Certificates offered hereby should conduct their own due diligence on the accuracy of the information relating to the Certificates. If a prospective purchaser does not understand the contents of this Offering Circular he or she should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF MALAYSIA

The Certificates may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Offering Circular or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and

Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia, as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Offering Circular.

NOTICE TO RESIDENTS OF CANADA

The Certificates may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Certificates must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interests in connection with the offering of the Certificates.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

The Certificates will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Offering Circular has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar (including the Qatar Financial Centre) and do not constitute debt financing in the State of Qatar (including the Qatar Financial Centre) under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar (including the Qatar Financial Centre).

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Offering Circular and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the "**CBB**") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000, or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Offering Circular does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular and related offering documents have not been and will not be registered as an Offering Circular with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular or related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Circular and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Circular. No offer of Certificates will be made to the public in the Kingdom of

Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook and/or Directive 2014/65/EU (as amended) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended or modified from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Trustee is an exempted company incorporated in the Cayman Islands and the Obligor is a joint-stock company established in Saudi Arabia. All of the officers and directors of the Trustee and the Obligor named herein reside outside the United States and all or a substantial portion of the assets of each of the Trustee and the Obligor and its officers and directors are located outside the United States. As a result:

- it may not be possible for investors to effect service of process outside the Cayman Islands upon the Trustee or its officers and directors, or to enforce judgments against them predicated upon

United States federal securities laws or the securities laws of any state or territory within the United States; and

- it may not be possible for investors to effect service of process outside Saudi Arabia upon the Obligor or its officers and directors, or to enforce judgments against them predicated upon United States federal securities laws or the securities laws of any state of territory within the United States. The majority of the assets of the Obligor are located in Saudi Arabia.

The concept of appointing a process agent for service of process is not fully recognised under the laws of Saudi Arabia. Additionally, even if parties agree that service of process on a Saudi entity will be through a process agent in a foreign jurisdiction, a Saudi Arabian court or judicial committee might not consider this to be a valid service of process. It is understood that it is the customary practice of the Board of Grievances when considering the enforcement of foreign judgments to require that parties resident in Saudi Arabia be served through diplomatic channels. Other Saudi Arabian courts and judicial committees may also insist that a Saudi entity be served in Saudi Arabia through diplomatic channels. That said, if it is established that the Saudi party was served the process and attended before the court which issued the judgment, it is likely that the courts would not insist on process being served through diplomatic channels.

The Certificates are governed by English law and disputes in respect of them may be settled by arbitration under the Rules of the LCIA in London, England. Investors may have difficulty enforcing foreign arbitration awards against the Obligor in the courts of Saudi Arabia. The Saudi enforcement courts may, at their discretion, enforce all, or any part of, a foreign arbitral award or a foreign judgment, subject to certain conditions, which include (amongst other things) reciprocity between Saudi Arabia and the country in which the award was made. Reciprocity may be demonstrated by way of the existence of a treaty or protocol between Saudi Arabia and the relevant jurisdiction (in this regard, it is noted that Saudi Arabia has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 and is also a signatory to the Arab League Treaty for the Reciprocal Enforcement of Judgments dated 16 April 1983 and the Agreement on Enforcement of Judgments, Delegations and Judicial Summonses in the States of the Cooperation Council for the Arab Gulf States dated 6 December 1995) or by virtue of a plaintiff providing evidence that the relevant foreign court has recognised and enforced a Saudi Arabian judgment on a previous occasion. No assurance can be given that investors would be able to meet the requirements of reciprocity of enforcement or that the court would agree to enforce the judgment or the award even if all requirements are met. In addition, even if such requirements were met, Certificateholders should also be aware that if any terms of the Certificates or the Transaction Documents (including any provisions relating to the payment of profit) were found to be inconsistent with *Shari'a*, they would not be enforced by the Saudi enforcement courts. Whether the courts in Saudi Arabia will enforce a foreign arbitral award in accordance with the terms of the New York Convention, or otherwise, is yet to have a clear established practice. Pursuant to the Saudi Arabian Arbitration Regulation (the "**Arbitration Regulation**"), which entered into force on 18/8/1433H (corresponding to 8 July 2012), a Saudi Arabian court must decline to hear a dispute if the parties have entered into a prior agreement to submit disputes to arbitration and the defendant raises the issue before entering a defence on the merits. If parties to court proceedings agree in the course of the proceedings to submit the dispute to arbitration, the Arbitration Regulation makes it mandatory for the courts to discontinue the action. Judicial precedents in Saudi Arabia have no binding effect on subsequent decisions. In addition, court decisions in Saudi Arabia are not generally or consistently indexed and collected in a single publication or place or made publicly available. These factors create greater judicial uncertainty. See further "*Risk Factors – Risks Relating to Enforcement*".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

The financial information relating to the Group (as defined in "*Terms and Conditions of the Certificates*") and set out in this Offering Circular has been derived from (i) the audited consolidated financial statements of the Group as at and for the year ended 31 March 2020 (the "**2020 Audited Financial Statements**") and 31 March 2019 (which include restated comparative information as at and for the year ended 31 March 2018) (the "**2019 Audited Financial Statements**" and, together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**") which have been audited by KPMG Al Fozan & Partners (Certified Public Accountants) now known as "KPMG Professional Services, a professional Closed Joint Stock Company" ("**KPMG**") as stated in their audit reports included elsewhere in this Offering Circular and (ii) the unaudited condensed consolidated interim financial statements of the Group as at and for the three and nine month periods ended 31 December 2020 (including the comparative information as at and for the three and nine month periods ended 31 December 2019) which have been reviewed by KPMG in accordance with International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" endorsed in Saudi Arabia, as stated in their review report included elsewhere in this Offering Circular (the "**2020 Unaudited Interim Financial Statements**" and, together with the Audited Financial Statements, the "**Financial Statements**").

The Obligor is required by Saudi Arabian regulation to prepare its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants ("**IFRS-KSA**"). Accordingly, the 2020 Audited Financial Statements and the 2019 Audited Financial Statements have been prepared in accordance with IFRS-KSA. In addition, the 2020 Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* as endorsed in Saudi Arabia.

The Financial Statements are presented in Saudi Riyals.

PRESENTATION OF OTHER INFORMATION

Currencies

Unless otherwise indicated, in this Offering Circular, all references to:

- "**SAR**", "**SR**"; "**Saudi Riyals**" and "**Riyals**" are to the lawful currency of Saudi Arabia; and
- "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States.

The Obligor's reporting currency is Saudi Riyals. Since 2003, the Saudi Riyal has officially been pegged to the U.S. dollar at SAR 1.00 to U.S.$0.2667.

Dates

Unless otherwise indicated, in this Offering Circular, all references to dates refer to Gregorian dates.

Third party information

Where third party information has been used in this Offering Circular, the source of such information has been identified. Where any data included in this Offering Circular is referred to as having been estimated, all such estimates have been made by the Obligor using its own information and other market information which is publicly available. Although all such estimations have been made in good faith based on the information available and the Obligor's knowledge of the market within which it operates, the Obligor cannot guarantee that a third party expert using different methods would reach the same conclusions.

The Directors believe that the information and data from other sources contained in this Offering Circular is reliable. However, this information and data has not been independently verified by the Obligor, the Group, the Joint Lead Managers or any of their advisors, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information and data. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers or any of their affiliates as to the accuracy or completeness of such information and data.

No incorporation of website information

The information on the Obligor's website or any other website mentioned in this Offering Circular or any website directly or indirectly linked to these websites has not been verified and is not incorporated by reference into this Offering Circular, and investors should not rely on it.

Rounding

Certain data in this Offering Circular has been rounded. As a result of such rounding, the totals of data presented in tables in this Offering Circular may vary slightly from the arithmetic totals of such data.

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SUMMARY

OVERVIEW

Arabian Centres Company ("**ACC**" or the "**Company**") is the leading owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020. The Company's core operating portfolio comprises 21 shopping malls (the "**malls**"), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 December 2020, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.2 million square meters, approximately 4,339 occupied retail units and a period-end like-for-like GLA occupancy rate of 90.2%. As of 31 December 2020, the Company held a 14.2% overall market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Mecca). The Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls over the next five years, which the Company expects to increase GLA by approximately 450,000 square meters.

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah) and Mall of Dhahran. The Company generated revenue of SAR 2,160.5 million, SAR 2,176.4 million and SAR 2,197.3 million for the financial years ended 31 March 2018, 2019 and 2020, respectively, and SAR 1,410.1 million for the nine-month period ended 31 December 2020. For the financial year ended 31 March 2020, footfall for the Company's malls reached 115.0 million.

The Company believes it has the most top-quality, large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants; as at 31 December 2020, more than 1,000 international, regional and local retail brands were tenants of the Company's properties, including Zara, Debenhams, Coach, H&M, Virgin Megastores and Panda. The Company has strong relationships with 17 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in multiple of its malls. As a result, the Company's strong tenant relationships have allowed it to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. In addition, the Company is focused on expanding its entertainment and lifestyle offerings in its malls and has introduced cinemas at 10 of its 21 malls since 2019, including the largest cinema in Saudi Arabia.

The Company estimates that the fair value of its investment properties as at 31 December 2020 was SAR 22.8 billion. The Company has carried out an external valuation as at 30 September 2020. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 30 September 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2017, which comply with the international valuation standards. The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the valuer which are transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As of 31 December 2020, the Company had a market capitalisation of SAR 11.9 billion, including 21.7% in free float.

COMPETITIVE STRENGTHS

The Company believes that it benefits from the following key competitive strengths:

Saudi Arabia's Leading Shopping Mall Owner and Operator

The Company believes it was the largest shopping mall owner, developer and operator in Saudi Arabia, with 21 malls with a total GLA of 1.2 million square meters, representing 14.2% of the total GLA in Saudi Arabia as of 31 December 2020. Since opening its first shopping mall in Riyadh in 2002, the Company has cemented its position as the market leading developer and operator of high quality retail space in Saudi Arabia. As at 31 December 2020, the Company had strategically located assets with a presence in key urban areas across Saudi Arabia, including in the top 10 cities across Saudi Arabia that together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020. Between 2015 and 2020, the Company's total GLA increased at a CAGR of 6.1% from approximately 960,000 square meters to approximately 1.2 million square meters. In the major cities of Saudi Arabia, the Company holds strong local positioning with a market share of shopping mall GLA as at 31 March 2020 of 26% in Jeddah, 19% in Dammam and 11% in Riyadh.

The Company's strength is underpinned by a shopping mall portfolio that includes Super-Regional, Regional and Community Malls, with each of its malls 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 designed for each mall's target demographic. The Company's malls are further enhanced by dining, entertainment and leisure offerings, which accounted for 22.8% of the total GLA as at 31 December 2020. These offerings contribute to the creation of a "best in class" visitor experience that enhances the appeal of the Company's malls, which the Company believes will be further improved by the introduction of cinemas in 19 of its 21 malls by December 2021.

For the financial year ended 31 March 2020, annual footfall for the Company's malls reached 115.0 million, as compared to 108.5 million in the year ended 31 March 2019. As at 31 December 2020, the Company's malls featured over 1,000 brands, including many leading fashion and apparel brands such as Zara, Debenhams, Coach, H&M, Virgin Megastores and Panda, and over 750 tenants. The Company appeals to its tenants by offering 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 favourable rents and other tenancy terms.

Large Market with Long-term Growth Prospects

Saudi Arabia is the largest retail market in the GCC, with 50% of market share as of 31 December 2020, as compared to the second largest retail market, the United Arab Emirates, with 24% at the same date. The Saudi market benefits from favourable demographics and lifestyle trends that have helped drive retail demand in the country, including strong population growth, a young population and a steadily increasing work force. Euromonitor and the International Monetary Fund expect that consumer spending will continue to increase across non-grocery and grocery sales in Saudi Arabia in the short- to medium-term, supporting retail recovery following a trough in 2018 and 2019. Moreover, within Saudi Arabia there is a cultural predisposition towards gift giving, and shopping is a key activity for leisure as well as for family outings. The absence of other retail offerings, coupled with Saudi Arabia's hot climate, 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. Saudi Arabia has comparatively low organised retail relative to the GCC and international markets, but is shifting away from traditional retail to organised retail following reforms backed by the government, which the Company believes is conducive to the business model of large mall operators.

The Saudi government announced its "Vision 2030" strategy in 2016, which sets forth a comprehensive agenda of socio-economic reforms which the Company believes will positively impact the retail sector in which it operates. 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. Vision 2030 also has focused on female empowerment, with a target to increase the participation of women in the workforce from 22% to 30% by 2030, which is expected to boost purchasing power and in turn lead to an increase in discretionary spend. In addition, Vision 2030 also seeks to promote the entertainment sector through reforms such as the lifting of the ban on cinemas, which is expected to increase household spend on cultural and entertainment related activities. As a result and in line with Vision 2030, the Saudi General Entertainment Authority has been set up to promote entertainment opportunities and shopping malls in the country that are well placed to become entertainment destinations and thereby attract a higher footfall. One of Vision 2030's objectives is also increasing tourism, and the Saudi retail market has benefited from increasing tourism in recent years. Total tourism spending in Saudi Arabia increased by 8.8% in 2019 to SAR 154 billion. 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.

Competitive Advantage Supported by an Integrated Ecosystem of Related Parties

The Company is a fully integrated mall owner, developer and operator with over 500 employees acting in core in-house functions such as design and delivery management, portfolio and asset management, leasing, operations and digital/marketing services, as well as support functions such as finance, human resources, legal and information technology.

The Company believes it benefits from significant competitive advantages from its close and longstanding relationships with its key related parties. For instance, related parties have not charged the Company penalties for rescheduling contracts or delayed payments as a result of COVID-19. Fawaz Abdulaziz Alhokair Co., which is also owned by the Company's Controlling Shareholders, is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and as at 31 December 2020 had over 1,842 retail stores in 13 countries. Its brand portfolio includes over 95 brands, including 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 2020, Fawaz Abdulaziz Alhokair Co. had 747 retail units across the Company's 21 malls and accounted for 22.0% of the Company's average total occupied GLA. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company, which the Company believes helps to attract other tenants.

An additional key related party is Innovative Union Company (part of Fawaz Abdulaziz Alhokair Co.), which leased approximately 14,565 square meters of GLA (1.4% of the total GLA of the Company) across the Company's malls as at 31 December 2020. Innjovative Union 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 2000. Given the Company's strong relationships with a range of these related parties, the Company believes it has a differentiated ability to create integrated shopping, entertainment, cinema and dining experiences in its malls.

The leading Saudi brand cinema Next Generation Co L.L.C. (MUVI) is another key related party. As of 31 December 2020, MUVI has a presence in 10 shopping centres occupying more than 45,000 square meters of GLA. This includes the largest movie theatre in Saudi Arabia in Dhahran Mall, which has 18 screens, 2,368 seats, and occupies nearly 10,000 square meters of GLA. MUVI plans to expand its offering in the Company's network and is in the process of opening cinemas in three 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. FARE has developed and constructed 18 of the Company's existing 21 malls, and, as at 31 December 2020, the Company had contracted FARE for the development of seven new sites. 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.

Predictable and Stable Income Profile Backed by Robust Portfolio of Assets and Leases

The Company has delivered strong operational performance through the development of new malls and the enhancement in performance of its existing malls. The Company has adopted a disciplined approach to its operations, with a focus on value creation and financial performance. It has a strong track record across key financial performance and operating metrics, with Company revenues remaining stable from SAR 2,160.5 million for the year ended 31 March 2018 to SAR 2,197.3 million for the year ended 31 March 2020. The Company believes its financial strength and flexibility provides it with an advantage over many of its competitors and allowed it to demonstrate resilience in response to the COVID-19 pandemic. The Company benefits from robust income from its large existing asset base due to its resilient occupancy rate, controlled cost structure, and low tax rates, with an average occupancy rate of 91.0% over the last three years. The Company's like-for-like period end occupancy was 90.2% as at 31 December 2020 (as compared to 90.5% as at 30 September 2020, 91.4% as at 30 June 2020, 93.1% as at 31 March 2020 and 93.7% as at 31 December 2019). For the year ended 31 March 2020, the Company posted strong recurring EBITDA of SAR 1,457.8 million, with recurring EBITDA margins and net profit margins of 66.3% and 29.2%, respectively.

The Company's strong operational performance and financial profile have enabled it to weather the challenges presented by COVID-19. The Company entered the COVID-19 crisis with a strong liquidity profile, having recently completed a refinancing that led to a significant reduction in secured debt as a proportion of total debt and provided the Company with financial flexibility.

The Company believes it is well positioned to leverage its existing tenant base as it further expands its mall portfolio. The Company has 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 quickly. For example, U-Walk Riyadh had a pre-leasing level of 76% when it opened on 1 September 2019, which translated into an occupancy level of 90% (based on agreed heads of terms) as of the date of this Offering Circular. Similarly, Nakheel Mall (Riyadh) had a pre-leasing level of 75% in the year ended 31 March 2015, which translated into occupancy levels of 92%, 92% and 96% in the years ended 31 March 2016, 2017 and 2018, respectively. This has allowed 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. The Company also has better occupancy than market levels in its two largest cities, Riyadh and Jeddah.

In addition, as part of its efforts to enhance efficiency and increase returns, the Company had introduced a turnover rent component to approximately 91% of its lease contracts as of 31 December 2020 as an add-on to the minimum base rent that is charged to tenants under their lease contracts. In addition, the leases into which the Company enters typically have no automatic lease extension, to allow the Company the flexibility to reallocate leasable area more optimally, and include annual rent escalation (5% per annum for most tenants and 10% for large Anchor Stores), which are suspended in 2020 and 2021 due to COVID-19 as well as penalties for store closures, early terminations and late openings. The Company believes that such terms provide the potential to access incremental cash flows.

Experienced Management Team and Supportive Controlling Shareholder

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 successfully becoming the largest mall owner and operator in Saudi Arabia. It has successfully developed nine new malls and also managed the redevelopment and enhancement of existing malls in the last five years, increasing total GLA by approximately 27% during this period. The team also oversaw the Company's successful IPO on the Saudi Stock Exchange in May 2019.

The Controlling Shareholders, who are the founding shareholders of the Company, are pioneers of the retail industry in Saudi Arabia, who 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, which led to the Company's first mall opening in 2002. The Controlling Shareholders continue to support the Company and the management team through their retail market insight and knowledge of the real estate sector. The Company has a longstanding relationship across the value chain with other entities owned by the Controlling Shareholders, including Fawaz Abdulaziz Alhokair Co. and FARE.

CORPORATE STRATEGY

The Company pursues a disciplined optimisation and growth strategy structured around three pillars: unlocking the value of the existing operating portfolio, innovation and targeted mall expansion.

Maximise returns from existing portfolio

The Company maintains a strong focus on active asset management and intends to continue to build upon its successful track record of actively managing its mall portfolio. To achieve this, the Company has introduced a number of key initiatives, which include:

- *Increasing occupancy rates:* A key asset management objective for the Company is to continually increase occupancy rates across its entire portfolio. The Company has a short-term target of 93% to 94% and a long-term target of 98% average occupancy across its malls; its period-end like-for-like occupancy rate was 90.2% as at 31 December 2020. One initiative employs the introduction of short-term lettings, which enables the Company to temporarily mitigate the effect of vacancies until long-term, permanent occupiers are secured. The Company believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimisation initiatives, will help achieve this occupancy target. The Company sees both short- and medium-term benefits to increasing occupancy: in the short-term, the Company will collect incremental revenues, and in the medium-term, the Company will achieve greater pricing tension in negotiations with existing tenants.

  In addition, as part of its efforts to enhance efficiency and increase returns, in 2014, the Company 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; as at 31 December 2020, 91% of the Company's lease contracts included a turnover rent component (as compared to 88.7% at 31 December 2019), but in the past, such rents were not actively collected due to difficulties collecting data and they accounted for 0.9%, 3.1% and 0.9% of the Company's net rental revenue for the financial years ended 31 March 2019 and 2020 and the nine-month period ended 31 December 2020, respectively. Collection of turnover rent will enable the Company to absorb the upside when tenants' businesses are performing well. The Company plans to increase collection of turnover rent, in part by integrating its 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 2020, the Company collected sales data from approximately 2,040 contracts, as compared to 2,109 contracts as at 31 March 2019 and 2,725 contracts as at 31 March 2020.

The Company has also implemented a systematic data-driven approach to lease renewals (aided through the collection of sales data) which involves confirming 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. The Company also seeks a more active rotation of underperforming tenants.

- *Optimising lease rates:* The Company is also seeking to continually enhance lease rates across its entire portfolio as macroeconomic conditions improve in Saudi Arabia. The Company increases lease rates 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 giving more space to tenants that are willing to pay higher rents per square meter, introducing stronger tenants, or implementing varying degrees of refurbishment.

  The Company is also aiming to maximize existing GLA revenue by minimising any rental pricing inefficiencies due to lower than market rates being charged and implementing a more consistent approach to rental pricing. In 2017, the Company began standardising lease contract templates for all tenant categories by (among other things) standardising lease durations and prices (including with respect to discounts). The Company believes that by introducing a clearly defined pricing framework to reduce discounts and systematically applying the Company discount policy, the Company could see yields increase.

- *Optimising space:* The Company has identified opportunities to implement design improvements to deliver incremental GLA and rental income. Specifically, the Company plans to re-measure units, reconfigure/split units, optimize special design, improve seating spaces, and add lettable "island" spaces in common areas or identify other areas that can be leased to additional tenants. The Company believes these changes have the potential to add space of approximately 50,000 square metres, equivalent to one additional regional mall. The Company has determined that reconfiguring units by applying L-shape and T-shape stores will improve space utilisation while still maximising eye appeal for customers walking through its malls. These store shapes ensure that storefronts are comparable in size, but certain stores will be shallower while others will be deeper and wider. This allows for larger areas without having shop frontages that are overly large.

- *Adopting an asset-light and efficient model*: The Company seeks to adopt an asset-light and efficient model with an increased focus on partnerships and lease-manage-maintenance agreements. In October 2020, the Company renegotiated agreements of two of its major developments: U-Walk Jeddah Centre (formerly Zahra Mall) and Jeddah Park. Pursuant to the agreement with the landlord of Jeddah Park, the Company will lease, manage, operate and carry out maintenance works at Jeddah Park on behalf of the landlord in return for a percentage of the Jeddah Park's annual revenue and with the option to revert to the initial lease contract after three years. The Company also successfully concluded negotiations with its landlords at the Company's under-construction U-Walk Jeddah Centre (formerly Zahra Mall), which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021. The Company received SAR 76.7 million in rental concessions on leases during the nine-month period ended 31 December 2020. Management believes that these agreements with landlords provide the Company with flexibility and enables the Company to share costs and risk with its landlord and to increase returns, particularly in light of the current COVID-19 pandemic. In addition, 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 favourable terms. The Company actively engages in negotiations with the landlords of its head leases before the expiry of the relevant head lease to renew leases on favourable terms and in view of the leases on other malls in its portfolio.

- *Boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services:* To supplement GLA-based revenue, the Company frequently seeks opportunities to create new revenue streams from non-GLA sources, including specialty leasing and media sales. For example, the Company re-zones leasable space to offer additional lettable areas such as pop-up retail units (utilizing vacant spaces for temporary leasing), trollies and food carts and ATMs. The Company uses a clear zoning strategy to ensure these spaces are occupied by offerings that complement and do not compete with those of existing tenants. The Company seeks to enhance occupancy of events and promotion space leasing. The Company also provides tenants access to its digital platform for advertising and its branding initiatives, including, for example, media advertising (digital screens, in-mall megascreens and totems), events, naming rights and physical advertising in its malls such as branded baby changing rooms. In September 2019, the Company signed a sponsorship agreement with Almeria, a Spanish football club, which includes "Arabian Centres" branding featured in the stadium and pitch side advertising.

- *Other business efficiency initiatives:* The Company has launched a number of other initiatives to improve the efficiency of its operations by reducing overheads, increasing automation, investing in IT, and optimizing facility management and rent collections. In implementing these initiatives, the Company plans to change its 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 of the Company's malls while enabling the Company to better engage with and serve tenants.

Enhance visitor experience, drive footfall and strengthen brand awareness

The Company continually reviews and adjusts the tenant mix and categories of tenants within its malls in line with changing consumer preferences. The Company 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.

As of 31 December 2020, 13.7% and 9.1% of the Company's total GLA was allocated to entertainment and food and beverage offerings, respectively, whereas the retail and grocery offerings accounted for 65.3% and 10.6% of the Company's total GLA, respectively.

The Company seeks to enhance the visitor experience and drive footfall through a number of initiatives, which include:

- *Expanding entertainment offering*: The Company seeks to increase its focus on entertainment offerings within its malls, including indoor theme parks, virtual reality experiences, theatrical performances, gyms, and cinema offerings. The Company believes that there has been a consumer demand for leisure, entertainment and lifestyle options, partially driven by liberalisation. The Company seeks to enhance the attraction of its malls to position them as vibrant social "family" destinations, and extend visit times of customers.

  In December 2017, Saudi Arabia announced that it would lift the prohibition on cinemas, and the first new cinema opened in Saudi Arabia in April 2018. In August 2019, the Company opened its first cinema at Mall of Arabia (Jeddah) and has opened an additional nine cinemas since then as of the date of this Offering Circular. Most recently, in October 2020, the Company launched the largest cinema in Saudi Arabia at the Mall of Dhahran. The Company plans to launch cinemas at an additional nine locations in its mall portfolio by September 2021, with the expected average GLA allocated to cinemas within each mall being approximately 3,000 square meters. The cinemas offering is expected to drive footfall at the Company's malls.

  The Company is also looking to increase its focus on entertainment and food and beverage offerings within its malls, while decreasing its grocery offerings. The Company recognizes that malls are increasingly becoming a "lifestyle destination", with mid and higher-end food and beverage options being key "lifestyle" features and therefore important drivers of footfall traffic. Within the food and beverage segments, the Company seeks to increase its offerings for casual dining, fine dining, coffee and light dining. The Company believes that malls with a greater proportion of food and beverage options outperform shopping-only environments by improving visit times and retail sale densities. At the same time, the Company anticipates that its 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.

- *Introducing new retail concepts*: The *Company* seeks opportunities to introduce new retail 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 seeks to provide state of the art design and themes for its stores, housing the largest flagship locations of select brands, with the widest ranges of products, acting as a showcase for the brand and focusing on the customer experience. The Company is specifically seeking to target additional luxury retail, health and beauty shops and fashion and sports shops. In the nine-month period ended 31 December 2020, the Company onboarded 146 new brands, and in the year ended 31 March 2020, the Company onboarded 128 new brands.

- *Launching digital platforms*: The Company also seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. These digital initiatives include an e-mall platform and a mobile app, both of which the Company has fast-tracked in an effort to address post-COVID-19 realities and expects to launch by the end of 2021. The e-mall platform will provide for click-and-collect services, which is in the trial stage with the first brands signed and the "collect" locations in malls being delivered. In Jeddah, where the Company has five malls with two further under construction, there is a "collect" point within a 15 to 30 minute drive of anywhere in the city. The Company expects that this digital platform will also help maintain high GLA levels by keeping inventory within stores, gradually transitioning the Company's shopping centres into part-fulfillment centres for online purchases. This platform will provide customers with pickup, delivery and local return services. The Company also plans to launch a mobile app, which will include an e-wallet and loyalty program, which will offer consumers rewards for shopping at the Company's malls and at participating merchants.

  Management anticipates that these digital initiatives will enable the Company's business model to remain relevant by reflecting changing consumer trends and preferences, which were accelerated by COVID-19, and further improving the customer journey, regardless of the channel or device being used. Coupled with the insights provided by the digital platforms, the Company expects that these efforts will capture critical consumer data, allowing the Company to take a data-driven approach to analysing and anticipating changes in customer demand.

Moreover, the Company aims to enhance the customer experience and convenience through the facilities in its 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, the Company invested in a full refurbishment of Al Ehsa Mall, which is underway and will include renovated food courts, entrances, facades, parking, flooring and landscaping. 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 its malls, and other elements are unified across the Company's mall portfolio, such as furniture, external painting designs and information desk availability, further enhancing brand awareness. The Company is carrying out major refurbishments at Al Ahsa Mall, Salam Mall Jeddah, Haifa Mall and intends to refurbish Aziz Mall, Noor Mall, Salam Mall Riyadh and Nakheel Mall Riyadh in 2021. These refurbishments include improvements to the mall exteriors, shorefronts, car parking, landscapes, flooring, wet areas, lighting and signage.

Maintain leadership position in the Saudi retail sector by selectively expanding mall portfolio

The Company expects to add two new malls to its portfolio, Jeddah Park and Khaleej Mall, which are currently under construction. Jeddah Park and Khaleej Mall are expected to commence operations by the second quarter of fiscal year 2022 and to increase the Company's GLA by approximately 128,700 and 51,000 square meters, respectively.

The Company also has a number of strategic projects to support medium-term targeted growth, including a pipeline of six additional malls over the next five years, which the Company expects to increase GLA by approximately 450,000 square meters. These projects include two Super Regional Malls (Jawharat Riyadh and Jawharat Jeddah), four Regional Malls (U-Walk Jeddah, Qassim Mall, Madinah Walk and Najd Mall). The land, zoning and building permits and concept designs are in place for each of these sites. With its new development projects, the Company is focused on pre-letting a high percentage of GLA in advance of operations and targeting easily accessible locations with limited nearby competition.

The Company seeks to further diversify its tenant mix by increasing its lifestyle offering, including F&B, gyms, spas, clinics, cinemas and other entertainment to further optimize its GLA. By developing its shopping centres as lifestyle destinations, the Company aims to satisfy the expectations of the young and vibrant Saudi society and attract tourists.

The Company also plans to introduce new retail concepts in Saudi Arabia. With U-Walk in Riyadh, the Company has introduced an open-air boulevard concept spread along the road lengthways, which incorporates design features such as an auditorium and natural green areas surrounding casual dining areas and a varied retail mix.

The Company also continuously evaluates the malls in its portfolio and seeks to turnaround underperforming malls through, for example, investments in renovations and refurbishments to improve the visitor experience, or where necessary to exit from nonperforming malls.

RECENT DEVELOPMENTS

Impact of COVID-19

Mall closures

Following directives of the Saudi Arabian government aimed at safeguarding the health of citizens and residents by containing the spread of COVID-19, the Company temporarily closed its malls from 16 March 2020 to 28 April 2020. Pharmacies and supermarkets operating in the Company's malls, given their classification as essential businesses, were exempted from closures during this period and continued to operate. Approximately 90% of gross leasable area at the Company's malls was affected by closures during the month of March 2020, with a corresponding impact on approximately 98% of the Company's revenue base as measured by the value of lease contracts outstanding during the period.

Lockdowns restrictions and associated mobility restrictions were eased in April and shopping centres were permitted to reopen on a partial basis (except in Mecca) for a period coinciding with the holy month of Ramadan. The Company partially reopened its shopping centres from 29 April 2020 to 22 May 2020 (except Mecca Mall). During this period, mall operating hours were limited to the eight hours from 09:00 to 17:00, while entertainment facilities, cinemas, gyms, beauty salons, clinics and food and beverage outlets remained closed. Upon and since reopening its malls in April, the Company has implemented a comprehensive range of health and safety measures, in full compliance with the guidelines set out by public health authorities in the Kingdom of Saudi Arabia.

During the Eid al-Fitr holiday following Ramadan, the government re-imposed a 24-hour nationwide curfew. The Company's malls were correspondingly closed from 23 to 27 May 2020. The Company partially reopened its malls on 28 May 2020, with premises operating extended hours running from 06:00 to 15:00 until 30 May 2020. On 31 May 2020, operating hours were extended by five hours to 06:00 to 20:00, and food and beverage outlets were allowed to re-open and host dine-in customers following the implementation of precautionary measures. With the latest extension, operating hours were back to 80% of the normal pre-COVID schedule of 09:00 to 24:00. Mecca Mall was reopened from 31 May 2020, with a limited operating schedule. Entertainment facilities, cinemas, gyms, beauty salons, and clinics on Company premises remained closed between 31 May and 20 June 2020. Approximately 22% of the Company's GLA was exposed to closures by the end of April 2020, decreasing to 18% in the month of May, with the Company's revenue impact recording 18% and 11% for the months of April and May, respectively. The month of June saw government containment measures temporarily strengthened in the city of Jeddah for a period of 15 days from 6 June to 20 June 2020. During this period, curfew hours in Jeddah ran from 15:00 to 06:00 and food and beverage outlets suspended the provision of dine-in orders.

On 21 June 2020, all lockdown restrictions in Saudi Arabia were fully lifted, with all of the Company's malls reopening fully from that date and returning to normal operations, subject to capacity limitations that were implemented in cinemas and other entertainment facilities. While fully complying with comprehensive health and safety measures, the Company's malls remained fully operational until

4 February 2021, when the government imposed a 10-day suspension of social gatherings and mandated the closure of indoor entertainment facilities, including cinemas and indoor dining locations. On 14 February 2021, the Government extended these measures for an additional 20 days. The Company estimates that approximately 23% of its GLA will be affected (14% for indoor entertainment facilities and cinemas and 9% for indoor dining locations) by the latest precautionary measures, with a corresponding revenue impact of 1.7% of the total annual rental revenues. On 7 March 2021, the government lifted most COVID-19 restrictions and allowed cinemas and indoor dining to reopen.

Health and safety

The Company's priority since the beginning of the COVID-19 outbreak has been to ensure the health and safety of its employees and the millions of citizens and residents who visit its malls each year. The Company swiftly implemented a work from home policy for all administrative staff and supported employees by providing the best technology possible. The Company's malls continue to operate in accordance with the Saudi Ministry of Health's guidelines and health and safety measures, including social distancing requirements, the mandatory administration of temperature checks, the installation of thermal tunnels at the entrances of shopping centres, a requirement for visitors and employees to wear face masks, and the introduction of hand sanitizer stations at frequent intervals. The Company has also worked to ensure the safety of its staff and third-party service providers at its malls by complying with health and safety measures and providing personal protective equipment to its staff and third party service providers.

COVID-19 relief programs

In response to the effects of COVID-related mall closures on the Company's tenants and their revenues, the Company offered all tenants a waiver on contractual base rent and service charges for a period of six weeks starting from 16 March 2020, the date closures commenced. Tenants whose stores were subject to further mandatory closures received further relief starting from the date of closure until 30 June 2020 or the lifting of closure orders, whichever was earlier. In addition, all escalations on lease contracts were suspended for calendar years 2020 and 2021. The Company extended further rent relief to tenants on a case-by-case basis, subject to the severity of the impact.

In the nine-month period ended 31 December 2020, the Company amortised SAR 191.3 million in COVID-related discounts to tenants. The Company has approved a total COVID-related discount of SAR 569.0 million on its net rental revenue through the period up to 31 December 2020, to be recognised over the term of outstanding lease contracts. The full cash impact of COVID-related discounts had been fully realised by the Company by 31 December 2020. The Company has successfully pursued multiple paths for mitigating the effects of elevated discount outlays as a result of COVID-19, including the fostering of cost efficiencies, the receipt of discounts on lease payments from landlords, disposing of noncore investments, and saving on interest expenses. The government released a guidance in January 2021 requiring the waiver of due rents during the lockdown period for certain businesses affected by the COVID-19 pandemic and where necessary to comply with this guidance, the Company may need to continue to offer rent relief to certain tenants or to agree to rent discounts.

Despite the impact of COVID-19 on the retail market, the Company renewed 1,518 leases during the nine-month period ended on 31 December 2020, representing approximately 91.5% of leases due to expire in the year ending 31 March 2021. However, pressure on rental rates resulted in a decrease in the rental rates applied to contracts renewed during the period, particularly at the Company's Regional Malls and Community Malls. Finally, the Company has reached agreements with landlords at its leasehold centres to reduce rent expense. The Company received SAR 76.7 million in rental concession on leases in the nine-month period ended 31 December 2020, of which SAR 3.8 million were received during the three-month period ended 31 December 2020.

In January 2021, the Company launched a partnership with Quara Finance Company to support tenants that are small- and medium-sized enterprises ("**SMEs**"), which occupy approximately 45% of the Company's existing GLA. This partnership facilitates the extension of cheaper financing to qualifying tenants than would otherwise be available to them. In the initial phase, this support has been extended to 100 of the Company's SME tenants, with an overall target of 500. This financing is available exclusively to the Company's tenants and the Company is assisting with credit scoring and by providing the information required to speed up the credit profile. The Company expects that this partnership will support occupancy rates at the Company's malls as the SMEs participating in the program make use of facilities to mitigate rental costs, support working capital during high seasons, and finance capital expenditure spending. The

Company also expects that this partnership will attract new tenants to its malls and therefore increase the Company's market share. The Company does not provide any loan guarantees as part of this agreement and the loans will be secured by the government as part of the Kafalah program initiated by the government.

The Saudi Arabian government has implemented fiscal and other initiatives totalling nearly U.S.$61 billion in response to COVID-19. The support packages include exemptions and the postponement of some government dues (U.S.$18.6 billion), a U.S.$13.3 billion package to support the banking and SME sectors, a U.S.$13.3 billion allocation to ensure that government dues to the private sector are paid in a timely manner, and a wage subsidy of 60% (up to SAR 9,000 per employee per month) of Saudi employees' salaries in the private sector for a period of three months and paid in accordance with conditions stipulated in Saudi Arabia's unemployment insurance scheme, SANED. As a result of COVID-19, the Company temporarily furloughed approximately 60% of its employees by utilising SANED and decreasing the number of working hours of certain employees in accordance with changes made by the regulators to the Labour Law. The Company has taken advantage of the deferment offered by the government of certain payments, including a three month deferment of zakat payments.

Liquidity and financial condition

The COVID-19 pandemic and the measures taken to contain its spread have had and continue to have a significant impact on the Company's business, financial condition, cash flows and results of operations.

	Three month period ended				
	31 December 2019	**31 March 2020**	**30 June 2020**	**30 September 2020**	**31 December 2020**
EBITDA (SAR 000s)...............	355,422.8	268,975.6	325,997.7	270,867.0	259,700.8
Recurring EBITDA* (*SAR 000s*)...	355,422.8	341,801.9	342,283.9	327,844.3	327,962.6
Footfall (*millions*)	27	28	7	19	20
Leases renewed	452	267	750	593	175
Percent of expiring leases renewed in FY	90%	98%	34%	75%	92%

* "Recurring EBITDA" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities and plus or minus all one-off transactions.

The Company anticipates that there will be a significant negative impact to its financial performance for the year ending 31 March 2021, although management believes the actions that the Company has taken have partially mitigated the negative impact of the COVID-19 pandemic. See "Risk Factors—Risks Relating to the Company's Operations—*The COVID-19 pandemic has had and is expected to continue to have an adverse effect on our business and results of operations*."

The Company entered the COVID-19 crisis with a strong liquidity profile. In 2019, the Company completed its inaugural offering of a U.S.$500 million Shari'a compliant Sukuk, in addition to the U.S.$1.2 billion in Ijara/Murabaha term facilities and a U.S.$0.2 billion revolving Murabaha facility. The Company used proceeds from this transaction to refinance its SAR 7.2 billion facility and secure enhanced credit terms. This refinancing led to a significant reduction in secured debt as a proportion of total debt and provided the Company with financial flexibility required to weather the disruptions caused by COVID-19, with the average maturity of its debt reaching 6.5 years and with no financial obligations coming due in the near term (though amortisation payments on the secured debt are due on an annual basis, at a lower rate than prior to the refinancing.) In the three months ended 31 March 2020, the Company drew down its SAR 750 million revolving Murabaha facility as a risk management exercise, reflecting management's continuous efforts to optimize the Company's capital structure and its commitment to prudent cash management. The dividends payments have been reduced from SAR 427.5 million (SAR 0.90 per share) in the nine-month period ended 31 December 2019 to SAR 237.5 million (SAR 0.50 per share) in the nine-month period ended 31 December 2020. Moreover, the Board of Directors authorised the distribution of interim dividends on 29 December 2020 amounting to SAR 237.5 million (SAR 0.50 per share) for the first half of fiscal year 2021. This dividend was distributed to shareholders on 14 January 2021. The Company believes it has enhanced liquidity, prudent cash management and significant cost savings on the back of reduced operations has left the Company well positioned to weather the challenges presented by the COVID-19 pandemic.

Despite COVID-related closures in the final two weeks of the three months ended 31 March 2020, footfall increased by approximately 2% year-on-year to 28.0 million. In the three months ended 30 June 2020, footfall declined to 7.1 million as a result of mall closures (compared to 31.4 million in the three months ended 30 June 2019). In the three months ended 30 September 2020, footfall increased to 19.0 million (compared to 28.3 million in the three months ended 30 September 2019), reflecting the normalisation of commercial activity and easing of COVID-related restrictions, and in the three months ended 31 December 2020, footfall further increased to 20.0 million (compared to 27.0 million in the three months ended 31 December 2019). The quarter-on-quarter recovery in footfall was led by the malls located in the Western region, where the number of visits increased by 8.1% from the three-month period ended 30 September 2020 to the three-month period ended 31 December 2020, whereas footfall increased by 6.4% and 2.6% in the Central and Eastern regions, respectively. Despite the year-on-year decrease in footfall, surveyed tenant sales were down by only 3.7% in like-for-like terms, indicating healthy levels of consumer confidence.

Recurring EBITDA decreased from SAR 1,116.0 million in the nine-month period ended 31 December 2019 to SAR 998.1 million in the nine-month period ended 31 December 2020. The Company's recurring EBITDA margin increased by 4.7 percentage points year-on-year, reflecting the decrease in direct costs (under cost of revenue) and general and administrative expenses in the nine-month period ended 31 December 2020. See "*Management's Discussion and Analysis—Principal Factors Affecting the Operations of the Company—COVID-19*".

The decline in footfall in the three months ended 30 June 2020 necessitated the renegotiation of lease terms between the Company and its landlords as well as the provision by the Company of a rent relief package to its tenants with non-essential businesses. The Company has pursued multiple avenues to mitigate the effects of elevated discounts brought about by COVID-related lockdowns, including extracting cost efficiencies (SAR 21.0 million), disposing of noncore investments (SAR 54.9 million) and saving on interest expenses (SAR 32.5 million), each in the nine-month period ended 31 December 2020. Approximately 92% of the leases expiring during the fiscal year ending 2021 were renewed.

Parallel to rent relief extended to its tenants, the Company's efforts to mitigate the effects of COVID-19 also included intensive efforts to renegotiate lease terms with landlords at the Company's existing leasehold properties and at leasehold properties in the Company's near- and medium-term pipelines. The Company received SAR 76.7 million in rental concession on leases during the nine-month period ended 31 December 2020.

Additionally, on 19 October 2020, the Company successfully negotiated a new management, operation and maintenance agreement with the landlord of Jeddah Park. The new agreement replaces the first ten years of the initial lease contract (the standard lease agreement) with the Company reserving the right to switch back to the initial lease contract upon the end of third year of the new agreement. The Company opted for the new mechanism following a thorough review of local and global market prospects in light of the effects of COVID-19 pandemic. Management believes that this new agreement reduces risks posed by the original lease contract and achieves optimal return for both parties. The new agreement is expected to have a positive impact on the Company's financials, and this impact is expected to appear from the first quarter of the 2022 financial year.

Finally, on 24 November 2020, the Company successfully concluded negotiations with its landlords at the Company's under-construction U-Walk Jeddah Centre (formerly Zahra Mall), which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021.

During the nine-month period ended 31 December 2020, the Company has also significantly reduced outstanding amounts due from related parties as compared with 31 March 2020 balances, aiding efforts to mitigate the operational effects of COVID-19. On 27 January 2021, the Company's Board of Directors approved the full receipt of all amounts due from the affiliate Company, FAS Holding Company for Hotels, amounting to SAR 350.3 million. The amounts will be settled partly in cash and partly in-kind, through the transfer of four strategically located plots of land and a building in the cities of Jeddah, Dammam, Al Ahsa and Al Kharj. The strategic locations of the building and plots will enhance the Company's strategy of building differentiated lifestyle destinations in central and easily accessible urban areas.

Planning for the future

Management believes that the Company was and continues to be well positioned to weather the COVID-19 crisis and that the Company's business model has also enabled it to maintain resilience in response to the COVID-19 pandemic. The Company has the ability to adjust capital expenditures in accordance with market conditions and in response to COVID-19 consequences. For the nine-month period ended 31 December 2020, the Company's capital expenditures related to the construction of new developments was SAR 214.4 million, compared to SAR 141.0 million in the nine-month period ended 31 December 2019.

The Company has benefited from its relationship with FARE, a specialist mall design and construction company owned by the Controlling Shareholders, as FARE has not imposed any penalties for delays as a result of COVID-19 in the design and construction contracts of new malls, which include Khaleej Mall, Qassim Mall and U-Walk Jeddah. Although the COVID-19 regulations led to increased operational expenses relating to implementing health and safety measures, namely sanitisation of the malls, the Company was also able to reduce costs related to utilities, repairs and maintenance.

In addition, as the COVID-19 crisis changes the Saudi and global business landscapes, the Company will continue to leverage the competitive strengths that differentiate its lifestyle offerings. The Company plans to increase its long-term strategies of geographic expansion, space and yield optimisation and integrate the lifestyle experience with a concerted push to establish a profitable digital presence. As the COVID-19 pandemic drives greater consumer reliance on digital channels and communication, the Company is expediting the rollout of a digital platform that further increases visitor engagement and provides the Company and its tenants with unique insights into customer preferences. See "*—Corporate Strategy—Enhance visitor experience, drive footfall and strengthen brand awareness*."

To this end, on 22 November 2020, the Company successfully concluded a 25-year lease and investment agreement with the Madinah Regional Municipality. The agreement will see the Company develop and operate a new shopping centre in Madinah, U-Walk Madinah, on a vacant, strategically located plot of land. The Company will pay an annual rental fee to the Madinah Regional Municipality of SAR 1.067 million per annum (SAR 26.67 million over the lifetime of the agreement). U-Walk Madinah will be built using an innovative open-plan layout first introduced by the Company at its U-Walk property in Riyadh, inaugurated in September 2019, delivering on the Company's strategy of transitioning to a lifestyle-centered model that transcends traditional retail concepts through the inclusion of diverse entertainment destinations, cineplexes, and luxury restaurants and cafes. The project will mark the Company's second location in the city of Madinah, one of the Kingdom's fastest-growing cities. U-Walk Madinah is expected to add approximately 57,000 square meters of GLA to the Company's portfolio and will deepen the Company's exposure to lucrative demand inflows from Hajj and Umrah pilgrims visiting the area.

Acquisition of E-Commerce Platform "Vogacloset"

On 2 March 2021, the Company entered into a share purchase agreement to acquire a 25.5% stake in Vogacloset Limited, an online fashion e-commerce platform valued at SAR 68.9 million. The Company will acquire 13,598 existing shares in Vogacloset for a sum of US$6.4 million (SAR 23.9 million) and increase Vogacloset's share capital by an additional US$12.0 million (SAR 45.0 million), corresponding to 25,655 additional shares. The Company's sister company, Fawaz Abdulaziz Al Hokair & Co., will acquire a further 25.5%. The Company expects the acquisition to close by the end of the first quarter of the 2022 fiscal year. Following the acquisition, Vogacloset will continue to independently manage and operate its online e-commerce platform.

Vogacloset is based in the UK and offers the latest women’s, men’s and kids’ fashions to consumers across Saudi Arabia and the Middle East. The platform served more than 12 million customers in 2020, providing more than 80,000 items from over 400 fashion brands. Through Vogacloset, the Company will gain access to a leading e-commerce platform with strong recognition and presence in the retail markets in Saudi Arabia and the Middle East. The Company intends to leverage the acquisition to accelerate its digitisation strategy in the face of growing demand for omnichannel retail experiences aligned with Saudi customers’ changing preferences and to provide visitors with a specialised and advanced loyalty program, in addition to a simplified and innovative range of consumer financing solutions. The Company expects to see the positive financial effect of the acquisition from the first quarter of the 2022 fiscal year and for tenants' sales to increase as a result of their e-commerce sales on the platform.

KEY PERFORMANCE INDICATORS

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	2019	2020	2019	2018
As % of revenue					
Gross profit	56.9%	66.4%	65.5%	64.0%	63.2%
General and administration expenses	9.4%	8.0%	8.3%	7.9%	8.1%
Operating profit	48.0%	55.0%	51.6%	54.1%	51.1%
Profit for the period/year	25.5%	32.3%	29.2%	36.9%	36.4%
KPIs					
Period-end number of malls	21	21	21	19	19
Total available GLA (sqm.)	1,200,940	1,205,301	1,214,213	1,085,910	1,074,530
Period-end occupied GLA (sqm.)	1,073,403	1,038,557	1,068,885	1,013,256	994,990
Weighted average rental revenue per sqm (SAR per sqm)[(a)]	1,621	2,002	1,873	1,983	1,956
Weighted average occupied GLA (sqm.)	1,066,932	1,026,932	1,070,757	995,847	1,002,063
Weighted average occupancy rate for the period	88.8%	85.2%	88.2%	91.7%	93.3%
Average efficiency rate for the period[(b)]	84.8%	95.0%	92.8%	91.7%	85.3%
Funds from operations (SAR 000s)[(c)]	608,880.9	773,568.8	959,804.5	1,100,822.1	1,087,232.7
EBITDAR (SAR 000s)[(d)]	1,072,368.3	1,290,220.8	1,625,529.8	1,709,049.4	1,608,787.0
EBITDA (SAR 000s)[(d)]	856,565.4	1,116,010.7	1,384,986.3	1,480,688.6	1,413,643.0
Recurring EBITDA (SAR 000s)[(d)]	998,090.8	1,116,010.7	1,457,812.5	1,480,688.6	1,413,643.0
Adjusted EBITDA (SAR 000s)[(e)]	1,138,817.3	1,116,010.7	1,465,561.8	1,480,688.6	1,413,643.0
Like-for-like revenue growth	(21.7)%	2.3%	(2.0)%	0.7%	(6.7)%
LTV	31%	28%	32%	31%	26%

Source: Company information

(a) Rates have been annualised for comparative purposes.

(b) Average efficiency rate (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

(c) "Funds from operations" is calculated as the profit for the period/year of the Group, plus depreciation of investment properties, depreciation of property and equipment, write off investment properties and loss on sale of land. Below is a reconciliation of funds from operations from profit for the period/year:

	For the Nine-Month Period Ended 31 December		Year Ended 31 March		
	2020	2019	2020	2019	2018
			SAR in 000s		
Profit for the period/year	359,749.8	545,759.6	642,601.4	804,100.8	786,411.0
Depreciation of investment properties	228,819.5	203,774.6	286,418.2	256,916.0	268,366.3
Depreciation of property and equipment	20,311.6	24,034.6	30,785.0	35,407.9	30,823.4
Write-off of investment properties	-	-	-	4,397.4	-
Loss on sale of land	-	-	-	-	1,632.0
Funds from operations	**608,880.9**	**773,568.8**	**959,804.5**	**1,100,822.1**	**1,087,232.7**

Source: Company information

(d) Below is a reconciliation of EBITDA, EBITDAR and Recurring EBITDA from net income for the period/year:

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	2019	2020	2019	2018
			SAR in 000s		
Profit for the period/year	359,749.8	545,759.6	642,601.4	804,100.8	786,411.0
Finance cost	196,307.1	288,713.5	351,259.7	439,540.7	295,358.0
Zakat	11,806.2	23,699.5	20,290.2	(55,276.8)	32,684.3
Depreciation of property and equipment	20,311.6	24,034.6	30,785.0	35,407.9	30,823.4
Depreciation of investment properties	228,819.5	203,774.6	286,418.2	256,916.0	268,366.3
Depreciation of right-of-use assets	141,633.0	118,385.7	155,864.8	-	-
Depreciation of right-of-use assets (G&A)	2,825.3	2,892.9	3,767.0	-	-
Interest expense on lease liabilities	110,915.7	82,960.3	134,543.5	-	-
Lease expense(1)	-	-	-	228,360.8	195,144.0
EBITDAR	**1,072,368.3**	**1,290,220.8**	**1,625,529.8**	**1,709,049.4**	**1,608,787.0**
Lease expense(1) (2)	(215,802.8)	(174,210.2)	(240,543.5)	(228,360.8)	(195,144.0)
EBITDA	**856,565.4**	**1,116,010.7**	**1,384,986.3**	**1,480,688.6**	**1,413,643.0**
COVID-related discount to tenants(3)	191,262.6	-	20,417.7	-	-
COVID-related saving on expenses(4)	(21,255.8)	-	(7,749.2)	-	-
Rental concession on leases(5)	(76,703.0)	-	-	-	-
Income from sale of equity accounted investee(6)	(42,767.6)	-	-	-	-
COVID-related impairment loss on accounts receivable(7)	10,064.9	-	60,157.8	-	-
COVID-related receivables and accrued revenues written-off(8)	80,924.4	-	-	-	-
Recurring EBITDA	**998,090.8**	**1,116,010.6**	**1,457,812.5**	**1,480,688.6**	**1,413,643.0**

Source: Company information.

(1) Represents sum of rental expense and rent expense as per Company's audited financial statements for the year ended 31 March 2018 and 2019.
(2) Lease expense for the year ended 31 March 2020 and for the nine-month periods ended 31 December 2020 and 2019 represents pro forma lease rental expense had these leases continued to be accounted for under IAS 17.
(3) This line item represents the amortised portion of the rental relief granted to tenants.
(4) It represents the saving on expenses based on management's efforts and mainly in staff costs, repair and maintenance and utility expenses.
(5) Rental concession on leases represents the discounts obtained from landlords of leasehold properties.
(6) Income from sale of equity accounted investee (Aswaq Al Mustaqbal) which considered as a noncore investment for the Company.
(7) Represents the additional provision charged by the Company based on the updated expected credit loss model (ECL) adopted by the Company.
(8) Represents the accounts receivable and accrued revenues written-off during the nine-month period ended 31 December 2020.

(e) Below is a reconciliation of Adjusted EBITDA from EBITDA for the period/year:

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	2019	2020	2019	2018
			SAR in 000s		
EBITDA	**856,565.4**	**1,116,010.7**	**1,384,986.3**	**1,480,688.6**	**1,413,643.0**
COVID-related discount to tenants	191,262.6	-	20,417.7	-	-
COVID-related impairment loss on accounts receivable	10,064.9	-	60,157.8	-	-
COVID-related receivables and accrued revenues written-off	80,924.4	-	-	-	-
Adjusted EBITDA	**1,138,817.3**	**1,116,010.7**	**1,465,561.8**	**1,480,688.6**	**1,413,643.0**

SUMMARY FINANCIALS

Consolidated statement of profit or loss data

	For the Nine-month Period ended 31 December		For the year ended 31 March		
	2020	2019	2020	2019	2018
			(SAR)		
Revenue	1,410,110,346	1,689,167,751	2,197,315,187	2,176,399,680	2,160,507,418
Direct costs[(a)]	(237,293,093)	(246,178,868)	(316,594,593)	(521,177,627)	(527,034,783)
Depreciation of right-of-use assets	(141,632,974)	(118,385,695)	(155,864,844)	-	-
Depreciation of investment properties	(228,819,537)	(203,774,640)	(286,418,176)	(256,916,024)	(268,366,279)
Write-off of investment properties	-	-	-	(4,397,441)	-
Gross profit	**802,364,742**	**1,120,828,548**	**1,438,437,574**	**1,393,908,588**	**1,365,106,356**
Other income	132,897,544	6,469,156	12,678,935	10,697,190	31,757,095
Other expense(s)	(1,774,911)	(30,218)	(3,376,868)	(6,821,779)	(9,751,949)
Advertisement and promotion expenses	(15,473,141)	(4,970,011)	(12,946,592)	(5,642,340)	(13,444,488)
Impairment loss on accounts receivable and accrued revenue rentals[(b)]	(108,327,890)	(57,807,584)	(119,264,999)	(43,524,466)	(94,814,498)
General and administration expenses	(132,559,961)	(135,915,078)	(182,674,510)	(171,821,914)	(174,050,094)
Operating profit	**677,126,383**	**928,574,813**	**1,132,853,540**	**1,176,795,279**	**1,104,802,422**
Share of profit of equity-accounted investee	1,652,443	12,558,086	15,841,207	11,569,399	9,650,928
Interest expense on lease liabilities	(110,915,700)	(82,960,272)	(134,543,493)	-	-
Finance cost	(196,307,135)	(288,713,479)	(351,259,733)	(439,540,747)	(295,358,031)
Profit before zakat	**371,555,991**	**569,459,148**	**662,891,521**	**748,823,931**	**819,095,319**
Zakat	(11,806,196)	(23,699,533)	(20,290,170)	55,276,825	(32,684,346)
Profit for the period/year	**359,749,795**	**545,759,615**	**642,601,351**	**804,100,756**	**786,410,973**
Profit for the period/year attributable to:					
Shareholders of the Company[(c)]	357,207,914	535,945,344	633,934,247	789,599,943	774,568,050
Non-controlling interests	2,541,881	9,814,271	8,667,104	14,500,813	11,842,923
	359,749,795	**545,759,615**	**642,601,351**	**804,100,756**	**786,410,973**

(a) This line item was disclosed as Cost of revenue in the Group's 2019 audited financial statements.

(b) This line item was disclosed as Impairment loss on accounts receivable in the Company's audited financial statements for the year ended 31 March 2019 and 2020.

(c) This line item was disclosed as Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Consolidated statement of financial position data

	As at 31 December	As at 31 March		
	2020	2020	2019	2018
Assets			*(SAR)*	
Current assets				
Cash and cash equivalents	793,589,158	1,045,680,193	457,670,983	80,350,968
Accounts receivable	222,229,835	234,254,125	299,245,146	246,733,176
Amounts due from related parties	455,798,040	591,222,957	567,558,035	238,579,401
Advances to a contractor, related party	-	-	-	274,507,859
Prepayments and other current assets	97,207,408	138,790,964	96,244,969	119,091,960
Accrued revenue (rentals)	201,751,994	69,362,957	30,191,211	32,984,696
Total current assets	**1,770,576,435**	**2,079,311,196**	**1,450,910,344**	**992,248,060**
Non-current assets				
Amounts due from related parties	-	-	-	200,322,570
Advances to a contractor, related party[(a)]	574,088,023	614,438,352	604,914,076	80,692,116
Prepaid rent – non-current portion	-	-	-	48,517,542
Accrued revenue (rentals) – non-current portion	403,503,987	99,835,361	60,382,421	65,969,394
Investment in an equity-accounted investee	-	53,079,928	42,238,721	39,669,322
Other financial receivables	22,500,000	-	-	-
Other investments	84,274,291	104,463,375	108,708,763	128,476,217
Investment properties	11,655,252,516	11,356,912,845	10,983,848,465	10,781,869,500
Right-of-use assets	3,328,055,381	3,561,974,788	-	-
Property and equipment	71,929,719	91,474,811	114,773,889	136,827,578
Total non-current assets	**16,139,603,917**	**15,882,179,460**	**11,914,866,335**	**11,482,344,239**
Total assets	**17,910,180,352**	**17,961,490,656**	**13,365,776,679**	**12,474,592,299**
Liabilities and equity				
Liabilities				
Current liabilities				
Current portion of long-term loans	119,375,000	45,000,000	501,875,532	433,000,000
Lease liabilities – current portion	311,234,918	338,065,081	-	
Accounts payable	156,191,695	149,442,700	217,760,402	276,725,098
Amounts due to related parties	7,424,338	3,899,682	22,499,022	221,619,546
Unearned revenue	231,810,849	177,225,232	305,506,061	277,252,240
Accrued lease rentals	-	-	11,480,894	11,301,470
Accruals and other current liabilities	393,854,550	232,071,497	326,082,270	162,539,755
Zakat payable	84,064,647	78,524,952	82,457,716	146,559,970
Total current liabilities	**1,303,955,997**	**1,024,229,144**	**1,467,661,897**	**1,528,998,079**
Non-current liabilities				
Long-term borrowings	6,856,150,371	6,970,743,077	6,239,159,152	5,395,029,126
Lease liabilities – non-current portion	3,732,553,024	3,899,162,750	--	--
Accrued lease rentals – non-current portion	-	-	515,366,044	560,359,883
Employees' end-of-service benefits	25,556,482	30,370,714	31,744,170	30,338,170
Other non-current liabilities	68,931,512	52,729,339	47,085,296	54,914,387

Total non-current liabilities	**10,683,191,389**	**10,953,005,880**	**6,833,354,662**	**6,040,641,566**
Total liabilities	**11,987,147,386**	**11,977,235,024**	**8,301,016,559**	**7,569,639,645**
Equity				
Share capital	4,750,000,000	4,750,000,000	4,450,000,000	4,450,000,000
Share premium	411,725,703	411,725,703	-	-
Statutory reserve	513,092,734	513,092,734	449,699,309	370,739,315
Other reserves	23,785,778	(18,103,542)	(18,272,000)	2,759,217
Retained earnings	220,628,714	326,282,581	183,241,759	77,572,310
Equity attributable to the shareholders of the Company[(b)]	**5,919,232,929**	**5,982,997,476**	**5,064,669,068**	**4,901,070,842**
Non-controlling interests	3,800,037	1,258,156	91,052	3,881,812
Total equity	**5,923,032,966**	**5,984,255,632**	**5,064,760,120**	**4,904,952,654**
Total liabilities and equity	**17,910,180,352**	**17,961,490,656**	**13,365,776,679**	**12,474,592,299**

(a) This line item was disclosed as Advances to a contractor, related party – non-current portion in the Company's audited financial statements for the year ended 31 March 2019 and 2020.

(b) This line item was disclosed as Equity attributable to Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Consolidated statement of cash flow data

	For the Nine-month Period ended 31 December		**For the year ended 31 March**		
	2020	**2019**	**2020**	**2019**	**2018**
Net cash from operating activities	717,572,302	866,118,863	1,169,260.487	497,325,184	1,244,247,100
Net cash used in investing activities	(192,354,574)	(374,608,146)	(463,725,500)	(699,096,090)	(535,610,111)
Net cash from / (used in) financing activities	(777,308,763)	(771,516,949)	(117,525,777)	579,090,921	(786,503,609)
Cash and cash equivalents at end of the period/year	793,589,158	177,664,751	1,045,680,193	457,670,983	80,350,968

Source: Group's audited consolidated financial statements for years ended 31 March 2020 and 2019 and the 2020 Unaudited Interim Financial Statements.

RISK FACTORS

The purchase of the Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of the Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Offering Circular.

Each of the Trustee and the Obligor believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and none of the Trustee or the Obligor represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or the Obligor or which the Trustee or the Obligor currently deems immaterial, that may impact any investment in the Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision. Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

RISKS RELATING TO THE TRUSTEE

The Trustee has a limited operating history and no material assets and is dependent upon the performance by the Obligor of its obligations under the Transaction Documents to which it is a party

The Trustee was incorporated under the laws of the Cayman Islands on 25 February 2020 and has no operating history. The Trustee will not engage in any business activity other than the issuance of the Certificates, the acquisition of the Trust Assets as described herein, acting in its capacity as a trustee and other activities incidental or related to the foregoing as required under the Transaction Documents to which it is a party.

The Trustee's only material assets, which it will hold on trust for the Certificateholders, will be the Trust Assets, including its right to receive payments under the Transaction Documents.

The Trustee's ability to pay amounts due on the Certificates will depend on payment by the Obligor (in its various capacities) of all amounts due by it under the Transaction Documents. Therefore, the Trustee is subject to all of the risks to which the Obligor is subject to the extent that such risks could limit its ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party (see "*Risks relating to the Company's Operations*" and "*Risks relating to operating in Saudi Arabia*" below for a description of these risks). In the event of any shortfall in such amounts, the ability of the Trustee to meet its payment obligations under the Certificates may be adversely affected.

The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing regulations (the "**Volcker Rule**"), relevant "banking entities" (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any equity, partnership, or other "ownership interest" in, or in "sponsoring", any "hedge fund" or "private equity fund", together "covered funds" (each as defined under the Volcker Rule). An "ownership interest" in a covered fund is broadly defined. In addition, in certain circumstances, the Volcker Rule restricts banking entities from entering into certain credit-related transactions with covered funds.

A "hedge fund" and a "private equity fund" are defined widely, and include any issuer which would be required to register as an investment company under the Investment Company Act but for section 3(c)(1) or 3(c)(7) of that Act. As the Trustee is exempt from registration under the Investment Company Act in reliance on the exemption provided by section 3(c)(7) thereof, the Trustee will be a "covered fund" and acquisition of the Certificates may be considered an acquisition of an "ownership interest" in a "covered fund" (as those terms are used in the Volcker Rule).

In the absence of an available exemption to the Volcker Rule, it is expected that the provisions of the Volcker Rule will severely limit the ability of U.S. banking entities (including controlled affiliates of U.S.

banking institutions outside the United States) to hold an ownership interest in the Trustee. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in ownership interests (for purposes of the Volcker Rule) of the Trustee should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment.

Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Trustee, the Obligor, the Delegate, the Joint Lead Managers or the Agents makes any representation regarding such position, including with respect to the ability of any investor.

RISKS RELATING TO THE COMPANY'S OPERATIONS

The recent novel coronavirus (COVID-19) global pandemic has had and may continue to have an adverse effect on the Company's business and results of operations.

In late 2019, a new strain of coronavirus was detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic and governmental authorities around the world implemented measures to reduce the spread of COVID-19. In mid-March 2020, the Saudi Arabian government implemented restrictions to curtail the spread of COVID-19 including the closure of borders, social distancing requirements and country-wide temporary lockdowns and curfews. As a result, the Company closed its malls (except for pharmacies and supermarkets) from mid-March 2020 until late April 2020 and then partially reopened its malls in late April 2020 until late June 2020. On 21 June 2020, the government fully lifted the lockdown restrictions and permitted the resumption of all commercial activity. Since then, the malls have operated according to normal opening schedules, with precautionary measures such as limiting visitor capacity, sanitising stations, and contactless payment.

Although commercial activity in the Company's malls has recovered since mid-June 2020 when lockdown restrictions were lifted and the malls re-opened, there remains a risk of further spread of COVID-19 and lockdown measures. In February 2021 the government imposed a 10-day suspension of social gatherings and closure of indoor entertainment, including cinemas and indoor dining, which was then extended for another 20 days. Though this suspension has only affected cinemas and indoor dining in the Company's malls, there is a risk that such restrictions are further extended or expanded to require full shutdowns of the Company's malls. An extended period of ongoing disruption could materially affect the Company's business, results of operations, access to sources of liquidity and financial condition. See "*Recent Developments—Impact of COVID-19*" for details regarding the lockdown measures implemented in Saudi Arabia and the temporary closures of the Company's malls.

The closure of the Company's malls and other restrictions on the malls' operations mandated by the government have led to decreased footfall, a loss of revenue and increased costs in order to comply with new health and safety measures. In response to the effects of COVID-related mall closures on the Company's tenants and their revenues, the Company offered all tenants a waiver on contractual base rent and service charges for six weeks, extended additional relief to tents whose stores were subject to further mandatory closures and suspended all escalations on lease contracts for 2020 and 2021. There is a risk that the Company may need to continue to reduce the rent prices charged to tenants. The government released a guidance in January 2021 requiring the waiver of due rents during the lockdown period for certain businesses affected by the COVID-19 pandemic and where necessary to comply with this guidance, the Company may need to continue to offer rent relief to certain tenants or to agree to rent discounts, which could in turn impact the Company's business, results of operations, financial condition and prospects. In the nine month period ended 31 December 2020, the Company amortised SAR 191.3 million in COVID-related discounts to tenants. As a result of COVID-19 pressures facing the Company's tenants, certain tenants have terminated their lease contracts early, rental prices have decreased and it is taking more time to fill vacant units. See "*Recent Developments—Impact of COVID-19—Liquidity and Financial Conditions*" and "*Management's Discussion and Analysis—Principal Factors Affecting the Operations of the Company—COVID-19*" for details on the impact of COVID-19 on the Company's financial condition.

The extent of the impact of COVID-19 on the Company's business and financial results will depend on the duration and spread of the outbreak, including whether there are future waves of COVID-19, the extent of the spread of new strains of COVID-19 (including the South African, UK and Brazilian variants, which are potentially more contagious and harmful than the original COVID-19 virus), and any future mutations of COVID-19 (or even the threat or perception that this could occur) in Saudi Arabia and the related impact on consumer confidence and spending. Though vaccines for COVID-19 have been developed and are being rolled out in Saudi Arabia, if the government is not able to make these vaccines available on a significant scale or in a timely manner or if such vaccines are not as effective against COVID-19 and its variants as expected, then COVID-19, related restrictions and its effects on the retail market may continue or worsen. In addition, future waves or strains of COVID-19 or government measures taken to reduce the spread of COVID-19 may impact certain regions of Saudi Arabia more than others. For example, the government has placed restrictions on travel into Saudi Arabia, including on the number of foreigners permitted to travel into Saudi Arabia to perform Hajj and Umrah, and had implemented stricter lockdown measures in Mecca than in other cities. As a result, the performance and recovery of the Company's malls may differ from one region to another.

Further, COVID-19 has affected and continues to affect the global economy and the local economy in Saudi Arabia. The economic impact of the COVID-19 crisis has led to decreased consumer spending and an economic downturn in the retail market, which has had a direct impact on the Company. In addition, while the Company has communicated policies to its employees in relation to COVID-19 and has established a strong sanitisation programme in its malls, consumer fear of becoming ill with COVID-19 and compliance with social distancing and other health and safety policies implemented to contain the spread of COVID-19 may have a negative impact on the appeal of malls to potential visitors. If visitors have health concerns regarding visiting the Company's malls, the Company may face an extended decline in footfall and visitor spending at the Company's malls and decreased demand for the products and services sold by the Company's tenants which may, in turn, lead to a decline in demand by tenants for retail space at the Company's malls.

There is also a risk that the COVID-19 pandemic, health concerns about visiting malls and the inability to visit malls due to mandated closures will accelerate changes in consumer shopping preferences away from malls and towards online platforms. Such shift in consumer behavior preferences toward online or on-demand platforms is likely to endure in the longer term, even if COVID-19 is contained. Though the Company is developing an e-mall platform that will enable the Company's tenants to sell products online as well as click-and-collect services and other digital platforms, there can be no assurance that the Company's efforts to adapt to changing consumer preferences will be successful. The Company's revenue may be negatively impacted by these or similar adverse changes resulting from the impact of COVID-19.

COVID-19 and the measures taken to respond to it have created an environment of uncertainty and rapid, unpredictable changes that exacerbate and magnify certain of the other risks that the Company faces. The effect of COVID-19 on the Company's business and the wider retail industry will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the outbreak, the length of time it takes for demand and pricing to return and for normal economic and operating conditions to resume and the potential for future COVID-19 resurgence in Saudi Arabia. There are no comparable recent events that provide us with guidance, and so the Company cannot currently estimate this with any certainty or provide any assurance that COVID-19 will not continue to have a material adverse effect on its business, financial condition and results of operations.

To the extent the COVID-19 pandemic continues to adversely affects the Company's business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section, including "*— The Company is subject the inherent risks relating to the retail and real estate sectors, including, in particular, the impact of new and long-term retail trends, and the economic conditions and demographic patterns in Saudi Arabia*", "*— The Company's revenues are heavily dependent on certain Key Account Tenants*", " *— The Company's business is impacted by the financial condition of the Company's tenants*", "*— There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact on the Company's working capital*", "*— The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future*", "*— The Company's business is impacted by increasing operating expenses*", "*— The Company's success depends in part on its ability to maintain the reputation of the "Arabian Centres" brand*", "*— The Company may face unexpected interruptions to the Company's business*", "*— The Company may be involved in disputes and legal proceedings that, if determined unfavourably, could have a material adverse effect on its business, results of operations, financial condition and prospects*", "*— The Company operates malls under fixed-term Head Leases, and if these leases are not renewed, there can be no assurance that the Company would be able to relocate a mall to another location*", "*— The Company's business, results of operations, financial condition and prospects are impacted by political and economic conditions in Saudi Arabia*", "*— The Company's ability to sustain its revenue depends in part on its ability to retain its existing tenants and/or to identify and sign up new tenants*", and "*— The Company faces risks relating to environmental, health or occupational safety matters*".

The Company is subject the inherent risks relating to the retail and real estate sectors, including, in particular, the impact of new and long-term retail trends, and the economic conditions and demographic patterns in Saudi Arabia.

The Company's profitability depends primarily on the level of demand for commercial leasing space and lease rates, and 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, depends on the level of their sales to visitors. Accordingly, the Company's malls are subject to the inherent risks relating to economic conditions and demographic patterns in Saudi Arabia and the risks inherent to the real estate and retail sectors.

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 a result, unfavourable significant fluctuations in the retail and/or real estate sector will adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Retail sales are subject to rapid and occasionally unpredictable changes in the behaviour of visitors to 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, as well as epidemics or other health concerns, such as COVID-19. The spread of COVID-19 forced the temporary closure of the Company's malls in early 2020 and it, or any similar contagious disease outbreak that occurs in the future which escalates into a regional epidemic or global pandemic, may discourage people from visiting crowded sites such as shopping malls. COVID-19 and its associated lockdowns will likely accelerate shifts in consumption patterns, away from malls and towards online platforms. Such shift in consumer behavior preferences toward online or on-demand platforms is likely to endure in the longer term, even if COVID-19 is contained. See "*—The recent novel coronavirus (COVID-19) global pandemic has had and may continue to have an adverse effect on the Company's business and results of operations."*

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 could 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 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 malls.

In addition, shopping malls in Saudi Arabia are becoming increasingly popular family destinations. This reflects both the appeal of air-conditioned shopping malls, which offer a variety of shopping, eating and entertainment options, in a market with relatively limited competing entertainment options due to climate and cultural preferences within Saudi Arabia, among other factors. To the extent that reforms in 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 the emergence and multiplication of competing forms of entertainment.

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.

The Company's revenues are heavily dependent on certain Key Account Tenants.

The Company's revenues are heavily dependent on certain "**Key Account Tenants**", which the Company defines as any tenant that generates revenue for the Company of at least SAR 10 million over any one financial year. The Company's Key Account Tenants are considered strategic partners and are generally significant retail companies with large portfolios of well-known brands which lease multiple retail units across several of the Company's malls. As of 31 December 2020, the Company had 17 Key Account Tenants. Collectively, these 17 Key Account Tenants generated approximately 52.6% of the Company's revenue for the nine-month period ended 31 December 2020. The Company's revenues from its top five Key Account Tenants represented approximately 37.6%, 37.2% and 38.4% of the Company's total revenue for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020, respectively, and 36.7% for the nine months ended 31 December 2020. The Company's revenues from its top 10 Key Account Tenants represented approximately 46.8%, 45.8% and 45.6% of the Company's total revenue for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020, respectively, and 44.8% for the nine months ended 31 December 2020. The Company's revenues from Key Account Tenants represents a significant portion of the Company's total revenues and the Company expects to continue to remain dependent to a material extent on the continuing relationships with its Key Account Tenants and the renewal of their leases.

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 Key Account Tenants or of significant brands within a Key Account Tenant's portfolio 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, require the Company to provide additional services that would increase the Company's costs or elect to renew leases for only certain bands within their portfolios. In addition, these Key Account Tenants may also experience financial difficulties, as a result of the COVID-19 pandemic or otherwise, or be subject to business restructurings or changes in strategy. Also, as a result of changes in the retail and real estate sectors or economic conditions in Saudi Arabia or globally, these Key Account Tenants may have greater leverage to negotiate lease terms more favourable to them. For instance, as a result of the COVID-19 pandemic and its negative effects on the retail sector, the Company has agreed to renegotiate and, in some cases, provide pricing concessions for certain Key Account Tenants, particularly in the Company's Regional Malls and Community Malls, which have been harder hit by the COVID-19 pandemic. Although the Company has not lost Key Account Tenants as a result of the COVID-19 pandemic, the Company could lose Key Account Tenants if the COVID-19 pandemic and its impact on the retail sector continues or worsens. Any of these factors could negatively affect their ability or willingness to continue to lease space in the Company's malls.

In addition to the loss of revenue, the closure of the retail units of any Key Account Tenants, which are significant contributors to footfall in the Company's malls, 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). The Company continuously adds new brands to its portfolio as the retail market evolves and to appeal to changing consumer brands, however the loss of any Key Account Tenant would adversely and materially affect the Company's business, financial condition, results of operations and prospects.

The Company's ability to sustain its revenue depends in part on its ability to retain its existing tenants and/or to identify and sign up 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 Stores, the Company's tenancy agreements have lease periods that are typically three to five years in duration (leases of Anchor Stores 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 Stores) 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. 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. In addition, the Company may be unable to renew its leases with tenants or re-lease vacant space to new tenants on terms that are as (or more) favourable than the Company's existing lease terms.

If the Company is unable to renew or re-lease its commercial space to existing tenants and new tenants, respectively, on favourable 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.

The Company's business is impacted by the financial condition of the Company's tenants.

The Company's revenue is primarily generated from leasing of retail space to tenants across the Company's different malls. If the financial condition of tenants deteriorates, they may struggle to make rental payments to the Company when due, if at all. 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. Further, the Company may be forced to replace tenants which cannot pay their rent, which can be costly, difficult and could negatively affect footfall.

The financial condition of the tenants of the Company may deteriorate in the future due to a number of factors. These include seasonality, 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. For example, the economic conditions in the retail market in Saudi Arabia have been challenging as a result of COVID-19, which has led to a reduction in revenue growth for many of the Company's tenants. Though the Company has provided rent waivers and launched a partnership with Quara Finance Company to support tenants that are small- and medium-sized enterprises through the extension of cheaper financing than would otherwise be available to such tenants, such challenges 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. See "*—There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact on the Company's working capital*." 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.

There can be no assurance that rental income can be collected as and when it falls due, and delays in rent collection could have a negative impact 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. However, there can be no assurance that rental income can be collected as and when it falls due. For example, in 2020, the Company's collection of rental payments decreased significantly as a result of COVID-19 and 7.3% of rental payments were overdue or unpaid as of 31 December 2020.

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.

The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future.

The Company faces significant competition in various aspects of its business. The commercial retail leasing industry in Saudi Arabia is intensely competitive, and the Company expects such competition to increase and intensify in the future. There is strong competition for prime properties that would be suitable for shopping centres 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 centres. 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, though the Company adapts quickly to changing market conditions, large reductions in rents adopted by the Company's competitors would adversely affect the Company's ability to compete.

Further, the Company may in the future need to change its strategy in order to better compete. For example, the Company may consider acquisitions, mergers, divestitures or other strategic initiatives. If the Company is unable to adapt its strategy or if any new strategy of the Company is ineffective, or if the Company is unable to adapt to changes in the retail industry that were accelerated by COVID-19 (such as an increasing shift to digital platforms in retail), the Company may not be able to successfully compete. The Company cannot predict whether, when, where and for how long such measures may be put into place in the future. As a result, the Company may not be able to implement its strategy in the short-, mid- or long-term, depending on the nature of such lockdowns and other measures, and may not be able to compete effectively.

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.

The Company faces risks associated with the development of new malls and the renovation and redevelopment of its existing malls.

The Company's business model depends on the sound design, development (or redevelopment) and maintenance of its malls. Though the Company takes measures to comply with international standards related to building code, engineering and construction materials, there is no guarantee against potential defects or deficiencies in the design or development of malls, such as defects in building materials, flaws and/or safety issues. Such defects or deficiencies may affect the operational performance of 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 an advanced stage of constructing Jeddah Park and Khaleej Mall. The successful completion of these projects 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 labour 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 of the Company's malls have resulted in the past in the Company giving discounts to some of its Key Account Tenants and/or Anchor Stores. Further, the Company has in the past and may in the future decide to strategically postpone the opening of some of its malls following any delays, so the opening will take place during busier periods. 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. 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.

In addition, 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 Offering Circular, 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 of the Company's malls preventing the Company from introducing new entertainment options (including cinemas) into such malls. Any such renovations in the Company's 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.

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

The Company faces risks associated with its use of third party contractors.

For all of its malls, the Company employs third party contractors, including related parties, 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. The Company's contractors may engage in risky undertakings, encounter financial or other difficulties, or prioritise 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. In addition, the Company may not be able to engage third party contractors with the right experience in the places in which it operates, or, if the Company needs to replace a third party contractor for any reason, the Company may be unable to find another third party contractor able to perform the same duties to a satisfactory level or at all. 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.

The Company has close ongoing business relationships with a variety of related parties.

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 are based on framework agreements that are approved by the board of directors and reviewed in accordance with the Company's 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, most of which are publicly listed companies. The Company's related parties include Fawaz Abdulaziz Alhokair Co., Saudi Global Academy for Training, Innovative Union Company (the operator of food and beverage outlets in Saudi Arabia), 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), Next Generation Company (the Operator of Muvi cinemas and EVOX fitness centres in Saudi Arabia) and FAS Energy. As at 31 December 2020, Fawaz Abdulaziz Alhokair Co. was the most significant Internal Tenant by revenue. Fawaz Abdulaziz Alhokair Co. is a publicly listed company (ticker symbol 4240 on the Saudi Stock Exchange) in which the Controlling Shareholders own (directly or indirectly) a controlling interest in its ordinary shares. As at 31 December 2020, Fawaz Abdulaziz Alhokair Co. had 747 retail units across the Company's 21 malls and accounted for 22.0% of the Company's average total occupied GLA. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company. In aggregate, the revenue generated from Internal Tenants for the years ended 31 March 2018, 2019 and 2020 and for the nine month period ended 31 December 2020 represented 24.6%, 24.4%, 25.6% and 25.9% of the Company's total net rental revenue for those periods, respectively. If the Company is unable to maintain the same level of pre-leasing by Internal Tenants, including by Fawaz Abdulaziz Alhokair Co., on favourable 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 Offering Circular, the Company has in place seven design and construction contracts with FARE relating to the construction of Khaleej Mall, and to the six malls for future development. FARE was also responsible for the design and construction of 18 of the Company's existing malls, as the remaining three malls (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. 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. 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.

The Company faces 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, Saudisation 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 Offering Circular, the Zakat Certificates for the Company and its Subsidiaries are effective until 31 July 2021.

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 Offering Circular, the Company has been issued with Amana (Building) Completion Certificates in respect of 12 of its malls (out of a total of 21 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 Offering Circular, 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.

Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfill 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 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 unfavourable 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.

The Company's business is impacted by increasing operating expenses.

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 Stores, 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 inflation rate, 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.

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. For instance, in response to the COVID-19 pandemic and its impact on the retail sector, the Company suspended enforcement of all rent escalation provisions for 2020 and 2021.

There is no guarantee that the Company will be able to enforce rent escalation provisions or 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 (including increases in prices for energy, electricity, water and related services) or inflation rates, or that such increases will correspond to growth rates in rental values in the market. If there are significant increases in operating expenses, the Company may be unable to maintain its malls to a high standard, which may decrease the appeal to visitors of the malls and negatively impact footfall and sales in the Company's malls. As a result, this would have a material adverse effect on the Company's operations, financial position, results of operations or prospects.

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, labour costs, fuel and utility costs, repair and maintenance costs, cleaning costs and insurance premiums. For example, the Company's operating expenses increased as a result of the measures taken to comply with COVID-19, namely sanitisation of the malls on a more frequent basis.

The price of fuel and utilities has increased significantly in recent years. The Saudi Council of Ministers issued 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 2016, as part of Saudi Arabia's policies aimed at rationalising the government subsidy program. The Ministry of Energy and Industry issued a statement, dated 24/3/1439H (corresponding to 12/12/2017G), on a 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).

In addition, any further increase in Saudisation 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. 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, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

The Company's success depends in part on its ability to maintain 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 including, in particular in relation to COVID-19, actual or perceived, even when false or unfounded, or any accidents at the Company's mall, 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.

The Company's employees and/or tenants could behave in a manner which negatively impacts the Company's business, including through the misuse of information or systems or social media platforms, disclosure of confidential information, or by disseminating misleading information. Additionally, the Company may not always be able to prevent its employees from committing any gross misconduct or ensure compliance with the 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. 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 condition and prospects.

The competitive position of the Company depends on its ability to continue using certain trademarks on which it relies and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

The Company has registered all trademarks in Saudi Arabia on which it relies, of which it has 34. 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.

The Company may face 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, the failure or substandard performance of equipment, the possibility of work stoppages, mandated closures by the government, criminal incidents, civil unrest, natural disasters, fires and explosions, and other potential hazards associated with operating its 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 2017. 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, the Company may face interruptions related to health and safety. For example, the government required the Company to close its malls for over a month in March to April 2020 to contain the spread of COVID-19 and there is a risk that the Company may need to close its malls again to curb the spread of future waves of COVID-19 or another local disease outbreak, regional epidemic or global pandemic or other health or safety concern. In addition, 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 behaviour, 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.

The Company's facilities and systems, or those of third-party service providers, may also 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 visitor behaviour 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. 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.

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

The Company faces risks associated with potential or actual conflicts of interest with the Controlling Shareholders or Directors.

Some of the Controlling Shareholders and Directors of the Company conduct businesses within the domain of real estate development and investment in commercial centres, 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 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 Fawaz Abdulaziz Alhokair Co.

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 the Controlling Shareholders and the Company to ensure that the Controlling 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 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 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.

The Company faces risks associated with the terms of its related party transactions.

Related party transactions are regulated by relevant Saudi laws and regulations regarding entering into such transactions. A number of terms under the Company's contracts with related parties (which represented 25.9% of the total of the Company's revenues, and represented 35.7% of the Company's total weighted average occupied GLA, in each case as at 31 December 2020) are not on an arm's length basis. The Company undertakes the most material related party transactions with FARE and Fawaz Abdulaziz Alhokair Co. These transactions are entered into based upon the principles set out in framework agreements with such parties and are governed by the Company's corporate governance committee, which reviews such transactions regularly for ongoing compliance with the Company’s policies and provides guidance on the remediation of any instances of non-compliance. See "*Related Party Transactions*". To the extent that the Company enters into contracts with 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 need to be approved by the General Assembly. If the Company's Board or General Assembly or any of the Company's companies do not agree on the approval of these contracts, 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.

The Company's revenues are concentrated among certain of its largest malls.

During the financial years ended 31 March 2018, 2019 and 2020 and the nine-month period ended 31 December 2020, the Company generated 36.1%, 37.3%, 36.6% and 36.4% respectively, of net rental revenue from Mall of Arabia (Jeddah), Nakheel Mall (Riyadh), and Mall of Dhahran. During the financial years ended 31 March 2018, 2019 and 2020 and the nine-month period ended 31 December 2020, the Company generated 52.0%, 53.2%, 52.0% and 49.9%, respectively, of its total net rental revenues from five of its malls, being 1) Mall of Arabia (Jeddah), 2) Salaam Mall (Jeddah), 3) Mall of Dhahran, 4) Nakheel Mall (Riyadh) and 5) Mecca Mall. The financial performance of the Company therefore depends significantly on the financial performance of these malls. The occurrence of any adverse events 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.

The Company may be involved in disputes and legal proceedings that, if determined unfavourably, could have a material adverse effect on its business, results of operations, financial condition and prospects.

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.

Any unfavourable 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.

The Company operates malls under fixed-term Head Leases, and if these leases are not renewed, there can be no assurance that the Company would be able to relocate a mall to another location.

Out of the Company's 21 existing malls, 12 (representing 61.3% of the total GLA of the Company's malls as at 31 December 2020) are built on land that the Company typically leases under fixed term Head Lease contracts which as at the date of this Offering Circular had an average term of approximately 20 Gregorian years. The GLA weighted average lease tenor for the 13 existing malls subject to Head Lease contracts was 12 years as at 31 December 2020.

Within ten years from the date of this Offering Circular, the Head Leases for each of Khurais Mall, Salma Mall, Tala Mall and Mall of Dhahran are due for renewal. Save in the case of U- Walk, none of the Company's leases 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. 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 unfavourable 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. In particular, though the Company has recently renegotiated its Head Leases for Jeddah Park and Zahra Mall on terms favourable to it and as a result of COVID-19's effects on the Company and the retail sector generally, there is a risk that the Company may not be able to renew or renegotiate other Head Leases on terms favourable to the Company.

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 and the Nakheel Plaza (Qassim) Head Lease.

Most of the Head Leases 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 2020, the net book value of buildings and improvements constructed by the Company was SAR 2,418 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, whether in accordance with arranged flexible payment plans or otherwise, and as at 31 December 2020, the Company was in arrears in the payment of rents due under a number of its Head Leases for an amount of SAR 145.9 million. These delays in payment relate principally to Najd Mall (SAR 93 Million), Nakheel Mall Riyadh (SAR 13.8 million), Haifa Mall (SAR 13.5 million) and Nakheel Plaza (SAR 11.3 Million). 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 capitalised 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 capitalising these costs and instead book them as operating expenses, which would adversely affect the Company's profitability.

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

The Company faces risks relating to environmental, health or occupational safety matters.

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.

The Company's insurance may be inadequate to cover all losses.

The Company maintains insurance policies covering theft of cash amounts, fraudulent acts, and damaged or destroyed property. However, 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 for all potential losses, or might not be insured against them at all, such as risks resulting from acts of aggression, political risks, war, sabotage, epidemics and pandemics. 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.

The Company is reliant 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. 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. 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.

The Company's status as a publicly listed company may expose it to liability.

The senior executives have limited experience in managing a public listed joint stock company in Saudi Arabia 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, 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 Company's business, financial condition, results of operations or prospects.

RISKS RELATING TO OPERATING IN SAUDI ARABIA

The Company's business, results of operations, financial condition and prospects are impacted by political and economic conditions in Saudi Arabia.

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 Saudi Arabia 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 2015 and it severed diplomatic relations with Iran, Qatar and Canada in January 2016, June 2017 and August 2018, respectively. While Saudi Arabia has recently re-established diplomatic and trade relations with Qatar, 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.

Further, COVID-19 and measures taken to contain its spread has affected and continues to affect the global economy and the local economy in Saudi Arabia. See "*–Risks Relating to the Company's Operations—The recent novel coronavirus (COVID-19) global pandemic has had and may continue to have an adverse effect on the Company's business and results of operations*".

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.

Changes in laws and government policies in Saudi Arabia, and/or changes in their application to the Company, may have a material adverse impact 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 2019 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 favourable or unfavourable 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.

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.

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. 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 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.

Visitor spending at the Company's malls may be negatively affected by Value Added Tax in Saudi Arabia, which was increased from 5% to 15% in July 2020.

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 2018 and was increased to 15% in July 2020. 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 2016 to introduce VAT in all of the six GCC countries.

Tenants' approach to the increase in VAT is varied, as certain tenants pass on the increase to consumers by increasing prices whereas other tenants partially absorb the increase in VAT. The increase in VAT in Saudi Arabia may, by 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 increase 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 further 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. 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.

Government fees apply to non-Saudi employees of the Company and its tenants.

In 2016, the government of Saudi Arabia approved a number of decisions intended to make comprehensive reforms in the labour market in Saudi Arabia, including imposing additional fees for each non-Saudi employee working for a Saudi organisation as at 1 January 2018, as well as increasing residency permit fees for the families of non-Saudi employees as at 1 July 2017. 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.

There can be no guarantee that the Company will be able to fulfill current or enhanced Saudisation or other Labour Law requirements in the future.

Compliance with Saudisation 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 to non-Saudi personnel among their staff. The percentage of Saudi workers required varies on the basis of a company's activities. The Company has been classified under the "High-Green" category, which means that the Company complies with the current Saudisation requirements, which allow compliant companies to secure work visas. As at 31 December 2020, 72.3% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Labour and Social Development.

In May 2017, Saudi Arabia's Minister for Labour issued an order to restrict employment in shopping malls to Saudi nationals. In early 2018 Saudi Arabia's Minister for Labour and Social Development issued a Ministerial resolution ordering the nationalisation 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 fulfill current or enhanced Saudisation or other Labour 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 Saudisation 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 Saudisation. 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.

RISKS RELATING TO THE INDEBTEDNESS

The Company's high leverage and debt service obligations could have a material adverse effect on its business and may make it difficult for it to service its debt, including the Certificates, and operate its business.

As of 31 December 2020, on an adjusted basis after giving effect to events subsequent to 31 December 2020 and the transactions as set forth under "Use of proceeds", on a consolidated basis, the Company would have had financial debt (including lease liability on right-of-use assets) of U.S.$2,712 million, total equity of U.S.$1,579 million and a total capitalisation of U.S.$3,625 million. For further information see "Capitalisation". In addition, the Company is able to borrow additional indebtedness, subject to compliance with covenants and other conditions. Its level of indebtedness could have important consequences for investors in the Certificates. For example, it could:

- make it more difficult for the Company to satisfy its obligations with respect to its indebtedness;
- increase the Company's vulnerability to adverse economic and industry conditions;
- require the Company to dedicate a substantial portion of cash flow from operations to payments on its indebtedness, which could reduce the availability of cash flow to fund working capital needs, capital expenditures according to cash flow, future acquisitions and other general corporate needs;

- limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Company at a competitive disadvantage compared to its competitors with less debt; and
- limit the Company's ability to borrow additional funds.

The interests of the Company's controlling shareholders may conflict with holders of the Certificates.

The controlling shareholders have (directly or indirectly) the power to, *inter alia*, affect the Company's legal and capital structure and its day-to-day operations and may have an incentive to increase the value of their investments or cause the Company to distribute funds at the expense of its financial condition, which could impact its ability to make payments under the Transaction Documents to which it is a party. In addition, the controlling shareholders have the power to elect a majority of the Company's board of directors and appoint new officers and management and, therefore, effectively control many other major decisions regarding the Company's operations. There can be no assurance that the interests of the Company's controlling shareholders will not conflict with holders of the Certificates.

The Company's other debt obligations may contain restrictive covenants and change of control provisions, which may differ from the change of control provisions under the Conditions of the Certificates and/or have different effects.

Any debt financing incurred by the Company in the future is likely to contain restrictive covenants, representations and change of control provisions. If it fails to comply with any of these covenants or representations or if a change of control occurs, and the Company is unable to obtain a waiver from the respective lenders, a default could result under the relevant debt instrument, which then could be declared to be immediately due and payable and/or would become immediately due and payable. Such other debt obligations may also define "change of control" differently from the Conditions of the Certificates, in which the Change of Control put right pursuant to Condition 10.3 only arises upon a Change of Control (as defined in the Conditions).

Furthermore, future debt of the Company or its Subsidiaries may prohibit redemption of the Certificates in the event of a change of control or provide that a change of control is a default or requires repurchase upon a change of control. Moreover, the exercise by the Certificateholders of their right to require redemption of the Certificates could cause a default under, or require a repurchase of, other debt, even if the change of control itself does not, due to the financial effect of the purchase on the Company. The realization of any of these risks could have a material adverse effect on the Company's business, financial condition and results of operations and thus on the Trustee's ability to fulfil obligations under the Certificates.

Despite its high level of indebtedness, the Company and its Subsidiaries may still be able to incur significant additional amounts of indebtedness, which could further exacerbate the risks associated with its substantial indebtedness.

The Company and its Subsidiaries may be able to incur substantial additional debt in the future. Although the Conditions of the Certificates and the Loan Facilities contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions, and, under certain limited circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Conditions of the Certificates in addition to specified permitted debt, the Company will be able to incur additional debt so long as, in the case of unsecured debt, it is in compliance with its Fixed Charge Coverage Ratio. In addition, the Conditions of the Certificates and the Loan Facilities will not prevent the Company from incurring obligations that do not constitute indebtedness thereunder. If new debt is added to the Company and its Subsidiaries' existing debt levels, the risks associated with its substantial indebtedness described above, including its possible inability to service its debt, will increase.

RISKS RELATING TO THE WAKALA ASSETS

Ownership of the Wakala Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in: (a) the Wakala Assets comprising the Initial Wakala Portfolio will pass to the Trustee under the Purchase Agreement; and (b) if applicable, any new Wakala Assets which become part of the Wakala Portfolio from time to time, will pass to the Trustee under the relevant Supplemental Purchase Agreement or the Sale Agreement, as the case may be. The Trustee will declare a trust in respect of the Wakala Assets and the other Trust Assets in favour of the Certificateholders pursuant to the Declaration of Trust. Accordingly, Certificateholders will, through the ownership interest of the Trustee, have an interest in the Trust Assets unless the transfer of the Wakala Assets is prohibited by, or ineffective under, any applicable law (see "*Risks relating to the Wakala Assets — Transfer of the Wakala Assets*").

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Wakala Assets. The Wakala Assets will be selected by the Obligor, and the Certificateholders, the Trustee, the Delegate or the Joint Lead Managers will have no ability to influence such selection. Only limited representations will be obtained from the Obligor in respect of the Wakala Assets. In particular, the precise terms of the Wakala Assets will not be known (including whether there are any restrictions on transfer or any further obligations required to be performed by the Obligor to give effect to the transfer of the Wakala Assets). No steps will be taken to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in Saudi Arabia or otherwise give notice to any third party in respect thereof. The Trustee and the Obligor have agreed that this will not affect their respective rights and obligations under the Purchase Agreement and the other Transaction Documents including without limitation the right of ownership from a *Shari'a* perspective of the Trustee to the Wakala Assets.

Third parties and lessees may have rights of set off or counterclaim against the Obligor in respect of the Wakala Assets. Investors may lose all or a substantial portion of their investment in the Certificates if the Obligor fails to perform its obligations under the Purchase Undertaking and the other Transaction Documents to which it is a party.

Transfer of the Wakala Assets

Pursuant to the Purchase Agreement (or, as applicable, any Supplemental Purchase Agreement), the Obligor (in its capacity as Seller) shall sell and the Trustee (in its capacity as Purchaser) will purchase the Wakala Assets comprising the Initial Wakala Portfolio (or, as applicable, the Additional Wakala Assets (as defined in the Purchase Agreement)) in return for the payment by the Trustee of the Purchase Price (as defined in the Purchase Agreement or, as applicable, the relevant Supplemental Purchase Agreement or any Sale Agreement).

Under Saudi Arabian law, a right in rem in any property (such as a transfer in the ownership interest in respect of the Wakala Assets as described above) is only created once certain approvals have been received and certain registration formalities have been complied with. It should be noted, however, that there is no intention for the Trustee or the Obligor to take any steps to perfect the transfer of the ownership interest (including registration) in the Wakala Assets with any relevant regulatory authority in Saudi Arabia or otherwise give notice to any third party in respect thereof. The Trustee and the Obligor have agreed that this will not affect their respective rights and obligations under the Purchase Agreement and the other Transaction Documents including without limitation the right of ownership from a *Shari'a* perspective of the Trustee to the Wakala Assets. If a legal action is brought seeking to question the validity or enforceability of the sale and purchase for lack of registration or perfection in respect of the transfer of the ownership interest, there can be no assurance that a Saudi court or judicial committee would recognise the validity of the sale and purchase of the Wakala Assets either as between the parties or as against the rights of third parties. In such circumstances, however, the Trustee should in principle be entitled to be refunded by the Obligor of the issuance proceeds paid out by the Trustee to the Obligor pursuant to the Transaction Documents.

Upon any Dissolution Event, the Certificateholders will not have any rights of enforcement as against the particular Wakala Assets comprised within the Wakala Portfolio. Their rights are limited to in circumstances where the Delegate, having become bound so to direct the Trustee to proceed against the Obligor, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing, to itself direct the Trustee to enforce the Obligor's obligation to purchase the Wakala Assets pursuant to the terms of the Purchase Undertaking. Accordingly, any such restriction on the ability of the Obligor to perfect the sale of the Wakala Assets to the Trustee is likely to be of limited consequence to the rights of the Certificateholders.

Notwithstanding the above, if the Obligor or a liquidator of the Obligor disclaims or repudiates any of its obligations under the Transaction Documents to which the Obligor is a party (including without limitation in respect of its obligations relating to the sale of the Wakala Assets and/or purchase of the Wakala Assets), this will constitute a Dissolution Event under the Conditions which will enable the Trustee to exercise its rights under the Purchase Undertaking in accordance with Condition 14 (*Dissolution Events*). In such case, the Obligor will be obliged under the terms of the Purchase Undertaking to purchase all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets from, and pay the Exercise Price to, the Trustee and the Certificates shall become immediately due and payable at their Dissolution Distribution Amount.

By way of further assurance, the Obligor has covenanted and undertaken in each of the Purchase Undertaking and the Declaration of Trust, respectively, that if the Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the rights, title, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets or any of them, or for any other reason, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal such Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) (see "*Summary of the Principal Transaction Documents — Purchase Undertaking*" and "*Summary of the Principal Transaction Documents — Declaration of Trust*"), however, see "*Risks Relating to Enforcement— Courts and judicial committees in Saudi Arabia may not give effect to penalties and certain types of indemnities*" in respect of risks relating to the enforcement of indemnities in Saudi Arabia.

RISKS RELATING TO ENFORCEMENT

There are uncertainties around the choice of English law as the governing law of certain Transaction Documents and around enforcing arbitral awards and foreign judgments in Saudi Arabia

The Certificates and the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement) are expressed to be governed by English law and provide for the resolution of disputes through arbitration in London under the Rules of the LCIA. The Obligor is a Saudi Arabian company and is incorporated in and has its operations and the majority of its assets located in Saudi Arabia. Despite this, the courts and judicial committees of Saudi Arabia may not recognise the choice of English law or submission to foreign arbitration and may decide to apply Saudi Arabian law and/or require the arbitration to be in Saudi Arabia. Saudi courts will also not honour any provision of foreign law that is contrary to *Shari'a* principles, public policy, order or morals in Saudi Arabia, or to any mandatory law of, or applicable in, Saudi Arabia. Accordingly, in any proceedings relating to the Certificates in Saudi Arabia, *Shari'a*, as interpreted in Saudi Arabia, may be applied by the relevant court or judicial committee. The courts and judicial committees of Saudi Arabia have the discretion to deny the enforcement of any contractual or other obligations, if, in their opinion, the enforcement thereof would be contrary to the principles of *Shari'a* or public policy.

A law of the judiciary was issued pursuant to the Royal Decree No. M/78 dated 19 Ramadan 1428H (corresponding to 2 September 2007), which transferred the jurisdiction over commercial disputes from the Board of Grievances (the "**Board of Grievances**") to the Commercial Courts in Saudi Arabia. The Board of Grievances also previously had exclusive jurisdiction to consider the enforcement of arbitral awards; however, with the enactment of the Enforcement Law pursuant to the Royal Decree No. M/53 dated 13 Shaaban 1433H (corresponding to 3 July 2012) (the "**Enforcement Law**"), this jurisdiction was transferred to newly-created enforcement courts (the "**Enforcement Courts**") staffed by specialised "enforcement judges". The Enforcement Courts may, at their discretion, enforce all, or any part of, a foreign arbitral award or a foreign judgment, subject to certain conditions, which include: (i) the award or judgment does not conflict with public policy in Saudi Arabia (which is defined under the implementing regulations of the Enforcement Law to mean *Shari'a*); (ii) reciprocity between Saudi Arabia and the country in which the award was made; (iii) the courts of Saudi Arabia not having jurisdiction over the dispute and the arbitral award or judgment having been issued in accordance with the jurisdictional rules of the country in which such award or judgment was made; (iv) the respective parties to the dispute having been present, duly represented and able to defend themselves; (v) the arbitral award or the judgment being final in accordance with the rules of the issuing tribunal or court; and (vi) the arbitral award or the judgment not conflicting with any ruling or order issued by a court of competent jurisdiction on the same matter in Saudi Arabia.

Reciprocity may be demonstrated by way of the existence of a treaty or protocol between Saudi Arabia and the relevant jurisdiction (in this regard, it is noted that Saudi Arabia has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 and is also a signatory to the Arab League Treaty for the Reciprocal Enforcement of Judgments dated 16 April 1983 and the Agreement on Enforcement of Judgments, Delegations and Judicial Summonses in the States of the Cooperation Council for the Arab Gulf States dated 6 December 1995) or (subject to the discretion of the Enforcement Court) by virtue of a plaintiff providing evidence that the relevant foreign court has recognised and enforced a Saudi Arabian judgment on a previous occasion or providing any other evidence establishing the existence of the reciprocity requirements to the satisfaction of the Enforcement Court.

No assurance can be given that investors would be able to meet the requirements of reciprocity of enforcement or that the court would agree to enforce the judgment or the award even if all requirements are met. In addition, even if such requirements were met, Certificateholders should also be aware that if any terms of the Certificates or the Transaction Documents (including any provisions relating to the payment of profit) were found to be inconsistent with *Shari'a*, they would not be enforced by the Enforcement Courts (see further "*Risks Relating to Enforcement—The legal system in Saudi Arabia continues to develop and this, as well as certain aspects of the laws of Saudi Arabia, may create an uncertain environment for investment and business activity*"). Whether the courts in Saudi Arabia will enforce a foreign arbitral award in accordance with the terms of the New York Convention, or otherwise, is yet to have a clear established practice, however, there are a few precedents where the enforcement courts have enforced arbitral awards in accordance with the terms of the New York Convention. Pursuant to the Saudi Arabian Arbitration Regulation (the "**Arbitration Regulation**"), which entered into force on 18/8/1433H (corresponding to 8 July 2012), a Saudi Arabian court must decline to hear a dispute if the parties have entered into a prior agreement to submit disputes to arbitration and the defendant raises the issue before entering a defence on the merits. If parties to court proceedings agree in the course of the proceedings to submit the dispute to arbitration, the Arbitration Regulation makes it mandatory for the courts to discontinue the action. Judicial precedents in Saudi Arabia have no binding effect on subsequent decisions. In addition, court decisions in Saudi Arabia are not generally or consistently indexed and collected in a single publication or place or made publicly available. These factors create greater judicial uncertainty.

There are concerns as to the effectiveness under Saudi law of any transfer of an interest in an asset in Saudi Arabia, or on the return of investment of any activity in Saudi Arabia unless a corporate presence is formed in Saudi Arabia and the relevant licensing requirements have been met

The Foreign Investment Law issued under Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10 April 2000) and the Anti-Cover Up Regulations ("**ACUR**") issued in the Official Gazette on 9/1/1442H (corresponding to 28 August 2020), amongst other things, prohibit non-Saudi Arabian persons from, directly or indirectly, temporarily or permanently, doing any businesses or making any investments in Saudi Arabia unless the relevant licensing requirements have been met. The Trustee being allowed by the Company to for example acquire ownership in certain real estate leasehold interests as contemplated in the Purchase Agreement, without the Trustee being properly authorised by the relevant Saudi authorities, for the purpose of, *inter alia*, generating cashflow to the Trustee from such real estate assets could be viewed as contravening this prohibition referred to above under the Foreign Investment Law and the ACUR.

Article 10-1 of the ACUR further provides that any proceeds arising in connection with business activities which are in violation of the law shall be confiscated by the state (without prejudice to the rights of any person acting in good faith). The confiscation could apply to all cashflows (including, revenues and profits) which are determined by the court to have been generated from the real estate interests, which, in the view of the court, are unlawfully owned by the Trustee. However, the investment capital should not be subject to any such confiscation. Given that the updated version of the ACUR was recently issued, its provisions remain largely untested.

On the basis of the foregoing, prospective investors should note that there is uncertainty as to the effectiveness under Saudi law of any transfer of an interest in an asset in Saudi Arabia pursuant to the Transaction Documents, or on the return of investment of any activity in Saudi Arabia, absent compliance with the matters specified above. As a result, it is unclear as to how a Saudi court or judicial committee may view the transactions contemplated by the Transaction Documents and it is possible that such Saudi court or judicial committee may proceed in one of the following ways:

(a) a Saudi Arabian court or judicial committee may consider the Transaction Documents as a whole and give effect to the commercial intention of the parties to treat the arrangements set out therein as a financing transaction without requiring compliance with the Foreign Investment Law (and as not being in breach of the ACUR), and subject to the other risks described in this "*Risks Relating to Enforcement*" section may enforce the payment obligations set out in the relevant Transaction Documents; or

(b) a Saudi Arabian court or judicial committee may characterise the transactions contemplated by the Transaction Documents as an unlawful investment which is void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi Arabian court or judicial committee is likely to require that ACC ceases to make payments in the nature of revenues and profits to the Trustee under the Service Agency Agreement (including payments of Wakala Portfolio Revenues) and, consequently, adversely affecting the Trustee's ability to pay amounts due on the Certificates and resulting in the occurrence of a Dissolution Event.

Courts and judicial committees in Saudi Arabia may not give effect to the ACC Events

Prospective Certificateholders should note that the courts and judicial committees of Saudi Arabia may not give effect to any of the ACC Events (as set out in the Conditions) other than those ACC Events relating to the non-payment of amounts due under the Transaction Documents.

Courts and judicial committees in Saudi Arabia may not give effect to penalties and certain types of indemnities

Prospective Certificateholders should note that should any provision of the Transaction Documents be construed by a court or judicial committee in Saudi Arabia to be an agreement to pay a penalty rather than a genuine estimate of loss incurred, such provision may not be enforced in Saudi Arabia. Further, any indemnity provided by ACC pursuant to the Transaction Documents or in relation to the Certificates may not be enforceable under the laws and regulations of Saudi Arabia in certain circumstances.

ACC has undertaken in the Purchase Undertaking and the Declaration of Trust that, if on a Dissolution Date, any Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) is not paid in accordance with the provisions of the relevant Transaction Documents for any reason whatsoever, ACC shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the relevant outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal such Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price).

However, prospective Certificateholders should note that any indemnity provided by ACC pursuant to the Transaction Documents may not be enforceable under Saudi Arabian law to the extent that it: (i) purports to be effective notwithstanding any judgment or order of a court to the contrary; (ii) is contrary to any applicable law, *Shari'a* law or public policy relating thereto; or (iii) is in respect of an underlying obligation which is illegal or unenforceable. Accordingly, to the extent that the payment of such the Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) is illegal or unenforceable, the indemnity given by ACC in respect thereof may also be unenforceable. If, in such circumstances, the Trustee (or the Delegate on its behalf) does not have an enforceable indemnity claim, this will result in a shortfall in the amount required by the Trustee to redeem in full the outstanding Certificates.

Compliance with bankruptcy law in Saudi Arabia may affect the ability of ACC to perform its obligations under the Transaction Documents to which it is a party

In the event of the insolvency of ACC, the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 13 February 2018), which came into force on 18 August 2018 (the "**Bankruptcy Law**") and its implementing regulations issued pursuant to the Council of Ministers Resolution No. 622 dated 24/12/1439H (corresponding to 4 September 2018), published in the official gazette on 30/12/1439H (corresponding to 10 September 2018) (the "**Bankruptcy Law Implementing Regulations**") may adversely affect ACC's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved in the event of such bankruptcy and, accordingly, it is uncertain exactly how and to what extent the Transaction Documents would be enforced by a Saudi Arabian adjudicatory body if such Saudi Arabian adjudicatory body were to void or otherwise cause such document, or any part thereof, to be void or ineffective and, therefore, there can be no assurance that Certificateholders will receive repayment of their claims in full or at all in these circumstances.

The Bankruptcy Law provides various procedures with respect to protective settlement, financial restructuring, liquidation, and administrative liquidation and provides, among other things, that contract termination provisions triggered as a result of certain bankruptcy procedures are generally void with exceptions stipulated in relation to government contracts and financing contracts. Further exceptions in relation to finance transactions are to be determined by the Saudi Central Bank and the Capital Market Authority after liaising and agreeing with the Saudi Arabian Ministry of Commerce. The Bankruptcy Law also provides that a court (in respect of a protective settlement) may terminate a contract based on a request by the debtor (subject to certain exceptions and procedures) if such termination: (i) is in the interest of the majority of the relevant creditors; (ii) would not materially harm the counterparty; and (iii) will protect the business of the debtor.

A court may, after accepting a request to open any of the procedures set out in the Bankruptcy Law, take certain precautionary measures, at its own discretion or upon a request by an interested party, such as seizing the assets of the debtor whether such assets are held by the debtor or by third parties. Further, no enforcement of security (which includes actions against a guarantor of a debtor's debt) may take place during the continuation of a moratorium in respect of a procedure commenced under the Bankruptcy Law, without court permission.

The Bankruptcy Law and its implementing regulations are recent and hence their application, and how the Saudi Arabian courts and judicial committees will apply them, is yet to be seen in full effect in practice.

Courts and judicial committees in Saudi Arabia may not give effect to unilateral promises

Under Islamic law (*Shari'a*) there are different opinions amongst scholars with respect to the enforceability of a unilateral promise which can be divided into three distinct positions: (i) a unilateral promise will be enforceable in all circumstances; (ii) a unilateral promise will not be enforceable in any circumstances; and (iii) a unilateral promise will be enforceable where a breach would cause harm to the promisee. In addition, the absence of both a doctrine of binding precedent in Saudi Arabia and a public centralised index of previous judgments of courts and judicial committees allow judges notable interpretative discretion and thus render it difficult to predict which of the above positions would be followed by a court or judicial committee in Saudi Arabia. As a result, such a unilateral promise may not create an obligation which would be enforceable before the courts and judicial committees of Saudi Arabia. The Purchase Undertaking is a unilateral promise from ACC to the Trustee and the Delegate. Accordingly, prospective Certificateholders should be aware that its terms may not be enforceable before the courts and judicial committees of Saudi Arabia and, as a consequence, Certificateholders may not receive the relevant amounts due to them under the Certificates.

A court may not grant an order for specific performance

In the event that ACC fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the obligations of ACC (in its various capacities).

There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court and there can be no assurance that any order for specific performance granted by an English court will be recognised or enforced by the courts in Saudi Arabia. Specific performance, injunctive relief and declaratory judgments and remedies are rarely available as judicial and other adjudicative remedies in Saudi Arabia. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by ACC to perform its obligations set out in the Transaction Documents to which it is a party. Damages for loss of profits, consequential damages or other speculative damages are not awarded in Saudi Arabia by the courts or other adjudicatory authorities, and only actual, direct and proven damages are awarded.

The terms of the Declaration of Trust may not be enforceable in Saudi Arabia

The laws of Saudi Arabia do not recognise the concept of a trust or beneficial interests. Accordingly, there is no certainty that the terms of the Declaration of Trust would be enforced by the courts of Saudi Arabia and, as such, there can be no assurance that the obligations of the Trustee and/or the Delegate under the Declaration of Trust to act on behalf of the Certificateholders in accordance with their instructions (given in accordance with the Conditions) are enforceable as a matter of contract under the laws of Saudi Arabia or that the courts of Saudi Arabia would recognise any claim of the Delegate on behalf of Certificateholders under the Transaction Documents pursuant to the Declaration of Trust.

The legal system in Saudi Arabia continues to develop and this, as well as certain aspects of the laws of Saudi Arabia, may create an uncertain environment for investment and business activity

The courts and adjudicatory bodies in Saudi Arabia have wide discretion as to how laws, regulations and principles of Islamic law (*Shari'a*) are applied to a particular set of circumstances. There is no doctrine of binding precedent in the courts of Saudi Arabia, decisions of various courts and judicial committees of Saudi Arabia and Royal Decrees, ministerial decisions and resolutions, departmental circulars and other pronouncements of official bodies of Saudi Arabia which have the force of law are not generally or consistently indexed and collected in a central place or made publicly available. In addition, the government of Saudi Arabia has approved and initiated a restructuring of the judicial system of Saudi Arabia, which is still in progress and the effect of which remains unclear. Accordingly, it is uncertain exactly how and to what extent any Certificate, the Conditions and/or the Transaction Documents would be enforced by a Saudi Arabian court or any other Saudi Arabian adjudicatory body, should circumstances dictate that they have jurisdiction. Further, in some circumstances, it may not be possible to obtain the legal remedies provided under the laws and regulations of Saudi Arabia in a timely manner. As a result of these and other factors, the outcome of any legal disputes in Saudi Arabia may be uncertain.

Under Islamic law (*Shari'a*) as applied in Saudi Arabia, a loan that generates a benefit to the lender is considered "*riba*". As such, an obligation to pay interest or a sum in the nature of interest (whether described as "commission", "profit" or another synonym), including any form of benefits, is not enforceable. Prospective Certificateholders should note that the provisions of the Transaction Documents relating to the payment of commission or profit (whether described as "commission", "profit" or another synonym) and possibly any arrangement, commitment, agency, administration or upfront fees, may not be enforceable under the laws of Saudi Arabia and therefore prospective Certificateholders may not be able to enforce their right to receive such amounts under the Transaction Documents.

A court or judicial committee in Saudi Arabia is likely to refuse to give a judgment in respect of principal amounts to the payee of such amounts in an amount greater than the principal sums found by such court or judicial committee to be due and payable less the amount of sums in the nature of interest (however described) already paid by the payer to the payee. Any amounts previously paid to the Certificateholders on the Certificates and/or pursuant to the Transaction Documents in respect of sums in the nature of commission or profit may therefore reduce the amount receivable by the Certificateholders in relation to payments of principal.

Re-characterisation of the Transaction Documents

In the event that the commercial courts, the Banking Disputes Committee under the administrative supervision of the Saudi Central Bank or the Committee for the Resolution of Securities Disputes takes jurisdiction of any dispute relating to the Transaction Documents, the Transaction Documents when construed in their totality or individually may cause such court or judicial committee (as the case may be) to reach the conclusion that, since the transaction in question was structured to raise debt financing in the capital market, it may be re-characterised as a conventional bond transaction. In such circumstances, the enforceability of the Transaction Documents would be uncertain. However, this should not affect the right of the Certificateholders to receive a refund of the principal amount provided by them under a contract that is found to be invalid or unenforceable as a result of such re-characterisation.

No assurances can be given as to change of law after the date of this Offering Circular

The structure of the Certificates is based on English law, Cayman Islands law, the laws of Saudi Arabia and administrative practices in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to, or interpretation of, English, Cayman Islands or Saudi law or administrative practices in such jurisdiction after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of ACC to comply with its obligations under the Transaction Documents to which it is a party.

RISKS RELATING TO THE CERTIFICATES

The Certificates are limited recourse obligations and investors may not be able to seek full recourse for failure to make payments due on the Certificates

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent undivided ownership interests solely in the Trust Assets. Recourse to the Trustee in respect of the Certificates is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on such Certificates. Upon the occurrence of a Dissolution Event, the sole right of each of the Trustee and the Delegate will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party.

Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee. The Trustee and the Delegate (or subject to Condition 15.2, the Certificateholders) will have recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents.

After enforcing or realising the rights in respect of the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with Condition 6.2, the Declaration of Trust and the Agency Agreement, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished.

Furthermore, under no circumstances shall any Certificateholder, the Trustee or the Delegate have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents.

The Certificates may be subject to early redemption and Make Whole Amounts may not be sufficient when they are payable

The Certificates may be redeemed before the Scheduled Dissolution Date: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Service Agency Agreement); (iii) following the occurrence of a Change of Control; (iv) following the occurrence of an Asset Disposition Event, (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 90 per cent. of the initial aggregate face amount of the Certificates has been purchased and cancelled pursuant to Condition 13; or (vii) following the occurrence of a Delisting Event (in the case of (i), (ii) and (vi), at the Dissolution Distribution Amount, in the case of (iii), at the Change of Control Dissolution Distribution Amount, in the case of (iv), at the relevant Asset Disposition Dissolution Distribution Amount, in the case of (v) at the Optional Dissolution Distribution Amount and in the case of (vii), at the Delisting Event Dissolution Distribution Amount), in each case subject to and as further described in Condition 10. The Trustee will pay the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount solely from the proceeds received in respect of the Trust Assets.

If the Certificates are redeemed as described above, an investor may not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the Make Whole Amount payable in the case of a redemption pursuant to Condition 10.4 may not be sufficient to cover the difference between the yield which the Certificateholders would expect to receive if they held such Certificates to the Scheduled Dissolution Date and any alternative investment which the Certificateholders may make at the time of redemption with the proceeds of such redemption.

If default is made in payment of the Dissolution Distribution Amount or, as the case may be, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount or Delisting Event Dissolution Distribution Amount on any Dissolution Date (other than a Total Loss Dissolution Date), Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in Condition 8 to the Relevant Date. However, in the case of a Total Loss Event, Periodic Distribution Amounts will cease to accrue on the date on which a Total Loss Event occurs.

The Certificates may be delisted following the occurrence of a Delisting Event

If a Tangibility Event occurs, the Obligor (in its capacity as Servicing Agent) will be required to notify the Trustee and the Delegate of the same and the Trustee will be required to promptly notify the Certificateholders that: (i) a Tangibility Event has occurred; (ii) the Certificates will be tradable only in accordance with the *Shari'a* principles of debt trading; and (iii) on the 90th day following the issuance of such notice to the Certificateholders, the Certificates will be delisted from any listing authority, stock exchange and/or quotation system (if any) on which the Certificates have been admitted to listing, trading and/or quotation. The occurrence of such an event may adversely affect the liquidity and market value of the Certificates.

There can be no assurance that a secondary market for the Certificates will develop

There is no assurance that a market for the Certificates will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of the Certificates. In addition, liquidity may be limited if large allocations of the Certificates are made. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield.

Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade

The minimum denomination of the Certificates is U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Certificates may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Certificateholder who, as a result of trading such amounts, holds a face amount of less than U.S.$200,000, may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least U.S.$200,000 in order to be eligible to receive an Individual Certificate. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Investors in the Certificates must rely on DTC, Euroclear and Clearstream, Luxembourg procedures

The Certificates will be represented by the Global Certificates. Except in the limited circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of DTC, Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Global Certificate held through it. While the Certificates are represented by the Global Certificates, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants and the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Certificates. The Trustee shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The transferability of the Certificates may be limited under applicable securities and tax laws, which may adversely affect the value of the Certificates

The Certificates have not been registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. The Certificates may not be offered, sold or otherwise transferred in the United States other than to persons that are QIBs that are also QPs. Each purchaser of the Certificates will be deemed, by its acceptance of such Certificates, to have made certain representations and agreements intended to restrict transfers of the Certificates as described under "*Transfer Restrictions*". It is the obligation of each purchaser of the Certificates to ensure that its offers and sales of the Certificates comply with all applicable securities laws.

The Trustee has the power to compel any beneficial owner of any Rule 144A Certificates that is not a QIB and a QP to sell its interest in the Rule 144A Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honour the transfer of an interest in the Rule 144A Certificates to a person that is not a QIB or QP. Any purported transfer of the Rule 144A Certificates to a purchaser that does not comply with the requirements of the relevant transfer restrictions set out in "*Transfer Restrictions*" will be of no force and effect and will be void ab initio.

The Certificates may be adversely affected by movements in market interest rates

As the profit rate for the Certificates is fixed, investment in the Certificates involves the risk that if market interest rates subsequently increase above the rate paid on the Certificates, this may adversely affect the value of the Certificates.

Admission to listing on the Exchange cannot be assured

Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. However, prospective investors should note that there can be no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Delisting Event. The absence of such admission to listing and permission to deal may have an adverse effect on a Certificateholder's ability to hold, or resell, the Certificates. Settlement of the Certificates is not conditional on such listing or permission.

Investments in emerging markets are subject to greater risk than investments in more developed markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, but not limited to, in some cases significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

The Certificateholders may be subject to exchange rate risks and exchange controls

The Trustee will pay amounts due on the Certificates in U.S. dollars and the Obligor will make payments pursuant to the Transaction Documents to which it is a party in U.S. dollars. If the Certificateholders measure their investment returns by reference to a currency other than U.S. dollars (the "**Investor's Currency**"), an investment in the Certificates will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar, as applicable, relative to the Investor's Currency because of economic, political and other factors over which the Trustee and the Obligor have no control. Any depreciation of the U.S. dollar against the Investor's Currency could cause a decrease in the effective yield of the Certificates and could result in a loss to the Certificateholders when the return on the Certificates is translated into the Investor's Currency. Investment in the Certificates may also have important tax consequences as a result of any foreign currency exchange gains or losses. In addition, Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts.

The Conditions, the Declaration of Trust and the other Transaction Documents contain provisions which may permit their modification without the consent of all Certificateholders and in certain limited circumstances without the consent of any Certificateholders

The Conditions and the Declaration of Trust contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Conditions and the Declaration of Trust also provide that the Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to the Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of the Conditions, any provisions of the Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event shall not be treated as such, **provided that**, in the case of (ii) and (iii) above, such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-quarter of the outstanding aggregate face amount of the Certificates.

There can be no assurance that the Certificates will be *Shari'a* compliant

The Executive Shariah Committee of HSBC Saudi Arabia and the *Shari'a* advisers of J.P. Morgan Securities plc have reviewed the Transaction Documents and confirmed that the Certificates are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* committees or *Shari'a* scholars. Different *Shari'a* advisers as well as judicial committees and courts in the Kingdom may form different opinions on identical issues and different *Shari'a* standards may be applied by different *Shari'a* boards and therefore potential investors should not rely on the pronouncements of such *Shari'a* committee in deciding whether to make an investment in the Certificates. None of the Trustee, the Obligor, the Joint Lead Managers, the Delegate or the Agents makes any representation as to the *Shari'a* compliance of the Transaction Documents or the Certificates and/or any trading thereof. Potential investors should obtain their own independent *Shari'a* advice as to whether the Transaction Documents and the Certificates will meet their individual standards of compliance and the issue and trading of the Certificates with *Shari'a* principles, including the tradability of the Certificates on any secondary market. Questions as to the *Shari'a* compliance of the Transaction Documents or the *Shari'a* permissibility of the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates. Potential investors should also note that the above pronouncements would not bind a judicial committee or court in the Kingdom, and any judicial committee or court will have the discretion to make its own determination about whether the Transaction Documents and the Certificates comply with *Shari'a* principles.

In addition, prospective investors are reminded that, pursuant to the terms of the Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement), the enforcement of any obligations of any of the parties would be, if in dispute, the subject of arbitration in London under the Rules of the LCIA. In such circumstances, the arbitrator will apply the relevant law of the relevant Transaction Document in determining the obligation of the parties.

***Shari'a* requirements in relation to interest awarded by a court or arbitrator**

In accordance with applicable *Shari'a* principles, each of the Trustee and the Delegate will waive all and any entitlement it may have to interest awarded in its favour by any court or arbitral tribunal in connection with any dispute under any of the Transaction Documents. Should there be any delay in the enforcement of a judgment given against the Obligor, judgment interest may accrue in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

Credit ratings may not reflect all risks

The Certificates are expected to be assigned a rating of Ba2 by Moody's and BB+ by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. The ratings of the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. In addition, real or anticipated changes in the ratings of the Certificates or the Obligor could negatively affect the market value of the Certificates.

Credit rating agencies other than Moody's or Fitch could seek to rate the Certificates without having been requested to do so by the Obligor. If such unsolicited ratings are lower than the comparable ratings assigned to the Certificates by Moody's or Fitch, those unsolicited ratings could have an adverse effect on the value of the Certificates.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list. Limited information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Certificates changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Prospective investors should consult their legal advisers to determine whether and to what extent: (i) the Certificates are legal investments for such prospective investors; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to their purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk based capital or similar rules.

The U.S. Internal Revenue Service may treat the Certificates as interests in a trust for U.S. federal income tax purposes, which may result in the Trust and U.S. investors being subject to significant penalties and other adverse tax consequences

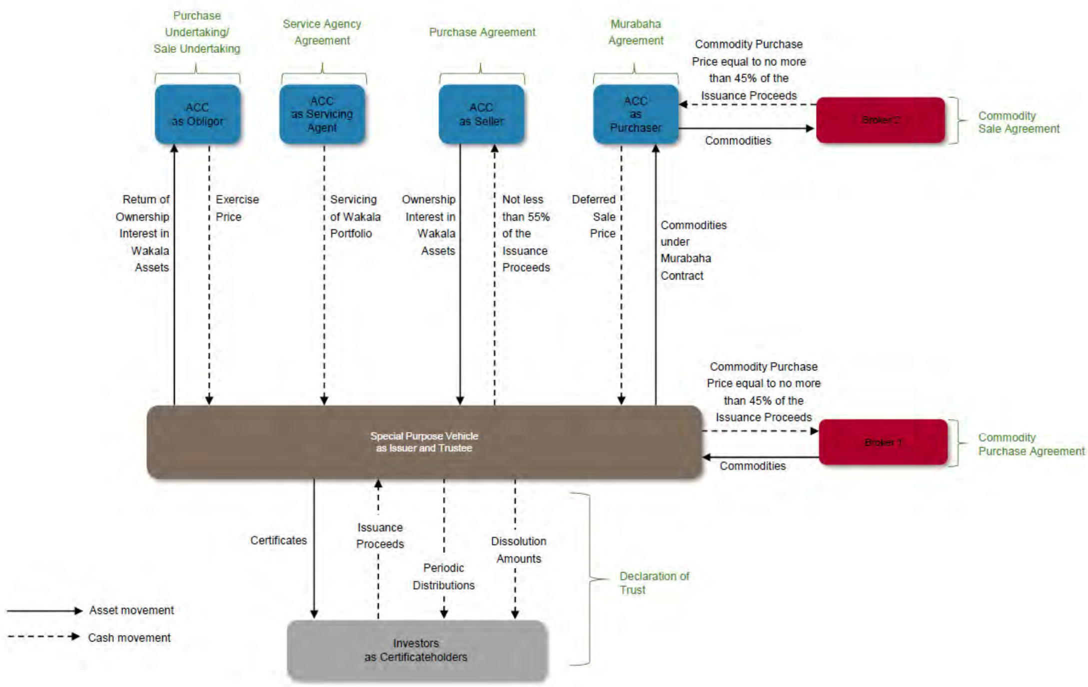
The Trustee intends to treat the Certificates as representing a beneficial interest in indebtedness for U.S. tax purposes. Under such treatment, U.S. investors will not be required to take account of income and expenses incurred at the level of the Trust. However, the U.S. Internal Revenue Service (the "**IRS**") could seek to characterize the Certificates as interests in a trust for U.S. federal income tax purposes. In that event, if the Trust is determined to be a grantor trust, the Trustee and such U.S. investors would be subject to certain information reporting applicable to foreign trusts and such U.S. investors would be required to take account of income and expenses incurred at the level of the Trust. U.S. investors that fail to comply with the applicable information reporting requirements in a timely manner could be subject to significant penalties. The Trustee does not expect that it will provide information that would allow either itself or U.S. investors to comply with foreign trust reporting obligations if they were determined to be applicable.

If the Certificates are treated as interests in the Trust and the Trust is not treated as a grantor trust, it is possible that the U.S. investors could be treated as holding interests in a passive foreign investment company ("**PFIC**"), which could result in materially adverse tax consequences to U.S. investors. U.S. investors should consult their own tax advisers as to the potential application of the foreign trust reporting rules, the possibility that the Certificates will be classified as equity interest in a PFIC, and the consequences of owning an equity interest in a PFIC and the tax consequences generally with respect to an investment in the Certificates. See the discussion under "*Taxation and Zakat – Certain U.S. Federal Income Tax Considerations*".

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Offering Circular. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Offering Circular for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read this entire Offering Circular carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Structure Diagram



Payments by the Certificateholders and the Trustee

On the issue date of the Certificates (the "**Issue Date**"), the Certificateholders will pay the issue proceeds in respect of the Certificates (the "**Issue Proceeds**") to the Trustee and the Trustee will use the Issue Proceeds as follows:

(a) an amount being no less than 55 per cent. of the Issue Proceeds (the "**Purchase Price**") shall be used by the Trustee to purchase from the Obligor an ownership interest in respect of a portfolio of identified income generating real estate related assets (the "**Initial Wakala Portfolio**") being, an undivided ownership interest in the Obligor's leasehold interest in certain specified malls, pursuant to a purchase agreement between the Trustee (in its capacity as purchaser, the "**Purchaser**") and the Obligor (in its capacity as seller, the "**Seller**") (the "**Purchase Agreement**"); and

(b) an amount being no greater than 45 per cent. of the Issue Proceeds (the "**Murabaha Capital**"), shall be used by the Trustee to purchase certain *Shari'a*-compliant commodities, excluding gold and silver (the "**Commodities**") through the Commodity Agent and the Trustee (in its capacity as seller, the "**Seller**") will sell such Commodities to ACC (in its capacity as buyer, the "**Buyer**") on a deferred payment basis for a sale price (which shall be no more than 49 per cent. of the Issue Proceeds (the "**Deferred Sale Price**") pursuant to a murabaha contract (the "**Murabaha Contract**") under the terms of the Murabaha Agreement.

The Initial Wakala Portfolio together with any additional or substituted real estate related assets from time to time being the "**Wakala Portfolio**". Each real estate-related asset which forms part of the Wakala Portfolio from time to time in accordance with the Transaction Documents is a "**Wakala Asset**".

The Trustee will appoint the Obligor as the servicing agent (the "**Servicing Agent**") to manage the Wakala Portfolio pursuant to a service agency agreement (the "**Service Agency Agreement**").

Periodic Distribution Payments

The Servicing Agent will be obliged under the Service Agency Agreement to maintain two ledger accounts, a collection account (the "**Wakala Collection Account**") and a reserve account (the "**Wakala Reserve Account**"). All Shari'a compliant revenues in respect of any Wakala Asset (the "**Wakala Portfolio Revenues**") will be credited to the Wakala Collection Account. Any amounts standing to the credit of the Wakala Collection Account, following application of amounts in accordance with the order of priority set out below, will be credited to the Wakala Reserve Account. The Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Account at any time prior to the scheduled redemption date of the Certificates and use such amounts for its own account, **provided that** it shall immediately re-credit all such amounts (for on-payment into the Transaction Account) if so required to fund a shortfall or upon the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Service Agency Agreement).

Prior to each Periodic Distribution Date, the amounts standing to the credit of the Wakala Collection Account will be applied by the Servicing Agent in the following order of priority: (i) first, in repayment of any amounts advanced by way of a Liquidity Facility (as defined below); (ii) second, in payment of any Service Agency Liabilities Amounts then due; (iii) third, in payment of an amount equal to the lesser of the aggregate of the Periodic Distribution Amounts less the instalment payment of the profit amount payable pursuant to the terms of the Murabaha Contract (the "**Required Amount**") payable under the Certificates on the immediately following Periodic Distribution Date, to be paid to an account in the name of the Trustee maintained in London (the "**Transaction Account**") and the balance of the Wakala Collection Account; and (iv) in debiting any amounts still standing to the credit of the Wakala Collection Account and in crediting such amounts to the Wakala Reserve Account, in each case in accordance with the Service Agency Agreement. If, having applied the amount as described in (iii) above, there is any shortfall (the "**Shortfall**") between the amounts standing to the credit of the Wakala Collection Account and the Required Amount, the Servicing Agent may either:

(a) apply any amounts standing to the credit of the Wakala Reserve Account (after the re-crediting of previously deducted amounts) to cover such Shortfall; or

(b) provide (or procure from a third party) non-interest bearing (or otherwise *Shari'a* compliant) funding (a "**Liquidity Facility**") to the Trustee in the amount required to ensure that the Trustee receives no later than the Payment Business Day immediately preceding such Periodic Distribution Date, the full amount of the Required Amount and which together with the instalment payment of the profit amount payable pursuant to the terms of the Murabaha Contract shall equal the full amount of the Periodic Distribution Amount payable on such date, and on terms that such funding is repayable from future excess Wakala Portfolio Revenues or on a Dissolution Date.

Dissolution Payments

On the Scheduled Dissolution Date:

(a) the Trustee will have the right under a purchase undertaking (the "**Purchase Undertaking**") to require the Obligor to purchase all of the Trustee's interests, rights, title, benefits and entitlements in, to and under the Wakala Assets at an exercise price (the "**Exercise Price**"); and

(b) the aggregate amounts of the Deferred Sale Price then outstanding, if any, shall become immediately due and payable by the Buyer under the Murabaha Agreement.

The Exercise Price payable by the Obligor to the Trustee, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates.

Such amounts will be used to fund the relevant Dissolution Distribution Amount payable by the Trustee under the Certificates.

The Certificates may be redeemed prior to the Scheduled Dissolution Date of the Certificates for the following reasons: (i) at the option of the Obligor in whole but not in part in the event of certain changes affecting taxes of the Cayman Islands or Saudi Arabia; (ii) following the occurrence of a Dissolution Event or a Total Loss Event (unless the Wakala Assets have been replaced with Replacement Wakala Assets in accordance with the terms of the Service Agency Agreement); (iii) following the occurrence of a Change of Control; (iv) following the occurrence of an Asset Disposition Event, (v) at the option of the Obligor in whole but not in part; (vi) at the option of the Obligor in whole but not in part in the event that at least 90 per cent. of the initial aggregate face amount of the Certificates has been purchased and cancelled pursuant to Condition 13; or (vii) following the occurrence of a Delisting Event.

In the case of (ii), (iii), (iv) and (vii) above, the Dissolution Distribution Amount or, as the case may be, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, payable by the Trustee on the relevant date for the redemption of the Certificates will be funded in a similar manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

In the case of (i) and (vi) above, the Obligor will have the right under a sale undertaking (the "**Sale Undertaking**") to require the Trustee to sell to the Obligor all of, rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price payable by the Obligor. Such Exercise Price, together with the aggregate amounts of the Deferred Sale Price then outstanding, if any, are intended to fund the Dissolution Distribution Amount, payable by the Trustee on the relevant date for the redemption of the Certificates in full.

In the case of (v) above, the Obligor will have the right under the Sale Undertaking to require the Trustee to sell to the Obligor all of its rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Optional Dissolution Exercise Price payable by the Obligor. Upon such an early redemption of the Certificates pursuant to (v), the amount payable upon early redemption shall be inclusive of the Make Whole Amount payable in accordance with the Conditions.

OVERVIEW OF THE ISSUANCE

The following overview should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Offering Circular. This overview does not contain all of the information that an investor should consider before investing in the Certificates. Each investor should read the entire Offering Circular carefully, especially the risks of investing in the Certificates discussed under "Risk Factors".

Words and expressions defined in "Terms and Conditions of the Certificates" and "Summary of the Principal Transaction Documents" shall have the same meanings in this section.

Description of Certificates................	U.S.$650,000,000 Trust Certificates due 2026.
Denomination of Certificates............	The Certificates will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Trustee..	Arabian Centres Sukuk II Limited, an exempted company incorporated with limited liability on 25 February 2020 under the Companies Act (As Revised) of the Cayman Islands with registered number 360486 and its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 ordinary shares of U.S.$1.00 each, of which 250 of the Trustee's shares have been fully-paid and issued. The Trustee's entire share capital is held on trust for charitable purposes by MaplesFS Limited as share trustee under the terms of a share declaration of trust dated 22 March 2021 (the "**Share Declaration of Trust**").
Administration of the Trustee..........	The affairs of the Trustee are managed by MaplesFS Limited (the "**Trustee Administrator**"), who provide, *inter alia*, certain management functions and provide certain clerical, administrative and other services for and on behalf of the Trustee pursuant to a corporate services agreement dated 22 March 2021 between the Trustee Administrator and the Trustee (the "**Corporate Services Agreement**").
Obligor	Arabian Centres Company. See "*Description of the Company*" for further details.
Servicing Agent.................................	The Obligor (in its capacity as Servicing Agent) for and on behalf of the Trustee will be responsible for, *inter alia*, insuring the Wakala Assets, paying Proprietorship Taxes and performing all Major Maintenance and Structural Repairs.
Joint Global Coordinators................	Credit Suisse Securities (Europe) Limited, Goldman Sachs International and HSBC Bank plc.
Joint Lead Managers and Joint Bookrunners	AlBilad Investment Company, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Kamco Investment Company K.S.C.P. (Kamco Invest)and Warba Bank K.S.C.P. (together, the "**Joint Lead Managers**").
Delegate	HSBC Corporate Trustee Company (UK) Limited.
	Pursuant to the Declaration of Trust, the Trustee shall delegate to the Delegate certain of the present and future powers (including the power to sub-delegate), rights, authorities

(including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Declaration of Trust) and discretions vested in the Trustee by certain provisions of the Declaration of Trust. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be bound to) take enforcement action in the name of the Trustee against the Obligor following a Dissolution Event.

Principal Paying Agent, Non U.S. Registrar and Transfer Agent	HSBC Bank plc.
Paying Agent, U.S. Registrar and Transfer Agent..................................	HSBC Bank USA, National Association.
Summary of the transaction structure and Transaction Documents..	An overview of the structure of the transaction and the principal cashflows is set out under "*Structure Diagram and Cashflows*" and a description of the principal terms of certain of the Transaction Documents is set out under "*Summary of the Principal Transaction Documents*".
Issue Date	7 April 2021.
Issue Price	100 per cent. of the aggregate face amount of the Certificates (the "**Issue Price**").
Periodic Distribution Dates	Payable semi-annually, on 7 April and 7 October in each year, commencing on 7 October 2021.
Periodic Distribution Amounts	A profit distribution shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date, in respect of the Return Accumulation Period ending immediately before such date, calculated in accordance with Condition 8.
Return Accumulation Period	The period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date.
Scheduled Dissolution Date	Unless the Certificates are previously redeemed or purchased and cancelled in full, the Certificates shall be redeemed by the Trustee at the Dissolution Distribution Amount on the Scheduled Dissolution Date (being 7 October 2026) and the Trust will be dissolved by the Trustee.
Dissolution Date................................	The Dissolution Date shall be, as the case may be: (i) the Scheduled Dissolution Date; (ii) the Dissolution Event Redemption Date; (iii) the Early Tax Dissolution Date; (iv) the Change of Control Put Option Date; (v) the Asset Disposition Put Option Date; (vi) the Optional Dissolution Date; (vii) the Optional Dissolution (Clean-up Call) Date; (viii) the Total Loss Dissolution Date; or (ix) the Delisting Event Put Option Date.
Status of the Certificates..................	Each Certificate will represent an undivided ownership interest of the Certificateholders in the Trust Assets and will be limited recourse obligations of the Trustee. Each Certificate will constitute unsecured obligations of the Trustee and will at all

times rank *pari passu*, without any preference or priority, with all other Certificates.

Trust Assets.. Pursuant to the Declaration of Trust, the Trustee will declare that it will hold the Trust Assets, consisting of:

(a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interests, benefits and entitlements in present and future, to and under, the Wakala Assets;

(c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing, upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and the Conditions.

Limited Recourse............................... No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the Trust Assets.

Save as provided in Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Obligor, the Delegate or any of the Agents. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets), the Delegate, any Agent or (to the extent that it fulfils all of its obligations under the Transaction Documents to which it is a party) the Obligor in respect of any shortfall in the expected amounts due under the Trust Assets. See Condition 4 for further details.

Trustee Covenants............................. The Trustee has agreed to certain restrictive covenants as set out in Condition 7.

Obligor Covenants............................. The Obligor has agreed to certain restrictive covenants as set out in Condition 5.

Dissolution Events .... The Dissolution Events are described in Condition 14. Following the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed in full at an amount equal to the Dissolution Distribution Amount in the manner described in Condition 14.

Early Dissolution for Tax Reasons... Subject to Condition 10.2, where: (i) the Trustee has or will become obliged to pay additional amounts in respect of the

Certificates as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; or (ii) the Trustee has received notice from the Obligor that the Obligor has or will become obliged to pay additional amounts under the Transaction Documents to which it is a party as a result of any change in, or amendment to, the laws or regulations of Saudi Arabia or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date, and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice delivered by the Obligor pursuant to the terms of the Sale Undertaking, redeem the Certificates (in whole but not in part) at an amount equal to the Dissolution Distribution Amount on the Early Tax Dissolution Date.

Change of Control Put Option .... Subject to Condition 10.3, each Certificateholder will have the right to require the redemption of its Certificates at the Change of Control Dissolution Distribution Amount if a Change of Control occurs. Any such redemption will take place on the Change of Control Put Option Date.

Change of Control Call Clean Up .... Subject to Condition 10.3(b), if the holders of 90 per cent. or more of the aggregate face amount of Certificates then outstanding deliver Change of Control Put Notices in accordance with Condition 10.3(a), provided that the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates, the Trustee shall redeem all (but not some only) of the remaining outstanding Certificates at the Change of Control Dissolution Distribution Amount on the Change of Control Put Option Date.

Asset Disposition Put Option........... Subject to Condition 10.8, each Certificateholder will have the right to require the redemption of its Certificates at the relevant Asset Disposition Dissolution Distribution Amount if an Asset Disposition Event occurs. Any such redemption will take place on the Asset Disposition Put Option Date.

Optional Dissolution Event.............. Subject to Condition 10.4, the Certificates shall be redeemed by the Trustee, in whole, but not in part, prior to the Scheduled Dissolution Date, following receipt by the Trustee of an Exercise Notice delivered by the Obligor pursuant to the terms of the Sale Undertaking at the Optional Dissolution Distribution Amount, which shall be inclusive of the Make Whole Amount payable in accordance with the Conditions.

In summary, the Make Whole Amount means, with respect to any Certificate on the Optional Dissolution Date, the excess of: (a) the present value at the Optional Dissolution Date of: (i) the face amount of such Certificate on the Optional Dissolution Date, *plus* (ii) all required remaining Periodic Distribution Amounts due on such Certificate through to the Scheduled Dissolution Date (excluding accrued but unpaid Periodic Distribution Amounts to (but excluding) the Optional

Dissolution Date), computed using a discount rate equal to the Treasury Rate on the Optional Dissolution Date plus 50 basis points; *over* (b) the face amount of the Certificate on the Optional Dissolution Date, as calculated by the Obligor or other party appointed by it for this purpose.

Total Loss Event................................ The Servicing Agent has undertaken to the Trustee that, in relation to the Wakala Assets, the Servicing Agent will, amongst other things: (i) be responsible for ensuring that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and that it has effected such insurances in respect of the Wakala Assets (the "**Insurances**"), including against a Total Loss Event; and (ii) ensure that, in the event of a Total Loss Event occurring, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Wakala Collection Account by no later than the 30th day after the occurrence of the Total Loss Event.

Notwithstanding the foregoing, by no later than 30th day after the occurrence of a Total Loss Event, the Obligor will be obliged to use all reasonable endeavours to identify Replacement Wakala Assets which are at least of an equal Value to the relevant Wakala Assets which have suffered a Total Loss Event.

If the Trustee receives notification from the Obligor that Replacement Wakala Assets are available on or before the 30th day after the occurrence of the Total Loss Event, the Trustee shall pursuant to a separate sale agreement purchase such Replacement Wakala Assets from the Obligor by way of payment by the Servicing Agent on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Obligor in consideration of the sale and grant by the Obligor of the Replacement Wakala Assets for the purchase price (as set out in the Supplemental Purchase Agreement).

If, however, the Servicing Agent fails to comply with its obligations pursuant to clause 3.2 of the Service Agency Agreement and the relevant Wakala Assets are not replaced and as a result of such breach the amount (if any) credited to the Wakala Collection Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Wakala Collection Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) shall pay the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred and such Total Loss Shortfall Amount will be used (together with the proceeds of any Insurances) by the Trustee to: (i) redeem all (but not some only) of the Certificates at the Dissolution Distribution Amount on the Total Loss Dissolution Date; and (ii) dissolve the Trust. See further Condition 10.5.

Delisting Event Put Option..............	Subject to Condition 10.9, each Certificateholder will have the right to require the redemption of its Certificates at the Delisting Event Dissolution Distribution Amount if a Delisting Event occurs. Any such redemption will take place on the Delisting Event Put Option Date.
Delisting Event Call Clean Up.........	Subject to Condition 10.9(b), if the holders of 90 per cent. or more of the aggregate face amount of Certificates then outstanding deliver Delisting Event Put Notices in accordance with Condition 10.9(a), provided that the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates, the Trustee shall redeem all (but not some only) of the remaining outstanding Certificates at the Delisting Event Dissolution Distribution Amount on the Delisting Event Put Option Date.
Purchase and Cancellation of Certificates..	Pursuant to Condition 13, the Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise. Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may, in the Obligor's sole discretion, be surrendered for cancellation in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold. Subject to Condition 10.7, in the event that at least 90 per cent. of the initial aggregate face amount of the Certificates has been purchased and cancelled pursuant to Condition 13, the Trustee (acting on the instructions of the Obligor) may redeem all (but not some only) of the remaining outstanding Certificates on the Optional Dissolution (Clean-up Call) Date at the Dissolution Distribution Amount.
Form and Delivery of the Certificates..	The Certificates will be issued in registered form. Certificates sold in offshore transactions within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") will initially be represented by an unrestricted global certificate (an "**Unrestricted Global Certificate**") which will be registered in the name of a nominee for, and will be deposited with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Certificates sold in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) that are also "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940 will initially be represented by a restricted global certificate (a "**Restricted Global Certificate**", and together with the Unrestricted Global Certificate, the "**Global Certificates**") which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, the Depository Trust Company ("**DTC**"). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. Individual certificates evidencing holding of Certificates will be issued in exchange for interests in the relevant Global Certificate only in limited circumstances. See further "*Book Entry, Delivery and Form*".

Clearing Systems	Euroclear, Clearstream Luxembourg and DTC.
Withholding Tax	Subject to Condition 11, all payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts due and payable to them which would have otherwise been receivable in the absence of such withholding or deduction, except in certain circumstances set out in Condition 11. The Transaction Documents provide that payments thereunder by the Obligor shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event the Transaction Documents provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.
Certificateholder Meetings	A summary of the provisions for convening meetings of Certificateholders to consider matters relating to their interests as such is set out in Condition 19.
Transaction Documents	The "**Transaction Documents**" are the Declaration of Trust, any Declaration of Commingling of Assets, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreement, any Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement), each as may be amended, restated and/or supplemented from time to time.
Governing Law	The Certificates and any non-contractual obligations arising out of or in connection with the Certificates will be governed by, and construed in accordance with, English law. The Transaction Documents (other than the Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement) and any non-contractual obligations arising out of or in connection with any such Transaction Documents, will be governed by, and construed in accordance with, English law. In respect of any dispute under any such agreement or deed to which it is a party, the parties have agreed to arbitration in London under the LCIA Rules. The Purchase Agreement, any Supplemental Purchase Agreement and any Sale Agreement will be governed by, and construed in accordance with, the laws and regulations of Saudi Arabia, and will be subject to the exclusive jurisdiction of the competent courts and judicial committees of Saudi Arabia.

The Corporate Services Agreement and the Share Declaration of Trust are governed by the laws of the Cayman Islands and are subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.

Listing.. Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. There is no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing or permission will be maintained. The Certificates may also be delisted from the Official List of the Exchange following the occurrence of a Delisting Event. Settlement of the Certificates is not conditional on such listing or permission.

Ratings.. Upon issue, the Certificates are expected to be assigned a rating of Ba2 by Moody's and BB+ by Fitch.

A securities rating is not a recommendation to buy, sell or hold the Certificates and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation.

Selling Restrictions........................... There are restrictions on the distribution of this Offering Circular and the offer, sale and transfer of the Certificates in the United States, the UK, the EEA, the Cayman Islands, the UAE (excluding the DIFC), the DIFC, the Kingdom of Bahrain, Saudi Arabia, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, Malaysia and Singapore. See "*Subscription and Sale*" and "*Transfer Restrictions*" for further details.

Use of Proceeds................................. The net proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase the Wakala Assets comprising the Initial Wakala Portfolio; and (ii) the remaining portion, being not more than 45 per cent., for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement. The Obligor shall use amounts so received as described in "*Use of Proceeds*".

Risk Factors...................................... There are certain factors that may affect the Trustee's ability to fulfil its obligations under the Certificates. See "*Risk Factors*".

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form (if issued) and incorporated by reference into the Global Certificates (as defined below) in respect of the Certificates.

Each of the U.S.$650,000,000 Trust Certificates due 2026 (the "**Certificates**") is issued by Arabian Centres Sukuk II Limited (in its capacities as issuer and trustee for and on behalf of the Certificateholders (as defined below), the "**Trustee**") and represents an undivided ownership interest in the Trust Assets (as defined below) held on trust (the "**Trust**") for the holders of such Certificates pursuant to a declaration of trust (the "**Declaration of Trust**") dated 7 April 2021 (the "**Issue Date**") made between the Trustee, Arabian Centres Company (the "**Obligor**") and HSBC Corporate Trustee Company (UK) Limited (the "**Delegate**").

Payments relating to the Certificates will be made pursuant to an agency agreement dated the Issue Date (the "**Agency Agreement**") made between the Trustee, the Obligor, the Delegate and HSBC Bank plc as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agents appointed from time to time in respect of the Certificates, the "**Paying Agents**"), HSBC Bank plc as non-U.S. registrar (the "**Non-U.S. Registrar**") and non-U.S. transfer agent (the "**Non-U.S. Transfer Agent**") and HSBC Bank USA, National Association as U.S. registrar (the "**U.S. Registrar**" and, together with the Non-U.S. Registrar, the "**Registrars**") and U.S. transfer agent (the "**U.S. Transfer Agent**" and, together with the Non-U.S. Transfer Agent, the "**Transfer Agents**"). The Paying Agents, the Registrars and the Transfer Agents are together referred to in these Conditions as the "**Agents**". References to the Agents or any of them shall include their successors.

The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of the Transaction Documents (as defined below) (copies of which are available for inspection during normal business hours at the specified offices of the Paying Agents).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents. In the event of any inconsistency between these Conditions and any such document, these Conditions will prevail.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (a) to apply the sums paid by it in respect of the Certificates in the following proportion: (i) not less than 55 per cent. to the Obligor as the Purchase Price for the purchase of the Wakala Assets comprising the Initial Wakala Portfolio (each as defined below); and (ii) the remaining portion, being not more than 45 per cent., for the purchase and subsequent sale of commodities to the Obligor pursuant to the Murabaha Agreement; and (b) to enter into each Transaction Document to which it is a party, subject to the provisions of the Declaration of Trust and these Conditions.

1. DEFINITIONS AND INTERPRETATION

Words and expressions defined in the Declaration of Trust and the Agency Agreement shall have the same meanings where used in these Conditions unless the context otherwise requires. In addition, in these Conditions the following expressions have the following meanings:

"**ACC Event**" has the meaning given to it in Condition 14;

"**Asset Disposition Dissolution Distribution Amount**" means the Asset Disposition Public Debt Event Distribution Amount, the Asset Disposition Excess Proceeds Event Distribution Amount or the Dissolution Distribution Amount (as applicable);

"**Asset Disposition Event**" means an Asset Disposition Public Debt Event, an Asset Disposition Excess Proceeds Event or an Asset Disposition Optional Event;

"**Asset Disposition Excess Proceeds Event**" has the meaning given to it in Condition 5;

"**Asset Disposition Excess Proceeds Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(ii);

"**Asset Disposition Exercise Price**" has the meaning given to it in the Purchase Undertaking;

"**Asset Disposition Notice**" has the meaning given to it in Condition 10.8;

"**Asset Disposition Offer**" has the meaning given to it in Condition 5;

"**Asset Disposition Optional Event**" means an election by the Obligor to redeem Certificates pursuant to Condition 5.4(b)(ii) and Condition 10.8;

"**Asset Disposition Optional Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(iii);

"**Asset Disposition Public Debt Event**" has the meaning given to it in Condition 5;

"**Asset Disposition Public Debt Event Distribution Amount**" has the meaning given to it in Condition 10.8(a)(i);

"**Asset Disposition Put Notice**" has the meaning given to it in Condition 10.8;

"**Asset Disposition Put Option Date**" shall be the next Periodic Distribution Date which is at least five Business Days after the expiry of the Asset Disposition Put Period;

"**Asset Disposition Put Period**" shall be the period of 30 days commencing on the date that an Asset Disposition Notice is given;

"**Authorised Denomination(s)**" has the meaning given to it in Condition 2.1;

"**Authorised Signatory**" means, in relation to the Trustee or the Obligor, any person who is duly authorised and in respect of whom a certificate has been provided to the Delegate signed by a director, manager or another duly authorised person of the Trustee or the Obligor, as the case may be, setting out the name and signature of such person and confirming such person's authority to act;

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City, Saudi Arabia and London;

"**Certificateholders**" has the meaning given to it in Condition 2;

"**Change of Control**" has the meaning given to it in Condition 5;

"**Change of Control Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Change of Control Put Option Date; and

(c) an amount equal to one per cent. of the outstanding face amount of such Certificate;

"**Change of Control Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking (as applicable);

"**Change of Control Notice**" has the meaning given to it in Condition 10.3;

"**Change of Control Put Notice**" has the meaning given to it in Condition 10.3;

"**Change of Control Put Option Date**" shall be: (i) a date falling not less than 60 days following the expiry of the Change of Control Put Period; and (ii) subject to (i), the next Periodic Distribution Date;

"**Change of Control Put Period**" shall be the period of 30 days commencing on the date that a Change of Control Notice is given;

"**Code**" has the meaning given to it in Condition 9.2;

"**Conditions**" means these terms and conditions of the Certificates;

"**Deferred Sale Price**" has the meaning given to it in the Murabaha Agreement;

a "**Delisting Event**" shall occur on the day that a Delisting Notice is delivered by the Trustee in accordance with Condition 10.9;

"**Delisting Event Call Option**" has the meaning given to it in Condition 10.9(b);

"**Delisting Event Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Delisting Event Put Option Date; and

(c) an amount equal to one per cent. of the outstanding face amount of such Certificate;

"**Delisting Event Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking (as applicable);

"**Delisting Event Put Notice**" has the meaning given to it in Condition 10.9;

"**Delisting Event Put Option Date**" shall be the 75th day following the issuance of the Delisting Notice;

"**Delisting Event Put Period**" shall be the period of 30 days commencing on the date that a Delisting Notice is given;

"**Delisting Notice**" has the meaning given to it in Condition 10.9;

"**Dissolution Date**" means, as the case may be:

(a) the Scheduled Dissolution Date;

(b) the Asset Disposition Put Option Date;

(c) the Change of Control Put Option Date;

(d) the Dissolution Event Redemption Date;

(e) the Early Tax Dissolution Date;

(f) the Optional Dissolution Date;

(g) the Optional Dissolution (Clean-up Call) Date;

(h) the Total Loss Dissolution Date; or

(i) the Delisting Event Put Option Date;

"**Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate; and

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Dissolution Date;

"**Dissolution Event**" has the meaning given to it in Condition 14;

"**Dissolution Event Redemption Date**" has the meaning given to it in Condition 14;

"**Dissolution Notice**" has the meaning given to it in Condition 14;

"**Early Tax Dissolution Date**" has the meaning given to it in Condition 10.2;

"**Exercise Notice**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Exercise Price**" has the meaning given to it in the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Extraordinary Resolution**" has the meaning given to it in Schedule 4 of the Declaration of Trust;

"**Full Reinstatement Value**" means an amount equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding; plus

(b) an amount equal to all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(c) an amount equal to the Periodic Distribution Amounts, which would have accrued (had a Total Loss Event not occurred) during the period beginning on and including the date on which the Total Loss Event occurred and ending on and including the 30th day following the occurrence of the Total Loss Event; plus

(d) (to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; less

(e) the aggregate amounts of Deferred Sale Price then outstanding, if any;

"**IFRS**" means has the meaning given to it in Condition 5;

"**Indebtedness**" has the meaning given to it in Condition 5;

"**Initial Wakala Portfolio**" has the meaning given to it in the Purchase Agreement;

"**Liability**" means any loss, damage, cost, charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to "**Liabilities**" shall mean all of these;

"**Liquidity Facility**" has the meaning given to it in the Service Agency Agreement;

"**Make Whole Amount**" means, with respect to any Certificate on the Optional Dissolution Date, the excess of: (a) the present value at the Optional Dissolution Date of: (i) the face amount of such Certificate on the Optional Dissolution Date, *plus* (ii) all required remaining Periodic Distribution Amounts due on such Certificate through to the Scheduled Dissolution Date (excluding accrued but unpaid Periodic Distribution Amounts to (but excluding) the Optional Dissolution Date), computed using a discount rate equal to the Treasury Rate on the Optional Dissolution Date plus 50 basis points; *over* (b) the face amount of the Certificate on the Optional Dissolution Date, as calculated by the Obligor or other party appointed by it for this purpose;

"**Murabaha Agreement**" means the murabaha agreement dated the Issue Date and entered into between the Trustee, the Obligor and the Delegate;

"**Optional Dissolution Date**" has the meaning given to it in Condition 10.4;

"**Optional Dissolution (Clean-up Call) Date**" has the meaning given to it in Condition 10.7;

"**Optional Dissolution Distribution Amount**" means, in relation to each Certificate, the sum of:

(a) the outstanding face amount of such Certificate;

(b) any accrued but unpaid Periodic Distribution Amounts relating to such Certificates to (but excluding) the relevant Optional Dissolution Date; and

(c) the Make Whole Amount;

"**Payment Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in London and New York City settle payments and are open for general business and, in the case of presentation of a Certificate, in the place in which the Certificate is presented;

"**Periodic Distribution Amount**" has the meaning given to it in Condition 8.1;

"**Periodic Distribution Date**" means 7 April and 7 October in each year, commencing on 7 October 2021, and subject to Condition 8.3, ending on the Scheduled Dissolution Date;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Purchase Agreement**" means the purchase agreement dated the Issue Date and entered into between the Trustee and the Obligor;

"**Purchase Price**" has the meaning given to it in the Purchase Agreement;

"**Purchase Undertaking**" means the purchase undertaking dated the Issue Date executed by the Obligor in favour of the Trustee and the Delegate;

"**Record Date**" means, in the case of the payment of a Periodic Distribution Amount or the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, the date falling on the 15th day before the relevant Periodic Distribution Date or the relevant Dissolution Date (as the case may be);

"**Register**" has the meaning given to it in Condition 2.1;

"**Relevant Date**" has the meaning given to it in Condition 11;

"**Replacement Wakala Assets**" has the meaning given to it in the Service Agency Agreement;

"**Required Amount**" has the meaning given to it in the Service Agency Agreement;

"**Return Accumulation Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date;

"**Sale Agreement**" means any sale agreement entered into in connection with the Purchase Undertaking or the Sale Undertaking, as the case may be;

"**Sale Undertaking**" means the sale undertaking dated the Issue Date executed by the Trustee in favour of the Obligor;

"**Scheduled Dissolution Date**" means 7 October 2026;

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest, including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Service Agency Agreement**" means the service agency agreement dated the Issue Date and entered into between the Trustee and the Servicing Agent;

"**Service Agency Liability Amounts**" has the meaning given to it in the Service Agency Agreement;

"**Servicing Agent**" means Arabian Centres Company in its capacity as servicing agent under the Service Agency Agreement;

"**Signing Date**" means 31 March 2021;

"**Significant Subsidiary**" has the meaning given to it in Condition 5;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and applicable accounting principles, consolidated with those of the first Person;

"**Substitution Request**" has the meaning given to it in the Purchase Undertaking;

"**Sukuk Obligation**" means any undertaking or other obligation to pay any money given in connection with any issue of trust certificates or other securities intended to be issued in compliance with the principles of *Shari'a*, whether or not in return for consideration of any kind;

"**Supplemental Declaration of Trust**" has the meaning given to it in the Declaration of Trust;

"**Supplemental Purchase Agreement**" has the meaning given to it in the Purchase Agreement;

A "**Tangibility Event**" shall have occurred if, at any time, the Tangibility Ratio falls below 33 per cent other than as a result of a Total Loss Event;

"**Tangibility Event Notice**" has the meaning given to it in the Service Agency Agreement;

"**Tangibility Ratio**" means the ratio of: (i) the aggregate Value of the Wakala Assets to; (ii) the aggregate Value of the Wakala Assets and the aggregate amounts of Deferred Sale Price then outstanding, in each case applicable at the relevant time;

"**Tax Event**" has the meaning given to it in Condition 10.2;

"**Taxes**" has the meaning given to it in Condition 5;

"**Total Loss Dissolution Date**" means the date immediately following the occurrence of a Total Loss Event;

"**Total Loss Event**" means:

(a) the total loss or destruction of, or damage to the whole of the Wakala Assets or any event or occurrence which renders the whole of such asset permanently unfit for any economic use and (but only after taking into consideration the proceeds of any insurances or other indemnity granted in each case by any third party in respect of the Wakala Assets) the repair or remedial work in respect thereof is wholly uneconomical; or

(b) the occurrence of any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets;

"**Total Loss Shortfall Amount**" has the meaning given to it in the Service Agency Agreement;

"**Transaction Account**" means the account in London in the Trustee's name maintained with the Principal Paying Agent, into which the Obligor (in all its relevant capacities under the Transaction Documents to which it is a party) will deposit certain amounts due to the Trustee under the Transaction Documents;

"**Transaction Documents**" means the Declaration of Trust, any Declaration of Commingling of Assets, any Supplemental Declaration of Trust, the Agency Agreement, the Purchase Agreement, any Supplemental Purchase Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale Undertaking, any Sale Agreement and the Murabaha Agreement (including any documents, purchase orders and letters of offer and acceptance delivered or entered into as contemplated by the Murabaha Agreement) each as may be amended, restated and/or supplemented from time to time;

"**Treasury Rate**" means, as at the Optional Dissolution Date, the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the Optional Dissolution Date (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the remaining maturity of the Certificates; **provided that** if the period from the Optional Dissolution Date to the Scheduled Dissolution Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used;

"**Trust Assets**" has the meaning given to it in Condition 6.1;

"**Value**" means, in respect of any Wakala Asset, the amount in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) as being equal to the value of that Wakala Asset determined by the Obligor on the day on which it first became part of the Wakala Portfolio as set out in the Purchase Agreement, the relevant Supplemental Purchase Agreement or the relevant Substitution Request, as the case may be;

"**Wakala Assets**" has the meaning given to it in the Purchase Agreement;

"**Wakala Collection Account**" has the meaning given to it in the Service Agency Agreement;

"**Wakala Portfolio Revenues**" has the meaning given to it in the Service Agency Agreement; and

"**U.S.$**" and "**U.S. dollars**" each means the lawful currency for the time being of the United States of America.

All references in these Conditions to indebtedness (howsoever described) shall be deemed to include any financing arrangement issued (or intended to be issued) in compliance with the principles of *Shari'a*.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

The Certificates are issued in registered form in face amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Authorised Denominations**"). A certificate will be issued to each Certificateholder in respect of its registered holding of Certificates. Each relevant certificate will be numbered serially with an identifying number which will be recorded on such certificate and in the relevant register of Certificateholders (a "**Register**"), which the Trustee will cause to be kept by the relevant Registrar outside the United Kingdom in accordance with the provisions of the Agency Agreement.

In these Conditions, "**Certificateholder**" or "**holder**" means the person in whose name a Certificate is registered.

*Upon issue, (i) Certificates sold in offshore transactions within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") will be represented by an unrestricted global certificate (the "**Unrestricted Global Certificate**") which will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV*

*("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and (ii) Certificates sold in the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) that are also qualified purchasers (as defined in Section 2(a)(51)(A) of the Investment Company Act) will initially be represented by a restricted global certificate (a "**Restricted Global Certificate**" and together with the Unrestricted Global Certificate, the "**Global Certificates**") which will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, the Depository Trust Company ("**DTC**"). Ownership interests in the Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and DTC (as applicable), and their respective participants. These Conditions are modified by certain provisions contained in the relevant Global Certificate. Except in certain limited circumstances, owners of interests in the Global Certificates will not be entitled to receive definitive Certificates representing their holdings of Certificates. See "Book-Entry, Delivery and Form" in this Offering Circular.*

2.2 Title

Title to the Certificates passes only by registration in the relevant Register. The registered holder of any Certificate will (except as otherwise required by law) be treated as the absolute owner of the Certificates for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate) and no Person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3. TRANSFERS OF CERTIFICATES

3.1 Transfers

(a) Subject to Conditions 3.4 and 3.5 and the provisions of the Agency Agreement, a Certificate may be transferred in an Authorised Denomination only by depositing the certificate by which it is represented, with the form of transfer on the back duly completed and signed, at the specified office of any of the Transfer Agents.

(b) In the case of an exercise of a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates represented by a single certificate, a new certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New certificates shall only be issued against surrender of the existing certificates to the relevant Registrar or any Transfer Agent.

Transfer of interests in the Certificates represented by the Global Certificates will be effected in accordance with the rules of the relevant clearing system through which the interest is held.

3.2 Delivery of New Certificates

Each new certificate to be issued upon any transfer of Certificates will, within five business days of receipt by the relevant Transfer Agent of the duly completed Change of Control Put Notice, Asset Disposition Put Notice, Delisting Event Put Notice or form of transfer endorsed on the Certificate (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder entitled to the certificate to the address specified in the Change of Control Put Notice, Asset Disposition Put Notice, Delisting Event Put Notice or form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a certificate is deposited in connection with a transfer is located. Where some but not all of the Certificates in respect of which a certificate is issued are to be transferred, a new certificate in respect of the Certificates not so transferred will, within five business days of receipt by the relevant Transfer Agent of the original certificate, be delivered at the specified office of the relevant Transfer Agent or be mailed by uninsured mail at the risk of the holder of the Certificates not so transferred to the address of such holder appearing on the relevant Register or as specified in the form of transfer.

3.3 **Formalities Free of Charge**

Registration of any transfer of Certificates will be effected without charge by or on behalf of the Trustee by the relevant Registrar or any Transfer Agent but upon payment (or the giving of such indemnity as any Transfer Agent or the relevant Registrar may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

3.4 **Closed Periods**

No Certificateholder may require the transfer of a Certificate to be registered during the period of 15 days ending on (and including) the due date for any payment of the Dissolution Distribution Amount, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount, Delisting Event Dissolution Distribution Amount or any Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of that Certificate falls due.

3.5 **Regulations**

All transfers of Certificates and entries on the relevant Register will be made subject to the detailed regulations concerning the transfer of Certificates scheduled to the Declaration of Trust. The regulations may be changed by the Trustee from time to time with the prior written approval of the Delegate (acting in accordance with the Declaration of Trust and these Conditions) and the relevant Registrar. A copy of the current regulations will be mailed (free of charge) by the relevant Registrar to any Certificateholder who requests a copy of such regulations.

A Certificateholder shall be entitled to receive, in accordance with Condition 3.2, only one certificate in respect of his entire holding of Certificates. In the case of a transfer of a portion of the face amount of a Certificate, a new certificate in respect of the balance of the Certificates not transferred will be issued to the transferor in accordance with Condition 3.2.

4. **STATUS AND LIMITED RECOURSE**

4.1 **Status**

Each Certificate represents an undivided ownership interest in the Trust Assets. The Certificates constitute direct, unsubordinated, unsecured and limited recourse obligations of the Trustee and will at all times rank *pari passu*, without any preference or priority, with all other Certificates.

The payment obligations of the Obligor (acting in any capacity) under the Transaction Documents will (save for such exceptions as may be provided by applicable legislation and subject to the negative pledge provisions included in Condition 5.1) *be direct, unconditional, unsubordinated and unsecured obligations of the Obligor, which at all times rank pari passu with all its other unsubordinated and unsecured obligations, present and future.*

4.2 **Limited Recourse and Agreement of Certificateholders**

The proceeds of the Trust Assets are the sole source of payments on the Certificates. Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Obligor, the Delegate or any of the Agents.

The net proceeds of realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments due in respect of the Certificates.

By subscribing for or acquiring the Certificates, each Certificateholder is deemed to have acknowledged and agreed that, notwithstanding anything to the contrary contained in these Conditions or any Transaction Document, in relation to the Certificates:

(a) no payment of any amount whatsoever shall be made by the Trustee or any its shareholders, directors, officers, employees, agents or corporate services providers on its behalf except to the extent funds are available therefor from the Trust Assets. The Certificateholders further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;

(b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets to a third party, and may only realise its rights, title, interests, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;

(c) if the proceeds of the Trust Assets are insufficient to make any payment due in respect of the Certificates, it will have no recourse to any assets of the Trustee (and/or its shareholders, directors, officers, employees, agents or corporate services providers in each of their respective capacities as such) (other than the Trust Assets) in respect of any shortfall or otherwise;

(d) it will not petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee (and/or its directors);

(e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee arising under or in connection with any Transaction Document by virtue of any customary law, statute or otherwise shall be had against any shareholder, director, officer, employee, agent or corporate services provider of the Trustee in their capacity as such for any breaches by the Trustee and any and all personal liability of every such shareholder, director, officer, employee, agent or corporate services provider of the Trustee in its capacity as such for any breaches by the Trustee of any such duty, obligation or undertaking is hereby expressly waived and excluded to the extent permitted by law. The obligations of the Trustee under the Transaction Documents are corporate or limited liability obligations of the Trustee and no personal liability shall attach to or be incurred by the shareholders, directors, officers, employees, agents or corporate services providers of the Trustee (in their capacity as such), save in the case of their wilful default or actual fraud; and

(f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of any sums due under the Transaction Documents with respect to any liability owed by it to the Trustee or claim any lien or other rights over any property held by it on behalf of the Trustee.

The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to or to the order of the Trustee (for and on behalf of the Certificateholders) or the Delegate (acting in the name and on behalf of the Trustee). Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have recourse against the Obligor to recover such payments notwithstanding any other provisions of this Condition 4.2.

5. **COVENANTS**

5.1 **Limitation on Indebtedness**

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); **provided, however, that** the Obligor and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof),

(i) the Fixed Charge Coverage Ratio for the Obligor and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and

(ii) if the Indebtedness to be Incurred is Secured Indebtedness, the Consolidated Secured Net Leverage Ratio for the Obligor and its Restricted Subsidiaries would have been equal to or less than 3.0 to 1.0 (it being understood that Indebtedness incurred under Condition 5.1(b)(i) will be included in the Consolidated Secured Net Leverage Ratio).

(b) Condition 5.1(a) will not prohibit the Incurrence of the following Indebtedness ("**Permitted Debt**"):

(i) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (A) U.S.$1,400.0 million, *plus* (B) the greater of (1) U.S.$70.0 million and (2) 17.5% of Consolidated EBITDA, *plus* (C) in the case of any refinancing of any Indebtedness permitted under this Condition 5.1(b)(i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(ii)

(A) Guarantees by the Obligor or any Restricted Subsidiary of Indebtedness of the Obligor or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of these Conditions and the Declaration of Trust; **provided that**, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity), then the guarantee must be subordinated to or *pari passu* with the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) to the same extent as the Indebtedness being guaranteed; or

(B) without limiting Condition 5.3, Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Obligor or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of these Conditions and the Declaration of Trust;

(iii) Indebtedness of the Obligor owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Obligor or any Restricted Subsidiary; **provided, however, that**:

(A) in the case of Indebtedness owing to and held by any Restricted Subsidiary (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management positions of the Obligor and its Restricted Subsidiaries), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity); and

(B) (1) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Obligor or a Restricted Subsidiary; and (2) any sale or other transfer of any such Indebtedness to a Person other than the Obligor or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 5.1(b)(iii) by the Obligor or such Restricted Subsidiary, as the case may be;

(iv) (A) Indebtedness represented by the Certificates and the Transaction Documents, (B) any Indebtedness (other than Indebtedness Incurred under the Loan Facilities and Indebtedness described in Condition 5.1(b)(i)) outstanding on the Issue Date, (C) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this Condition 5.1(b)(iv) or Condition 5.1(b)(xi) of this paragraph or Incurred pursuant to Condition 5.1(a);

(v) Indebtedness of any Person (A) outstanding on the date on which such Person becomes a Restricted Subsidiary or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Obligor or any Restricted Subsidiary or (B) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Obligor or a Restricted Subsidiary; **provided, however, with** respect to this Condition 5.1(b)(v), that at the time of such acquisition or other transaction (1) the Obligor would have been able to Incur U.S.$1.00 of additional Indebtedness pursuant to Condition 5.1(a)(i) after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this Condition 5.1(b)(v) or (2) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(vi) Indebtedness under Currency Agreements, Profit Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Obligor or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Obligor);

(vii) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this Condition 5.1(b)(vii) and then outstanding, will not exceed at any time outstanding the greater of (1) U.S.$30.0 million and (2) 7.5% of Consolidated EBITDA;

(viii) Indebtedness in respect of:

(A) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, value added tax ("**VAT**") or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Obligor or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement;

(B) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; **provided, however, that** upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing;

(C) the financing of insurance premiums in the ordinary course of business; and

(D) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business.

(ix) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); **provided that**, in the case of a disposition, the maximum liability of the Obligor and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Obligor and its Restricted Subsidiaries in connection with such disposition;

(x)

(A) Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; **provided, however, that** such Indebtedness is extinguished within 30 Business Days of Incurrence;

(B) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(C) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Obligor and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Obligor and its Restricted Subsidiaries; and

(D) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(xi) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Condition 5.1(b)(xi) and then outstanding, will not exceed the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA;

(xii) Indebtedness Incurred pursuant to factoring, securitization, receivables financings or similar arrangements that (A) is not recourse to the Obligor or any Restricted Subsidiary or (B) in the case of factoring or similar arrangements, are in the ordinary course of business; and

(xiii) Indebtedness under daylight borrowing facilities incurred in connection with Refinancing Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Condition 5.1:

(i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this Condition, the Obligor, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this Condition 5.1;

(ii) all Indebtedness outstanding on the Issue Date under the Loan Facilities shall be deemed initially Incurred under Condition 5.1(b)(i) and not Condition 5.1(a) or Condition 5.1(b)(iv)(B), and may not be reclassified;

(iii) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(iv) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to Condition 5.1(b)(i), 5.1(b)(vii), 5.1(b)(xi) or 5.1(b)(xii) or Condition 5.1(a) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(v) the principal amount of any Disqualified Stock of the Obligor or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(vi) Indebtedness permitted by this Condition 5.1 need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Condition 5.1 permitting such Indebtedness;

(vii) for the purposes of determining "**Consolidated EBITDA**," (A) pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Obligor and its Restricted Subsidiaries and (B) in relation to Condition 5.1(b)(i)(2), Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Obligor are available; and

(viii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

(d) Accrual of profit, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of profit in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this Condition 5.1. Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (A) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (B) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(e) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Condition 5.1, the Obligor shall be in Default of this Condition).

(f) For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the Dollar Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Obligor, first committed, in the case of Indebtedness Incurred under a revolving credit facility; **provided that** (A) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than U.S. dollar, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in paragraph (b) of the definition of Refinancing Indebtedness; (B) the Dollar Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (C) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to U.S. Dollars) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be adjusted to take into account the effect of such agreement.

(g) Notwithstanding any other provision of this Condition 5.1, the maximum amount of Indebtedness that the Obligor or a Restricted Subsidiary may incur pursuant to this Condition 5.1 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(h) Neither the Obligor nor any Restricted Subsidiary will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Obligor or any Restricted Subsidiary unless such Indebtedness is also contractually subordinated in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) on substantially identical terms; **provided, however, that** no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Obligor or any Restricted Subsidiary solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

5.2 **Limitation on Restricted Payments**

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any other payment or distribution on or in respect of the Obligor's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Obligor or any of its Restricted Subsidiaries) except:

(A) dividends or distributions payable in Capital Stock of the Obligor (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Obligor or in Subordinated Shareholder Funding; and

(B) dividends or distributions payable to the Obligor or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Obligor or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Obligor or any direct or indirect Parent of the Obligor held by Persons other than the Obligor or a Restricted Subsidiary (other than in exchange for Capital Stock of the Obligor (other than Disqualified Stock));

(iii) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (A) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (B) any Indebtedness Incurred pursuant to Condition 5.1(b)(iii));

(iv) make any payment (other than by capitalization of profit) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(v) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in Condition 5.2(a)(i) through 5.2(a)(v) are referred to herein as a "**Restricted Payment**"), if at the time the Obligor or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(B) the Obligor is not able to Incur an additional U.S.$1.00 of Indebtedness under the Fixed Charge Coverage Ratio pursuant to Condition 5.1(a) after giving effect, on a pro forma basis, to such Restricted Payment; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Original Notes Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by Conditions 5.2(c)(v), 5.2(c)(xi), 5.2(c)(xiv) and 5.2(c)(xv), but excluding all other Restricted Payments permitted by Condition 5.2(c)), would exceed the sum of (without duplication):

(1) 50% of Consolidated Net Income for the period (treated as one accounting period) from October 1, 2019 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Obligor are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(2) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Original Notes Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Obligor subsequent to the Original Notes Issue Date (other than (aa) Subordinated Shareholder Funding, or (bb) Capital Stock sold to a Subsidiary of the Obligor, (cc) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary, and (dd) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Condition 5.2(c)(vii));

(3) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary from the issuance or sale (other than to the Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) by the Obligor or any Restricted Subsidiary subsequent to the Original Notes Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Obligor (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary upon such conversion or exchange) but excluding (aa) the Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Obligor, and (bb) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on Condition 5.2(c)(vii);

(4) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Obligor or any Restricted Subsidiary (other than to the Obligor or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition

or repayment of any Investment constituting a Restricted Payment made after the Original Notes Issue Date;

(5) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Obligor or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Obligor or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Obligor or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to paragraph (k) of the definition of "**Permitted Investment**"; and

(6) 100% of any dividends or distributions received by the Obligor or a Restricted Subsidiary after the Original Notes Issue Date from an Unrestricted Subsidiary,

provided, however, that no amount will be included in Consolidated Net Income for purposes of Condition 5.2(a)(v)(C)(1) to the extent that it is (at the Obligor's option) included in Condition 5.2(a)(v)(C)(4), 5.2(a)(v)(C)(5) and 5.2(a)(v)(C)(6).

(b) The fair market value of property or assets other than cash covered by the preceding two sentences shall be the fair market value thereof as determined in good faith by the Board of Directors or a responsible accounting or an officer of the Obligor.

We estimate that the amount available for making Restricted Payments under the preceding provisions as of 31 December 2020 (the most recent date as of which the Obligor's consolidated financial statements are available as of the Issue Date) would have been approximately SAR 300 million.

(c) The foregoing provisions will not prohibit any of the following (collectively, "**Permitted Payments**"):

(i) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Obligor) of, Capital Stock of the Obligor (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Obligor; **provided, however, that** to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from Condition 5.2(a)(v)(C)(2);

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Condition 5.1;

(iii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Obligor or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Obligor or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Condition 5.1, and that, in each case, constitutes Refinancing Indebtedness;

(iv) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(A) (1) from Net Available Cash to the extent permitted under Condition 5.4 below, but only if the Obligor shall have first complied with the terms described under Condition 5.4 and Condition 10.8 and redeemed all Certificates required to be redeemed thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by its terms;

(B) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (1) if the Trustee and the Obligor shall have first complied with Condition 10.3 and redeemed all Certificates subject to Change of Control Put Notices validly delivered thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by its terms; or

(C) (1) consisting of Acquired Indebtedness (other than Indebtedness Incurred (aa) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Obligor or a Restricted Subsidiary or (bb) otherwise in connection with or contemplation of such acquisition) and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid profit and any premium required by the terms of any Acquired Indebtedness;

(v) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this Condition 5.2;

(vi) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Obligor to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Obligor, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Company Investors, *provided that* such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to the greater of (A) U.S.$5.0 million and (B) 1.25% of Consolidated EBITDA *per annum* (with unused amounts in any calendar year being carried forward and amounts that will not be used in the next succeeding calendar year being carried back to the immediately preceding calendar year);

(vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of Condition 5.1;

(viii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(ix) dividends, loans, advances or distributions to any Parent or other payments by the Obligor or any Restricted Subsidiary in amounts equal to (without duplication) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (A) in connection with the Transactions or disclosed in the Offering Circular or (B) to the extent specified in Conditions 5.5(b)(ii), 5.5(b)(iii), 5.5(b)(v) and 5.5(b)(vii);

(x) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of (A) U.S.$25.0 million and (B) 6.2% of Consolidated EBITDA;

(xi) payments by the Obligor, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Obligor or any Parent in lieu of the issuance of fractional shares of such Capital Stock; **provided, however, that** any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Condition 5.2 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Obligor);

(xii) (A) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Obligor issued after the Issue Date; and (B) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; **provided, however, that**, in the case of (A) and (B), the amount of all dividends declared or paid pursuant to this Condition 5.2(c)(xii) shall not exceed the Net Cash Proceeds received by the Obligor or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by such Parent or an Affiliate, the issuance of Designated Preference Shares) of the Obligor or contributed as Subordinated Shareholder Funding to the Obligor, as applicable, from the issuance or sale of such Designated Preference Shares;

(xiii) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(xiv) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), any Restricted Payment; **provided that** the Consolidated Net Leverage Ratio does not exceed 3.5 to 1.0 on a *pro forma* basis after giving effect to any such Restricted Payment; and

(xv) so long as no Default or Dissolution Event has occurred and is continuing (or would result from), the declaration and payment of dividends on the Capital Stock of the Obligor of an amount per annum not to exceed 6.0% of the Market Capitalisation of the Obligor; provided that, after giving *pro forma* effect to the payment of any such dividends, the Consolidated Net Leverage Ratio of the Obligor would not exceed 4.0 to 1.0.

(d) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Obligor or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its principal amount, and the fair market value of any non-cash Restricted

Payment shall be determined conclusively by the Board of Directors or an Officer of the Obligor acting in good faith.

(e) For the purposes of calculating "**Consolidated EBITDA**," pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Obligor and its Restricted Subsidiaries.

5.3 **Limitation on Liens**

(a) The Obligor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary) whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Public Debt or any Material Indebtedness (such Lien, the "**Initial Lien**"), except (i) Permitted Liens or (ii) Liens on property or assets that are not Permitted Liens if the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) are directly secured equally and rateably with, or prior to, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured.

(b) Any such Lien created in favour of the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

5.4 **Limitation on Sales of Assets and Subsidiary Stock**

(a) The Obligor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(i) the Obligor or such Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of such Asset Disposition at least equal to the fair market value of the shares and assets subject to such Asset Disposition, as such fair market value (on the date a legally binding commitment for such Asset Disposition was entered into) may be determined by the Obligor (and will be determined, to the extent such Asset Disposition or any series of related Asset Dispositions involves aggregate consideration in excess of 10% of Total Assets, in good faith by the Board of Directors, whose determination will be conclusive (including as to the value of all non-cash consideration)); and

(ii) at least 75% of the consideration the Obligor or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(A) cash (including any Net Cash Proceeds received from the conversion within 365 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

(B) Cash Equivalents;

(C) the assumption by the purchaser of (1) any liabilities recorded on the Obligor's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Obligor nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (2) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Obligor and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(D) Replacement Assets;

(E) any Capital Stock or assets of the kind referred to in Condition 5.4(b)(iv) or Condition 5.4(b)(vi);

(F) consideration consisting of Indebtedness of the Obligor or any Restricted Subsidiary received from Persons who are not the Obligor or any Restricted Subsidiary, but only to the extent that such Debt (1) has been extinguished by the Obligor or the applicable Restricted Subsidiary and (2) is not Subordinated Indebtedness of the Obligor or such Restricted Subsidiary;

(G) any Designated Non-Cash Consideration received by the Obligor or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Condition 5.4 that is at any one time outstanding, not to exceed the greater of (1) U.S.$25.0 million and (2) 6.2% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(H) a combination of the consideration specified in Conditions 5.4(a)(ii)(A) through 5.4(a)(ii)(G).

(b) If the Obligor or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 360 days (or 540 days in the circumstances described in Condition 5.4(b)(viii) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Obligor or such Restricted Subsidiary to:

(i) to the extent the Obligor or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), to prepay, repay, purchase or redeem any Indebtedness of the Obligor or any Restricted Subsidiaries (in each case, other than Indebtedness owed to the Obligor or any Restricted Subsidiary or Subordinated Indebtedness) within 360 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash; **provided that** if such Indebtedness is Public Debt, an "**Asset Disposition Public Debt Event**" for the purposes of Condition 10.8 shall occur;

(ii) redeem the Certificates in an Asset Disposition Optional Event pursuant to Condition 10.8, or otherwise redeem the Certificates pursuant to the provisions of these Conditions and the Declaration of Trust;

(iii) invest in any Replacement Assets;

(iv) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(v) make a capital expenditure;

(vi) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(vii) consummate any combination of the foregoing; or

(viii) enter into a binding commitment to apply the Net Cash Proceeds pursuant to Condition 5.4(b)(i), Condition 5.4(b)(iii), Condition 5.4(b)(iv), Condition 5.4(b)(v) or Condition 5.4(b)(vi) or a combination thereof; **provided that**, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (A) the date on which such investment is consummated, (B) the 180th day following the expiration of the aforementioned 360 day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this Condition 5.4(b) constitutes "**Excess Proceeds**."

(c) Pending the final application of any such Net Cash Proceeds, the Obligor may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of these Conditions and the Declaration of Trust.

(d) If, on the 361st day (or the 541st day if a binding commitment as described in Condition 5.4(b)(viii) is entered into) after an Asset Disposition, or such earlier time if the Obligor elects, the aggregate amount of Excess Proceeds exceeds the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA, an "**Asset Disposition Excess Proceeds Event**" for the purposes of Condition 10.8 shall occur, pursuant to which an Asset Disposition Notice will be delivered to Certificateholders following which Certificates the subject of validly delivered Asset Disposition Put Notices may be redeemed (subject to Condition 10.8). In addition, the Obligor may elect to make an offer to all holders of other outstanding Indebtedness (other than Subordinated Indebtedness) (together with any offer to redeem pursuant to any Asset Disposition Notice delivered in accordance with Condition 10.8, an "**Asset Disposition Offer**"), to purchase the maximum face amount of any such Indebtedness (other than Subordinated Indebtedness) to which such offer applies that may be purchased out of the Excess Proceeds (after deducting such proceeds required for any redemption pursuant to Condition 10.8(b)(ii)), at an offer price of no more than 100 per cent. of the principal amount of Indebtedness (other than Subordinated Indebtedness), plus accrued and unpaid profit, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the agreements governing the Indebtedness; **provided that** the Obligor or a Restricted Subsidiary, as the case may be, may make an Asset Disposition Offer prior to the end of the 360 day period (or the 540 day period if a binding commitment as described in Condition 5.4(b)(viii) is entered into).

(e) To the extent that the aggregate amount of Certificates and Indebtedness (other than Subordinated Indebtedness) so validly redeemed or purchased (as the case may be) pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Obligor may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in these Conditions and the Declaration of Trust. If the aggregate face amount of the Certificates surrendered in any Asset Disposition Offer by holders and other Indebtedness (other than Subordinated Indebtedness) surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Certificates and Indebtedness (other than Subordinated Indebtedness) to be repaid or purchased on a pro rata basis on the basis of the aggregate face amount of Certificates subject to validly delivered Asset Disposition Put Notices and validly tendered Indebtedness (other than Subordinated Indebtedness). For the purposes of calculating the principal amount of any such Indebtedness not denominated in U.S. dollar, such Indebtedness shall be calculated by converting any such principal amounts into their Dollar Equivalent determined as of a date selected by the Obligor that is within the Asset Disposition Put Period. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

(f) For the purposes of this Condition 5.4, to the extent that any portion of Net Available Cash payable in respect of the Certificates is denominated in a currency other than U.S. dollars, the amount thereof payable in respect of such Certificates shall not exceed the net amount of funds in U.S. dollars that is actually received by the Obligor upon converting such portion of the Net Available Cash into such currency.

(g) In addition to any redemption of the Certificates pursuant to Condition 10.8, no later than the Asset Disposition Put Option Date, the Obligor will purchase the face amount of Indebtedness (other than Subordinated Indebtedness) required to be repaid or purchased by it pursuant to this Condition 5.4 (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Indebtedness (other than Subordinated Indebtedness) validly tendered in response to the Asset Disposition Offer.

(h) The Obligor will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with any redemption or repurchase of Certificates pursuant to these Conditions and the Declaration of Trust. To the extent that the provisions of any securities laws or regulations conflict with provisions of this Condition 5.4, the Obligor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under these Conditions and the Declaration of Trust by virtue of such compliance.

5.5 **Limitation on Affiliate Transactions**

(a) The Obligor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Obligor (any such transaction or series of related transactions being an "**Affiliate Transaction**") involving aggregate value in excess of U.S.$10.0 million unless:

(i) the terms of such Affiliate Transaction taken as a whole are not materially less favourable to the Obligor or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of U.S.$50.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the Disinterested Members of the Board of Directors (or, if there are no such Disinterested Members or insufficient Disinterested Members to so approve, a majority of the Board of Directors) of the Obligor resolving that such transaction complies with Condition 5.5(a)(i) above.

(b) The provisions of the preceding paragraph will not apply to:

(i) any Restricted Payment permitted to be made pursuant to Condition 5.2, any Permitted Payments (other than pursuant to Condition 5.2(c)(ix)) or any Permitted Investments (other than Permitted Investments as defined in paragraphs (a)(ii) and (b) of the definition thereof);

(ii) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Obligor, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Obligor, in each case in the ordinary course of business;

(iii) any Management Advances and any waiver or transaction with respect thereto;

(iv) any transaction between or among the Obligor and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(v) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Obligor, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(vi) (A) the Transactions, (B) the entry into and performance of obligations of the Obligor or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in "*Related Party Transactions*" in the Offering Circular or other similar transactions entered into in the ordinary course of business, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this Condition 5.5 or to the extent not more disadvantageous to the holders in any material respect;

(vii) the execution, delivery and performance of any arrangement pursuant to which the Obligor or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(viii) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Obligor or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Obligor or the relevant Restricted Subsidiary, or are on terms no less favourable than those that could reasonably have been obtained at such time from an unaffiliated party;

(ix) any transaction in the ordinary course of business between or among the Obligor or any Restricted Subsidiary and any Affiliate of the Obligor or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Obligor or a Restricted Subsidiary or any Affiliate of the Obligor or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(x) (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Obligor or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; **provided that** the profit rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of these Conditions and the Declaration of Trust;

(xi) any transaction effected as part of an ordinary course receivables financing;

(xii) any participation in a public tender or exchange offers for securities or debt instruments issued by the Obligor or any of its Subsidiaries that are conducted on arms' length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer; and

(xiii) any other transactions for which the Obligor or the relevant Restricted Subsidiary determines to be commercially appropriate and beneficial to it notwithstanding that it is not on arms' length terms and for fair market value.

5.6 **Reports**

(a) So long as any Certificates are outstanding, the Obligor will furnish to the Delegate the following reports:

(i) within 120 days (or 150 days for the Obligor's first fiscal year ending after the Issue Date) after the end of the Obligor's fiscal year ending after the Issue Date, annual reports containing, to the extent applicable: (A) an operating and financial review of the audited consolidated financial statements, including a discussion of the results of operations, financial condition and liquidity and capital resources of the Obligor and its subsidiaries; (B) unaudited *pro forma* income statement and balance sheet information of the Obligor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (other than the Transactions and unless such *pro forma* information has been provided in a previous report pursuant to Condition 5.6(a)(ii) or Condition 5.6(a)(iii) below); **provided that** such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Obligor will provide, in the case of a material acquisition, acquired company financial statements or financial data; (C) the audited consolidated balance sheet of the Obligor as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Obligor for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements in respect of the most recently completed fiscal year; (D) a description of the management and shareholders of the Obligor and material affiliate transactions; (E) a description of all material debt instruments; (F) a description of material business risk factors and material subsequent events; and (G) consolidated EBITDA; **provided that** the information described in (D), (E) and (F) may be provided in the footnotes to the audited financial statements;

(ii) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Obligor beginning with the quarter ending 30 June 2021, all quarterly reports of the Obligor containing the following information (A) an unaudited condensed consolidated balance sheet as of the end of such quarter year and unaudited condensed statements of income and cash flow for the quarter year period then ended, and the comparable prior year periods, together with condensed footnote disclosure; **provided that** the line items included in such statements of income will not include any items below the line item EBITDA; (B) unaudited pro forma income statement and balance sheet information of the Obligor, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarter yearly report relates (other than the Transactions and unless such pro forma information has been provided in a previous report pursuant to Condition 5.6(a)(iii) below); **provided that** such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Obligor will provide, in the case of a material acquisition, acquired company financial statements or financial data; (C) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (D) a description of material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(iii) promptly after the occurrence of a material event that the Obligor announces publicly, or any acquisition, disposition, restructuring, merger or similar transaction that is material to the Obligor and the Restricted Subsidiaries (other than the Transactions), taken as a whole, or a senior executive officer or director changes at the Obligor or a change in auditors of the Obligor, a report containing a description of such event.

(b) In addition, so long as the Certificates remain outstanding and during any period during which the Obligor is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Obligor shall furnish to the holders and, upon their request, prospective purchasers of the Certificates, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) The Obligor will also make available to holders and prospective holders of the Certificates copies of all reports furnished to the Delegate on the Obligor's website and if and so long as the Certificates are listed on the Official List of The International Stock Exchange (the "**Exchange**") and, to the extent that the rules and regulations of the Exchange so require, copies of such reports furnished to the Delegate will also be posted to the website of the Exchange.

(d) All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statements (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; **provided, however, that** the reports set forth in Conditions 5.6(a)(i), 5.6(a)(ii) and 5.6(a)(iii) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. To the extent (i) consolidated financial information or (ii) comparable prior period financial information of the Obligor does not exist or is not meaningful, the (A) consolidated financial information or (B) the comparable period financial information of the Company may be provided in lieu thereof. The reports set forth in Condition 5.6(a)(ii) are not required to be reviewed by independent auditors. No report needs to include separate financial statements of the Obligor (or an unconsolidated basis) or for any Subsidiaries of the Obligor. The inclusion in any report of any key performance indicators ("**KPIs**") with respect to the Obligor shall be as determined by the Obligor from time to time. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

(e) At any time that any of the Obligor's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Obligor, then the quarterly and annual financial information required by Condition 5.6(a) will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Obligor and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Obligor.

(f) All reports provided pursuant to this Condition 5.6 shall be made in the English language.

(g) For so long as, the equity securities of the Obligor (or any successor thereto) are listed on the regulated market of an internationally recognized stock exchange (including, without limitation, or one or more of the Saudi Stock Exchange (Tadawul), the New York Stock Exchange or the London Stock Exchange) and the Obligor (or any successor thereto) is subject to the disclosure standards under applicable law and/or rules issued by the regulated market of such internationally recognized stock exchange applicable to issuers of equity securities admitted to trading on the regulated market of such internationally recognized stock exchange, for so long as it elects, the Obligor will make available to the Delegate such annual reports, information, documents and other reports that such listed entity is, or would be, required to make public or file with such internationally recognized stock exchange pursuant to such disclosure standards.

(h) Upon complying with the requirements of the prior paragraph; **provided that** (i) the Obligor (or any successor thereto) is required or elects to prepare and make public or file annual or quarterly reports, information, documents and other reports with such internationally recognized stock exchange, as applicable, and (ii) the Obligor provides separate consolidated financial statements substantially in the form described in Condition 5.6(a)(i) or Condition 5.6(a)(ii), as applicable, the Obligor will be deemed to have complied with the provisions contained in such clauses.

(i) Delivery of information, documents and reports to the Delegate is for informational purposes only and the Delegate's receipt of such shall not constitute notice of any information contained therein, including the Obligor's compliance with any of its covenants under these Conditions and the Declaration of Trust.

(j) For purposes of this Condition 5.6, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20.0 per cent. of the Obligor's (i) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Delegate or (ii) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Delegate.

5.7 **Merger and Consolidation**

(a) The Obligor will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Obligor and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "**Successor Company**") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway, Saudi Arabia or Switzerland and the Successor Company (if not the Obligor) will expressly assume, by a supplemental declaration of trust and any other required documents, executed and delivered to the Delegate, in form reasonably satisfactory to the Delegate, all the obligations of the Obligor under the Transaction Documents to which it is a party (in whatever capacity);

(ii) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Dissolution Event shall have occurred and be continuing;

(iii) immediately after giving effect to such transaction, either (A) the Successor Company would be able to Incur at least an additional U.S.$1.00 of Indebtedness pursuant to Condition 5.1(a)(i) or (B) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction;

(iv) the Obligor shall have delivered to the Delegate (A) an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental declaration of trust and other documents (if any) comply with these Conditions and the Declaration of Trust, and an Opinion of Counsel to the effect that each of such supplemental declaration of trust and other documents (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Delegate); **provided that** in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of Conditions 5.7(a)(i), 5.7(a)(ii) and 5.7(a)(iii) above and (B) a pronouncement from an internationally reputable *Shari'a* board that the Transaction Documents as amended or supplemented pursuant to this Condition 5.7 comply with the principles of *Shari'a* as laid down by such board; and

(v) the Successor Company shall have such rights, title, interests, benefits and entitlements to the Wakala Assets as is equivalent to the rights, title, interests, benefits and entitlements held by the Obligor on the Issue Date.

(b) Any Indebtedness that becomes an obligation of the Obligor or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this Condition 5.7, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Condition 5.1.

(c) For purposes of this Condition 5.7, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Obligor, which properties and assets, if held by the Obligor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Obligor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Obligor.

(d) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Obligor under these Conditions and the Declaration of Trust but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Transaction Documents to which it is a party (in whatever capacity).

(e) There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

(f) The foregoing provisions (other than the requirements of Condition 5.7(a)(ii)) shall not apply to (i) any transactions which constitute an Asset Disposition if the Obligor has complied with Condition 5.4 or (ii) the creation of a new subsidiary as a Restricted Subsidiary.

(g) For the avoidance of doubt, no consent or sanction of the Certificateholders shall be required for any substitution of the Obligor which is in accordance with this Condition 5.7.

5.8 **Suspension of Covenants on Achievement of Investment Grade Status**

(a) If on any date following the Issue Date, any Certificates have achieved Investment Grade Status and no Default or Dissolution Event has occurred and is continuing (a "**Suspension Event**"), then, the Obligor shall notify the Delegate of these events and beginning on that day (the "**Suspension Date**") and continuing until such time, if any, at which the Certificates cease to have Investment Grade Status (the "**Reversion Date**"), the following Conditions will not apply to such Certificates:

(i) Condition 5.1;

(ii) Condition 5.2;

(iii) Condition 5.4;

(iv) Condition 5.5; and

(v) Condition 5.7(a)(iii),

and, in each case, any related default provision of these Conditions and the Declaration of Trust will cease to be effective and will not be applicable to the Obligor and the Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Obligor properly taken during the continuance of the Suspension Event, and Condition 5.2 will be interpreted as if it has been in effect since the date of these Conditions and the Declaration of Trust except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Obligor's option, as having been Incurred pursuant to Condition 5.1(a) or one of the clauses set forth in Condition 5.1(b) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred under Condition 5.1(a) and Condition 5.1(b), such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Condition 5.1(b)(iv)(B).

(b) Upon the occurrence of a Reversion Date, the Obligor and its Restricted Subsidiaries will be permitted to perform under, or consummate the transactions contemplated by, any contract entered into during the period of time between the Suspension Event and the Reversion Date, so long as such contract and such consummation would have been permitted during such Suspension Period.

(c) The Obligor shall give the Delegate written notice of any Covenant Suspension Event and in any event not later than five Business Days after such Covenant Suspension Event has occurred. The Obligor shall give the Delegate written notice of any occurrence of a Reversion Date not later than five Business Days after such Reversion Date.

Any capitalized term used but not defined in this Condition 5, shall have the meaning set forth in Condition 1. In addition, for the purposes of this Condition 5:

"**Acquired Indebtedness**" means Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (c) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Obligor or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to (a) above, on the date such Person becomes a Restricted Subsidiary and, with respect to (b) above, on the date of consummation of such acquisition of assets and, with respect to (c) above, on the date of the relevant merger, consolidation or other combination.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Asset Disposition**" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "**disposition**") by the Obligor or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(a) a disposition by a Restricted Subsidiary to the Obligor or by the Obligor or a Restricted Subsidiary to a Restricted Subsidiary;

(b) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(c) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(d) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Obligor and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(e) transactions permitted under Condition 5.7 or a transaction that constitutes a Change of Control;

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Obligor or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(g) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Obligor) of less than the greater of (A) U.S.$10.0 million and (B) 2.5% of Consolidated EBITDA;

(h) any Restricted Payment that is permitted to be made, and is made, under Condition 5.2 and the making of any Permitted Payment or Permitted Investment or, solely for purposes of Condition 5.4(b), asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(i) the granting of Liens not prohibited by Condition 5.3;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Obligor or a Restricted Subsidiary upon the foreclosure of a Lien granted in favour of the Obligor or any Restricted Subsidiary;

(k) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(l) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(m) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(n) sales or dispositions of receivables in connection with any ordinary course receivables financing or any factoring transaction or in the ordinary course of business or arising as a result of the entry into of service and supply agreements with third party service providers in relation to the collection and settlement of outstanding customer invoices in the ordinary course of business;

(o) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(p) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Obligor or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(q) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(r) an issuance of Capital Stock by a Restricted Subsidiary to the Obligor or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by Condition 5.1 or an issuance of Capital Stock by the Obligor pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(s) the disposition of assets to a Person under concession partnership arrangements or franchise partnership arrangements in the ordinary course of business;

(t) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; provided that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with Condition 5.4; and

(u) any disposition with respect to property built, owned or otherwise acquired by the Obligor or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by these Conditions and the Declaration of Trust.

"**Associate**" means (a) any Person engaged in a Similar Business of which the Obligor or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (b) any joint venture entered into by the Obligor or any Restricted Subsidiary.

"**Board of Directors**" means (a) with respect to the Obligor or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (b) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (c) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of these Conditions and the Declaration of Trust requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Obligor" under these Conditions and the Declaration of Trust may be exercised pursuant by the Board of Directors of a Restricted Subsidiary or a Parent pursuant to a delegation of powers of the Board of Directors of the Obligor.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"**Capitalized Lease Obligations**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital or finance lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS; **provided, that** any obligations of the Obligor or its Restricted Subsidiaries either existing on the Issue Date or created prior to any recharacterization described below (a) that were not included on the consolidated balance sheet of the Obligor as capital finance lease obligations and (b) that are subsequently recharacterized as capital or finance lease obligations or indebtedness due to a change in accounting treatment or otherwise (including under IFRS 16), shall for all purposes under these Conditions and the Declaration of Trust (including, without limitation, the calculation of Consolidated Net Income and EBITDA) not be treated as capital or finance lease obligations, Capitalized Lease Obligations or Indebtedness.

"**Cash Equivalents**" means:

(a) any cash denominated in United States dollars, Canadian dollars, pounds sterling, yen, euros or any national currency of any participating member state of the EMU, Chinese yuan, Saudi Riyal, or Swiss francs, or in such other currencies held by the Obligor or any Restricted Subsidiary from time to time in the ordinary course of business or consistent with industry practice;

(b) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (**provided that** the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(c) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "**Deposit**") or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any lender party to the Loan Facilities or by any bank or trust company (i) if at any time since 1 January 2007 the Obligor or any of its Subsidiaries held Deposits with such bank or trust company (or any branch or subsidiary thereof), (ii) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (iii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of U.S.$250.0 million;

(d) Deposits in connection with the business of the Obligor or its Subsidiaries in the ordinary course of business and consistent with past practice issued by a bank or a trust company organized, or authorized to operate as a bank or trust company, under the laws of any state of the United States of America, any province of Canada, any member of a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof;

(e) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b) above;

(f) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(g) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(h) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(i) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(j) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (j) above; and

(k) other instruments customarily utilized for high-quality investments that can be readily monetized without material risk of loss in the good faith judgment of a responsible financial or accounting officer of the Obligor or any of its Restricted Subsidiaries.

For the avoidance of doubt, any items identified as Cash Equivalents under this definition will be deemed to be Cash Equivalents for all purposes under these Conditions and the Declaration of Trust regardless of the treatment of such items under IFRS.

"**Change of Control**" means the occurrence of any of the following:

(a) the Obligor becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "**person**" or "**group**" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "**beneficial owner**" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Obligor; **provided that** for the purposes of this definition, (i) no Change of Control shall be deemed to occur by reason of the Obligor becoming a Subsidiary of a Successor Parent; and (ii) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "**person**" or "**group of related persons**" is the "**beneficial owner**" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(b) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Obligor and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Company Investors**" means (a) directors of the Obligor, members of the management team of the Obligor or its Subsidiaries and employees of the Obligor and its Subsidiaries who subsequently invest directly or indirectly in the Obligor from time to time and (b) any entity that may hold shares transferred by departing members of the management team or employees of the Obligor or its Subsidiaries for future redistribution to the management team or employees of the Obligor or its Subsidiaries.

"**Confirming Lines**" means confirming lines, "**reverse**" factoring arrangements or other supplier payment arrangements with banks or other financial institutions or special purpose entities providing for the payment by such bank or financial institution or special purpose entity of supplier invoices and other trade payables owed by a Person, which payments are reimbursed by the Person in accordance with the terms of such lines or arrangements.

"**Consolidated EBITDA**" means the consolidated profits of the Obligor from ordinary activities before taxation for the period of the four most recent fiscal quarters ending prior to the relevant date of measurement for which internal consolidated financial statements are available:

(a) before deducting any Consolidated Profit Expense whether paid, payable or capitalized by any member of the group (calculated on a consolidated basis) in respect of the relevant period;

(b) not including any accrued profit owing to Obligor or any Restricted Subsidiary;

(c) after adding back any amount attributable to the amortization, or depreciation or impairment of assets of members of the Obligor and its Restricted Subsidiaries (and taking no account of the reversal of any previous impairment charge);

(d) before taking into account any Exceptional Items of the Obligor and its Restricted Subsidiaries;

(e) after deducting the amount of any profit of any of the Obligor and its Restricted Subsidiaries which is attributable to minority interests;

(f) after deducting the amount of any profit of any Non-Group Entity;

(g) after adding back the amount of any dividends received in cash by the Obligor or a Restricted Subsidiary (net of any applicable withholding taxes) through dividends or other distributions from any Non-Group Entity;

(h) before taking into account any unrealized gains or losses of the Obligor and its Restricted Subsidiaries on any financial instrument (including any derivative instrument, other than any derivative instrument which is accounted for on a hedge accounting basis);

(i) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset at any time after 31 March 2018;

(j) before taking into account any Pension Items of the Obligor and its Restricted Subsidiaries;

(k) excluding the charge to profit of the Obligor and its Restricted Subsidiaries represented by the expensing of stock options; and

(l) before taking into account any gain or loss arising from the Obligor or a Restricted Subsidiary buying-back (howsoever arising, and whether directly or indirectly) any indebtedness of the Obligor or a Restricted Subsidiary (including that Group member's own indebtedness),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis and on the basis of IFRS; **provided, however, that** there will not be included in such Consolidated Net Income (adjusted for the corresponding tax impact (if any)):

(a) any net income (loss) of any person that is not a member of the Group, except that a member of the Group's equity in the net income of any such person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such person during such period to a member of the Group as a dividend or other distribution or return on investment;

(b) any net gain (or loss) realized upon the sale, abandonment or other disposition of any asset or disposed operations of any member of the Group (including pursuant to any sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of its day to day operations (as determined in good faith by the Company);

(c) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense or any charges, expenses or reserves in respect of any restructuring, redundancy or severance or any similar transaction;

(d) the cumulative effect of a change in accounting principles;

(e) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(f) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(g) any unrealized gains or losses in respect of hedging or other derivative instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of hedging or other derivative instruments;

(h) any unrealized foreign currency translation gains or losses in respect of Indebtedness of any member of the Group denominated in a currency other than the functional currency of such member of the Group and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(i) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of any member of the Group owing to another member of the Group;

(j) any one-time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of any person or business or resulting from any reorganization or restructuring involving any member of the Group; and

(k) any goodwill or other intangible asset impairment charge or write-off.

"**Consolidated Net Leverage**" means the sum of the aggregate outstanding Indebtedness of the Obligor and its Restricted Subsidiaries (excluding Hedging Obligations) less cash and Cash Equivalents of the Obligor and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"**Consolidated Net Leverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated Net Leverage at such date to (b) the aggregate amount of Consolidated EBITDA for the period of the four most recent quarters ending prior to the date of such determination for which internal consolidated financial statements of the Obligor are available. In the event that the Obligor or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "**Calculation Date**"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Obligor) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; **provided, however, that** (other than in connection with making any Restricted Payment pursuant to Condition 5.2(c)(xiv)) the *pro forma* calculation shall not give effect to (x) any Indebtedness incurred on the Calculation Date pursuant to Condition 5.1(b) or (y) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Condition 5.1(b).

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(a) acquisitions and Investments (each, a "**Purchase**") that have been made by the Obligor or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Obligor or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Obligor and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period; **provided that**, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(b) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Obligor);

(c) the Consolidated Profit Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Profit Expense will not be obligations of the Obligor or any of its Restricted Subsidiaries following the Calculation Date;

(d) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(e) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(f) if any Indebtedness bears a floating rate of profit, the profit expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Profit Rate Agreement applicable to such Indebtedness, and if any Indebtedness is not denominated in the Obligor's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS); and

(g) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by an Officer of the Obligor responsible for accounting or financial reporting) projected to result from actions taken by the Obligor or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; **provided that** such synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any cost savings, reductions or synergies already included for such period.

For the purposes of the definitions of Consolidated EBITDA, Consolidated Profit Expense and Consolidated Net Income, calculations will be determined in accordance with the terms set forth above.

"**Consolidated Profit Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated profit, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalized by any member of the Obligor and its Restricted Subsidiaries (calculated on a consolidated basis) in respect of the relevant period.

"**Consolidated Secured Net Leverage**" means, without duplication, (a) the aggregate outstanding Secured Indebtedness of the Obligor and its Restricted Subsidiaries (including Indebtedness Incurred under Condition 5.1(b)(i), but excluding Hedging Obligations except to the extent provided in clause (3) of the penultimate paragraph of the covenant described Condition 5.1) on a consolidated basis less (b) cash and Cash Equivalents of the Obligor and its Restricted Subsidiaries on a consolidated basis.

"**Consolidated Secured Net Leverage Ratio**" means the Consolidated Net Leverage Ratio, but calculated by using Consolidated Secured Net Leverage in substitution of Consolidated Net Leverage.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds:

(i) for the purchase or payment of any such primary obligation; or

(ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Obligor or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Loan Facilities or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the Loan Facilities or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (a) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Obligor as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"**Controlling Shareholders"** means each of Fawaz Abdulaziz Alhokair, Salman Abdulaziz Alhokair and Abdulmajid Abdulaziz Alhokair, directly or indirectly.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, a Dissolution Event.

"**Designated Non-Cash Consideration**" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Obligor) of non-cash consideration received by the Obligor or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Condition 5.4.

"**Designated Preference Shares**" means, with respect to the Obligor or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Obligor or a Subsidiary of the Obligor or an employee stock ownership plan or trust established by the Obligor or any such Subsidiary for the benefit of their employees to the extent funded by the Obligor or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Obligor at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in Condition 5.2(a)(v)(C)(2).

"**Disinterested Member**" means, with respect to any Affiliate Transaction, a member of the Board of Directors having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Parent or any options, warrants or other rights in respect of such Capital Stock.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Scheduled Dissolution Date of the Certificates or (b) the date on which there are no Certificates outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5.2. For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to these Conditions and the Declaration of Trust, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. Dollars, at any time of determination thereof by the Obligor, the amount of U.S. Dollars obtained by converting such currency other than U.S. Dollars involved in such computation into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable currency other than U.S. Dollars as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected by the Obligor) on the date of such determination.

"**Equity Offering**" means (a) a sale of Capital Stock of a Parent, the Obligor or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than offerings to the Obligor or any Restricted Subsidiary), or (b) the sale of Capital Stock or other securities by any Person (other than to the Obligor or a Restricted Subsidiary), the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Obligor or any of its Restricted Subsidiaries.

"**EMU**" means the economic and monetary union as contemplated in the Treaty on European Union.

"**European Government Obligations**" means any security that is (a) a direct obligation of any country that is a member of the European Monetary Union on the Issue Date, for the payment of which the full faith and credit of such country is pledged or (b) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under (a) or (b) above, is not callable or redeemable at the option of the issuer thereof.

"**Exceptional Items**" means any items (positive or negative) of an exceptional, one off, non-recurring or extraordinary nature (including, without limitation, severance payments).

"**Exchange**" means The International Stock Exchange.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Obligor as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Obligor after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Obligor or any Subsidiary of the Obligor for the benefit of its employees to the extent funded by the Obligor or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Obligor, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Obligor.

"**fair market value**" wherever such term is used in these Conditions or the Declaration of Trust (except as otherwise specifically provided in these Conditions or the Declaration of Trust), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Obligor setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**Fitch**" means Fitch Ratings or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Fixed Charge Coverage Ratio**" means, as of any date of determination, the ratio of (a) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (b) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reduction synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; **provided, however, that** the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to Condition 5.1(b) (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under Condition 5.1(b)(v)) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to Condition 5.1(b).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(A) acquisitions or Investments (each, a "**Purchase**") that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period; **provided that**, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including anticipated synergies and cost savings) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(B) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(C) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(D) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(E) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(F) if any Indebtedness bears a floating rate of profit and is being given *pro forma* effect, the profit expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

(G) Profit on a Capitalized Lease Obligation shall be deemed to accrue at an profit rate reasonably determined by a responsible financial or accounting officer of the Obligor to be the rate of profit implicit in such Capitalized Lease Obligation in accordance with IFRS; and

(H) the reasonably anticipated full run rate effect of expense and cost reduction synergies (as determined in good faith by a responsible accounting or financial Officer) projected to result from actions taken by the Obligor or its Restricted Subsidiaries shall be included as though such synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions; *provided* such synergies (1) are reasonably identifiable and factually supportable and (2) are not duplicative of any costs savings, reductions or synergies already included for the period.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(a) the Consolidated Profit Expense of such Person for such period; plus

(b) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Obligor or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on equity interests payable to the Obligor or a Restricted Subsidiary; plus

(c) any profit expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such profit expense is actually paid;

determined on a consolidated basis in accordance with IFRS.

"**Group**" means the Obligor and its Subsidiaries.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, however, that the term "**Guarantee**" will not include endorsements for collection or deposit in the ordinary course of business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Profit Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**Holding Company**" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Obligor or its Restricted Subsidiaries are, or may be, required to comply.

Notwithstanding the foregoing, the impact of IFRS 16 (Leases) and any successor standard thereto shall be disregarded with respect to all ratios, calculations, baskets and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to these Conditions and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS prior to 1 January 2019 and any guarantee given by the Obligor or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Obligor or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect prior to 1 January 2019.

Moreover, at any date after the Issue Date, the Obligor may make an irrevocable election to establish that "**IFRS**" shall mean IFRS as in effect on a date that is on or prior to the date of such election (other than with respect to Condition 5.6).

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; **provided, however, that** any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "**Incurred**" and "**Incurrence**" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "**Incurred**" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case, only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(e) Capitalized Lease Obligations of such Person;

(f) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(g) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (i) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Obligor) and (ii) the amount of such Indebtedness of such other Persons;

(h) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(i) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Profit Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "**Indebtedness**" shall not include (1) Subordinated Shareholder Funding, (2) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (3) prepayments of deposits received from clients or customers in the ordinary course of business, (4) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, or (5) any asset retirement obligations, or (6) any Project Financing.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in these Conditions and the Declaration of Trust, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in (g) and (h) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(A) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of receivables financings and factoring or similar arrangements which are non-recourse to the relevant Restricted Subsidiary except to the extent customary for such type of factoring or similar arrangements, and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(B) in connection with the purchase by the Obligor or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; **provided, however, that**, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(C) (1) Guarantees, letters of credit (to the extent not drawn or satisfied within 60 days of such drawing), documentary credits or similar instruments in respect of any leases or provided to suppliers in the ordinary course of business (or provided to credit insurers relating to ordinary course of business payables of the Obligor and its Restricted Subsidiaries), (2) other Indebtedness in respect of standby letters of credit, documentary credits, performance bonds or surety bonds provided by the Obligor or any Restricted Subsidiary in the ordinary course of business to the extent that such letters or documentary credits are not drawn upon or, if and to the extent drawn upon are honoured in accordance with their terms and if, to be reimbursed, are reimbursed no later than then fifth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit or documentary credit or bond and (3) obligations in respect of Confirming Lines; or

(D) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; **provided, however, that** endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Obligor or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Obligor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in Condition 5.2(e).

For purposes of Condition 5.2:

(a) "**Investment**" will include the portion (proportionate to the Obligor's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Obligor.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Obligor's option) by any dividend, distribution, profit payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(b) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(c) debt securities or debt instruments with a rating of "BBB-" or higher from S&P, a rating of "BBB-" or higher by Fitch or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Obligor and its Subsidiaries;

(d) investments in any fund that invests exclusively in investments of the type described in (a), (b) and (c) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(e) any investment in repurchase obligations with respect to any securities of the type described in (a), (b) and (c) above which are collateralized at par or over.

"**Investment Grade Status**" shall occur when all of the Certificates receive at least two of the following:

(a) a rating of "BBB-" or higher from S&P;

(b) a rating of "Baa3" or higher from Moody's; and

(c) a rating of "BBB-" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"**Loan Facilities**" refers to the Senior Secured Islamic Term Facilities and the Islamic Revolving Credit Facility, each as defined in the Offering Circular.

"**Management Advances**" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Obligor or any Restricted Subsidiary:

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (ii) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Obligor, its Subsidiaries or any Parent with (in the case of this sub-clause (ii)) the approval of the Board of Directors;

(b) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) (in the case of this paragraph (c)) not exceeding U.S.$5 million in the aggregate outstanding at any time.

"**Market Capitalisation**" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Obligor on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the thirty (30) consecutive trading days immediately preceding the date of declaration of such dividend.

"**Material Indebtedness**" means the Loan Facilities, and any Indebtedness obligations in excess of the greater of (a) U.S.$75 million and (b) 2% of total assets.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions), as a consequence of such Asset Disposition;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Obligor or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(d) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Obligor or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

"**Non-Group Entity**" means any investment or entity (which is not itself the Obligor or a Restricted Subsidiary) in which any of the Obligor and the Restricted Subsidiaries has an ownership interest.

"**Offering Circular**" means the offering circular dated 31 March 2021 relating to the Certificates.

"**Officer**" means, with respect to any Person, (a) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity, or (b) any other individual designated as an "**Officer**" for the purposes of these Conditions and the Declaration of Trust by the Board of Directors of such Person. The obligations of an "**Officer of the Obligor**" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Obligor.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel reasonably satisfactory to the Delegate. The counsel may be an employee of or counsel to the Obligor or its Subsidiaries.

"**Original Notes Issue Date**" means 26 November 2019.

"**Parent**" means any Person of which the Obligor at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"**Pension Items**" means any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme.

"**Permissible Jurisdiction**" means any member state of the European Union.

"**Permitted Holders**" means, collectively, (a) the Controlling Shareholders, (b) any Related Person of any Persons specified in (a), (c) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Obligor, acting in such capacity and (d) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange

Act or any successor provision) of which any of the foregoing (or any Persons mentioned in the following sentence) are members; **provided that**, in the case of such group and without giving effect to the existence of such group or any other group, such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50 per cent. of the total voting power of the Voting Stock of the Obligor or any of its direct or indirect parent companies held by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Notice is made in accordance with the requirements of these Conditions and the Declaration of Trust will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"**Permitted Investment**" means (in each case, by the Obligor or any of its Restricted Subsidiaries):

(a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Obligor or (ii) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(b) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Obligor or a Restricted Subsidiary;

(c) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(d) Investments in receivables owing to the Obligor or any Restricted Subsidiary created or acquired in the ordinary course of business;

(e) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Obligor or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(g) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with Condition 5.4;

(h) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date and any extension, modification or renewal of any such Investment;

(i) Currency Agreements, Profit Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Condition 5.1;

(j) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "**Permitted Liens**" or made in connection with Liens permitted under Condition 5.3;

(k) any Investment to the extent made using Capital Stock of the Obligor (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(l) any transaction to the extent constituting an Investment that is permitted and made in accordance with Condition 5.5(b) (except those described in Conditions 5.5(b)(i), 5.5(b)(iii), 5.5(b)(viii), 5.5(b)(ix) and 5.5(b)(xii));

(m) Guarantees not prohibited by Condition 5.1 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business and consistent with past practice;

(n) (i) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with these Conditions and the Declaration of Trust and (ii) Investments made in connection with any Project Financing of any undeveloped land;

(o) Investments in the Certificates;

(p) Investments acquired after the Issue Date as a result of the acquisition by the Obligor or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Obligor or any of its Restricted Subsidiaries in a transaction that is not prohibited by Condition 5.7 to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(q) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Obligor's or any Restricted Subsidiary's business;

(r) Investments, taken together with all other Investments made pursuant to this clause (r) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of (A) U.S.$50.0 million and (B) 12.5% of Consolidated EBITDA; and

(s) Investments in joint ventures, Unrestricted Subsidiaries and similar entities having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause (s) that are at the time outstanding, not to exceed the greater of (A) U.S.$25 million and (B) 6.2% of Consolidated EBITDA at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value); *provided that*, if an Investment is made pursuant to this clause (s) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under Condition 5.2, such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) of the definition of "Permitted Investments" and not this clause (s).

"**Permitted Liens**" means, with respect to any Person:

(a) Liens on assets or property of any Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(b) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(c) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmens' and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(d) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; **provided that** appropriate reserves required pursuant to IFRS have been made in respect thereof;

(e) Liens in favour of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Obligor or any Restricted Subsidiary in the ordinary course of its business;

(f) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Obligor and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Obligor and its Restricted Subsidiaries;

(g) Liens on assets or property of the Obligor or any Restricted Subsidiary securing Hedging Obligations permitted under these Conditions and the Declaration of Trust relating to Indebtedness permitted to be Incurred under these Conditions and the Declaration of Trust and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(h) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(i) Liens arising out of judgments, decrees, orders or awards not giving rise to a Dissolution Event so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(j) Liens on assets or property of the Obligor or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; **provided that** (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under Condition 5.1(b)(vii) and (ii) any such Lien may not extend to any assets or property of the Obligor or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(k) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(l) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Obligor and its Restricted Subsidiaries in the ordinary course of business;

(m) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(n) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Obligor or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Obligor or any Restricted Subsidiary); **provided, however, that** such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); **provided that** such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(o) Liens on assets or property of the Obligor or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Obligor or another Restricted Subsidiary, or Liens in favour of the Obligor or any Restricted Subsidiary;

(p) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under these Conditions and the Declaration of Trust; **provided that** any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(q) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(r) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Obligor or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(s) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(t) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(u) Liens on and in relation to receivables, account receivables, and related assets (including proceeds therefor being sold in factoring arrangements entered into in the ordinary course of business) or pursuant to any factoring, securitization or receivables financing arrangement permitted to be incurred by these Conditions and the Declaration of Trust;

(v) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Obligor or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(w) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(x) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(y) any security granted over the marketable securities portfolio described in paragraph (i) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(z) (i) Liens created for the benefit of or to secure, directly or indirectly, the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) and (ii) Liens securing obligations under Confirming Lines;

(aa) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of (i) U.S.$25.0 million and (ii) 6.2% of Consolidated EBITDA;

(bb) Liens securing Secured Indebtedness incurred under Condition 5.1(a)(ii);

(cc) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(dd) Liens securing Project Financing; and

(ee) Liens on any undeveloped land.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"**Preferred Stock**," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Projects**" means the ownership, creation, acquisition, construction, development, design, engineering or completion in respect of any portion of any project or any assets related to the Jawharat Riyadh Mall.

"**Project Financing**" means indebtedness of a Restricted Subsidiary incurred in connection with the Projects as to which the Obligor does not provide a Guarantee or security interest or credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) and with respect to which creditors have no recourse to any assets of the Obligor (other than a security interest over the Capital Stock of the Restricted Subsidiary), except any Guarantee of the Projects, pursuant to which the Obligor or any Restricted Subsidiary of the Obligor may become liable to pay any certain amounts related to the Projects.

"**Profit Rate Agreement**" means, with respect to any Person, any profit rate protection agreement, profit rate future agreement, profit rate option agreement, profit rate swap agreement, profit rate cap agreement, profit rate collar agreement, profit rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Public Debt**" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities or Sukuk Obligation issued in (a) a public offering registered under the Securities Act or (b) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale (including, for the avoidance of doubt, any domestic offering in Saudi Arabia).

"**Public Offering**" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"**Purchase Money Obligations**" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"**refinance**" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "**refinances**", "**refinanced**" and "**refinancing**" as used for any purpose in these Conditions and the Declaration of Trust shall have a correlative meaning.

"**Refinancing Indebtedness**" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with these Conditions and the Declaration of Trust (including Indebtedness of the Obligor that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Obligor or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; **provided, however, that**:

(a) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Scheduled Dissolution Date;

(b) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay profit or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(c) if the Indebtedness being refinanced is expressly subordinated to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity), such Refinancing Indebtedness is subordinated to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) on terms at least as favourable to the holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Obligor or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

"**Related Person**" with respect to any Permitted Holder, means:

(a) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(b) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(d) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"**Replacement Assets**" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Obligor's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Obligor are reasonably related.

"**Representative**" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"**Restricted Investment**" means any Investment other than a Permitted Investment.

"**Restricted Subsidiary**" means any Subsidiary of the Obligor other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Secured Indebtedness**" means, as of any date of determination, the principal amount of Indebtedness that is secured by a Lien.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Significant Subsidiary**" means any Restricted Subsidiary that meets any of the following conditions:

(a) the Obligor's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Obligor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(b) the Obligor's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Obligor and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(c) the Obligor's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Obligor and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"**Similar Business**" means (a) any businesses, services or activities engaged in by the Obligor or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"**Subordinated Indebtedness**" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) pursuant to a written agreement.

"**Subordinated Shareholder Funding**" means, collectively, any funds provided to the Obligor by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; **provided, however, that** such Subordinated Shareholder Funding:

(a) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Obligor or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates is restricted;

(b) does not require, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates, payment of cash profit, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Scheduled Dissolution Date of the Certificates;

(c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default, event of default or dissolution event or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Scheduled Dissolution Date of the Certificates;

(d) does not provide for or require any security interest or encumbrance over any asset of the Obligor or any of its Subsidiaries; and

(e) is fully subordinated and junior in right of payment to the Obligor's obligations under the Transaction Documents to which it is a party (in whatever capacity) pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"**Successor Parent**" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "**beneficially owned**" (as defined below) by one or more Persons that "**beneficially owned**" (as defined below) more than 50 per cent. of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "**beneficial owner**," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"**Taxes**" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including penalties with respect thereto) that are imposed by any government or other taxing authority.

"**Temporary Cash Investments**" means any of the following:

(a) any investment in:

(i) direct obligations of, or obligations Guaranteed by, (A) the United States of America or Canada, (B) a Permissible Jurisdiction, (C) Switzerland or Norway, (D) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Obligor or a Restricted Subsidiary in that country with such funds or (E) any agency or instrumentality of any such country or member state; or

(ii) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(b) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(i) any lender under any Credit Facility to which the Obligor or any of its Restricted Subsidiaries is a party;

(ii) any institution authorized to operate as a bank in any of the countries or member states referred to in (a)(i) above; or

(iii) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

(iv) in each case (other than (b)(i) above), having capital and surplus aggregating in excess of U.S.$250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in (a) or (b) above entered into with a Person meeting the qualifications described in (a) above;

(d) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Obligor or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(e) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, a Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(f) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(g) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of U.S.$250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(h) investment funds investing 95 per cent. of their assets in securities of the type described in (a) through (g) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(i) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"**Total Assets**" means the consolidated total assets of the Obligor and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"**Transactions**" refers to:

(a) (i) the Certificates; (ii) the application of the proceeds therefrom (A) to provide to the Obligor the Purchase Price for the purchase of the Wakala Assets comprising the Initial Wakala Portfolio and (B) for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement; and (iii) the other transactions contemplated by the Transaction Documents; and

(b) the use of proceeds from the Certificates in the manner set out in the "Use of Proceeds" in the Offering Circular.

"**Unrestricted Subsidiary**" initially means:

(a) any Subsidiary of the Obligor that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Obligor in the manner provided below); and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Obligor may designate any Subsidiary of the Obligor (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(i) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Obligor or any other Subsidiary of the Obligor which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(ii) such designation and the Investment of the Obligor in such Subsidiary complies with Condition 5.2.

Any such designation by the Board of Directors of the Obligor shall be evidenced to the Delegate by filing with the Delegate a copy of the resolution of the Board of Directors of the Obligor giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Obligor may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** immediately after giving effect to such designation (A) no Default or Dissolution Event would result therefrom and (B)(1) the Obligor could Incur at least U.S.$1.00 of additional Indebtedness under Condition 5.1(a)(i) or (2) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Delegate by promptly filing with the Delegate a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"**Uniform Commercial Code**" means the New York Uniform Commercial Code.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

6. TRUST

6.1 Trust Assets

Pursuant to the Declaration of Trust, the Trustee has declared that it will hold certain assets (the "**Trust Assets**"), consisting of:

(a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interests, benefits and entitlements present and future in, to and under, the Wakala Assets;

(c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and

(d) all moneys standing to the credit of the Transaction Account from time to time,

and all proceeds of the foregoing, upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and these Conditions.

6.2 **Application of Proceeds from Trust Assets**

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the moneys standing to the credit of the Transaction Account in the following order of priority:

(a) *first*, (to the extent not previously paid) to the Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate (including any amounts owing to the Delegate in respect of its Appointees (as defined in the Declaration of Trust));

(b) *second*, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(c) *third*, only if such payment is made on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount; and

(d) *fourth*, only if such payment is made on a Dissolution Date, payment of the residual amount (if any) to the Obligor in its capacity as Servicing Agent as an incentive fee payment for its performance under the Service Agency Agreement.

7. **TRUSTEE COVENANTS**

The Trustee covenants that for so long as any Certificate is outstanding it shall not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as provided in the Transaction Documents;

(b) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interest in any of the Trust Assets except pursuant to any of the Transaction Documents;

(d) except as provided in Condition 19 and the Declaration of Trust, amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its constitutional documents;

(e) except as provided in the Declaration of Trust, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;

(f) have any subsidiaries or employees;

(g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;

(h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;

(i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or

(j) enter into any contract, transaction, amendment, obligation or liability other than the Certificates and the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:

   (i) as contemplated, provided for or permitted in the Transaction Documents;

   (ii) in connection with the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

   (iii) such other matters which are incidental thereto.

8. **PERIODIC DISTRIBUTIONS**

8.1 **Periodic Distribution Amount**

Profit shall accrue at the rate of 5.625 per cent. per annum and such profit shall be payable in arrear in respect of the Certificates on each Periodic Distribution Date in respect of the Return Accumulation Period ending immediately before such date (subject to Condition 8.2, each such profit distribution being referred to in these Conditions as a "**Periodic Distribution Amount**"). The Principal Paying Agent (on behalf of the Trustee) shall distribute to Certificateholders, out of amounts transferred to the Transaction Account, Periodic Distribution Amounts, *pro rata* to their respective holdings on each Periodic Distribution Date in arrear in accordance with these Conditions. Subject to Condition 8.2 and Condition 9, the Periodic Distribution Amount payable on each Periodic Distribution Date shall be U.S.$28.125 per U.S.$1,000 in face amount of the Certificates.

8.2 **Calculation of Periodic Distribution Amounts payable other than on a Periodic Distribution Date**

If a Periodic Distribution Amount is required to be calculated in respect of a period of less than a full Return Accumulation Period (the "**Relevant Period**"), it shall be calculated as an amount equal to the product of:

(a) 5.625 per cent. per annum;

(b) the face amount of the Certificate; and

(c) the Day Count Fraction for such period, with the result being rounded to the nearest U.S.$0.01, U.S.$0.005 being rounded upwards. For these purposes, "**Day Count Fraction**" means the actual number of days in the period divided by 360 (the number of days in such period to be calculated on the basis of a year of 360 days with 12 30-day months and, in the case of an incomplete month, the number of days elapsed of the Return Accumulation Period in which the Relevant Period falls (including the first day but excluding the last)).

8.3 **Cessation of Accrual**

No further amounts will be payable on any Certificate from and including: (a) a Dissolution Date (other than a Total Loss Dissolution Date), unless default is made in payment of the Dissolution Distribution Amount or, as the case may be, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount or Delisting Event Dissolution Distribution Amount and no Sale Agreement has been executed pursuant to the Purchase Undertaking or the Sale Undertaking, as the case may be, relating to the redemption of the Certificates in full, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in this Condition 8 to the earlier of: (x) the Relevant Date; and (y) the date on which a Sale Agreement has been executed in accordance with the terms of the Purchase Undertaking or the Sale Undertaking, as the case may be, relating to the redemption of the Certificates in full; and (b) the date on which a Total Loss Event occurs.

9. PAYMENT

9.1 Payments in respect of Certificates

Subject to Condition 9.2, payment of any Periodic Distribution Amount and the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, will be made by the Principal Paying Agent in U.S. dollars by wire transfer in same day funds to the Registered Account (as defined below) of each Certificateholder. Payments of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, will only be made against surrender of the Certificate at the specified offices of any of the Paying Agents. The Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount and each Periodic Distribution Amount will be paid on the due date to the holder shown on the relevant Register at the close of business on the Record Date.

For the purposes of these Conditions, a Certificateholder's "**Registered Account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the relevant Register at the close of business on the relevant Record Date.

9.2 Payments subject to Applicable Laws

Payments will be subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the holders of the Certificates in respect of such payments.

9.3 Payment only on a Payment Business Day

Where payment is to be made by transfer to a Registered Account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount, if later, on the Payment Business Day on which the Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Certificateholder is late in surrendering its Certificate (if required to do so).

If the amount of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount or any Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the relevant Register with a record of the amount actually paid.

9.4 **Agents**

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee, and to the extent provided in the Agency Agreement and the Declaration of Trust, the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any other person (including any Certificateholder).

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement.

The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, **provided that** it will at all times maintain:

(a) a Principal Paying Agent;

(b) a Registrar;

(c) a Transfer Agent;

(d) a Paying Agent (which may be the Principal Paying Agent) having its specified office in a jurisdiction within Europe; and

(e) such other agents as may be required by any stock exchange on which the Certificates may be listed.

Notice of any such termination or appointment and of any changes in the specified offices shall be given by the Trustee to the Certificateholders in accordance with Condition 18.

10. **CAPITAL DISTRIBUTIONS OF THE TRUST**

10.1 **Dissolution on the Scheduled Dissolution Date**

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem each Certificate at the Dissolution Distribution Amount on the Scheduled Dissolution Date.

Upon payment in full of the Dissolution Distribution Amount, the Trust will be dissolved by the Trustee on the Scheduled Dissolution Date and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 **Early Dissolution for Tax Event**

Upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, the Certificates shall be redeemed by the Trustee in whole, but not in part, on the date specified in the Exercise Notice which shall also be a Periodic Distribution Date (an "**Early Tax Dissolution Date**"), on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at the Dissolution Distribution Amount, if it is determined by the Obligor that a Tax Event occurs, where "**Tax Event**" means:

(a) (i) the Trustee has or will become obliged to pay additional amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and (ii) such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or

(b) (i) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document to which it is a party as a result of any change in, or amendment to, the laws or regulations of Saudi Arabia or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after the Issue Date; and (ii) such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given:

(i) unless a duly completed Exercise Notice has been received by the Trustee from the Obligor in accordance with the Sale Undertaking; and

(ii) earlier than 90 days prior to the earliest date on which (in the case of (a) above) the Trustee would be obliged to pay such additional amounts if a payment in respect of the Certificates were then due or (in the case of (a) above) the Obligor would be obliged to pay such additional amounts if a payment under the relevant Transaction Document was then due.

Prior to the publication of any notice of redemption pursuant to this Condition 10.2, the Trustee or, as the case may be, the Obligor shall deliver to the Delegate: (i) a certificate signed by two Authorised Signatories on behalf of the Trustee (in the case of (a) above) or the Obligor (in the case of (a) above) stating that the obligation referred to in paragraph (a) or (a) above (as applicable) has arisen and cannot be avoided by the Trustee or the Obligor (as the case may be), taking reasonable measures available to it, and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee or the Obligor (as the case may be), has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice given in accordance with this Condition 10.2 and payment in full of the Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.3 **Dissolution at the option of the Certificateholders (Change of Control Put Option)**

(a) If a Change of Control occurs, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (a "**Change of Control Put Notice**") and in the form obtainable from any Paying Agent or the Registrars, within the Change of Control Put Period, redeem such Certificate on the Change of Control Put Option Date at the Change of Control Dissolution Distribution Amount.

If the holder of every Certificate outstanding delivers a Change of Control Put Notice in relation to all such Certificates within the Change of Control Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Change of Control Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the Change of Control Dissolution Distribution Amount on the Change of Control Put Option Date; and (ii) dissolve the Trust.

Promptly upon the Obligor becoming aware that a Change of Control has occurred, it shall give notice to the Trustee. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (a "**Change of Control Notice**") in accordance with Condition 18 specifying the nature of the Change of Control and the relevant Change of Control Put Option Date.

(b) If the holders of 90 per cent. or more of the aggregate face amount of Certificates then outstanding deliver Change of Control Put Notices within the Change of Control Put Period in accordance with Condition 10.3(a), **provided that** the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates, the Trustee shall, on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18, redeem all (but not some only) of the remaining outstanding Certificates at the Change of Control Dissolution Distribution Amount on the Change of Control Put Option Date. Upon payment in full of such amounts to the Certificateholders: (i) the Trust will be dissolved; (ii) the Certificates shall cease to represent interests in the Trust Assets; and (iii) no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(c) To exercise the option described in Condition 10.3(a), holders of the relevant Certificates must deposit such Certificates with the relevant Registrar or any Transfer Agent at its specified office, together with a duly completed Change of Control Put Notice within the relevant period. No Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.4 **Dissolution at the option of the Obligor (Make Whole Amounts)**

Upon receipt of a duly completed Exercise Notice from the Obligor in accordance with the Sale Undertaking, the Certificates shall be redeemed by the Trustee in whole, but not in part, on the date specified in the Exercise Notice (an "**Optional Dissolution Date**"), on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), at the Optional Dissolution Distribution Amount,

provided, however, that no such notice of redemption shall be given unless:

(a) a duly completed Exercise Notice has been received by the Trustee from the Obligor in accordance with the Sale Undertaking; and

(b) redemption shall fall on a Periodic Distribution Date.

Upon the expiry of any such notice given in accordance with this Condition 10.4 and payment in full of the Optional Dissolution Distribution Amount to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.5 **Dissolution following a Total Loss Event**

Following the occurrence of a Total Loss Event (and unless the Wakala Assets have been replaced in accordance with the terms of the Service Agency Agreement), the proceeds of the insurances and any Total Loss Shortfall Amount (if applicable) will be immediately credited to the Transaction Account and will be used by the Trustee to: (i) redeem all (but not some only) of the Certificates at the Dissolution Distribution Amount on the Total Loss Dissolution Date; and (ii) upon payment in full of the Dissolution Distribution Amount dissolve the Trust. Upon such redemption and dissolution of the Trust, the Certificates will cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

Under the Service Agency Agreement, the Servicing Agent irrevocably undertakes to the Trustee, that, in relation to the Wakala Assets, the Servicing Agent will:

(i) *be responsible for ensuring that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, accordingly, shall effect such insurances in respect of the Wakala Assets (the "Insurances"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing Agent undertakes to ensure that the aggregate of the insured amount will, at all times, be at least equal to the Full Reinstatement Value;*

(ii) *promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances; and*

(iii) *ensure that, in the event of a Total Loss Event occurring, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Transaction Account by no later than the 30th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly.*

*If the Servicing Agent fails to comply with the terms of Clause 3.2 of the Service Agency Agreement (as detailed immediately above) and the Wakala Assets are not replaced as further described below and as a result of such breach the amount (if any) credited to the Transaction Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Transaction Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) irrevocably and unconditionally undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Subject to paying such Total Loss Shortfall Amount, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations. Any such breach will not, however, constitute an ACC Event.*

*By no later than 30th day after the occurrence of a Total Loss Event, the Obligor will be obliged to use all reasonable endeavours to identify further Eligible Wakala Asset(s) ("**Replacement Wakala Assets**") which are at least of an equal Value to the relevant Wakala Assets which have suffered a Total Loss Event. Any breach of this Clause 4.1 will not constitute an ACC Event.*

If the Trustee receives notification from the Obligor that Replacement Wakala Assets are available on or before the 30th day after the occurrence of the Total Loss Event, the Trustee shall pursuant to a separate sale agreement substantially in the form, mutatis mutandis, of the Supplemental Purchase Agreement purchase such Replacement Wakala Assets from the Obligor by way of payment by the Servicing Agent on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Obligor in consideration of the sale by the Obligor of the Replacement Wakala Assets for the Purchase Price (as set out in such sale agreement).

10.6 **Dissolution following a Dissolution Event**

Upon the occurrence of a Dissolution Event which is continuing, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date and the Trust dissolved as more particularly specified in Condition 14.

10.7 **Dissolution at the option of the Obligor (Clean-up Call)**

In the event that at least 90 per cent. of the initial aggregate face amount of the Certificates has been purchased and cancelled pursuant to Condition 13, **provided that** the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates, the Trustee shall, on giving not less than 15 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable), redeem all (but not some only) of the remaining outstanding Certificates on the redemption date specified in such notice which shall also be a Periodic Distribution Date (the "**Optional Dissolution (Clean-up Call) Date**") at the Dissolution Distribution Amount.

Upon the expiry of any such notice given in accordance with this Condition 10.7 and payment in full of such amounts to Certificateholders, the Trustee shall be bound to dissolve the Trust and the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.8 **Dissolution at the option of the Certificateholders (Asset Disposition Put Option)**

(a) Subject to Condition 5.4, if an Asset Disposition Event occurs, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (an "**Asset Disposition Put Notice**") and in the form obtainable from any Paying Agent or the Registrars, within the Asset Disposition Put Period, redeem such Certificate on the Asset Disposition Put Option Date at the relevant Asset Disposition Dissolution Distribution Amount in accordance with the below:

(i) in the case of an Asset Disposition Public Debt Event, the Trustee shall only be required to redeem Certificates which are the subject of validly delivered Asset

Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to (i) the aggregate face amount of the Certificates outstanding multiplied by (ii) the aggregate face amount of the Certificates outstanding divided by the sum of (A) of the aggregate face amount of the Certificates outstanding and (B) the total aggregate principal amount outstanding of other Indebtedness that is Public Debt being prepaid, repayed, purchased or redeemed pursuant to Condition 5.4(b)(i) (however, the Trustee may redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices in excess of this amount at its discretion) (the "**Asset Disposition Public Debt Event Distribution Amount**");

(ii) in the case of an Asset Disposition Excess Proceeds Event, the Trustee shall only redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to the Excess Proceeds which are available for such purpose pursuant to Condition 5.4(e) (the "**Asset Disposition Excess Proceeds Event Distribution Amount**"); and

(iii) in the case of an Asset Disposition Optional Event, the Trustee shall only redeem Certificates which are the subject of validly delivered Asset Disposition Put Notices pursuant to this Condition 10.8 up to an amount equal to the amounts which are available for such purposes pursuant to Condition 5.4(b)(ii) (the "**Asset Disposition Optional Event Distribution Amount**"),

in each case, subject to the Authorised Denominations.

If the holder of every Certificate outstanding delivers an Asset Disposition Put Notice in relation to all such Certificates within the Asset Disposition Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Asset Disposition Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the relevant Asset Disposition Dissolution Distribution Amount on the Asset Disposition Put Option Date; and (ii) dissolve the Trust.

Promptly upon the Obligor becoming aware that an Asset Disposition Event has occurred, it shall give notice to the Trustee. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (an "**Asset Disposition Notice**") in accordance with Condition 18 specifying the nature of the Asset Disposition Event and the relevant Asset Disposition Put Option Date.

(b) To exercise the option described in Condition 10.8(a), holders of the relevant Certificates must deposit such Certificates with the relevant Registrar or any Transfer Agent at its specified office, together with a duly completed Asset Disposition Put Notice within the relevant period. No Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.9 Dissolution at the option of the Certificateholders (Delisting Event Put Option)

(a) If a Tangibility Event occurs, the Obligor (in its capacity as Servicing Agent) shall notify the Trustee and the Delegate of such occurrence within five Business Days of the occurrence of the Tangibility Event by issuing a Tangibility Event Notice. The Trustee shall, upon receipt of such notice from the Obligor, promptly give notice to the Certificateholders (a "**Delisting Notice**") in accordance with Condition 18 specifying that: (i) a Tangibility Event has occurred; (ii) pursuant to Article 8.2.3 (Sale and Trading) of the Accounting and Auditing Organization for Islamic Financial Institutions *Shari'a* Standard no.59, the Certificates will be tradable only in accordance with the *Shari'a* principles of debt trading; and (iii) on the 90th day following the issuance of the Delisting Notice, the Certificates will be delisted from any listing authority, stock exchange and/or quotation system (if any) on which the Certificates have been admitted to listing, trading and/or quotation.

Following the occurrence of a Delisting Event, the Trustee will, upon the holder of any Certificate giving notice to the Trustee, in accordance with Condition 18 (a "**Delisting**

Event Put Notice") and in the form obtainable from any Paying Agent or the Registrars, within the Delisting Event Put Period, redeem such Certificate on the Delisting Event Put Option Date at the Delisting Event Dissolution Distribution Amount.

If the holder of every Certificate outstanding delivers a Delisting Event Put Notice in relation to all such Certificates within the Delisting Event Put Period to the Trustee in accordance with Condition 18 (unless prior to the giving of the relevant Delisting Event Put Notice, the Trustee has given notice of redemption under Condition 10.2 or Condition 10.4) the Trustee will: (i) redeem the Certificates at the Delisting Event Dissolution Distribution Amount on the Delisting Event Put Option Date; and (ii) dissolve the Trust.

To the extent that there are any Certificates in respect of which Delisting Event Put Notices have not been delivered following the expiry of the Delisting Event Put Period, such Certificates shall be delisted from any listing authority, stock exchange and/or quotation system (if any) on which the Certificates have been admitted to listing, trading and/or quotation on the 90th day following the issuance of the Delisting Notice.

(b) If the holders of 90 per cent. or more of the aggregate face amount of Certificates then outstanding deliver Delisting Event Put Notices within the Delisting Event Put Period in accordance with Condition 10.9(a), **provided that** the Trustee has received an Exercise Notice from the Obligor under the Sale Undertaking obliging the Trustee to redeem the Certificates (the "**Delisting Event Call Option**"), the Trustee shall, on giving not less than 15 nor more than 30 days' notice to the Certificateholders in accordance with Condition 18, redeem all (but not some only) of the remaining outstanding Certificates at the Delisting Event Dissolution Distribution Amount on the Delisting Event Put Option Date. Upon payment in full of such amounts to the Certificateholders: (i) the Trust will be dissolved; (ii) the Certificates shall cease to represent interests in the Trust Assets; and (iii) no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

(c) To exercise the option described in Condition 10.9(a), holders of the relevant Certificates must deposit such Certificates with the relevant Registrar or any Transfer Agent at its specified office, together with a duly completed Delisting Event Put Notice within the Delisting Event Put Period. No Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Trustee.

10.10 No Other Dissolution

The Trustee shall not be entitled to redeem the Certificates, and the Trustee shall not be entitled to dissolve the Trust otherwise than as provided in this Condition 10, Condition 13 and Condition 14.

11. TAXATION

All payments in respect of the Certificates shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Saudi Arabia, or in each case any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In such event, the Trustee will pay additional amounts as shall be necessary in order that the net amounts received by the Certificateholders after such withholding or deduction shall equal the respective amounts due and payable to them which would have otherwise been receivable in the absence of such withholding or deduction; except that no such additional amounts shall be payable in relation to any payment to any Certificateholder arising from:

(a) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settlor, beneficiary, member or shareholder of or possessor of a power over the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of a Certificate and the Cayman Islands or Saudi Arabia (including, without limitation, being or having been a citizen, resident or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), other than connections arising solely from the acquisition or holding of such Certificate, the exercise or enforcement of rights under such Certificate or the receipt of any payments with respect to such Certificate;

(b) any Taxes to the extent such Taxes were imposed where the definitive Certificate is required to be presented for payment and is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to an additional amount on such 30th day assuming that day to have been a Payment Business Day;

(c) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Certificates to comply with any reasonable written request of the Trustee addressed to the holder or beneficial owner as applicable and made at least 60 days before any such withholding or deduction would be payable to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of the Cayman Islands or Saudi Arabia, as a precondition to exemption from or reduction in the rate of deduction or withholding of, Taxes imposed by the Cayman Islands or Saudi Arabia (including, without limitation, a certification that the holder or beneficial owner is not resident in the Cayman Islands or Saudi Arabia), but in each case, only to the extent the holder or beneficial owner is legally eligible to provide such certification or documentation;

(d) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code as of the Issue Date (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(e) any combination of items (a) through (d) above.

In these Conditions, references to the "**Dissolution Distribution Amount**", "**Optional Dissolution Distribution Amount**", "**Change of Control Dissolution Distribution Amount**", "**Asset Disposition Dissolution Distribution Amount**", "**Delisting Event Dissolution Distribution Amount**" or any "**Periodic Distribution Amount**" payable in respect of a Certificate shall be deemed to include any additional amounts payable under this Condition 11. In addition, in these Conditions "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Delegate, as the case may be, on or prior to such due date, the date on which the full amount of such moneys having been so received, notice to that effect is duly given to Certificateholders by the Trustee in accordance with Condition 18.

The Transaction Documents provide that payments thereunder by the Obligor to the Trustee shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the Declaration of Trust, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 11, the Obligor unconditionally and irrevocably undertakes to (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by the Trustee in respect of the Certificates pursuant to this Condition 11.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be prescribed and become void unless claimed within periods of ten years (in the case of the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount) and five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 9.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

13.1 Purchases

The Obligor and/or any Subsidiary of the Obligor may at any time purchase Certificates at any price in the open market or otherwise.

13.2 Cancellation of Certificates held by the Obligor and/or any of its Subsidiaries

Certificates purchased by or on behalf of the Obligor or any Subsidiary of the Obligor may, in the Obligor's sole discretion, be surrendered for cancellation by or on behalf of the Trustee in accordance with the terms of the Declaration of Trust and the Agency Agreement. Any Certificates so surrendered for cancellation may not be reissued or resold. If the event that the Obligor and/or any Subsidiary purchases all of the outstanding Certificates and all such Certificates are subsequently cancelled by or on behalf of the Trustee, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

14. DISSOLUTION EVENTS

Upon the occurrence and continuation of any of the following events (the "**Dissolution Events**"):

(a) default is made in the payment of:

  (i) any Periodic Distribution Amount and such default continues for a period of 14 days from the due date for payment; or

  (ii) the Dissolution Distribution Amount or, as the case may be, the Optional Dissolution Distribution Amount, the Change of Control Dissolution Distribution Amount, the relevant Asset Disposition Dissolution Distribution Amount or the Delisting Event Dissolution Distribution Amount and such default continues for a period of seven days from the due date for payment; or

(b) the Trustee does not perform or comply with, any of its other obligations under the Conditions or any of the Transaction Documents to which it is a party and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Delegate on the Trustee of written notice requiring the same to be remedied; or

(c) any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 30 days; or

(d) the Trustee is (or is, or could be, deemed by law or a court to be) adjudicated or found bankrupt or insolvent or to be unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of any creditors in respect of any of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) the debts of the Trustee; or

(e) an administrator or liquidator is appointed (or application for any such appointment is made), an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations; or

(f) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Certificates and the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Certificates and the Transaction Documents to which it is a party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or

(g) it is or will become unlawful for the Trustee to perform or comply with any one or more of its duties, obligations and undertakings under any of the Certificates or the Transaction Documents to which it is a party or any of the duties, obligations or undertakings of the Trustee under the Certificates or the Transaction Documents to which it is a party are not, or cease to be, legal, valid, binding and enforceable; or

(h) the Trustee repudiates or does or causes to be done any act or thing evidencing an intention to repudiate any Certificate or any Transaction Document to which it is a party; or

(i) any event occurs which under the laws of the Cayman Islands or any other jurisdiction has an analogous effect to any of the events referred to in paragraphs (c), (d) or (e) above; or

(j) an ACC Event (as defined below) occurs,

the Delegate, upon receiving express notice in writing thereof, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of such Dissolution Event to the Certificateholders in accordance with Condition 18 with a request to such holders to indicate if they wish the Certificates to be redeemed and the Trust to be dissolved. If so requested in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates outstanding or if so directed by an Extraordinary Resolution of the Certificateholders, the Delegate shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Trustee, the Obligor and (in accordance with Condition 18) the Certificateholders (a "**Dissolution Notice**") that the Certificates are immediately due and payable at the Dissolution Distribution Amount, whereupon they shall become so due and payable.

Upon receipt of such Dissolution Notice, the Trustee (failing which, subject to being indemnified and/or pre-funded to its satisfaction, the Delegate) shall deliver an Exercise Notice to the Obligor under the Purchase Undertaking. The Trustee (or the Delegate in the name of the Trustee) shall use the proceeds received from the Obligor, to redeem the Certificates at the Dissolution Distribution Amount on the date specified in the relevant Exercise Notice (the relevant "**Dissolution Event Redemption Date**") and the Trust shall be dissolved on the day after the last outstanding Certificate has been so redeemed in full. Upon payment in full of such amounts and dissolution of the Trust as aforesaid, the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of these Conditions, "**ACC Event**" shall mean each of the following events:

(a) if default is made by the Obligor (acting in any capacity) in the payment of: (i) an amount in the nature of profit (corresponding to all or part of a Periodic Distribution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of 14 days; or (ii) an amount in the nature of principal (corresponding to all or part of a Dissolution Distribution Amount, Optional Dissolution Distribution Amount, Change of Control Dissolution Distribution Amount, Asset Disposition Dissolution Distribution Amount or Delisting Event Dissolution Distribution Amount payable by the Trustee under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of seven days; or

(b) if the Obligor (acting in any capacity) fails to perform or observe any one or more of its other obligations under the Transaction Documents to which it is a party, which failure is incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not, in the opinion of the Delegate, remedied within the period of thirty (30) days following the service by the Delegate on the Obligor of notice requiring the same to be remedied, except that a failure by the Obligor (acting in its capacity as Servicing Agent) to comply with its obligations set out in clauses 3.1(c), 3.2, 3.4 or 3.7 of the Service Agency Agreement will not constitute an ACC Event; or

(c) if any Indebtedness or Sukuk Obligation of the Obligor or any Subsidiary is not paid when due nor within any originally applicable grace period or any such Indebtedness or Sukuk Obligation is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of default (howsoever described), **provided that** it shall not constitute an ACC Event under this paragraph (c) unless the aggregate amount of all such Indebtedness and Sukuk Obligations shall be more than U.S.$50,000,000 (or its equivalent in any other currency or currencies); or

(d) any Security Interest given by the Obligor or any Subsidiary for any Indebtedness or Sukuk Obligation securing an amount more than U.S.$50,000,000 (or its equivalent in any other currency or currencies) becomes enforceable and any step is taken to enforce the Security Interest (including the taking of possession or the appointment of a receiver, manager or other similar person), unless the full amount of the Indebtedness or Sukuk Obligation which is secured by the relevant Security Interest is discharged within 30 days of the date on which a step is taken to enforce the relevant Security Interest; or

(e) if the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, nationalisation, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of all or substantially all of its revenues and assets (otherwise than for the purpose of, or pursuant to, an amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution); or

(f) if the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) is (or is deemed by a court or any applicable jurisdiction to be) insolvent or bankrupt or admits in writing that it is unable to pay its debts or any class of its debts as the same fall due, or stops, suspends or threatens to stop or suspend payment of all or any class of its debts, or proposes or makes a general assignment for the benefit of its creditors in respect of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or a particular type of) its debts; or

(g) one or more judgment(s) or order(s) for the payment of an amount in excess of U.S.$50,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Obligor or any of the Obligor's Significant Subsidiaries (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Obligor and its Restricted Subsidiaries), would constitute a Significant Subsidiary) and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or

(h) if: (i) the Obligor or any liquidator of the Obligor repudiates or disclaims any responsibility under any Transaction Document to which it is a party; or (ii) at any time it is or becomes unlawful for the Obligor to perform or comply with any or all of its obligations under or in respect of the Transaction Documents to which it is a party or any of the obligations of the Obligor thereunder are not or cease to be legal, valid and binding obligations; or

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable either of the Obligor lawfully to enter into, exercise its rights and perform and comply with its duties, obligations and undertakings under the Transaction Documents to which it is a party; (ii) to ensure that those duties, obligations and undertakings are legally binding and enforceable; or (iii) to make the Transaction Documents to which it is a party admissible in evidence in the courts of Saudi Arabia is not taken, fulfilled or done; or

(j) if any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events described in (e) and (f) above.

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 If, following the occurrence of a Dissolution Event and delivery of a Dissolution Notice, any amount payable in respect of the Certificates has not been paid in full (notwithstanding the provisions of Condition 14) the Trustee or the Delegate (in either case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) may take one or more of the following steps:

(i) enforce the provisions of the Transaction Documents against the Obligor; and/or

(ii) take such other actions or steps or institute such proceedings as the Trustee, or the Delegate (as the case may be), may consider necessary to recover amounts due to the Certificateholders.

15.2 No Certificateholder shall be entitled to proceed directly against the Trustee or to direct the Trustee to proceed against the Obligor unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing. The Delegate and the Certificateholders shall only be entitled to deal with the Trust Assets as expressly permitted by the Transaction Documents and the sole right of the Delegate and the Certificateholders against the Trustee or the Obligor shall be to enforce their respective obligations under the Transaction Documents.

16. REALISATION OF TRUST ASSETS

16.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, step or proceeding against the Trustee and/or the Obligor under any Certificate or any Transaction Document to which either of the Trustee or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if the Trustee or the Delegate (as the case may be) shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

16.2 Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.

16.3 The foregoing provisions of this Condition 16 are subject to this Condition 16.3. After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with Condition 6.2 and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) to recover any further sums in respect of the Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

17. **REPLACEMENT OF CERTIFICATES**

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the relevant Registrar upon payment by the claimant of the costs and expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Registrars may reasonably require. Mutilated or defaced Certificates must be surrendered to the relevant Registrar before replacements will be issued.

18. **NOTICES**

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in London (which is expected to be the Financial Times) approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

Any notice shall be deemed to have been given on the day (being a day other than a Saturday or Sunday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or DTC, the relevant notice may instead be delivered to Euroclear, Clearstream, Luxembourg or DTC (as applicable) for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to Euroclear, Clearstream, Luxembourg or DTC (as applicable).

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same, together with evidence of entitlement to the relevant Certificates, with the Principal Paying Agent.

19. **MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

19.1 The Declaration of Trust contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Declaration of Trust or any other Transaction Document. Such a meeting shall be convened by the Trustee on written requisition in the English language by Certificateholders holding not less than 10 per cent. in face amount of the Certificates for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more Eligible Persons (as defined in the Declaration of Trust) present holding or representing in aggregate more than 50 per cent. in face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more Eligible Persons whatever the face amount of the Certificates held or represented, except that in the case of any meeting the business of which includes consideration of proposals: (i) to modify any date for payment in respect of the Certificates; (ii) to reduce or cancel or vary the method for calculating the amount of any payment due in respect of the Certificates; (iii) to alter the currency of payment or denomination of the Certificates; (iv) to amend Condition 8; (v) to change any of the Trustee's or the Obligor's respective covenants set out in, and obligations to make payment under, the Conditions and the Transaction Documents to which they are a party, respectively; (vi) to modify the provisions concerning the quorum required at any meeting of Certificateholders or to alter the majority required to pass an Extraordinary Resolution; (vii) to sanction any such scheme or proposal or substitution as is described in paragraphs 5.9(i) and 5.9(j) of Schedule 6 to the Declaration of Trust; or (viii) to amend the above list or the proviso to paragraph 4.6 of Schedule

6 to the Declaration of Trust (each, a "**Reserved Matter**"), the quorum shall be one or more Eligible Persons holding or representing in aggregate not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in face amount of the Certificates for the time being outstanding. To be passed, an Extraordinary Resolution requires: (i) a majority in favour consisting of not less than 75 per cent. of the votes cast; (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (a "**Written Resolution**"); or (iii) where the Certificates are held by or on behalf of a clearing system or clearing systems, approval given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Delegate) by or on behalf of the holders of not less than 75 per cent. in aggregate face amount of the Certificates then outstanding (an "**Electronic Consent**"). Any Extraordinary Resolution, if duly passed, will be binding on all Certificateholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted.

19.2 The Declaration of Trust provides that a Written Resolution or an Electronic Consent shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. Such a Written Resolution and/or Electronic Consent will be binding on all Certificateholders whether or not they participated in such Written Resolution or Electronic Consent.

19.3 Without prejudice to Condition 5.7, the Delegate may (but shall not be obliged to), without the consent or sanction of the Certificateholders: (i) agree to any modification to these Conditions, any provisions of the Transaction Documents or to the Trustee's memorandum and articles of association which, in the sole opinion of the Delegate, is of a formal, minor or technical nature or is made to correct a manifest error; (ii) agree to any modification (other than in respect of a Reserved Matter) of these Conditions, any provisions of the Transaction Documents or the Trustee's memorandum and articles of association, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Declaration of Trust or the other Transaction Documents; or (iii) determine that any Dissolution Event shall not be treated as such, **provided that**, in the case of (ii) and (iii) above, such modification, waiver, authorisation or determination is not, in the sole opinion of the Delegate, materially prejudicial to the interests of Certificateholders and that such waiver, authorisation or determination is not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least one-quarter of the outstanding aggregate face amount of the Certificates.

19.4 In connection with the exercise by it of any of its powers, authorities and discretions under the Declaration of Trust (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of Certificateholders as a class and shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Obligor, the Delegate or any other Person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

19.5 Any modification, waiver, authorisation or determination shall be binding on Certificateholders and, unless the Delegate otherwise decides, shall as soon as practicable thereafter be notified by the Trustee to the Certificateholders in accordance with Condition 18.

20. INDEMNIFICATION AND LIABILITY OF THE DELEGATE

20.1 The Trustee will in the Declaration of Trust irrevocably and unconditionally with effect from the date of the Declaration of Trust appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, to exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the "**Delegation**" of the "**Relevant Powers**"), **provided that** no obligations, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation, **provided further that** in no circumstances will such Delegation of the Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and **provided further that** such Delegation and the Relevant Powers shall not include any duty, power, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

20.2 The Declaration of Trust contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking any action, step or proceeding unless indemnified and/or secured and/or prefunded to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets or any other right it may have pursuant to the Declaration of Trust, the Delegate shall in no circumstances be bound to take any action, step or proceeding unless directed to do so by an Extraordinary Resolution or in writing by the holders of at least 25 per cent. of the then aggregate face amount of the Certificates then outstanding, and then only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

20.3 The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Trustee or the Obligor under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Trustee or the Obligor but are not so paid and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

20.4 The Delegate may rely (without liability to any person) on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee or the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the Declaration of Trust or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

20.5 Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee or delegate, in the case of the Trustee (having regard to the provisions of the Declaration of Trust conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the Declaration of Trust and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them (as applicable) may be guilty in relation to their duties under the Declaration of Trust.

20.6 The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event has occurred or exists and, unless and until it shall have received express notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

21. FURTHER ISSUES

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional Certificates having the same terms and conditions as the outstanding Certificates or terms and conditions which are the same in all respects, save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue and so that the same shall be consolidated and form a single series with the outstanding Certificates. Any additional Certificates which are to form a single series with the outstanding Certificates previously constituted by the Declaration of Trust shall be constituted by a Supplemental Declaration of Trust. References in these Conditions to the Certificates include (unless the context requires otherwise) any other certificates issued pursuant to this Condition and forming a single series with the Certificates.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any Person under the Contracts (Rights of Third Parties) Act 1999 (the "**Act**") to enforce any term of these Conditions, but this does not affect any right or remedy of any Person which exists or is available apart from that Act.

23. GOVERNING LAW AND DISPUTE RESOLUTION

23.1 Governing Law

The Declaration of Trust and the Certificates, including any non-contractual obligations arising out of or in connection with, the Declaration of Trust and the Certificates, shall be governed by, and construed in accordance with, English law.

23.2 Arbitration

Any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Declaration of Trust and the Certificates (including any dispute, claim, difference or controversy regarding the existence, validity, interpretation, performance, breach or termination of the Declaration of Trust or the Certificates or this Condition 23.2 or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with them) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the arbitration rules of the London Court of International Arbitration (the "**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 23. For these purposes:

(a) the seat of arbitration shall be London, England;

(b) there shall be three arbitrators, each of whom shall have no connection to any party to the Dispute and be an attorney experienced in international securities transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator; the respondent(s), irrespective of number, shall nominate jointly the second arbitrator, and a third arbitrator (who shall act as presiding arbitrator) shall be nominated by the arbitrators nominated by or on behalf of the claimant(s) and respondent(s) or, in the absence of agreement on the third arbitrator within 30 days of the date of nomination of the later of the two party nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA (as defined in the Rules); and

(c) the language of the arbitration shall be English.

23.3 **Waiver of Interest**

(a) Each of the Trustee and the Obligor has agreed in the Declaration of Trust that if any proceedings relating to a Dispute ("**Proceedings**") are brought by or on behalf of a party under the Declaration of Trust, each party agrees it will:

(i) not claim interest under, or in connection with, such Proceedings; and

(ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any court or arbitral tribunal as a result of such Proceedings.

(b) For the avoidance of doubt, nothing in this Condition 23.3 shall be construed as a waiver of rights in respect of any Wakala Portfolio Revenues, Wakala Portfolio Revenues Amount, Required Amounts, Periodic Distribution Amounts, Exercise Price, Change of Control Exercise Price, Asset Disposition Exercise Price, Delisting Event Exercise Price, Dissolution Distribution Amounts, Optional Dissolution Distribution Amounts, Change of Control Dissolution Distribution Amounts, Asset Disposition Dissolution Distribution Amounts, Delisting Event Dissolution Distribution Amounts, Murabaha Profit, Instalment Murabaha Profit Amount, Deferred Sale Price, the Total Loss Shortfall Amount, the Full Reinstatement Value or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions or any other document or agreement, howsoever such amounts may be described or re-characterised by any court or arbitral tribunal.

BOOK ENTRY, DELIVERY AND FORM

The Global Certificates

The Certificates will be evidenced on issue by (i) in the case of Regulation S Certificates, the Unrestricted Global Certificate deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Certificates, one or more Restricted Global Certificates deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Beneficial interests in the Unrestricted Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See *"—Book-Entry Procedures for the Global Certificates*". Beneficial interests in a Restricted Global Certificate may only be held through DTC at any time. See *"—Book-Entry Procedures for the Global Certificates*". By its acquisition of a beneficial interest in a Restricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB within the meaning of Rule 144A that is also a QP within the meaning of Section 2(a)(51)(A) of the Investment Company Act and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Declaration of Trust. See "*Transfer Restrictions*".

Beneficial interests in each Global Certificate will be subject to certain restrictions on transfer set forth therein and in the Declaration of Trust, and with respect to a Restricted Global Certificate, as set forth in Rule 144A, and the Certificates will bear the legends set forth thereon regarding such restrictions, as described under "*Transfer Restrictions*". A beneficial interest in the Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate in denominations greater than or equal to the minimum denominations applicable to interests in the Restricted Global Certificate only, and only upon receipt by the relevant Registrar of a written certification (in the form provided in the Declaration of Trust) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate only upon receipt by the relevant Registrar of a written certification (in the form provided in the Declaration of Trust) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Any beneficial interest in the Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate will, upon transfer, cease to be an interest in the Unrestricted Global Certificate, and become an interest in the Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificate for as long as it remains such an interest. Any beneficial interest in the Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, will, upon transfer, cease to be an interest in the Restricted Global Certificate and become an interest in the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Certificates, but the relevant Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Certificates in definitive form (the "**Individual Certificates**"). The Certificates are not issuable in bearer form.

Amendments to Conditions

Each Global Certificate contains provisions that apply to the Certificates that they represent, some of which modify the effect of the Conditions as set out in this Offering Circular. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Certificates which, according to the Conditions, require presentation and/or surrender of a Certificate will be made against presentation and (in the case of payment of principal in full with all profit accrued thereon) surrender of the Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Trustee in respect of the Certificates.

Payments on business days: In the case of all payments made in respect of a Global Certificate, "**Payment Business Day**" means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City.

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person shown as the holder in the relevant Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which such Global Certificate is being held is open for business.

Notices: Notwithstanding Condition 18, so long as the Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or DTC, the relevant notice may instead be delivered to Euroclear, Clearstream, Luxembourg or DTC (as applicable) for communication by them to the Certificateholders. Any such notice shall be deemed to have been given to the Certificateholders in accordance with Condition 18 on the day on which the said notice was given to Euroclear, Clearstream, Luxembourg or DTC (as applicable).

Change of Control Put Option: Any Change of Control Put Notice may be given by the holder of the relevant Global Certificate giving notice to the relevant Registrar or Transfer Agent of the face amount of the Certificates in respect of which the option is exercised and presenting the Global Certificate within the Change of Control Put Period.

Asset Disposition Event Put Option: Any Asset Disposition Put Notice may be given by the holder of the relevant Global Certificate giving notice to the relevant Registrar or Transfer Agent of the face amount of the Certificates in respect of which the option is exercised and presenting the Global Certificate within the Asset Disposition Put Period.

Delisting Event Put Option: Any Delisting Event Put Notice may be given by the holder of the relevant Global Certificate giving notice to the relevant Registrar or Transfer Agent of the face amount of the Certificates in respect of which the option is exercised and presenting the Global Certificate within the Delisting Event Put Period.

Exchange for Individual Certificates

Exchange

The relevant Global Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Certificates in definitive, registered form if: a Global Certificate is held by or on behalf of (A) DTC, and DTC notifies the Trustee that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Trustee is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC, (B) in the case of an Unrestricted Global Certificate only, Euroclear or Clearstream, Luxembourg, and Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the relevant Registrar or any Transfer Agent or (C) any Dissolution Event occurs.

The Registrars will not register the transfer of, or exchange of interests in, a Global Certificate for Individual Certificates for a period of 15 calendar days ending on the date for any payment of principal or profit in respect of the Certificates.

Delivery

In such circumstances, the relevant Global Certificate shall be exchanged in full for Individual Certificates and the Trustee will, at the cost of the Trustee (but against such indemnity as the Registrars or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Individual Certificates to be executed and delivered to the relevant Registrar for completion, authentication and dispatch to the relevant

Certificateholders. A person having an interest in a Global Certificate must provide the relevant Registrar with (a) a written order containing instructions and such other information as the Trustee and the relevant Registrar may require to complete, execute and deliver such Certificates and (b) in the case of the Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB who is also a QP in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions"* and in accordance with any applicable securities laws of any state of the United States. Individual Certificates issued in exchange for a beneficial interest in the Restricted Global Certificate shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of an Individual Certificate may transfer the Certificates evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the relevant Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Restricted Individual Certificate bearing the legend referred to under "*Transfer Restrictions*", or upon specific request for removal of the legend on a Restricted Individual Certificate, the Trustee will deliver only Restricted Individual Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Book-Entry Procedures for the Global Certificates

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Certificates and cross-market transfers of the Certificates associated with secondary market trading. See *"—Settlement and Transfer of Certificates*".

Euroclear and Clearstream, Luxembourg

The Unrestricted Global Certificate representing the Regulation S Certificates will have an ISIN and Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (such investors in Euroclear, Clearstream, Luxembourg or DTC, "**Direct Participants**") or indirectly (such investors in Euroclear, Clearstream, Luxembourg or DTC, "**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

DTC

The Restricted Global Certificate representing the Rule 144A Certificates will have an ISIN, Common Code and CUSIP number and will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC. The custodian and DTC will electronically record the face amount of the Certificates held within the DTC system.

DTC has advised the Trustee as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Restricted Global Certificate directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

DTC has advised the Trustee that it will take any action permitted to be taken by a holder of Certificates only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate face amount of the Restricted Global Certificate as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*—Exchange for Individual Certificates*", DTC will surrender the Restricted Global Certificate for exchange for individual Restricted Individual Certificates (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Certificate evidenced by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Trustee to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Trustee expects that, upon receipt of any payment in respect of Certificates evidenced by a Global Certificate, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the face amount of the relevant Global Certificate as shown on the records of the relevant clearing system or its nominee. The Trustee also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Trustee in respect of payments due on the Certificates for so long as the Certificates are evidenced by such Global Certificate and the obligations of the Trustee will be discharged by payment to the registered holder of such Global Certificate in respect of each amount so paid. None of the Trustee, the Obligor, the Delegate or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Certificates

Subject to the rules and procedures of each applicable clearing system, purchases of Certificates held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Certificates on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participant and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Certificates held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Certificates, unless and until interests in any Global Certificate held within a clearing system are exchanged for Individual Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Certificates held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in the Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Certificates between DTC participants will occur in the ordinary way in accordance with DTC rules and are expected to be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser

When book-entry interests in Certificates are to be transferred from the account of a DTC participant holding a beneficial interest in the Restricted Global Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Unrestricted Global Certificate, as the case may be (subject to the certification procedures provided in the Declaration of Trust), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time (or such other time as the relevant clearing system may require), on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the relevant Restricted Global Certificate will instruct the relevant Registrar to (i) decrease the amount of Certificates registered in the name of Cede & Co. and evidenced by such Restricted Global Certificate of the relevant class and (ii) increase the amount of Certificates registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Unrestricted Global Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser

When book-entry interests in the Certificates are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Restricted Global Certificate (subject to the certification procedures provided in the Declaration of Trust), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time (or such other time as the relevant clearing system may require), one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the relevant

Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Restricted Global Certificate who will in turn deliver such book-entry interests in the Certificates free of payment to the relevant account of the DTC participant and (b) instruct the relevant Registrar to (i) decrease the amount of Certificates registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the relevant Unrestricted Global Certificate; and (ii) increase the amount of Certificates registered in the name of Cede & Co. and evidenced by the Restricted Global Certificate.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Certificates among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Pre-issue Trades Settlement

It is expected that delivery of Certificates will be made free of payment (in the case of the Rule 144A Certificates) and against payment (in the case of the Regulation S Certificates) therefore on the Issue Date thereof, which could be more than three business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Certificates in the United States on the date of pricing or the next succeeding business days until three days prior to the Issue Date will be required, by virtue of the fact the Certificates initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Certificates may be affected by such local settlement practices, and purchasers of Certificates between the date of pricing and the Issue Date should consult their own advisors.

USE OF PROCEEDS

The net proceeds of the issue of the Certificates will be applied by the Trustee in the following proportion: (i) not less than 55 per cent. to purchase from the Obligor an ownership interest in the Initial Wakala Portfolio); and (ii) the remaining portion, being not more than 45 per cent., for the purchase by the Trustee, and subsequent sale to the Obligor, of commodities pursuant to the Murabaha Agreement. The Obligor shall use amounts so received to refinance its existing debt and for its general *Shari'a* compliant corporate purposes.

The following table illustrates the estimated sources and uses of funds necessary to complete the Transactions and to pay estimated fees and expenses in connection with the Transactions. Actual amounts are subject to adjustment and may differ significantly from estimated amounts at the time of the consummation of the Offering, depending on several factors, including differences from the estimates of the cost of repaying the existing indebtedness described below and the ultimate timing of the repayment.

Sources	SAR million	USD million	Uses	SAR million	USD million
The Certificates	2,437.50	650	Partial repayment of Existing Senior Facilities(1)	1,125.00	300
			Repayment of Islamic Revolving Credit Facility(1)	750.00	200
			Cash on balance sheet	536.25	143
			Estimated transaction fees and expenses	26.25	7
Total	**2,437.50**	**650**	**Total ....**	**2,437.50**	**650**

(1) For further information, please see "*Description of Certain Financing Arrangements*".

(2) Reflects the estimate of fees and expenses related to the Offering.

CAPITALISATION

The following table sets forth the capitalisation of the Company and its consolidated subsidiaries as of 31 December 2020 on an actual basis and on an adjusted basis after giving effect to events subsequent to 31 December 2020 and the Transactions. The adjustments are based on available information and contain assumptions made by management. Actual amounts are subject to adjustment and may differ significantly from estimated amounts.

Prospective investors should read the summary data presented below in conjunction with "*Presentation of financial and other information*", "*Use of proceeds*" and "*Management's discussion and analysis of financial condition and results of operations*", and the Group's audited consolidated financial statements and the related notes included elsewhere in this Offering Circular.

	As of 31 December 2020			**As of 31 December 2020**		
	Amount	**Transaction Adjustment**	**Pro Forma Amount**	**Amount**	**Transaction Adjustment**	**Pro Forma Amount**
		(SAR millions)			*(USD$ millions)*	
Senior Secured Ijara/Murabaha Facility - Tranche A[1]	1,361	(344)	1,018	363	(92)	271
Senior Secured Ijara/Murabaha Facility - Tranche B[1]	3,094	(781)	2,313	825	(208)	617
2019 Sukuk	1,875	-	1,875	500	-	500
The Certificates[2]	-	2,438	2,438	-	650	650
Islamic Revolving Credit Facility	750	(750)	-	200	(200)	-
Less: unamortised transaction costs	(104)	(26)	(131)	(28)	(7)	(35)
Gross Debt (Excl. Lease liability on right-of-use assets)	**6,976**	**536**	**7,512**	**1,860**	**143**	**2,003**
Cash & Cash Equivalents	(794)	(536)	(1,330)	(212)	(143)	(355)
Net Debt (Excl. Lease liability on right-of-use assets)	**6,182**	**-**	**6,182**	**1,649**	**-**	**1,649**
Lease liability on right-of-use assets[3]	4,044	-	4,044	1,078	-	1,078
Adjusted Net Debt (incl. Lease liability on right-of-use assets)	**10,226**	**-**	**10,226**	**2,727**	**-**	**2,727**
Total Equity	5,923	-	5,923	1,579	-	1,579
Total Capitalisation[4]	**16,149**	**-**	**16,149**	**4,305**	**-**	**4,305**

(1) For further information, please see "*Description of Certain Financing Arrangements*".

(2) Reflects the expected aggregate principal amount of the Certificates.

(3) Represents lease liabilities measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as at the IFRS 16 adoption date (1 April 2019).

(4) Total capitalisation is the sum of gross debt (excluding lease liability on right-of-use assets) and total equity.

DESCRIPTION OF THE TRUSTEE

GENERAL

The Trustee is an exempted company incorporated with limited liability on 25 February 2020 under the Companies Act (As Revised) of the Cayman Islands with company registration number 360486. The Trustee has been established for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents to which it is a party. The registered office of the Trustee is MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

SHARE CAPITAL

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the "**Shares**") are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the "**Share Trustee**") under the terms of the Share Declaration of Trust under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

BUSINESS OF THE TRUSTEE

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates to be issued. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 25 February 2020.

FINANCIAL STATEMENTS

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

DIRECTORS OF THE TRUSTEE

The Directors of the Trustee are as follows:

Name:	**Principal Occupation:**	**Date of Appointment:**
Sedef Kufrevi	Vice President, Fiduciary at Maples Fund Services (Middle East) Limited	25 February 2020
Linval Stewart	Vice President at MaplesFS Limited	25 February 2020

The business address of Sedef Kufrevi is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of Linval Stewart is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee's Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

SECRETARY

The Trustee's secretary is Maples Secretaries (Cayman) Limited of P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

CONFLICTS

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

THE TRUSTEE ADMINISTRATOR

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "**Registered Office Terms**"). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors. The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

CAYMAN ISLANDS DATA PROTECTION

The Cayman Islands Government enacted the Data Protection Act (As Revised) of the Cayman Islands (the "**DPA**") on 18 May 2017. The DPA introduces legal requirements for the Trustee based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances). For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

SELECTED FINANCIAL INFORMATION

Set forth below is selected financial information for the Group for the periods indicated. The consolidated financial information for the Group as at and for the nine-month period ended 31 December 2020 and 2019 have been extracted without material adjustment from the 2020 Unaudited Interim Financial Statements. The consolidated financial information for the Group as at and for the years ended 31 March 2020 and 2019 has been extracted without material adjustment from the 2020 Audited Financial Statements. The consolidated financial information for the Group as at and for the year ended 31 March 2018 has been extracted without material adjustment from the 2019 Audited Financial Statements.

Consolidated statement of profit or loss data

	For the Nine-month Period ended 31 December		For the year ended 31 March		
	2020	2019	2020	2019	2018
			(SAR)		
Revenue	1,410,110,346	1,689,167,751	2,197,315,187	2,176,399,680	2,160,507,418
Direct costs[(a)]	(237,293,093)	(246,178,868)	(316,594,593)	(521,177,627)	(527,034,783)
Depreciation of right-of-use assets	(141,632,974)	(118,385,695)	(155,864,844)	-	-
Depreciation of investment properties	(228,819,537)	(203,774,640)	(286,418,176)	(256,916,024)	(268,366,279)
Write-off of investment properties	-	-	-	(4,397,441)	-
Gross profit	**802,364,742**	**1,120,828,548**	**1,438,437,574**	**1,393,908,588**	**1,365,106,356**
Other income	132,897,544	6,469,156	12,678,935	10,697,190	31,757,095
Other expense(s)	(1,774,911)	(30,218)	(3,376,868)	(6,821,779)	(9,751,949)
Advertisement and promotion expenses	(15,473,141)	(4,970,011)	(12,946,592)	(5,642,340)	(13,444,488)
Impairment loss on accounts receivable and accrued revenue rentals[(b)]	(108,327,890)	(57,807,584)	(119,264,999)	(43,524,466)	(94,814,498)
General and administration expenses	(132,559,961)	(135,915,078)	(182,674,510)	(171,821,914)	(174,050,094)
Operating profit	**677,126,383**	**928,574,813**	**1,132,853,540**	**1,176,795,279**	**1,104,802,422**
Share of profit of equity-accounted investee	1,652,443	12,558,086	15,841,207	11,569,399	9,650,928
Interest expense on lease liabilities	(110,915,700)	(82,960,272)	(134,543,493)	-	-
Finance cost	(196,307,135)	(288,713,479)	(351,259,733)	(439,540,747)	(295,358,031)
Profit before zakat	**371,555,991**	**569,459,148**	**662,891,521**	**748,823,931**	**819,095,319**
Zakat	(11,806,196)	(23,699,533)	(20,290,170)	55,276,825	(32,684,346)
Profit for the period/year	**359,749,795**	**545,759,615**	**642,601,351**	**804,100,756**	**786,410,973**
Profit for the period/year attributable to:					
Shareholders of the Company[(c)]	357,207,914	535,945,344	633,934,247	789,599,943	774,568,050
Non-controlling interests	2,541,881	9,814,271	8,667,104	14,500,813	11,842,923
	359,749,795	**545,759,615**	**642,601,351**	**804,100,756**	**786,410,973**

(a) This line item was disclosed as Cost of revenue in the Group's 2019 audited financial statements.
(b) This line item was disclosed as Impairment loss on accounts receivable in the Company's audited financial statements for the year ended 31 March 2019 and 2020.
(c) This line item was disclosed as Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Consolidated statement of financial position data

	As at 31 December	As at 31 March		
	2020	2020	2019	2018
Assets			(SAR)	
Current assets				
Cash and cash equivalents	793,589,158	1,045,680,193	457,670,983	80,350,968
Accounts receivable	222,229,835	234,254,125	299,245,146	246,733,176
Amounts due from related parties	455,798,040	591,222,957	567,558,035	238,579,401
Advances to a contractor, related party	-	-	-	274,507,859
Prepayments and other current assets	97,207,408	138,790,964	96,244,969	119,091,960
Accrued revenue (rentals)	201,751,994	69,362,957	30,191,211	32,984,696
Total current assets	**1,770,576,435**	**2,079,311,196**	**1,450,910,344**	**992,248,060**
Non-current assets				
Amounts due from related parties	-	-	-	200,322,570
Advances to a contractor, related party[(a)]	574,088,023	614,438,352	604,914,076	80,692,116
Prepaid rent – non-current portion	-	-	-	48,517,542
Accrued revenue (rentals) – non-current portion	403,503,987	99,835,361	60,382,421	65,969,394
Investment in an equity-accounted investee	-	53,079,928	42,238,721	39,669,322
Other financial receivables	22,500,000	-	-	-
Other investments	84,274,291	104,463,375	108,708,763	128,476,217
Investment properties	11,655,252,516	11,356,912,845	10,983,848,465	10,781,869,500
Right-of-use assets	3,328,055,381	3,561,974,788	-	-
Property and equipment	71,929,719	91,474,811	114,773,889	136,827,578
Total non-current assets	**16,139,603,917**	**15,882,179,460**	**11,914,866,335**	**11,482,344,239**
Total assets	**17,910,180,352**	**17,961,490,656**	**13,365,776,679**	**12,474,592,299**

Liabilities and equity
Liabilities
Current liabilities

Current portion of long-term loans	119,375,000	45,000,000	501,875,532	433,000,000
Lease liabilities – current portion	311,234,918	338,065,081	-	
Accounts payable	156,191,695	149,442,700	217,760,402	276,725,098
Amounts due to related parties	7,424,338	3,899,682	22,499,022	221,619,546
Unearned revenue	231,810,849	177,225,232	305,506,061	277,252,240
Accrued lease rentals	-	-	11,480,894	11,301,470
Accruals and other current liabilities	393,854,550	232,071,497	326,082,270	162,539,755
Zakat payable	84,064,647	78,524,952	82,457,716	146,559,970
Total current liabilities	**1,303,955,997**	**1,024,229,144**	**1,467,661,897**	**1,528,998,079**
Non-current liabilities				
Long-term borrowings	6,856,150,371	6,970,743,077	6,239,159,152	5,395,029,126
Lease liabilities – non-current portion	3,732,553,024	3,899,162,750	--	--
Accrued lease rentals – non-current portion	-	-	515,366,044	560,359,883
Employees' end-of-service benefits	25,556,482	30,370,714	31,744,170	30,338,170
Other non-current liabilities	68,931,512	52,729,339	47,085,296	54,914,387
Total non-current liabilities	**10,683,191,389**	**10,953,005,880**	**6,833,354,662**	**6,040,641,566**
Total liabilities	**11,987,147,386**	**11,977,235,024**	**8,301,016,559**	**7,569,639,645**
Equity				
Share capital	4,750,000,000	4,750,000,000	4,450,000,000	4,450,000,000
Share premium	411,725,703	411,725,703	-	-
Statutory reserve	513,092,734	513,092,734	449,699,309	370,739,315
Other reserves	23,785,778	(18,103,542)	(18,272,000)	2,759,217
Retained earnings	220,628,714	326,282,581	183,241,759	77,572,310
Equity attributable to the shareholders of the Company[(b]	**5,919,232,929**	**5,982,997,476**	**5,064,669,068**	**4,901,070,842**
Non-controlling interests	3,800,037	1,258,156	91,052	3,881,812
Total equity	**5,923,032,966**	**5,984,255,632**	**5,064,760,120**	**4,904,952,654**
Total liabilities and equity	**17,910,180,352**	**17,961,490,656**	**13,365,776,679**	**12,474,592,299**

(a) This line item was disclosed as Advances to a contractor, related party – non-current portion in the Company's audited financial statements for the year ended 31 March 2019 and 2020.
(b) This line item was disclosed as Equity attributable to Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Consolidated statement of cash flow data

	For the Nine-month Period ended 31 December		For the year ended 31 March		
	2020	2019	2020	2019	2018
			(SAR '000)		
Cash flows from Operating activities					
Profit before Zakat	371,555,991	569,459,148	662,891,521	748,823,931	819,095,319
Adjustments for:					
Depreciation of investment properties	228,819,537	203,774,640	286,418,176	256,916,024	268,366,279
Depreciation of property and equipment	20,311,632	24,034,646	30,784,955	35,407,948	30,823,363
Depreciation of right-of-use assets	144,458,257	121,278,626	159,631,890	-	-
Discount and recovery on lease rentals	(76,703,029)	-	-	-	-
Share of profit of equity accounted investee	(1,652,443)	(12,558,086)	(15,841,207)	(11,569,399)	(9,650,928)
Finance cost	196,307,135	288,713,479	351,259,733	439,540,747	295,358,031
Interest expense on lease liabilities	110,915,700	82,960,272	134,543,493		
Provision for employees' end-of-services benefits	4,730,379	3,634,898	7,164,937	6,471,000	7,399,000
Gain from other investments[(a)]	(306,917)	-	444,388	267,454	-
Gain on disposal of equity accounted investee	(42,767,629)	-	-	-	-
Impairment loss on accounts receivable and accrued revenue rentals[(b)]	108,327,890	57,807,584	119,264,999	43,524,466	94,814,498
Impairment on advances to suppliers	-	-	2,822,235	6,069,287	7,835,354
Write-off of investment properties	-	-	-	4,397,441	-
Loss on sale of land	-	-	-	-	1,631,586
Reversal of liabilities no longer payable	-	-	-	-	(16,093,228)
Accounts receivable written-off	-	-	-	-	1,562,261
Reversal of accrued lease rentals	-	-	-	-	(9,032,522)
	1,063,996,503	**1,339,105,207**	**1,739,385,120**	**1,529,848,899**	**1,492,109,013**
Changes in:					
Accounts receivable	(62,904,526)	(61,566,997)	(54,273,978)	(59,274,726)	(109,331,270)
Amounts due from related parties, net	135,424,917	(144,326,686)	(137,101,460)	(879,121,000)	(199,993,892)
Amount due to related parties	3,524,655	-	-	-	-
Prepayments and other current assets	(17,449,735)	(144,591,703)	(91,050,374)	(23,502,552)	10,156,388
Accounts payable	6,748,995	(13,716,214)	(35,364,277)	(49,107,067)	32,447,238
Accrued revenue[(c)]	(469,456,732)	14,322,799	(78,624,688)	8,380,458	(1,097,223)
Accrued lease rentals	-	-	-	11,646,965	(3,235,480)
Unearned revenue	54,585,617	(96,278,401)	(128,280,829)	28,253,821	(33,587,443)
Accruals and other current liabilities	20,131,198	1,336,821	(34,982,360)	(63,179,614)	66,974,986
Cash generated from operating activities	734,600,892	894,284,826	1,179,707,154	503,945,184	1,254,442,317
Employees' end-of-service benefits paid	(10,762,089)	(4.210.972)	(4,568,935)	(6,620,000)	(6,717,000)
Zakat paid	(6,266,501)	(23,954,991)	(5,877,732)	-	(3,478,217)
Net cash from operating activities	**717,572,302**	**866,118,863**	**1,169,260,487**	**497,325,184**	**1,244,247,100**

Cash flows from investing activities

Additions to investment properties	(406,486,510)	(334,255,169)	(451,715,349)	(444,931,448)	(332,456,377)
Purchase of property and equipment	(766,539)	(8,324,519)	(7,485,877)	(13,450,541)	(45,604,385)
Proceeds from disposal of equity accounted investee	97,500,000	-	-	-	-
Proceeds from disposal of other investments	77,048,147	-	-	-	-
Dividend received from an associate	-	-	5,000,000	9,000,000	5,000,003
Advances to a contractor, related party	40,350,328	(32,028,458)	(9,524,274)	(249,714,101)	(162,549,352)
Net cash used in investing activities	**(192,354,574)**	**(374,608,146)**	**(463,725,500)**	**(699,096,090)**	**(535,610,111)**
Cash flows from financing activities					
Payment of financial charges	(292,694,175)	(387,297,607)	(384,093,476)	(168,360,882)	(346,503,609)
Payment of dividend to shareholders[(d)]	(237,130,811)	(427,500,000)	(427,500,000)	-	(374,000,000)
Proceeds from long-term loans	-	6,493,623,930	5,368,675,202	7,086,318,069	-
Proceeds from Sukuk	-	-	1,874,950,000	-	-
Payment of transaction costs	(8,659,935)	(108,836,593)	(114,671,202)	(91,692,960)	-
Payment of lease liabilities	(193,823,842)	(188,679,986)	(282,059,608)		
Repayment of long-term loans	(45,000,000)	(6,932,826,693)	(6,932,826,693)	(6,227,173,306)	(66,000,000)
Proceeds from initial public offering	-	780,000,000	780,000,000	-	-
Dividend paid by subsidiary to non-controlling interest shareholders	-	-	-	(20,000,000)	-
Net cash from / (used in) financing activities	**(777,308,763)**	**(771,516,949)**	**(117,525,777)**	**579,090,921**	**(786,503,609)**
Net increase / (decrease) in cash and cash equivalents	**(252,091,035)**	**(280,006,232)**	**588,009,210**	**377,320,015**	**(77,866,620)**
Cash and cash equivalents at the beginning of the period	1,045,680,193	457,670,983	457,670,983	80,350,968	158,217,588
Cash and cash equivalents at end of the period/year	**793,589,158**	**177,664,751**	**1,045,680,193**	**457,670,983**	**80,350,968**

(a) This line item was disclosed as Change in fair value of other investments (FVTPL) in the Company's audited financial statements for the year ended 31 March 2019 and 2020.
(b) This line item was disclosed as Impairment loss on accounts receivable in the Company's audited financial statements for the year ended 31 March 2019 and 2020.
(c) This line item was disclosed as Accrued revenue (rental) in the Company's audited financial statements for the year ended 31 March 2020.
(d) This line item was disclosed as Dividends paid in the Company's audited financial statements for the year ended 31 March 2019 and 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of the Group's financial condition and results of operations should be read in conjunction with the information in "Presentation of Certain Financial and Other Information", "Selected Consolidated Financial Data" and the Financial Statements appearing elsewhere in this Offering Circular.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Offering Circular, particularly under the headings "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".

The data as of and for the years ended 31 March 2020 and 31 March 2019 have been extracted from the audited consolidated financial statements of the Group as of and for the year ended 31 March 2020 prepared in accordance with IFRS-KSA. The data as of and for the year ended 31 March 2018 has been extracted from the audited consolidated financial statements of the Group as of and for the year ended 31 March 2019 prepared in accordance with IFRS-KSA.

The data for the nine-month period ended 31 December 2020 and 31 December 2019 have been extracted from the unaudited condensed consolidated interim financial statements of the Group as of and for the nine-month period ended 31 December 2020.

OVERVIEW

Arabian Centres Company ("**ACC**" or the "**Company**") is the leading owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020. The Company's core operating portfolio comprises 21 shopping malls (the "**malls**"), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 December 2020, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.2 million square meters, approximately 4,339 occupied retail units and a period-end like-for-like GLA occupancy rate of 90.2%. As of 31 December 2020, the Company held a 14.2% overall market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Mecca). The Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls over the next five years, which the Company expects to increase GLA by approximately 450,000 square meters.

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah) and Mall of Dhahran. The Company generated revenue of SAR 2,160.5 million, SAR 2,176.4 million and SAR 2,197.3 million for the financial years ended 31 March 2018, 2019 and 2020, respectively, and SAR 1,410.1 million for the nine-month period ended 31 December 2020. For the financial year ended 31 March 2020, footfall for the Company's malls reached 115.0 million.

The Company believes it has the most top-quality, large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants; as at 31 December 2020, more than 1,000 international, regional and local retail brands were tenants of the Company's properties, including Zara, Debenhams, Coach, H&M, Virgin Megastores and Panda. The Company has strong relationships with 17 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in multiple of its malls. As a result, the Company's strong tenant relationships have allowed it to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. In addition, the Company is focused on expanding its entertainment and lifestyle offerings in its malls and has introduced cinemas at 10 of its 21 malls since 2019, including the largest cinema in Saudi Arabia.

The Company estimates that the fair value of its investment properties as at 31 December 2020 was SAR 22.8 billion. The Company has carried out an external valuation as at 30 September 2020. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 30 September 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2017, which comply with the international valuation standards. The fair value hierarchy for the investment properties for disclosure purposes is grouped in level

3, with significant unobservable inputs adopted by the valuer which are transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As of 31 December 2020, the Company had a market capitalisation of SAR 11.9 billion, including 21.7% in free float.

PRINCIPAL FACTORS AFFECTING THE OPERATIONS OF THE COMPANY

The Company's results have been affected, and are expected to be affected in the future, by a variety of factors. A discussion of key factors that have had, or may have an effect on the Company's results is set forth below. For a further discussion of the factors affecting the Company's results of operations, see "Risk Factors".

COVID-19

Following the outbreak of COVID-19 in Saudi Arabia and as required by the government's measures to contain its spread, the Company closed all of its malls from 16 March 2020 to 28 April 2020 (except for pharmacies and supermarkets, which were exempt given their classification as essential businesses). In April 2020, the Company's malls were allowed to re-open on a partial basis with limited hours (except Mecca Mall). On 21 June 2020, all lockdown restrictions in Saudi Arabia were fully lifted, with all of the Company's malls reopening fully from that date and returning to normal operations, subject to capacity limitations that were implemented in cinemas and other entertainment facilities. The Company's malls remained fully operational until 4 February 2021, when the government imposed a 10-day suspension of social gatherings and mandated the closure of indoor entertainment facilities, including cinemas and indoor dining locations. The Government extended these measures for an additional 20 days on 14 February 2021. On 7 March 2021, the government lifted most COVID-19 restrictions and allowed cinemas and indoor dining to reopen. See "*Recent Developments—Impact of COVID-19*" for details on the government's COVID-19 restrictions.

As expected, the Company's trading performance was severely impacted by COVID-19 in the last two weeks of the year ended 31 March 2020 and throughout the first and second quarters of the year ending 31 March 2021. Approximately 90% of gross leasable area at the Company's malls was affected by closures during the month of March 2020, with a corresponding impact on approximately 98% of the Company's revenue base as measured by the value of lease contracts outstanding during the period. Recurring EBITDA decreased from SAR 1,116.0 million in the nine-month period ended 31 December 2019 to SAR 998.1 million in the nine-month period ended 31 December 2020. However, the Company's recurring EBITDA margin increased by 4.7 percentage points year-on-year, reflecting the decrease in direct costs (under cost of revenue) and general and administrative expenses in the nine-month period ended 31 December 2020.

In response to the effects of COVID-related mall closures on the Company's tenants and their revenues, the Company offered all tenants a waiver on contractual base rent and service charges for a period of six weeks and suspended all escalations on lease contracts for calendar years 2020 and 2021. The Company extended further rent relief to tenants on a case-by-case basis, subject to the severity of the impact of COVID-19 on their businesses. In total, the Company recognised a cumulative SAR 211.7 million in COVID-related discounts to tenants during the fourth quarter of fiscal year 2020 and nine-month period ended 31 December 2020. The Company has approved a total COVID-related discount of SAR 569.0 million on its net rental revenue through the period up to 31 December 2020, to be recognised over the term of outstanding lease contracts. The full cash impact of COVID-related discounts had been fully realized by the Company by 31 December 2020. The Company has successfully pursued multiple paths for mitigating the effects of elevated discount outlays as a result of COVID-19, including the fostering of cost efficiencies, negotiating discounts on lease payments from landlords, disposing of noncore investments, furloughing some employees and saving on interest expenses. The Company temporarily furloughed approximately 60% of its employees by utilising Saudi Arabia's unemployment insurance scheme, SANED, and decreasing the number of working hours of certain employees in accordance with changes made by the regulators to the Labour Law. For additional detail on COVID-19's effects on the business and COVID-19-related rent relief and support packages extended to the Company's tenants, see "*Summary—Recent Developments—Impact of COVID-19*".

The Company anticipates that there will be a significant negative impact to its financial performance for the year ending 31 March 2021, although management believes that actions taken have partially mitigated the negative impact of the COVID-19 pandemic. The Company has taken a prudent cash management approach and maintained minimum cash position, drawing down SAR 750 million on its revolving Murabaha facility in March 2020 to ensure financial flexibility and maximise liquidity. The Company also reduced or deferred planned capital expenditures in response to the challenging market conditions and pushed back the planned opening dates of its new malls, including the opening of Khaleej Mall from September 2020 to September 2021. The dividends payments have been reduced from SAR 427.5 million (SAR 0.90 per share) in the nine-month period ended 31 December 2019 to SAR 237.5 million (SAR 0.50 per share) in the nine-month period ended 31 December 2020. Moreover, the Board of Directors authorised the distribution of interim dividends on 29 December 2020 amounting to SAR 237.5 million (SAR 0.50 per share) for the first half of fiscal year 2021. This dividend was distributed to shareholders on 14 January 2021.

The extent to which the Company's operations and business trends will be impacted by, and any unforeseen costs will result from, the COVID-19 pandemic will depend on the duration of the pandemic and future developments, which are highly uncertain and cannot be accurately predicted. These developments include, among other things, further "waves" of COVID-19 or the spread of new COVID-19 variants, new information that may emerge concerning the severity of the outbreak and health implications, actions by government authorities to contain COVID-19 outbreaks or mitigate its impact and changes in consumer behaviour resulting from the outbreak and such government actions. See "*Risk Factors—Risks Relating to the Company's Operations—The COVID-19 pandemic has had and is expected to continue to have an adverse effect on our business and results of operations*."

Expansion of Mall Portfolio and Number of Tenants

New mall openings and an increased number of tenants have been a primary driver of the Company's revenue growth in the periods under review and are expected to continue to materially affect the Company's results of operations going forward. The Company currently has 21 malls in operation. While the Company did not open any new malls in the year ended 31 March 2019, the Company opened two new malls in the year ended 31 March 2020 (U-Walk and Nakheel Mall Dammam). In the nine-month period ended 31 December 2020, the Company inaugurated Nakheel Mall Extension Phase 1 during 2020 and intends to open two more malls in 2021 (Khaleej Mall and Jeddah Park). In addition, there are six malls in the Company's medium-term development pipeline.

This expansion in number of malls and the related increase in the number of tenants paying rents helped contribute to an increase in the Company's revenue at a CAGR of 12.0% in the last ten years, from SAR 794.5 million in the year ended 31 March 2010 to SAR 2,197.3 million in the year ended 31 March 2020.

While contributing to the Company's revenue growth in previous periods, the expansion of the Company's mall portfolio also impacts direct costs and expenses, including in relation to depreciation of investment properties. Direct costs decreased at a CAGR of 22.5% from SAR 527.0 million in the year ended 31 March 2018 to SAR 316.6 million in the year ended 31 March 2020, due to the decrease in rental expense following the adoption of IFRS-16 by the Group on 1 April 2019. Unrecognised rent expense at the direct costs level was offset by the increase in depreciation of right-of-use assets amounted SAR155.9 million in the year ended 31 March 2020, compared to nil in the year ended 31 March 2018. Similarly, depreciation of investment properties increased at a CAGR of 3.3% from SAR 268.4 million in the year ended 31 March 2018 to SAR 286.4 million in the year ended 31 March 2020, driven in part by the growth of the properties included in the Company's investment property portfolio (full year depreciation expense related to malls that were opened in the year ended 31 March 2017 (Yasmin Mall and Hamra Mall)) and partial depreciation expense related to malls that were opened in the year ended 31 March 2020 coupled with additions in existing investment properties due to renovation works (leasehold improvements).

In connection with new mall openings, the Company also incurs significant capital expenditure. See "—*Commitments and Financing*".

Occupancy Levels

The occupancy levels of the Company's malls directly affect the Company's revenue from 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 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. In order to improve or maintain occupancy levels, 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 response to COVID-19, the Company amortised SAR 191.3 million in COVID-related discounts to tenants in the nine-month period ended 31 December 2020.

The Company also needs to re-lease space on economically favourable terms as and when leases expire. In the year ended 31 March 2020, the Company renewed approximately 98% of the leases that were set to expire and, despite the impact of COVID-19 on the retail market, the Company renewed 1,518 leases during the nine-month period ended 31 December 2020, representing approximately 91.5% of leases due to expire in the year ended 31 March 2021. In addition, as of 31 December 2020, approximately 1,100 leases will expire in the year ending 31 March 2022, and approximately 1,600 leases will expire in the year ending 31 March 2023. Accordingly, the Company agrees on the terms of new leases with existing tenants when their leases expire based on market conditions and in order 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.

Management is aiming to increase the Company's occupancy rate (as defined below) with targets over the short-, medium- and long-term of 93%, 94% and 95%, respectively, on like-for-like basis for the entire portfolio. 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.

Macroeconomic Conditions in Saudi Arabia and Financial Performance of Tenants

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 or in lower overall rent prices the Company is able to achieve in negotiation with new or renewing tenants.

In addition, challenging retail market conditions may result in fewer sales and a deterioration in the financial performance of the tenants who lease mall space from the Company. In 2020, conditions in the retail market in Saudi Arabia were challenging as a result of COVID-19 and the closure of malls as well as the negative impact of COVID-19 on the economy and on consumer confidence. This led to a reduction in revenue growth many of the Company's tenants, including Fawaz Abdulaziz Alhokair Co. (which is the Company's largest tenant contributing 25.5% towards total rental revenue and had leased 21.3% of total malls GLA as at 31 December 2020), which experienced a decline in revenues in the year ended 31 March 2020 as compared with the year ended 31 March 2019.

Rise of E-Commerce

The adoption of e-commerce in Saudi Arabia is growing significantly and over time visitor spending may become increasingly allocated to online and mobile applications as well as other alternative retail channels. In response to these trends and changing consumer preferences, the Company seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. The Company also recently entered into an agreement to acquire Vogacloset, a leading e-commerce platform. The Company intends to leverage the acquisition to accelerate its digitisation strategy in the face of growing demand for omnichannel retail experiences aligned with Saudi customers' changing preferences and to provide visitors with a specialised and advanced loyalty program, in addition to a simplified and innovative range of consumer financing solutions. The Company expects to see the positive financial effect of the acquisition from the first quarter of the 2022 fiscal year and for tenants' sales to increase as a result of their e-commerce sales on the platform.

Rent Pricing and Discounts

Rental Pricing

The Company's rental revenue is 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 its malls). Gross rental revenue is an annual fee/rent charged to tenants under the terms of the lease contract. The pricing of 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 and such escalations positively affect the revenue of the Company.

The Company began selectively introducing turnover rent in the year ended 31 March 2014, 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 recognizes income from turnover rent on the basis of audited turnover reports submitted by the tenant. In the year ended 31 March 2020, turnover rent rates ranged from 3% to 10% of the tenant's turnover, depending on the retail category of the tenant, the mall in which the unit was leased and other considerations. Turnover rent accounted for 0.5%, 0.8% and 2.9% of gross rental revenue in the year ended 31 March 2018, the year ended 31 March 2019 and the year ended 31 March 2020 respectively (0.6%, 0.9% and 3.1% of net rental revenue for the same periods, respectively), and now that the Company is able to more accurately track tenant sales, it expects the amount of turnover rent it collects to increase in future periods.

The net rental revenue generated by leasing retail space for the financial years ended 31 March 2018, 2019 and 2020 as a percentage of the Company's total revenue for those financial periods was 90.7%, 90.7% and 91.3%, respectively. The remaining portion of revenue for those financial periods was generated through various non-GLA related activities, including selling media and promotional space within the Company's malls.

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 periods under review, the Company offered its tenants two types of discounts: (i) contractual rent-free periods, commonly offered at the start of the tenants' rental contracts, and (ii) ad-hoc discounts offered in view of prevailing market conditions and importance of the party's brands to footfall in the Company's malls, among other reasons.

In certain situations, management has decided 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. For instance, Company extended discounts to tenants in response to COVID-19 and the temporary closure of tenants' stores and amortised SAR 191.3 million in COVID-related discounts in the nine-month period ended 31 December 2020. By offering discounts, the Company was able to support its tenants during periods of challenging market conditions. However, these COVID-related discounts were a major driver in the 16.5% decrease in revenue from SAR 1,689.2 million in the nine-month period ended 31 December 2019 to SAR 1,410.1 million the nine-month period ended 31 December 2020.

Total discounts, including the two types of discounts described above (discounts to internal and external tenants and grace periods offered to new tenants), were SAR 337.1 million, SAR 178.2 million and SAR 136.0 million in the years ended 31 March 2018, 2019 and 2020, respectively.

Management established a new discount policy that became effective in April 2018, 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 Management or in response to recommendations by the Company's leasing committee.

Although the Company had adopted this discount policy in the year ended 31 March 2020, several exceptions to the discount policy have been granted, mainly in connection with COVID-19. During the year ended 31 March 2020 as compared to the year ended 31 March 2019, discounts for related party tenants decreased as a percentage of total gross rental revenue from 15.1% to 7.6%, and discounts for external tenants remained the same at 5.8%. As of 31 December 2020, 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 year ended 31 March 2021.

Trade Receivables and Provisions

The Company changed the basis upon which it estimates provisions under its internal provisioning policy beginning in the year ended 31 March 2018, 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 to SAR 138.6 million at 31 March 2018.

In July 2014, 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 2018.

As of 1 April 2018 the Company implemented an expected credit loss ("**ECL**") impairment allowance model for its trade receivables book in line with IFRS 9 requirements, which resulted in impairment loss for receivables of SAR 165.5 million as at 31 March 2020 and SAR 144.5 million as at 31 March 2019, compared to SAR 138.6 million as at 31 March 2018. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance. Loss allowances for accounts receivable with or without significant financing components are measured at an amount equal to lifetime ECL. Major related party balances are reviewed at each reporting date for impairment analysis however the group considers the risk with related party balances as low as majority of the related party are owned by the same shareholders. The Company revised certain inputs and assumptions for the determination of ECL in the year ended 31 March 2020 as a result of COVID-19 by incorporating expected macro-economic indicators and the impact on key credit, liquidity, operational, solvency and performance indicators and risk management practices to manage the business disruption that the COVID-19 outbreak may have on its operations and financial performance. The Company will continue to reassess its position and the related impact on a regular basis. Due to the revision of ECL model and COVID-related impacts, the impairment loss on accounts receivable and accrued revenue rentals increased by 87.4% from SAR 57.8 million in the nine-month period ended 31 December 2019 to SAR 108.3 million in the corresponding period in 2020. This variation was mainly due to an amount of SAR 80.9 million written-off during nine-month period ended on 31 December 2020 that was treated as a one-off transaction.

In addition, during nine-month period ended 31 December 2020 the Company experienced challenges in collecting rent from its tenants as a result of COVID-19. This resulted in, among other things, an increase in rental discounts granted to tenants by the Company, and had a negative impact on the Company's short term working capital and increasing provisions and impairments.

Commitments and Financing

The Company finances its significant commitments (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 two new mall openings expected to open in the near-term and six new mall openings in medium-term and the development of others during the periods under review, have resulted in commitments of SAR 2,573.3 million, SAR 2,226.9 million and SAR 3,567.3 million in the year ended 31 March 2018, the year ended 31 March 2019 and the year ended 31 March 2020, respectively, and SAR 3,125.9 million in the nine-month period ended 31 December 2020. Over the same periods, the Company's total long-term loans (including current portion of the long-term loans) increased from SAR 5,828.0 million as at 31 March 2018 to SAR 7,015.7 million as at 31 March 2020. As such, finance cost increased from SAR 295.4 million in the year ended 31 March 2018 to SAR 439.5 million in the year ended 31 March 2019, as a result of the write-off of the transaction cost of the facilities, and then decreased to SAR 351.3 million in the year ended 31 March 2020. Finance cost in the nine-month period ended 31 December 2020 was SAR 196.3 million.

On 26 April 2018, the Company completed a refinancing through a SAR 7,155 million facility (the "**2018 Facility**"). The 2018 Facility comprised of two tranches of which the first tranche of SAR 5,955 million was used to refinance existing debt facilities. A second tranche totalling SAR 1,250 million was available to the Company (subject to complying with certain conditions) for financing its development programme for its new malls.

On 27 November 2019, the Company completed a refinancing, repaying the 2018 Facility in full and entering into (i) the Existing Senior Facilities (see "*Description of Certain Financing Arrangements*") which provide for up to SAR 5,250 million (equivalent to U.S.$1,400 million). This facility is divided into Murabaha facility up to SAR 500 million (maturing in 12 years), Ijara facilities up to SAR 4,000 million (maturing in 8 and 12 years), and revolving Shari'a compliant facilities up to SAR 750 million denominated in U.S. dollars and Saudi Arabian Riyals and (ii) the 2019 Sukuk (see "*Description of Certain Financing Arrangements*") which provides for an aggregate principal amount of U.S.$500 million trust certificates due in 2024. As of 31 December 2020, these facilities were fully utilised.

DESCRIPTION OF KEY LINE ITEMS

Revenue

The Company's revenue is primarily generated from leasing of retail space to tenants across the Company's different malls. The Company's revenue is comprised of (i) rental income from leases minus any tenant lease incentives or discounts and including any amounts received from tenants to terminate leases or compensate for dilapidations, (ii) service and management charges income related to repairs and maintenance of the buildings and facilitates that are recharged to the tenant, and (iii) commission income on provisions for utilities for heavy users (which are presented net of related costs) and (iv) turnover rent (as described above under "*—Principal Factors Affecting the Operations of the Company—a Rent Pricing and Discounts—Rental Pricing*").

Reported revenue is reported net of the discount related to rent-free periods of between three and six months to tenants during the pre-letting phase of new malls ahead of opening.

The Company presents other internal management calculations which are presented elsewhere in this Offering Circular but which are not IFRS-KSA metrics, such as (i) "gross rental revenue" (defined as the annual fee/rent charged to tenants under the terms of the lease contract); (ii) "total rental revenue" (defined as gross rental revenue plus service charges including 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); (iii) "net rental revenue" (defined as total rental revenue net of total discounts, comprised of rent free periods and other discounts); (iv) "utilities revenue" (defined as the contractual amount charged to tenants for the recovery of water and electricity charges consumed by the tenants); (v) "media sales" (defined as the sales related to promotional and marketing activities) and (vi) "other rental revenue" (comprising key money income—which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls—as well as payments from tenants with respect to early termination penalties and footfall camera income from specific malls).

Direct costs

Direct costs consist of rental expense (expense related to leases land on a long-term basis to develop shopping malls and leasing existing developed malls on a long-term basis after undertaking required design modifications and improvements), utilities expense, security expense, cleaning expense, repairs and maintenance expense and employee salaries and other benefits. Following the adoption of IFRS 16, rental expense is not part of direct costs.

Depreciation of right-of-use assets/Depreciation of investment properties

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 of right-of-use of assets includes depreciation of right-of-use over the lease term in compliance with IFRS 16.

Write-off of investment properties

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.

Other income

Other income consists of rental concession on leases, income from sale of equity accounted investee, reversal of liabilities no longer payable attributable to long aged deposits, reversal of accrued lease rentals, and dividend income from investment in a real estate company at fair value through other comprehensive income, among other things.

Other expenses

Other expenses include expenses related to provisions paid on advances made to suppliers, transportation & travel, loss on disposal and printing & stationary, among others.

Advertisement and promotion expenses

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.

General and administration expenses

General and administration expenses comprise employee salaries and other benefits, depreciation, government expenses, professional fees, insurance expense, rent expense, communication, internet expense and maintenance.

Employee salaries and other benefits relate to the remuneration of management employees and other non-operational staff (leasing, accounting, internal audit, human resources, and other departments). Professional fees related to the fees paid to advisors and consultants who were engaged to assist the Company in relation to its expansion strategy, to advise on corporate governance related matters, upgrade management information system (MIS) infrastructure throughout the organization, and legal advice obtained by the Company on various corporate matters, including its initial public offering. Depreciation charges relate to tools & equipment, furniture & fixtures and vehicles and other fixed assets at the Company's head office. 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. Communication expenses mainly relate to the payment of telephone, mobile, postage and internet expenses. 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. Insurance expense related to property and vehicles insurance in addition to insurance against terrorism. Maintenance expenses related to maintenance of office space.

Share of profit of equity-accounted investee

Equity accounted investee represents a 25% investment in the share capital of Aswaq Al Mustaqbal for Trading Company, a real estate company. The investment was disposed in the nine-month period ended 31 December 2020.

Finance cost

Finance costs includes commission expense on long-term Murabaha facilities, amortization of transaction costs, write off of unamortized transaction costs and bank charges.

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.

KEY PERFORMANCE INDICATORS

The Company considers the following metrics to be the key performance indicators it uses to help evaluate growth trends, establish budgets, and assess operational performance and efficiencies. In addition to the Company's results determined in accordance with IFRS-KSA, the Group believes the following non-IFRS-KSA financial measures are useful in evaluating the Group's operating performance. See also "*Presentation of Financial and Other Information*".

- "Period end number of malls" defined as the number of malls in operation by the Company at the end of the applicable period.

- "Total available GLA" defined as the total gross leasable area ("GLA") available in the malls in operation by the Company at the end of the applicable period.

- "Period-end occupied GLA" defined as the total GLA occupied by tenants in the Company's malls at the end of the applicable period.

- "Average rental revenue per square metre" defined as the net rental revenue for the period divided by the total GLA for the period.

- "Weighted average occupied GLA" is defined as the average total occupied GLA for the period divided by the average GLA for the period.

- "Average occupancy rate for the period" is defined as the weighted average occupied GLA divided by the total occupied GLA for the period.

- "Average efficiency rate for the period" is accounted for by dividing net rental revenue by the gross rental revenue.

- "Funds from operations" is calculated as the profit for the period of the Company, plus depreciation of investment properties, depreciation of property and equipment, write off investment properties and loss on sale of land.

- "EBITDAR" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities and lease expense.

- "EBITDA" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities and minus rent expense.

- "Recurring EBITDA" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities, minus rent expense and plus or minus all one-off transactions.

- "Adjusted EBITDA" is defined as profit for the period/year plus finance cost, zakat, depreciation of property and equipment, depreciation of investment properties, depreciation of right-of-use assets, depreciation of right-of-use assets (G&A), interest expense on lease liabilities, minus rent expense and plus or minus all items not considered as part of the Company's normal course of business due to the impacts of COVID-19.

- "Like-for-like total revenue growth" is accounted for by comparing the revenue growth at stabilised malls (i.e. malls which had not newly opened) for each period. For the fiscal years ended 31 March 2018, like-for-like revenue growth is based on the revenue for each year from a total of 17 stabilised malls, and for the fiscal years ended 31 March 2019 and 2020 and the nine-month period ended 31 December 2020 and 2019 it is based on the revenue for each period from a total of 19 stabilised malls.

- "LTV" is defined as the loan-to-value ratio.

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	**2019**	**2020**	**2019**	**2018**
As % of revenue					
Gross profit	56.9%	66.4%	65.5%	64.0%	63.2%
General and administration expenses	9.4%	8.0%	8.3%	7.9%	8.1%
Operating profit	48.0%	55.0%	51.6%	54.1%	51.1%
Profit for the period/year	25.5%	32.3%	29.2%	36.9%	36.4%
KPIs					
Period-end number of malls	21	21	21	19	19
Total available GLA (sqm.)	1,200,940	1,205,301	1,214,213	1,085,910	1,074,530
Period-end occupied GLA (sqm.)	1,073,403	1,038,557	1,068,885	1,013,256	994,990
Weighted average rental revenue per sqm (SAR per sqm)*	1,621	2,002	1,873	1,983	1,956
Weighted average occupied GLA (sqm.)	1,066,932	1,026,932	1,070,757	995,847	1,002,063
Weighted average occupancy rate for the period	88.8%	85.2%	88.2%	91.7%	93.3%
Average efficiency rate for the period**	84.8%	95.0%	92.8%	91.7%	85.3%
Funds from operations (SAR 000s)***	608,880.9	773,568.8	959,804.5	1,100,822.1	1,087,232.7
EBITDAR (SAR 000s)****	1,072,368.3	1,290,220.8	1,625,529.8	1,709,049.4	1,608,787.0
EBITDA (SAR 000s)****	856,565.4	1,116,010.7	1,384,986.3	1,480,688.6	1,413,643.0
Recurring EBITDA (SAR 000s) ****	998,090.8	1,116,010.7	1,457,812.5	1,480,688.6	1,413,643.0
Adjusted EBITDA (SAR 000s) *****	1,138,817.3	1,116,010.7	1,465,561.8	1,480,688.6	1,413,643.0
Like-for-like revenue growth	(21.7)%	2.3%	(2.0)%	0.7%	(6.7)%
LTV	31%	28%	32%	31%	26%

Source: Company information

* Rates have been annualised for comparative purposes.

** Average efficiency rate (accounted for by dividing net rental revenue by the gross rental revenue) measures the discounts granted to tenants.

*** "Funds from operations" is calculated as the profit for the period/year of the Company, plus depreciation of investment properties, depreciation of property and equipment, write off investment properties and loss on sale of land. Below is a reconciliation of funds from operations from profit for the period/year:

	For the Nine-month Period Ended 31 December		For the Year Ended 31 March		
	2020	**2019**	**2020**	**2019**	**2018**
			SAR in 000s		
Profit for the period/year	359,749.8	545,759.6	642,601.4	804,100.8	786,411.0
Depreciation of investment properties	228,819.5	203,774.6	286,418.2	256,916.0	268,366.3
Depreciation of property and equipment	20,311.6	24,034.6	30,785.0	35,407.9	30,823.4
Write-off of investment properties	-	-	-	4,397.4	-
Loss on sale of land	-	-	-		1,632.0
Funds from operations	**608,880.9**	**773,568.8**	**959,804.5**	**1,100,822.1**	**1,087,232.7**

Source: Company information

**** Below is a reconciliation of EBITDA, EBITDAR and Recurring EBITDA from net income for the period/year:

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	**2019**	**2020**	**2019**	**2018**
			SAR in 000s		
Profit for the period/year	359,749.8	545,759.6	642,601.4	804,100.8	786,411.0
Finance cost	196,307.1	288,713.5	351,259.7	439,540.7	295,358.0
Zakat	11,806.2	23,699.5	20,290.2	(55,276.8)	32,684.3
Depreciation of property and equipment	20,311.6	24,034.6	30,785.0	35,407.9	30,823.4
Depreciation of investment properties	228,819.5	203,774.6	286,418.2	256,916.0	268,366.3
Depreciation of right-of-use assets	141,633.0	118,385.7	155,864.8	-	-
Depreciation of right-of-use assets (G&A)	2,825.3	2,892.9	3,767.0	-	-
Interest expense on lease liabilities	110,915.7	82,960.3	134,543.5	-	-
Lease expense(1)	-	-	-	228,360.8	195,144.0
EBITDAR	**1,072,368.3**	**1,290,220.8**	**1,625,529.8**	**1,709,049.4**	**1,608,787.0**
Lease expense(1) (2)	(215,802.8)	(174,210.2)	(240,543.5)	(228,360.8)	(195,144.0)
EBITDA	**856,565.4**	**1,116,010.7**	**1,384,986.3**	**1,480,688.6**	**1,413,643.0**
COVID-related discount to tenants(3)	191,262.6	-	20,417.7	-	-
COVID-related saving on expenses(4)	(21,255.8)	-	(7,749.2)	-	-
Rental concession on leases(5)	(76,703.0)	-	-	-	-
Income from sale of equity accounted investee(6)	(42,767.6)	-	-	-	-
COVID-related impairment loss on accounts receivable(7)	10,064.9	-	60,157.8	-	-
COVID-related receivables and accrued revenues written-off(8)	80,924.4	-	-	-	-
Recurring EBITDA	**998,090.8**	**1,116,010.6**	**1,457,812.5**	**1,480,688.6**	**1,413,643.0**

Source: Company information.

(1) Represents sum of rental expense and rent expense as per Company's audited financial statements for the year ended 31 March 2018 and 2019.

(2) Lease expense for the year ended 31 March 2020 and for the nine-month periods ended 31 December 2020 and 2019 represents pro forma lease rental expense had these leases continued to be accounted for under IAS 17.

(3) This line item represents the amortised portion of the rental relief granted to tenants.

(4) It represents the saving on expenses based on management's efforts and mainly in staff costs, repair and maintenance and utility expenses.

(5) Rental concession on leases represents the discounts obtained from landlords of leasehold properties.

(6) Income from sale of equity accounted investee (Aswaq Al Mustaqbal) which considered as a noncore investment for the Company.

(7) Represents the additional provision charged by the Company based on the updated expected credit loss model (ECL) adopted by the Company.

(8) Represents the accounts receivable and accrued revenues written-off during the nine-month period ended 31 December 2020.

***** Below is a reconciliation of Adjusted EBITDA from EBITDA for the period/year:

	For the Nine-month Period Ended 31 December		Year Ended 31 March		
	2020	**2019**	**2020**	**2019**	**2018**
			SAR in 000s		
EBITDA	**856,565.4**	**1,116,010.7**	**1,384,986.3**	**1,480,688.6**	**1,413,643.0**
COVID-related discount to tenants	191,262.6	-	20,417.7	-	-
COVID-related impairment loss on accounts receivable	10,064.9	-	60,157.8	-	-
COVID-related receivables and accrued revenues written-off	80,924.4	-	-	-	-
Adjusted EBITDA	**1,138,817.3**	**1,116,010.7**	**1,465,561.8**	**1,480,688.6**	**1,413,643.0**

A description of selected key performance indicators is set out below.

Total available GLA

Total available GLA decreased slightly by 0.4%, from 1.205 million square metres as at 31 December 2019 to 1.201 million square metres as at 31 December 2020 as the Company refreshes its stock of presently unleasable areas. These areas which are being refined will likely be allocated for the construction of cineplex or entertainment facilities in future.

Total available GLA increased by 11.8% from 1.086 million square metres 31 March 2019 to 1.214 million square metres in as at 31 March 2020. This variation was primarily attributable to the new GLA added from the malls (U-Walk and Nakheel Mall Dammam) opened during the year ended 31 March 2020.

Total available GLA increased by 1.1%, from 1.075 million square metre as at 31 March 2018 to 1.086 million square metres as at 31 March 2019.

Period-end occupied GLA

Period-end occupied GLA increased by 3.4%, from 1.039 million square metres in the nine-month period ended 31 December 2019 to 1.073 million square metres in the corresponding period in 2020. This variation was mainly due to the occupancy ramp-up at the two new malls (U-Walk and Nakheel Mall Dammam) in addition to the opening of Nakheel Mall Extension Phase 1 during the nine-month period ended 31 December 2020.

Period-end occupied GLA increased by 5.5%, from 1.013 million square metres in the year ended 31 March 2019 to 1.069 million square metres in the corresponding period in 2020. This increase was primarily attributable to the opening of two new malls (U-Walk and Nakheel Mall Dammam) in September 2019.

Period-end occupied GLA increased by 1.8%, from 0.995 million square metre in the year ended 31 March 2018 to 1.013 million square metre in the corresponding period in 2019.

Weighted average rental revenue per sqm

Weighted Average rental revenue per square metre decreased by 19.0% from SAR 2,002 in the nine-month period ended 31 December 2019 to SAR 1,621 in the corresponding period in 2020. This variation was driven by the temporary discount related to COVID-19 and the pressure on the renewal rates during the COVID-19 period.

Weighted Average rental revenue per square metre decreased by 5.5%, from SAR 1,983 in the year ended 31 March 2019 to SAR 1,873 in the corresponding period in 2020. This variation was mainly due to the increase in weighted average occupied GLA with related to new malls (U-Walk and Nakheel Mall Dammam) as well as the COVID-related discount given during the fourth quarter of year ended 31 March 2020.

Weighted Average rental revenue per square metre increased by 1.4%, from SAR 1,956 in the year ended 31 March 2018 to SAR 1,983 million in the corresponding period in 2019. This variation was mainly due to the increase in net rental revenue.

Weighted average occupied GLA

Weighted average occupied GLA increased by 3.9% from 1.027 million square metres in the nine-month period ended 31 December 2019 to 1.067 million square metres in the corresponding period in 2020 mainly driven by the new malls opened (U-Walk and Nakheel Mall Dammam).

Weighted average occupied GLA increased by 7.5% from 0.996 million square metres in the year ended 31 March 2019 to 1.071 million square metres in the corresponding period in 2020. This variation was mainly due to the increase in weighted average occupied GLA with related to new malls (U-Walk and Nakheel Mall Dammam).

Weighted average occupied GLA decreased by 0.6% from 1.002 million square metre in the year ended 31 March 2018 to 0.996 million square metre in the corresponding period in 2019.

Weighted average occupancy rate

Weighted average occupancy rate for the period increased from 85.2% in the nine-month period ended 31 December 2019 to 88.8% in the corresponding period in 2020. This variation was mainly due to the ramp-up in occupancy rates in the nine-month period ended 31 December 2020 at the two newly opened malls.

Weighted average occupancy rate for the period decreased from 91.7% in the year ended 31 March 2019 to 88.2% in the corresponding period in 2020. This variation was mainly due to addition of two new malls during the year.

Weighted average occupancy rate for the period slightly decreased from 93.3% in the year ended 31 March 2018 to 91.7% in the corresponding period in 2019. This variation was mainly due to a minor decrease in total occupied area in 2019.

Average efficiency rate

Average efficiency rate for the period decreased from 95.0% for the nine-month period ended 31 December 2019 to 84.8% for the nine-month period ended 31 December 2020. This decrease was mainly due to an increase in COVID-19-related discounts during the period.

Average efficiency rate for the period increased slightly from 91.7% for the year ended 31 March 2019 to 92.8% for the year ended 31 March 2020. This variation was mainly due to a decrease in discounts.

Average efficiency rate for the period increased from 85.3% for the year ended 31 March 2018 to 91.7% for the year ended 31 March 2019. This variation was mainly due to an increase in gross revenues coupled with a decrease in discounts.

Funds from operations

Funds from operations decreased by 21.3%, or SAR 164.7 million, from SAR 773.6 million in the nine-month period ended 31 December 2019 to SAR 608.9 million in the corresponding period in 2020. This decrease was mainly due to decrease in net profit attributable to the increase in the temporary discounts related to COVID-19 during the nine-month period ended 31 December 2020.

Funds from operations decreased by 12.8%, or SAR 141.0 million, from SAR 1,100.8 million in the year ended 31 March 2019 to SAR 959.8 million in the corresponding period in 2020. This variation was mainly due to the decrease in profit of the Company.

Funds from operations increased by 1.2%, or SAR 13.6 million, from SAR 1,087.2 million in the year ended 31 March 2018 to SAR 1,100.8 million in the corresponding period in 2019. This variation was mainly due to the increase in profit of the Company.

Key Performance Indicators for Internal Tenants as compared to External Tenants

The Company assesses its performance using its key performance metrics as applicable to Internal Tenants as compared to External Tenants.

	For the Nine-month Period Ended 31 December		**Year Ended 31 March**		
	2020	**2019**	**2020**	**2019**	**2018**
			SAR in millions		
Rental revenue – Internal Tenants	384.3	426.3	566.0	566.8	701.9
Rental revenue - External Tenants	1,145.3	1,196.7	1,596.3	1,586.3	1,595.1
Discounts					
Discounts - Internal Tenants	(48.9)	(27.3)	(52.5)	(85.4)	(220.7)
Discounts – External Tenants	(183.5)	(53.9)	(103.9)	(92.7)	(116.4)
Net rental revenue	**1,297.2**	**1,541.8**	**2005.9**	**1,974.9**	**1,959.8**
KPIs					
Weighted average occupied GLA (million sqm) - Internal Tenants	0.38	0.32	0.35	0.32	0.33
Weighted average occupied GLA (million sqm) - Internal Tenants as a % of total weighted average occupied GLA	35.7%	31.3%	32.9%	32.2%	33.1%
Weighted average occupied GLA (million sqm) – External Tenants	0.69	0.71	0.72	0.68	0.67
Gross rental revenue per sqm - Internal Tenants (SAR/sqm)	1,347	1,770	1,605	1,767	2,114
Gross rental revenue per sqm - External Tenants (SAR/sqm)	2,224	2,261	2,223	2,350	2,380
Net rental revenue per sqm - Internal Tenants (SAR/sqm)	1,176	1,657	1,456	1,501	1,450
Net rental revenue per sqm - External Tenants (SAR/sqm)	1,868	2,159	2,078	2,212	2,207
Number of occupied retail units	4,339	4,399	4,404	4,104	4,068

Source: Company information

RESULTS OF OPERATIONS

The below financial information and the discussion and analysis thereof is based on information derived from the Financial Statements for the following periods (i) the nine-month period ended 31 December 2020 compared to the nine-month period ended 31 December 2019; (ii) the year ended 31 March 2020 compared to the year ended 31 March 2019; and (iii) the year ended 31 March 2019 compared to the year ended 31 March 2018.

Nine-month period ended 31 December 2020 compared to nine-month period ended 31 December 2019

The following table shows the selected condensed consolidated statement of profit or loss for the Group for the periods indicated.

	For the nine-month period ended 31 December		
	2020	**2019**	**Variation**
	SAR in 000s		
Revenue	1,410,110.3	1,689,167.8	(16.5%)
Direct costs	(237,293.1)	(246,178.9)	(3.6%)
Depreciation of right-of-use assets	(141,633.0)	(118,385.7)	19.6%
Depreciation of investment properties	(228,819.5)	(203,774.6)	12.3%
Gross profit	**802,364.7**	**1,120,828.5**	(28.4%)
Other income	132,897.5	6,469.2	1,954.3%
Other expense	(1,774.9)	(30.2)	5,777.2%
Advertisement and promotion expenses	(15,473.1)	(4,970.0)	211.3%
Impairment loss on accounts receivable and accrued revenue rentals[(a)]	(108,327.9)	(57,807.6)	87.4%
General and administration expenses	(132,560.0)	(135,915.1)	(2.5%)
Operating profit	**677,126.4**	**928,574.8**	(27.1%)
Share of profit of equity-accounted investee	1,652.4	12,558.1	(86.8%)
Interest expense on lease liabilities	(110,915.7)	(82,960.3)	33.7%
Finance cost	(196,307.1)	(288,713.5)	(32.0%)
Profit before zakat	**371,556.0**	**569,459.1**	(34.8%)
Zakat	(11,806.2)	(23,699.5)	(50.2%)
Profit for the period	**359,749.8**	**545,759.6**	(34.1%)
Profit for the period attributable to:			
Shareholders of the Company	357,207.9	535,945.3	(33.3%)
Non-controlling interests	2,541.9	9,814.3	(74.1%)

Source: Financial information in the table above for the nine-month period ended 31 December 2019 and 2020 has been extracted from the 2020 Unaudited Interim Financial Statements.

(a) This line item was disclosed as Impairment loss on accounts receivable in the Company's 2020 audited financial statements and 2019 audited financial statements.

Revenue

Consolidated revenue decreased by 16.5%, or SAR 279.1 million, from SAR 1,689.2 million in the nine-month period ended 31 December 2019 to SAR 1,410.1 million in the corresponding period in 2020. This variation was driven primarily by the restriction of activity at shopping centres during the three months ended 30 June 2020 due to the COVID-19 pandemic and measures taken to contain its spread. Revenues were further impacted by the occupancy pressure and extension of special, nonrecurring discounts to help address the impact of COVID-19 on tenants. The Company has recognised SAR 191.3 million in nonrecurring, COVID-related rent discounts in the nine-month period ended 31 December 2020.

	For the nine-month period ended 31 December		
	2020	2019	Variation
		SAR in 000s	
Gross rental revenue	1,306,676.4	1,386,378.5	(5.7)%
Service charges	222,899.7	236,676.0	(5.8)%
Total rental revenue	**1,529,576.1**	**1,623,054.5**	(5.8)%
Total discounts	(232,396.4)	(81,272.0)	185.9%
Net rental revenue	**1,297,179.7**	**1,541,782.5**	(15.9)%
Utilities revenue	68,591.5	73,288.4	(6.4)%
Media sales	26,809.2	51,214.9	(47.7)%
Other rental revenue	17,529.9	22,882.1	(23.4)%
Total revenue	**1,410,110.3**	**1,689,167.8**	(16.5)%

Source: Company information

Gross Rental Revenue

Gross rental revenue decreased by 5.7%, or SAR 79.7 million, from SAR 1,386.4 million in the nine-month period ended 31 December 2019 to SAR 1,306.7 million in the corresponding period in 2020. This decrease attributable to the decrease in occupancy and the pressure on renewal rates as a result of the mall closures mandated by the government in response to COVID-19.

Service Charges

Service charges decreased from SAR 236.7 million in the nine-month period ended 31 December 2019 to SAR 222.9 million in the corresponding period in 2020. This decrease was attributable to the decrease in occupancy as a result of the mall closures mandated by the government in response to COVID-19.

Discounts

Discounts increased by 185.9%, or SAR 151.1 million, from SAR 81.3 million in the nine-month period ended 31 December 2019 to SAR 232.4 million in the corresponding period in 2020. This increase was primarily attributable to the discounts that the Company offered to the tenants during COVID-19 pandemic. In total, the Company recognised a cumulative SAR 211.7 million in COVID-related discounts to tenants during the fourth quarter of fiscal year 2020 and nine-month period ended 31 December 2020.

Utilities Revenue

Utilities revenue slightly decreased by 6.4%, or SAR 4.7 million, from SAR 73.3 million in the nine-month period ended 31 December 2019 to SAR 68.6 million in the corresponding period in 2020. This variation was mainly due to the mall closures mandated by the government in response to COVID-19.

Media Sales

Media sales decreased by 47.7%, or SAR 24.4 million, from SAR 51.2 million in the nine-month period ended 31 December 2019 to SAR 26.8 million in the corresponding period in 2020. This decrease was mainly due to the mall closures mandated by the government in response to COVID-19.

Other Rental Revenue

Other rental revenue decreased by 23.4%, or SAR 5.4 million, from SAR 22.9 million in the nine-month period ended 31 December 2019 to SAR 17.5 million in the corresponding period in 2020. This variation was mainly due to lower key money payments (which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls).

Direct costs

Direct costs decreased by 3.6%, or SAR 8.9 million, from SAR 246.2 million in the nine-month period ended 31 December 2019 to SAR 237.3 million in the corresponding period in 2020. The decrease was primarily attributable to a decrease in utilities and repairs and maintenance expense (due to closure of malls during the COVID-19 pandemic and the cost control measures implemented by the Company, including furloughing certain employees by utilising Saudi Arabia's unemployment insurance scheme (SANED)), partially offset by an increase in cleaning and security expenses, due to the more frequent sanitisation of malls in compliance with the COVID-19 regulations and government instructions.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by 19.6%, or SAR 23.2 million, from SAR 118.4 million in the nine-month period ended 31 December 2019 to SAR 141.6 million in the corresponding period in 2020. This increase is mainly due to the depreciation of right-of-use of U-Walk (partially opened in the nine-month period ended 31 December 2019) and the depreciation of the newly opened Nakheel Mall Extension.

Depreciation of investment properties

Depreciation of investment properties increased by 12.3%, or SAR 25 million, to SAR 228.8 million in the nine-month period ended 31 December 2020 from SAR 203.8 million in the corresponding period in 2019. This variation was mainly due to additional depreciation from Nakheel Mall Dammam and U-Walk (partially opened in the nine-month period ended 31 December 2019) and the depreciation of the newly opened Nakheel Mall extension during the period.

Gross profit

As a result of the foregoing, gross profit decreased by 28.4%, or SAR 318.5 million, from SAR 1,120.8 million in the nine-month period ended 31 December 2019 to SAR 802.4 million in the corresponding period in 2020. This variation was mainly due to the decrease in total revenues.

Other income

Other income increased by SAR 126.4 million, from SAR 6.5 million in the nine-month period ended 31 December 2019 to SAR 132.9 million in the corresponding period in 2020. This variation was mainly due to the rental concession on leases of SAR 76.7 million and income from sale of equity accounted investee (Aswaq Al Mustaqbal) of SAR 42.8 million.

Other expenses

Other expenses increased by SAR 1.7 million, from SAR 0.03 million in the nine-month period ended 31 December 2019 to SAR 1.8 million in the corresponding period in 2020. This variation was mainly due to SAR 1.6 million brokerage fees paid for the disposal of the Company's stake in Amlak International for Real Estate Finance Company, which is considered a noncore investment to the Company.

Advertisement and promotion expenses

Advertisement and promotion expenses increased by SAR 10.5 million, from SAR 5.0 million in the nine-month period ended 31 December 2019 to SAR 15.5 million in the corresponding period in 2020. The increase was primarily attributable to the sponsorship agreement entered into with UD Almeria, a Spanish football club.

Impairment loss on accounts receivable and accrued revenue rentals

Impairment loss on accounts receivable and accrued revenue rentals increased by 87.4%, or SAR 50.5 million, from SAR 57.8 million in the nine-month period ended 31 December 2019 to SAR 108.3 million in the corresponding period in 2020. This increase was mainly due to the Company's adoption of a more conservative approach on receivables following the impact of COVID-related centre closures and an update of the company's model of internal credit loss (ECL) estimates. Further, Company wrote-off SAR 80.9 million during nine-month period ended 31 December 2020 as this amount is considered as a one-off transaction.

General and administration expenses

Consolidated general and administration expenses decreased by 2.5%, or SAR 3.4 million, from SAR 135.9 million in the nine-month period ended 31 December 2019 to SAR 132.6 million in the corresponding period in 2020. This decrease was mainly driven by the cost control measures implemented by the Company.

Operating profit

As a result of the foregoing consolidated operating profit decreased by 27.1%, or SAR 251.4 million, from SAR 928.6 million in the nine-month period ended 31 December 2019 to SAR 677.1 million in the corresponding period in 2020.

Share of profit of equity accounted investee

Consolidated share of profit of equity accounted investee decreased by 86.8%, or SAR 10.9 million, from SAR 12.6 million in the nine-month period ended 31 December 2019 to SAR 1.7 million in the corresponding period in 2020. This decrease is related to the disposal of income from disposal of noncore investment (Aswaq Almustqbal).***Interest expense on lease liabilities***

Interest expense on lease liabilities increased by 33.7%, or SAR 28.0 million, from SAR 83.0 million in the nine-month period ended 31 December 2019 to SAR 110.9 million in the corresponding period in 2020. This variation was due to interest expenses related to newly operating malls (U-Walk and Nakheel Mall Extension Phase 1).

Finance cost

Consolidated finance cost deceased by 32.0%, or SAR 92.4 million, from SAR 288.7 million in the nine-month period ended 31 December 2019 to SAR 196.3 million in the corresponding period in 2020. This variation was mainly due to the financial cost written-off in the nine-month period ended 31 December 2019 amounted to SAR 59.9 million completed following a refinancing operation finalized in November 2019 in addition to the decrease in interest rates.

Zakat

Zakat expense decreased by 50.2% or SAR 11.9 million, from SAR 23.7 million in the nine-month period ended 31 December 2019 to SAR 11.8 million in the nine-month period ended 31 December 2020. This variation is directly related to lower profit for the period.

Profit for the period

As a result of the foregoing, consolidated profit for the period decreased by 34.1%, or SAR 186.0 million, from SAR 545.8 million in the nine-month period ended 31 December 2019 to SAR 359.7 million in the corresponding period in 2020.

Year ended 31 March 2020 compared to year ended 31 March 2019

	For the Year Ended 31 March		
	2020	**2019**	**Variation**
	SAR in 000s		
Revenue	2,197,315.2	2,176,399.7	1.0%
Direct costs[(a)]	(316,594.6)	(521,177.6)	(39.3)%
Depreciation of right-of-use assets	(155,864.8)	-	
Depreciation of investment properties	(286,418.2)	(256,916.0)	11.5%
Write-off of investment properties	-	(4,397.4)	N.a.[(b)]
Gross profit	**1,438,437.6**	**1,393,908.6**	3.2%
Other income	12,678.9	10,697.2	18.5%
Other expense	(3,376.9)	(6,821.8)	(50.5)%
Advertisement and promotion expenses	(12,946.6)	(5,642.3)	129.5%
Impairment loss on accounts receivable	(119,265.0)	(43,524.5)	174.0%
General and administration expenses	(182,674.5)	(171,821.9)	6.3%
Operating profit	**1,132,853.5**	**1,176,795.3**	(3.7)%
Share of profit of equity accounted investee	15,841.2	11,569.4	36.9%
Interest expense on lease liabilities	(134,543.5)	-	N.a%[(b)]
Finance cost	(351,259.7)	(439,540.7)	(20.1)%
Profit before zakat	**662,891.5**	**748,823.9**	(11.5)%
Zakat	(20,290.2)	55,276.8	(136.7)%
Profit for the year	**642,601.4**	**804,100.8**	(20.1)%
Profit for the year attributable to:			
Shareholders of the Company[(c)]	633,934.2	789,599.9	(19.7)%
Non-controlling interests	8,667.1	14,500.8	(40.2)%

Source: Financial information in the table above for the year ended 31 March 2019 and 2020 has been extracted from the Company's consolidated financial statements prepared in accordance with IFRS-KSA

(a) This line item was disclosed as Cost of revenue in the Group's 2019 audited financial statements.
(b) Not applicable.
(c) This line item was disclosed as Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Revenue

Consolidated revenue increased by 1.0%, or SAR 20.9 million, from SAR 2,176.4 million in the year ended 31 March 2019 to SAR 2,197.3 million in the corresponding period in 2020. This increase was mainly due to the revenue contributed from U-Walk and Nakheel Mall Dammam, the increase in media sales revenues and the decrease in discounts offset by a slight decrease in like-for-like occupancy rates and decrease in utilities and other revenues.

	For the Year Ended 31 March		
	2020	**2019**	**Variation**
		SAR 000s	
Gross rental revenue	1,847,244.0	1,838,516.2	0.5%
Service charges	315,080.2	314,558.1	0.2%
Total rental revenue	**2,162,324.2**	**2,153,074.3**	0.4%
Total discounts	(156,397.9)	(178,160.4)	(12.2)%
Net rental revenue	**2,005,926.3**	**1,974,914.0**	1.6%
Media sales	67,195.4	66,027.2	1.8%
Utilities and other revenue	124,193.5	135,458.5	(8.3)%
Total Revenue	**2,197,315.2**	**2,176,399.7**	1.0%

Source: Company information

Gross Rental Revenue

Gross rental revenue increased by 0.5%, or SAR 8.7 million, from SAR 1,838.5 million in the year ended 31 March 2019 to SAR 1,847.2 million in the corresponding period in 2020. This variation was mainly due to the increase in gross rental revenue contributed from the new malls opened during the year ended 31 March 2020 (U-Walk and Nakheel Mall Dammam) and the uplift in rental rates offset by slight reduction in the like-for-like occupancy rates (down from 93.4% in FY19 to 93.1% in FY20).

Service Charges

Service charges increased by 0.2%, or SAR 0.5 million, from SAR 314.6 million in the year ended 31 March 2019 to SAR 315.1 million in the corresponding period in 2020.

Discounts

Discounts decreased by 12.2%, or SAR 21.8 million, from SAR 178.2 million in the year ended 31 March 2019 to SAR 156.4 million in the corresponding period in 2020. This variation was mainly due to the discount policy adopted by the Company. However, the Company recognised an amount of SAR 20.4 million in COVID-19-related discounts to tenants during the fourth quarter of fiscal year 2020.

Media Sales

Media sales increased by 1.8%, or SAR 1.2 million, from SAR 66.0 million in the year ended 31 March 2019 to SAR 67.2 million in the corresponding period in 2020. This variation was mainly due to newly signed contracts with media companies and digital media advertising across the Company's malls.

Utilities and Other Revenue

Utilities and other revenue decreased by 8.3%, or SAR 11.3 million, from SAR 135.5 million in the year ended 31 March 2019 to SAR 124.2 million in the corresponding period in 2020. This variation was mainly due to lower key money payments (which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls) and penalty revenues during the year ended 31 March 2020 compared with 2019.

Direct costs

Direct costs decreased by 39.3%, or SAR 204.6 million, from SAR 521.2 million in the year ended 31 March 2019 to SAR 316.6 million in the corresponding period in 2020. This variation was mainly due to the nonrecognition of rent expenses following the adoption of IFRS 16 starting from the first quarter of FY2020. Unrecognised rent expense at the direct costs level was offset by the increase in depreciation of right-of-use assets. Further, the decrease was partially offset by the increase in repairs and maintenance and employee's salaries.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by SAR 155.9 million, from SAR nil in the year ended 31 March 2019 in the corresponding period in 2020. This variation was due to the adoption of IFRS 16 beginning from 1 April 2019.

Depreciation of investment properties

Consolidated depreciation of investment properties increased by 11.5%, or SAR 29.5 million, from SAR 256.9 million in the year ended 31 March 2019 to SAR 286.4 million in the corresponding period in 2020. This variation was due to the capitalisation of the newly inaugurated malls, Nakheel Mall Dammam and U-Walk.

Write-off of investment properties

A nil amount was recorded in consolidated write-off in the year ended 31 March 2020 compared to an amount of SAR 4.4 million recorded in the corresponding period in 2019 due to renovation works and maintenance in the Company's existing malls.

Gross profit

As a result of the foregoing, consolidated gross profit increased by 3.2%, or SAR 44.5 million, from SAR 1,393.9 million in the year ended 31 March 2019 to SAR 1,438.4 million in the corresponding period in 2020.

Advertisement and promotion expenses

Consolidated advertisement and promotion expenses increased by SAR 7.3 million, from SAR 5.6 million in the year ended 31 March 2019 to SAR 12.9 million in the corresponding period in 2020. The increase was primarily attributable to the sponsorship agreement entered into with UD Almeria, a Spanish football club.

General and administration expenses

Consolidated general and administration expenses increased by 6.3%, or SAR 10.8 million, from SAR 171.8 million in the year ended 31 March 2019 to SAR 182.7 million in the corresponding period in 2020. The increase was primarily attributable to an increase in professional fees as a result of additional valuations that were carried out and an increase of SAR 30.2 million personnel costs as a result of an increase in headcount, partially offset by decrease in government expenses, depreciation expenses and insurance expenses.

Impairment loss on accounts receivable

Consolidated impairment loss on accounts receivable increased by SAR 75.7 million, from SAR 43.5 million in the year ended 31 March 2019 to SAR 119.3 million in the corresponding period in 2020. This increase was primarily attributable to updates of the Company's model of internal credit loss estimates and the temporary closures of the Company's shopping centres as a result of the COVID-19 pandemic as the Company has provided for an additional provision of SAR 60.2 million on conservative approach which considered as a one-off transaction (non-recurring).

Other income

Consolidated other income increased by 18.5%, or SAR 2.0 million, from SAR 10.7 million in the year ended 31 March 2019 to SAR 12.7 million in the corresponding period in 2020. The variation is mainly due to the reversal of liability (long aged deposits) which are no longer payable.

Other expense

Consolidated other expense decreased by 50.5%, or SAR 3.4 million, from SAR 6.8 million in the year ended 31 March 2019 to SAR 3.4 million in the corresponding period in 2020. The variation was mainly due to impairment loss on advances to suppliers provided for during the year 31 March 2019.

Operating profit

As a result of the foregoing consolidated operating profit decreased by 3.7%, or SAR 43.9 million, from SAR 1,176.8 million in the year ended 31 March 2019 to SAR 1,132.9 million in the corresponding period in 2020.

Share of profit of equity accounted investee

Consolidated share of profit of equity accounted investee increased by 36.9%, or SAR 4.3 million, from SAR 11.6 million in the year ended 31 March 2019 to SAR 15.8 million in the corresponding period in 2020.

Interest expense on lease liabilities

Interest expense on lease liabilities increased by SAR 134.5 million, from SAR nil in the year ended 31 March 2019 in the corresponding period in 2020. This variation was due to the adoption of IFRS 16 beginning from 1 April 2019.

Finance cost

Consolidated finance cost decreased by 20.1%, or SAR 88.3 million, from SAR 439.5 million in the year ended 31 March 2019 to SAR 351.3 million in the corresponding period in 2020. The reduction is coming from write-off of unamortized transaction cost amounted to SAR 59.9 million and other savings from the reduction in interest rates.

Zakat

An expense of SAR 20.3 million was recorded in consolidated zakat in the year ended 31 March 2020 compared to an income of SAR 55.3 million in the corresponding period in 2019. Zakat expenses are directly linked to profit for the year but in 2019 following the completion of final assessment for the Zakat files for the years 2007 to 2016, which resulted in the reversal of excessive provisions in the amount of SAR 75.1 million in the year ended 31 March 2019.

Profit for the year

As a result of the foregoing consolidated profit for the year decreased by 20.1%, or SAR 161.5 million, from SAR 804.1 million in the year ended 31 March 2019 to SAR 642.6 million in the corresponding period in 2020.

Year ended 31 March 2019 compared to year ended 31 March 2018

	For the Year Ended 31 March		
	2019	2018	Variation
	SAR in 000s		
Revenue	2,176,399.7	2,160,507.4	0.7%
Direct costs[(1)]	(521,177.6)	(527,034.8)	(1.1)%
Depreciation of investment properties	(256,916.0)	(268,366.3)	(4.3)%
Write-off of investment properties	(4,397.4)	-	N.a.[(2)]
Gross profit	1,393,908.6	1,365,106.4	2.1%
Other income	10,697.2	31,757.1	(66.3)%
Other expense(s)	(6,821.8)	(9,751.9)	(30.0)%
Advertisement and promotion expenses	(5,642.3)	(13,444.5)	(58.0)%
Impairment loss on accounts receivable	(43,524.5)	(94,814.5)	(54.1)%
General and administration expenses	(171,821.9)	(174,050.1)	(1.3)%
Operating profit	**1,176,795.3**	**1,104,802.4**	6.5%
Share of profit of equity accounted investee	11,569.4	9,650.9	19.9%
Finance cost	(439,540.7)	(295,358.0)	48.8%
Profit before zakat	**748,823.9**	**819,095.3**	(8.6)%
Zakat	55,276.8	(32,684.3)	269.1%
Profit for the year	**804,100.8**	**786,411.0**	2.2%
Profit for the year attributable to:			
Shareholders of the Company[(3)]	789,599.9	774,568.1	1.9%
Non-controlling interests	14,500.8	11,842.9	22.4%

Source: Financial information in the table above for the year ended 31 March 2018 and 2019 has been extracted from the Company's consolidated financial statements prepared in accordance with IFRS-KSA

(1) This line item was disclosed as Cost of revenue in the Group's 2019 audited financial statements.

(2) Not applicable.

(3) This line item was disclosed as Owners of the Company in the Company's audited financial statements for the year ended 31 March 2019.

Revenue

Consolidated revenue increased by 0.7%, or SAR 15.9 million, from SAR 2,160.5 million in the year ended 31 March 2018 to SAR 2,176.4 million in the corresponding period in 2019. This variation was mainly due to a 0.4% or SAR 7.4 million increase in rental revenue due to an increase in rental income, which includes related maintenance and insurance costs of the Company's malls.

	For the Year Ended 31 March		
	2019	2018	Variation
	SAR 000s		
Gross rental revenue	1,838,516.2	1,960,998.9	(6.2%)
Service charges	314,558.1	335,779.8	(6.3%)
Total rental revenue	**2,153,074.3**	**2,296,778.6**	(6.3%)
Total discounts	(178,160.4)	(337,115.9)	(47.2%)
Net rental revenue	1,974,914.0	1,959,662.8	0.8%
Media sales	66,027.2	61,245.6	7.8%
Utilities and other revenue	135,458.5	139,599.0	(3.0%)
Total Revenue	**2,176,399.7**	**2,160,507.4**	0.7%

Source: Company information

Gross Rental Revenue

Gross rental revenue decreased by 6.2%, or SAR 122.5 million, from SAR 1,961.0 million in the year ended 31 March 2018 to SAR 1,838.5 million in the corresponding period in 2019. This variation was mainly due to the decrease in weighted average occupied GLA from 93.3% in 31 March 2018 to 91.7% in 31 March 2019.

Service Charges

Service charges decreased by 6.3%, or SAR 21.2 million, from SAR 335.8 million in the year ended 31 March 2018 to SAR 314.6 million in the corresponding period in 2019. This variation was mainly due to the decrease in weighted average occupied GLA from 93.3% in 31 March 2018 to 91.7% in 31 March 2019.

Discounts

Discounts decreased by 47.2%, or SAR 159.0 million, from SAR 337.1 million in the year ended 31 March 2018 to SAR 178.2 million in the corresponding period in 2019. This variation was mainly due to the discount policy adopted by the Company where the discount granted to both internal and external tenants was modified.

Media Sales

Media sales increased by 7.8%, or SAR 4.8 million, from SAR61.2 million in the year ended 31 March 2018 to SAR 66.0 million in the corresponding period in 2019. This variation was mainly due to newly signed contracts with media companies and digital media advertising across the Company's malls which generated additional revenue.

Utilities and Other Revenue

Utilities and other revenue decreased by 3.0%, or SAR 4.1 million, from SAR 139.6 million in the year ended 31 March 2018 to SAR 135.5 million in the corresponding period in 2019. This variation was mainly due to lower key money payments (which represents commissions paid by tenants to lease new retail units at specific key locations inside the malls) and penalty revenues in 31 March 2019 compared with 2018.

Direct Cost

Direct cost decreased by 1.1%, or SAR5.9 million, from SAR527.0 million in the year ended 31 March 2018 to SAR521.2 million in the corresponding period in 2019. This variation was mainly due to a 33.8% or SAR28.7 million decrease in security expenses (as the regulations were revised leading to a decrease in the number of security guards required), from SAR84.8 million in the year ended 31 March 2018 to SAR56.1 million in the corresponding period in 2019, and to a 24.0% or SAR18.0 million decrease in cleaning expenses (due to a decrease in costs from the cleaning contract resulting from salary negotiations), from SAR74.9 million in the year ended 31 March 2018 to SAR56.9 million in the corresponding period in 2019, which was offset by an increase in rental expense from SAR191.3 million in the year ended 31 March 2018 to SAR224.5 million in the corresponding period in 2019 (primarily due to an increase in the rental expense for Aziz Mall following renewal of the head lease).

Depreciation of investment properties

Consolidated depreciation of investment properties decreased by 4.3%, or SAR11.5 million, from SAR268.4 million in the year ended 31 March 2018 to SAR256.9 million in the corresponding period in 2019. This variation mainly related to (i) Aziz Mall, as Management agreed on a new land lease contract for Aziz Mall, extending the lease maturity until the year 2046 and (ii) Jouri Mall, which reclassified its investment properties assets category to "building on leasehold land", thereby extending the assets' useful life (from 4 to 18 years). As such, the depreciation of the Aziz Mall and Jouri Mall investment properties' net book value will be depreciated over a longer term, which has the effect of reducing the Company's depreciation expense of investment properties in the year ended 31 March 2019.

Write-off of investment properties

An amount of SAR4.4 million was recorded in consolidated write-off of the Company's existing malls due to renovation works and maintenance in the year ended 31 March 2019 compared to a nil amount in the corresponding period in 2018.

Gross profit

As a result of the foregoing, consolidated gross profit increased by 2.1%, or SAR28.8 million, from SAR1,365.1 million in the year ended 31 March 2018 to SAR1,393.9 million in the corresponding period in 2019.

Advertisement and promotion expenses

Consolidated advertisement and promotion expenses decreased by 58.0%, or SAR7.8 million, from SAR13.4 million in the year ended 31 March 2018 to SAR5.6 million in the corresponding period in 2019. This variation was mainly due to a 70.1% or SAR4.8 million decrease in promotion expenses, from SAR6.8 million in the year ended 31 March 2018 to SAR2.0 million in the corresponding period in 2019, coupled with the fact that the Company had incurred higher expense in the year ended 31 March 2018 as the Company had sponsored the Riyadh Shopping Festival during that period.

General and administration expenses

Consolidated general and administration expenses decreased by 1.3%, or SAR2.2 million, from SAR174.1 million in the year ended 31 March 2018 to SAR171.8 million in the corresponding period in 2019. This variation was mainly due to a 29.7% or SAR27.9 million decrease in employees' salaries and other benefits (mainly due to a decrease in headcount), from SAR94.1 million in the year ended 31 March 2018 to SAR66.1 million in the corresponding period in 2019; a 7.4% or SAR0.8 million decrease in professional fees, from SAR10.4 million in the year ended 31 March 2018 to SAR9.7 million in the corresponding period in 2019; and a decrease in write-off of receivables from SAR 1.6 million in the year ended 31 March 2018 to nil in the year ended 31 March 2019. This was partially offset by an increase in government expenses (due to a VAT penalty), from SAR 6.7 million in the year ended 31 March 2018 to SAR 28.7 million in the corresponding period in 2019.

Impairment loss on accounts receivable

Consolidated impairment loss on accounts receivable decreased by 54.1%, or SAR51.3 million, from SAR94.8 million in the year ended 31 March 2018 to SAR43.5 million in the corresponding period in 2019. This variation was mainly due to the Company's implementation on 1 April 2018 of an ECL provisioning model on its trade receivables in line with IFRS 9 requirements that resulted in a larger impairment loss on accounts receivable in the year ended 31 March 2018 as compared with 31 March 2019.

Other income

Consolidated other income decreased by 66.3%, or SAR21.1 million, from SAR31.8 million in the year ended 31 March 2018 to SAR10.7 million in the corresponding period in 2019. This variation was mainly due to a 76.5% or SAR12.3 million decrease in reversal of liabilities no longer payable, from SAR 16.1 million in the year ended 31 March 2018 to SAR 3.8 million in the corresponding period in 2019.

Other expenses

Consolidated other expenses decreased by 30.0%, or SAR2.9 million, from SAR9.8 million in the year ended 31 March 2018 to SAR6.8 million in the corresponding period in 2019. This variation was mainly due to a 22.5% or SAR1.8 million decrease in impairment loss on advances to suppliers, from SAR7.8 million in the year ended 31 March 2018 to SAR6.1 million in the corresponding period in 2019.

Operating profit

As a result of the foregoing consolidated operating profit increased by 6.5%, or SAR72.0 million, from SAR1,104.8 million in the year ended 31 March 2018 to SAR1,176.8 million in the corresponding period in 2019.

Share of profit of equity accounted investee

Consolidated share of profit of equity accounted investee increased by 19.9%, or SAR1.9 million, from SAR9.7 million in the year ended 31 March 2018 to SAR11.6 million in the corresponding period in 2019.

Finance cost

Consolidated finance cost increased by 48.8%, or SAR144.2 million, from SAR295.4 million in the year ended 31 March 2018 to SAR439.5 million in the corresponding period in 2019. This variation was mainly due to an increase in write-offs in amortisation costs relating to the refinancing of a loan in the year ended 31 March 2019, from nil in the year ended 31 March 2018 to SAR125.2 million in the corresponding period in 2019, and to a 9.7% or SAR26.1 million increase in commission expense on long-term Murabaha facilities, from SAR270.0 million in the year ended 31 March 2018 to SAR296.0 million in the corresponding period in 2019.

Zakat

An income of SAR55.3 million was recorded in consolidated zakat in the year ended 31 March 2019 compared to an expense of SAR32.7 million in the corresponding period in 2018. This variation was mainly due to the final GAZT assessment for the years 2007 to 2016, which resulted in the reversal of excessive provisions in the amount of SAR75.1 million in the year ended 31 March 2019, as compared to a nil amount in the year ended 31 March 2018.

Profit for the year

As a result of the foregoing consolidated profit for the period increased by 2.2%, or SAR17.7 million, from SAR786.4 million in the year ended 31 March 2018 to SAR804.1 million in the corresponding period in 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash policy is intended to ensure an optimum level of liquidity is maintained to meet operational needs. The Group expects to meet its ongoing capital requirements, including in respect of its new developments and expansion projects, through cash, operating returns, lines of credit and other debt financing from banks or capital markets or the issuance of equity to the extent necessary.

CASH FLOWS

The following table shows certain information about the consolidated cash flows of the Company for the periods indicated.

	Nine-month period ended 31 December		**Year ended 31 March**		
	2020	**2019**	**2020**	**2019**	**2018**
			in SAR '000s		
Cash flows from operating activities ...	717,572.3	866,118.9	1,169,260.5	497,325.2	1,244,247.1
Cash flows used in investing activities	(192,354.6)	(374,608.1)	(463,725.5)	(699,096.1)	(535,610.1)
Cash flows from/(used in) financing activities	(777,308.8)	(771,516.9)	(117,525.8)	579,090.9	(786,503.6)
Net increase/(decrease) in cash and cash equivalents	**(252,091.0)**	**(280,006.2)**	**588,009.2**	**377,320.0**	**(77,866.6)**
Cash and cash equivalents at the beginning of the period/year............	1,045,680.2	457,671.0	457,671.0	80,351.0	158,217.6
Cash and cash equivalents at end of the period/year	**793,589.2**	**177,664.8**	**1,045,680.2**	**457,671.0**	**80,351.0**

Source: Group's audited consolidated financial statements for the years ended 31 March 2019 and 2020 and the 2020 Unaudited Interim Financial Statements.

Cash and cash equivalents increased from SAR 177.7 million as at 31 December 2019 to SAR 793.6 million as at 31 December 2020 primarily as a result of drawing down on the Existing Senior Facilities in response to the COVID-19 crisis. Cash flows from operating activities were mainly attributable to a non-recurring settlement of dues from related parties during the nine-month period ended 31 December 2020. The Company has taken a prudent cash management approach and maintained minimum cash position, drawing down SAR 750 million on its revolving Murabaha facility in March 2020 to ensure financial flexibility and maximise liquidity.

Cash and cash equivalents decreased from SAR 1,045.7 million as at 31 March 2020 to SAR 793.6 million as at 31 December 2020 mainly due to cash used in financing activities. Cash used in financing activities comprised mainly of dividend payments. Cash flows from operating activities was mainly attributable to a settlement of dues from related parties during the nine-month period ended 31 December 2020. Cash and cash equivalents decreased from SAR 457.7 million as at 31 March 2019 to SAR 177.7 million as at 31

December 2019, mainly due to cash used in financing activities. Cash used in financing activities comprised mainly of dividend payments, payments of lease liabilities, loan and interest payments, proceeds from the Company's initial public offering. Cash flows from operating activities was mainly attributable to a non-recurring settlement of dues from related parties during the year ended 31 March 2019.

Cash and cash equivalents increased from SAR 457.7 million as at 31 March 2019 to SAR 1,045.7 million as at 31 March 2020 mainly due to that the Company has taken a prudent cash management approach and maintained minimum cash position, drawing down SAR 750 million on its revolving Murabaha facility in March 2020 to ensure financial flexibility and maximise liquidity.

Cash and cash equivalents increased from SAR 80.4 million as at 31 March 2018 to SAR 457.7 million as at 31 March 2019 due to an increase in cash generated from financing activities. This increase was mainly due to the Company's entrance into a new syndicated Islamic financing facility in the three months ended 30 June 2018, partially offset by the decrease in cash from operating activities from a surplus of SAR 1,244.2 million in the year ended 31 March 2018 to a surplus of SAR 497.3 million in the year ended 31 March 2019.

Cash from operating activities

Net cash generated from operating activities in the nine-month period ended 31 December 2020 decreased by SAR 148.5 million as compared to the nine-month period ended 31 December 2019, mainly due to the decrease in profit and collections from accounts receivable during the lockdown in first quarter ended on 30 June 2020.

Net cash generated from operating activities increased from SAR 497.3 million in the year ended 31 March 2019 to SAR 1,169.3 million in the year ended 31 March 2020, driven mainly by positive changes in the net amounts due from related parties and the increase in collections from them.

Net cash generated from operating activities decreased from SAR 1,244.2 million in the year ended 31 March 2018 to SAR 497.3 million in the year ended 31 March 2019, driven mainly by negative changes in working capital, as rental payments received in advance from Fawaz Abdulaziz Al Hokair & Co. decreased from SAR 200.3 million at 31 March 2018 to SAR 3.8 million at 31 March 2019 as collections received from internal tenants were slower over the period.

Cash used in investing activities

Net cash used in investing activities amounted to SAR 192.4 million in the nine-month period ended 31 December 2020 was offset by the proceeds received from disposal of noncore investments. Comparatively, net cash used in investing activities amounted to SAR 374.6 million in nine-month period ended 31 December 2019 and was mainly related to additions in investment properties in connection with the construction of Khaleej Mall, U-Walk Mall, Nakheel Mall Dammam and cinema constructions.

Net cash used in investing activities decreased to SAR 463.7 million in the year ended 31 March 2020 mainly due to the decrease in advances to a contractor in connection with the construction of Khaleej Mall, U-Walk and Nakheel Mall Dammam.

Net cash used in investing activities amounted to SAR 699.1 million in the year ended 31 March 2019 and was mainly related to payments made to FARE (related party) in connection with the construction of Khaleej Mall, U-Walk and Nakheel Mall Dammam and additional design costs for Mall of Arabia (Riyadh), Jawharat Jeddah, Zahra Mall, and Najd Mall projects. Net cash used in investing activities amounted to SAR 535.6 million in the year ended 31 March 2018 and was mainly related to additions to investment properties in Khaleej Mall and University Walk, which totalled SAR 171.8 million and SAR 77.7 million, respectively.

Cash (used in) from financing activities

Net cash used in financing activities amounted to SAR 777.3 million in nine-month period ended 31 December 2020 was mainly related to payments of dividends, loans, financial charges and lease liabilities. Comparatively, net cash used in financing activities amounted to SAR 771.5 million in the nine-month period ended 31 December 2019 and was mainly related to payments of dividends, loans, financial charges and lease liabilities amounting to SAR 8,045.1 million which was offset by proceeds received from initial public offering, sukuk proceeds and loan proceeds aggregating SAR 7,273.6 million.

Net cash used in financing activities amounted to SAR 117.6 million in the year ended 31 March 2020 was mainly related to payments of dividends, loans, financial charges and lease liabilities which was offset by proceeds received from initial public offering, sukuk and loan proceeds.

In the year ended 31 March 2020, the Company declared dividends of SAR 427.5 million and the dividends were paid during the period.

Net cash used in financing activities amounted to SAR 579.1 million in the year ended 31 March 2019 and was mainly related to a new syndicated Islamic financing facility obtained by the Company in the first quarter of the year ended 31 March 2019, in connection with the Company's debt refinancing, as the three earlier financing facilities amounted to SAR 5,772 million that were outstanding at 31 March 2018 were merged into the SAR 7,155 million facility.

In the year ended 31 March 2019, the Company declared dividends of SAR 660.0 million of which (i) SAR 640.0 million were transferred to Saudi FAS holding accounts to offset the outstanding balances, and (ii) SAR 20.0 million were attributable to non-controlling interests.

Net cash from financing activities amounted to SAR 786.5 million in the year ended 31 March 2018 and was mainly related to financing charges relating 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 the year ended 31 March 2017 to 2.0% in the year ended 31 March 2018, and loan payments concerning the Mall of Arabia (SAR 66.0 million).

In the year ended 31 March 2018, 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, and the remaining SAR 372.0 million were transferred to Saudi FAS Holding accounts to offset outstanding intercompany balances, and (ii) SAR 10.8 million were attributable to non-controlling interests.

COMMITMENTS

The table below presents the Company's commitments as at:

	31 December 2020	31 March 2020	31 March 2019	31 March 2018
		SAR in 000s		
Existing portfolio	43,296	54,852	56,726	31,363
New developments	3,082,574	3,512,442	2,170,147	2,541,940
Commitments for projects under construction	**3,125,870**	**3,567,294**	**2,226,873**	**2,573,303**

Source: Company information.

Commitments relating to the Company's existing portfolio amounted to SAR 43.3 million for the nine-month period ended 31 December 2020 and were mainly related to Salaam Mall, U-Walk Riyadh and cinemas for existing portfolio.

Commitments relating to the Company's existing portfolio amounted to SAR 54.9 million for the year ended 31 March 2020, related mainly to Nakheel Mall Dammam, U-Walk Riyadh, Mall of Dhahran Cinema, Salaam Mall and general renovations of other existing malls and SAR 56.7 million as at 31 March 2019, related mainly to Mall of Dhahran and general renovations of other existing malls, and SAR 31.4 million as at 31 March 2018, related mainly to general renovation projects.

Commitments relating to new developments amounted to SAR 3,082.6 million for the nine-month period ended 31 December 2020, and were mainly related to projects in the medium-term pipeline which are expected to be incurred during the next five years and include Mall of Arabia - Riyadh, Oyoun Al Basateen, Khaleej Mall, Najd Mall (Twaijary Land Mall) and Zahra Mall. Capital expenditure relating to new developments amounted to SAR 3,512.4 million for the year ended 31 March 2020, related mainly to Mall of Arabia- Riyadh, Oyoun Al Basateen, Khaleej Mall, Najd Mall (Twaijary Land Mall), Nakheel Mall Extension and Zahra Mall. Commitments relating to new developments amounted to SAR 2,170.1 million for the year ended 31 March 2019 and related mainly to Mall of Arabia- Riyadh, Oyoun Al Basateen, Khaleej Mall, Najd Mall (Twaijary Land Mall), Nakheel Mall Extension and Zahra Mall, and SAR 2,541.9 million for the year ended 31 March 2018, related mainly to the purchase of 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).

There are two projects in the Company's near term development pipeline: Jeddah Park, which does not have any capex, and Khaleej Mall, which has SAR 30 million in capex remaining.

The Company had commitments related to projects under construction and future developments amounting to SAR 3,125.9 million as at 31 December 2020 as compared to SAR 3,567.3 million as at 31 March 2020.

INDEBTEDNESS

On 26 April 2018, the Company completed a refinancing of its existing debt facility through the 2018 Facility. The 2018 Facility was divided into two tranches: a Murabaha facility up to SAR 1,433 million (subject to complying with certain conditions) to finance the development programme for its new malls and an Ijara facility up to SAR 5,772 million to refinance existing debt facilities.

On 27 November 2019, the Company completed a refinancing of the 2018 Facility through the Existing Senior Facilities (as defined in "*Description of Certain Financing Arrangements*") and the issuance of U.S.$500 million trust certificates due 2024 (the "**2019 Sukuk**").

As of 31 December 2020, each facility of the Existing Senior Facilities was fully drawn. See "*Description of Certain Financing Arrangements*" for further information on the facilities and "*—Quantitative and Qualitative Disclosures about Market Risk—Liquidity Risk*" for details on the maturity profile of the Company's financial liabilities.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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 parametres, 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 Company has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2020 and 31 March 2020. 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 condensed consolidated statement of profit or loss	**Nine-month period ended 31 December 2020 (Unaudited)**	**Nine-month period ended 31 December 2019 (Unaudited)**
	SAR	
Floating rate debt:		
SIBOR +100bps	(70,799,433)	(63,749,420)
SIBOR-100bps	70,799,433	63,749,420

Source: Company's unaudited condensed consolidated interim financial statements for the nine-month period ended 31 December 2020 prepared in accordance with IAS 34.

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.

Currency risk

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

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.

Accounts receivable

The Company'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 analysed 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 2020

The Group uses an allowance matrix to measure the ECLs of accounts receivable 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.

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 accounts receivable from customers as at 31 December 2020 and 31 March 2020:

31 December 2020 (Unaudited)	Gross carrying amount	Weighted average loss	Loss Allowance (%)
0–90 days past due	36,655,119	6,710,539	18.31%
91–180 days past due	64,641,448	13,901,578	21.51%
181–270 days past due	62,001,215	15,249,476	24.60%
271–360 days past due	49,468,087	16,390,494	33.13%
361 –450 days past due	38,892,968	16,396,993	42.16%
451 -540 days past due	39,571,044	21,477,022	54.27%
541 –630 days past due	32,814,605	19,544,485	59.56%
631 -720 days past due	24,641,934	16,785,998	68.12%
More than 720 days past due	66,493,925	66,493,925	100.00%
	415,180,345	**192,950,510**	

31 March 2020 (Audited)	Gross carrying amount	Weighted average loss	Loss Allowance (%)
0–90 days past due	53,440,320	3,374,520	6.3%
91–180 days past due	77,196,999	8,405,148	10.9%
181–270 days past due	81,428,407	13,146,524	16.1%
271–360 days past due	56,618,562	13,755,863	24.3%
361 –450 days past due	31,688,310	30,737,331	97.0%
451 -540 days past due	30,458,967	29,589,159	97.1%
541 –630 days past due	26,577,256	26,011,424	97.9%
631 -720 days past due	26,565,490	24,700,217	93.0%
More than 720 days past due	15,827,113	15,827,113	100.0%
	399,801,424	**165,547,299**	

Source: Company's unaudited condensed consolidated interim financial statements for the nine-month period ended 31 December 2020 prepared in accordance with IAS 34 and audited consolidated financial statements for the year ended 31 March 2020 prepared in accordance with IFRS-KSA.

During the nine-month period ended 31 December 2020, receivables amounting to SAR 47.5 million were written off compared to SAR 2.0 million for the nine-month period ended 31 December 2019.

During the nine-month period ended 31 December 2020, accrued revenue rental amounting to SAR 33.4 million were written off compared to nil for the nine-month period ended 31 December 2019.

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 Company 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 Saudi FAS Holding 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.

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 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 Company'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**
	SR	SR	SR	SR	SR	SR
31 December 2020 (Unaudited)						
Accounts payable	156,191,695	--	--	--	--	156,191,695
Amounts due to related parties	7,424,338	--	--	--	--	7,424,338
Tenants' security deposits	43,294,505	13,578,003	34,839,887	33,192,851	898,774	125,804,020
Lease liability on right-of-use assets	339,853,973	155,114,286	317,104,199	993,430,275	4,539,944,752	6,345,447,485
Long-term loans	171,025,114	202,685,196	430,030,284	4,204,876,875	3,449,478,272	8,458,095,741
Derivative liability	1,677,200	-	-	-	-	1,677,200
Total	**719,466,825**	**371,377,485**	**781,974,370**	**5,231,500,001**	**7,990,321,798**	**15,094,640,479**

Source: Company's unaudited condensed consolidated interim financial statements for the nine-month period ended 31 December 2020 prepared in accordance with IAS 34.

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**
	SR	SR	SR	SR	SR	SR
31 March 2020 (Audited)						
Accounts payable	149,442,700					149,442,700
Amounts due to related parties	3,899,682				-	3,899,682
Tenants' security deposits	46,994,940	19,409,668	23,373,195	27,093,771	2,262,373	119,133,947
Lease liability on right-of-use assets	394,592,601	176,568,679	346,767,199	1,074,013,012	5,170,031,208	7,161,972,699
Long-term loans	154,330,489	204,805,482	435,978,748	4,231,880,901	4,146,554,789	9,173,550,409
Total	**749,260,412**	**400,783,829**	**806,119,142**	**5,332,987,684**	**9,318,848,370**	**16,607,999,437**

Source: Group's audited consolidated financial statements for the year ended 31 March 2020 prepared in accordance with IFRS-KSA.

Capital management

Capital is equity attributable to the shareholders of the Company. The Company'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 Company 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 Company 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 Company's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	31 December 2020	31 March 2020
	(Unaudited) SR	(Audited) SR
Total liabilities	11,987,147,386	11,977,235,024
Less: cash and cash equivalents	(793,589,158)	(1,045,680,193)
Net debt	11,193,558,228	10,931,554,831
Equity attributable to Shareholders of the Company(1)	**5,919,232,929**	**5,982,997,476**
Debt to adjusted capital ratio	**189%**	**183%**

Source: Company's unaudited condensed consolidated interim financial statements for the nine-month period ended 31 December 2020 prepared in accordance with IAS 34 and audited consolidated financial statements for the year ended 31 March 2020 prepared in accordance with IFRS-KSA.

(1) This line item was disclosed as Total Equity in the Company's audited financial statements for the year ended 31 March 2020.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Group's financial statements in conformity with IFRS-KSA requires the Group to make many estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. Those estimates and judgments are based on historical experience, available information, future expectations and other factors and assumptions that the Group believes are reasonable under the circumstances. The Group reviews its estimates and judgments on an ongoing basis and revises them when necessary. Actual results may differ from the original or revised estimates. A description of the Group's most critical policies, which the Group believes involve a significant degree of judgment or complexity or are areas where assumptions and estimates are significant to the preparation of its financial statements is set forth in Note 3 (*Significant accounting Estimates, Assumptions and Judgements*) to the financial statements for the year ended 31 March 2020 and Note 3 (*Significant accounting Estimates, Assumptions and Judgements*) to the unaudited condensed consolidated interim financial statements for the nine-month period ended 31 December 2020.

DESCRIPTION OF THE COMPANY

Arabian Centres Company ("**ACC**" or the "**Company**") is the leading owner, developer and operator of shopping malls in Saudi Arabia, with properties located in ten key cities across Saudi Arabia, including Riyadh, Jeddah, Dammam, Mecca and Dhahran, which together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020. The Company's core operating portfolio comprises 21 shopping malls (the "**malls**"), which are located strategically throughout Saudi Arabia and are designed to appeal, through their tenant mix and retail environment, to a broad spectrum of visitors. As at 31 December 2020, the Company's malls had a total gross leasable area ("**GLA**") of approximately 1.2 million square meters, approximately 4,339 occupied retail units and a period-end like-for-like GLA occupancy rate of 90.2%. As of 31 December 2020, the Company held a 14.2% overall market share in the major cities of Saudi Arabia (i.e. Jeddah, Dammam Metropolitan Area, Riyadh and Mecca). The Company also has a number of strategic projects to support its growth, including a pipeline of six additional malls over the next five years, which the Company expects to increase GLA by approximately 450,000 square meters.

The Company operates some of the most iconic malls in Saudi Arabia, including the Mall of Arabia (Jeddah) and Mall of Dhahran. The Company generated revenue of SAR 2,160.5 million, SAR 2,176.4 million and SAR 2,197.3 million for the financial years ended 31 March 2018, 2019 and 2020 respectively, and SAR 1,410.1 million for the nine-month period ended 31 December 2020. For the financial year ended 31 March 2020, footfall for the Company's malls reached 115.0 million.

The Company believes it has the most top-quality, large shopping malls in Saudi Arabia. Supported by a highly experienced management team, the Company seeks to continuously attract a premium mix of tenants; as at 31 December 2020, more than 1,000 international, regional and local retail brands were tenants of the Company's properties, including Zara, Debenhams, Coach, H&M, Virgin Megastores and Panda. The Company has strong relationships with 17 large, strategic Key Account Tenants (as defined below), each of which holds retail unit leases in multiple of its malls. As a result, the Company's strong tenant relationships have allowed it to pre-lease a significant portion of the GLA for new malls and achieve an average first year occupancy of 70% to 75% for each of its new malls since 2017. In addition, the Company is focused on expanding its entertainment and lifestyle offerings in its malls and has introduced cinemas at 10 of its 21 malls since 2019, including the largest cinema in Saudi Arabia.

The Company estimates that the fair value of its investment properties as at 31 December 2020 was SAR 22.8 billion. The Company has carried out an external valuation as at 30 September 2020. The valuers had appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("**RICS**") Global Standards 2017, which comply with the international valuation standards. The fair value hierarchy for the investment properties for disclosure purposes is grouped in level 3, with significant unobservable inputs adopted by the valuer which are transparency of retail rental payment terms; discount rates; and capitalisation rate (yields).

The Company is headquartered in Saudi Arabia. Its shares are listed on the Saudi Stock Exchange under ticker symbol 4321. As of 31 December 2020, the Company had a market capitalisation of SAR 11.9 billion, including 21.7% in free float.

COMPETITIVE STRENGTHS

The Company believes that it benefits from the following key competitive strengths:

Saudi Arabia's Leading Shopping Mall Owner and Operator

The Company believes it was the largest shopping mall owner, developer and operator in Saudi Arabia, with 21 malls with a total GLA of 1.2 million square meters, representing 14.2% of the total GLA in Saudi Arabia as of 31 December 2020. Since opening its first shopping mall in Riyadh in 2002, the Company has cemented its position as the market leading developer and operator of high quality retail space in Saudi Arabia. As at 31 December 2020, the Company had strategically located assets with a presence in key urban areas across Saudi Arabia, including in the top 10 cities across Saudi Arabia that together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020. Between 2015 and 2020, the Company's total GLA increased at a CAGR of 6.1% from approximately 960,000 square meters to approximately 1.2 million square meters. In the major cities of Saudi Arabia, the Company holds strong local positioning with a market share of shopping mall GLA as at 31 March 2020 of 26% in Jeddah, 19% in Dammam and 11% in Riyadh.

The Company's strength is underpinned by a shopping mall portfolio that includes Super-Regional, Regional and Community Malls, with each of its malls 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 designed for each mall's target demographic. The Company's malls are further enhanced by dining, entertainment and leisure offerings, which accounted for 22.8% of the total GLA as at 31 December 2020. These offerings contribute to the creation of a "best in class" visitor experience that enhances the appeal of the Company's malls, which the Company believes will be further improved by the introduction of cinemas in 19 of its 21 malls by December 2021.

For the financial year ended 31 March 2020, annual footfall for the Company's malls reached 115.0 million, as compared to 108.5 million in the year ended 31 March 2019. As at 31 December 2020, the Company's malls featured over 1,000 brands, including many leading fashion and apparel brands such as Zara, Debenhams, Coach, H&M, Virgin Megastores and Panda, and over 750 tenants. The Company appeals to its tenants by offering 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 favourable rents and other tenancy terms.

Large Market with Long-term Growth Prospects

Saudi Arabia is the largest retail market in the GCC, with 50% of market share as of 31 December 2020, as compared to the second largest retail market, the United Arab Emirates, with 24% at the same date. The Saudi market benefits from favourable demographics and lifestyle trends that have helped drive retail demand in the country, including strong population growth, a young population and a steadily increasing work force. Euromonitor and the International Monetary Fund expect that consumer spending will continue to increase across non-grocery and grocery sales in Saudi Arabia in the short- to medium-term, supporting retail recovery following a trough in 2018 and 2019. Moreover, within Saudi Arabia there is a cultural predisposition towards gift giving, and shopping is a key activity for leisure as well as for family outings. The absence of other retail offerings, coupled with Saudi Arabia's hot climate, 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. Saudi Arabia has comparatively low organised retail relative to the GCC and international markets, but is shifting away from traditional retail to organised retail following reforms backed by the government, which the Company believes is conducive to the business model of large mall operators.

The Saudi government announced its "Vision 2030" strategy in 2016, which sets forth a comprehensive agenda of socio-economic reforms which the Company believes will positively impact the retail sector in which it operates. 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. Vision 2030 also has focused on female empowerment, with a target to increase the participation of women in the workforce from 22% to 30% by 2030, which is expected to boost purchasing power and in turn lead to an increase in discretionary spend. In addition, Vision 2030 also seeks to promote the entertainment sector through reforms such as the lifting of the ban on cinemas, which is expected to increase household spend on cultural and entertainment related activities. As a result and in line with Vision 2030, the Saudi General Entertainment Authority has been set up to promote entertainment opportunities and shopping malls in the country that are well placed to become entertainment destinations and thereby attract a higher footfall. One of Vision 2030's objectives is also increasing tourism, and the Saudi retail market has benefited from increasing tourism in recent years. Total tourism spending in Saudi Arabia increased by 8.8% in 2019 to SAR 154 billion. 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.

Competitive Advantage Supported by an Integrated Ecosystem of Related Parties

The Company is a fully integrated mall owner, developer and operator with over 500 employees acting in core in-house functions such as design and delivery management, portfolio and asset management, leasing, operations and digital/marketing services, as well as support functions such as finance, human resources, legal and information technology.

The Company believes it benefits from significant competitive advantages from its close and longstanding relationships with its key related parties. For instance, related parties have not charged the Company penalties for rescheduling contracts or delayed payments as a result of COVID-19. Fawaz Abdulaziz Alhokair Co., which is also owned by the Company's Controlling Shareholders, is a leading franchise retailer and one of the largest retail companies in Saudi Arabia and as at 31 December 2020 had over 1,842 retail stores in 13 countries. Its brand portfolio includes over 95 brands, including 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 2020, Fawaz Abdulaziz Alhokair Co. had 747 retail units across the Company's 21 malls and accounted for 22.0% of the Company's average total occupied GLA. In recent years, Fawaz Abdulaziz Alhokair Co. has typically pre-leased between 20% and 25% of the GLA of each new mall opened by the Company, which the Company believes helps to attract other tenants.

An additional key related party is Innovative Union Company (part of Fawaz Abdulaziz Alhokair Co.), which leased approximately 14,565 square meters of GLA (1.4% of the total GLA of the Company) across the Company's malls as at 31 December 2020. Innjovative Union 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 2000. Given the Company's strong relationships with a range of these related parties, the Company believes it has a differentiated ability to create integrated shopping, entertainment, cinema and dining experiences in its malls.

The leading Saudi brand cinema Next Generation Co L.L.C. (MUVI) is another key related party. As of 31 December 2020, MUVI has a presence in 10 shopping centres occupying more than 45,000 square meters of GLA. This includes the largest movie theatre in Saudi Arabia in Dhahran Mall, which has 18 screens, 2,368 seats, and occupies nearly 10,000 square meters of GLA. MUVI plans to expand its offering in the Company's network and is in the process of opening cinemas in three 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. FARE has developed and constructed 18 of the Company's existing 21 malls, and, as at 31 December 2020, the Company had contracted FARE for the development of seven new sites. 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.

Predictable and Stable Income Profile Backed by Robust Portfolio of Assets and Leases

The Company has delivered strong operational performance through the development of new malls and the enhancement in performance of its existing malls. The Company has adopted a disciplined approach to its operations, with a focus on value creation and financial performance. It has a strong track record across key financial performance and operating metrics, with Company revenues remaining stable from SAR 2,160.5 million for the year ended 31 March 2018 to SAR 2,197.3 million for the year ended 31 March 2020. The Company believes its financial strength and flexibility provides it with an advantage over many of its competitors and allowed it to demonstrate resilience in response to the COVID-19 pandemic. The Company benefits from robust income from its large existing asset base due to its resilient occupancy rate, controlled cost structure, and low tax rates, with an average occupancy rate of 91.0% over the last three years. The Company's like-for-like period end occupancy was 90.2% as at 31 December 2020 (as compared to 90.5% as at 30 September 2020, 91.4% as at 30 June 2020, 93.1% as at 31 March 2020 and 93.7% as at 31 December 2019). For the year ended 31 March 2020, the Company posted strong recurring EBITDA of SAR 1,457.8 million, with recurring EBITDA margins and net profit margins of 66.3% and 29.2%, respectively.

The Company's strong operational performance and financial profile have enabled it to weather the challenges presented by COVID-19. The Company entered the COVID-19 crisis with a strong liquidity profile, having recently completed a refinancing that led to a significant reduction in secured debt as a proportion of total debt and provided the Company with financial flexibility.

The Company believes it is well positioned to leverage its existing tenant base as it further expands its mall portfolio. The Company has 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 quickly. For example, U-Walk Riyadh had a pre-leasing level of 76% when it opened on 1 September 2019, which translated into an occupancy level of 90% (based on agreed heads of terms) as of the date of this Offering Circular. Similarly, Nakheel Mall (Riyadh) had a pre-leasing level of 75% in the year ended 31 March 2015, which translated into occupancy levels of 92%, 92% and 96% in the years ended 31 March 2016, 2017 and 2018, respectively. This has allowed 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. The Company also has better occupancy than market levels in its two largest cities, Riyadh and Jeddah.

In addition, as part of its efforts to enhance efficiency and increase returns, the Company had introduced a turnover rent component to approximately 91% of its lease contracts as of 31 December 2020 as an add-on to the minimum base rent that is charged to tenants under their lease contracts. In addition, the leases into which the Company enters typically have no automatic lease extension, to allow the Company the flexibility to reallocate leasable area more optimally, and include annual rent escalation (5% per annum for most tenants and 10% for large Anchor Stores), which are suspended in 2020 and 2021 due to COVID-19 as well as penalties for store closures, early terminations and late openings. The Company believes that such terms provide the potential to access incremental cash flows.

Experienced Management Team and Supportive Controlling Shareholder

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 successfully becoming the largest mall owner and operator in Saudi Arabia. It has successfully developed nine new malls and also managed the redevelopment and enhancement of existing malls in the last five years, increasing total GLA by approximately 27% during this period. The team also oversaw the Company's successful IPO on the Saudi Stock Exchange in May 2019.

The Controlling Shareholders, who are the founding shareholders of the Company, are pioneers of the retail industry in Saudi Arabia, who 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, which led to the Company's first mall opening in 2002. The Controlling Shareholders continue to support the Company and the management team through their retail market insight and knowledge of the real estate sector. The Company has a longstanding relationship across the value chain with other entities owned by the Controlling Shareholders, including Fawaz Abdulaziz Alhokair Co. and FARE.

CORPORATE STRATEGY

The Company pursues a disciplined optimisation and growth strategy structured around three pillars: unlocking the value of the existing operating portfolio, innovation and targeted mall expansion.

Maximise returns from existing portfolio

The Company maintains a strong focus on active asset management and intends to continue to build upon its successful track record of actively managing its mall portfolio. To achieve this, the Company has introduced a number of key initiatives, which include:

- *Increasing occupancy rates:* A key asset management objective for the Company is to continually increase occupancy rates across its entire portfolio. The Company has a short-term target of 93% to 94% and a long-term target of 98% average occupancy across its malls; its period-end like-for-like occupancy rate was 90.2% as at 31 December 2020. One initiative employs the introduction of short-term lettings, which enables the Company to temporarily mitigate the effect of vacancies until long-term, permanent occupiers are secured. The Company believes that leasing vacant retail units at a discount to estimated rental values in the short term, combined with its GLA optimisation initiatives, will help achieve this occupancy target. The Company sees both short- and medium-term benefits to increasing occupancy: in the short-term, the Company will collect incremental revenues, and in the medium-term, the Company will achieve greater pricing tension in negotiations with existing tenants.

  In addition, as part of its efforts to enhance efficiency and increase returns, in 2014, the Company 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; as at 31 December 2020, 91% of the Company's lease contracts included a turnover rent component (as compared to 88.7% at 31 December 2019), but in the past, such rents were not actively collected due to difficulties collecting data and they accounted for 0.9%, 3.1% and 0.9% of the Company's net rental revenue for the financial years ended 31 March 2019 and 2020 and the nine-month period ended 31 December 2020, respectively. Collection of turnover rent will enable the Company to absorb the upside when tenants' businesses are performing well. The Company plans to increase collection of turnover rent, in part by integrating its 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 2020, the Company collected sales data from approximately 2,040 contracts, as compared to 2,109 contracts as at 31 March 2019 and 2,725 contracts as at 31 March 2020.

The Company has also implemented a systematic data-driven approach to lease renewals (aided through the collection of sales data) which involves confirming 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. The Company also seeks a more active rotation of underperforming tenants.

- *Optimising lease rates:* The Company is also seeking to continually enhance lease rates across its entire portfolio as macroeconomic conditions improve in Saudi Arabia. The Company increases lease rates 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 giving more space to tenants that are willing to pay higher rents per square meter, introducing stronger tenants, or implementing varying degrees of refurbishment.

  The Company is also aiming to maximize existing GLA revenue by minimising any rental pricing inefficiencies due to lower than market rates being charged and implementing a more consistent approach to rental pricing. In 2017, the Company began standardising lease contract templates for all tenant categories by (among other things) standardising lease durations and prices (including with respect to discounts). The Company believes that by introducing a clearly defined pricing framework to reduce discounts and systematically applying the Company discount policy, the Company could see yields increase.

- *Optimising space:* The Company has identified opportunities to implement design improvements to deliver incremental GLA and rental income. Specifically, the Company plans to re-measure units, reconfigure/split units, optimize special design, improve seating spaces, and add lettable "island" spaces in common areas or identify other areas that can be leased to additional tenants. The Company believes these changes have the potential to add space of approximately 50,000 square metres, equivalent to one additional regional mall. The Company has determined that reconfiguring units by applying L-shape and T-shape stores will improve space utilisation while still maximising eye appeal for customers walking through its malls. These store shapes ensure that storefronts are comparable in size, but certain stores will be shallower while others will be deeper and wider. This allows for larger areas without having shop frontages that are overly large.

- *Adopting an asset-light and efficient model*: The Company seeks to adopt an asset-light and efficient model with an increased focus on partnerships and lease-manage-maintenance agreements. In October 2020, the Company renegotiated agreements of two of its major developments: U-Walk Jeddah Centre (formerly Zahra Mall) and Jeddah Park. Pursuant to the agreement with the landlord of Jeddah Park, the Company will lease, manage, operate and carry out maintenance works at Jeddah Park on behalf of the landlord in return for a percentage of the Jeddah Park's annual revenue and with the option to revert to the initial lease contract after three years. The Company also successfully concluded negotiations with its landlords at the Company's under-construction U-Walk Jeddah Centre (formerly Zahra Mall), which reduced the total value of rent payments over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion and postponed the beginning of the lease period to 1 August 2021. The Company received SAR 76.7 million in rental concessions on leases during the nine-month period ended 31 December 2020. Management believes that these agreements with landlords provide the Company with flexibility and enables the Company to share costs and risk with its landlord and to increase returns, particularly in light of the current COVID-19 pandemic. In addition, 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 favourable terms. The Company actively engages in negotiations with the landlords of its head leases before the expiry of the relevant head lease to renew leases on favourable terms and in view of the leases on other malls in its portfolio.

- *Boosting non-GLA revenues from media sales, kiosks, and other revenue-generating services:* To supplement GLA-based revenue, the Company frequently seeks opportunities to create new revenue streams from non-GLA sources, including specialty leasing and media sales. For example, the Company re-zones leasable space to offer additional lettable areas such as pop-up retail units (utilizing vacant spaces for temporary leasing), trollies and food carts and ATMs. The Company uses a clear zoning strategy to ensure these spaces are occupied by offerings that complement and do not compete with those of existing tenants. The Company seeks to enhance occupancy of events and promotion space leasing. The Company also provides tenants access to its digital platform for advertising and its branding initiatives, including, for example, media advertising (digital screens, in-mall megascreens and totems), events, naming rights and physical advertising in its malls such as branded baby changing rooms. In September 2019, the Company signed a sponsorship agreement with Almeria, a Spanish football club, which includes "Arabian Centres" branding featured in the stadium and pitch side advertising.

- *Other business efficiency initiatives:* The Company has launched a number of other initiatives to improve the efficiency of its operations by reducing overheads, increasing automation, investing in IT, and optimizing facility management and rent collections. In implementing these initiatives, the Company plans to change its 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 of the Company's malls while enabling the Company to better engage with and serve tenants.

Enhance visitor experience, drive footfall and strengthen brand awareness

The Company continually reviews and adjusts the tenant mix and categories of tenants within its malls in line with changing consumer preferences. The Company 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.

As of 31 December 2020, 13.7% and 9.1% of the Company's total GLA was allocated to entertainment and food and beverage offerings, respectively, whereas the retail and grocery offerings accounted for 65.3% and 10.6% of the Company's total GLA, respectively.

The Company seeks to enhance the visitor experience and drive footfall through a number of initiatives, which include:

- *Expanding entertainment offering*: The Company seeks to increase its focus on entertainment offerings within its malls, including indoor theme parks, virtual reality experiences, theatrical performances, gyms, and cinema offerings. The Company believes that there has been a consumer demand for leisure, entertainment and lifestyle options, partially driven by liberalisation. The Company seeks to enhance the attraction of its malls to position them as vibrant social "family" destinations, and extend visit times of customers.

  In December 2017, Saudi Arabia announced that it would lift the prohibition on cinemas, and the first new cinema opened in Saudi Arabia in April 2018. In August 2019, the Company opened its first cinema at Mall of Arabia (Jeddah) and has opened an additional nine cinemas since then as of the date of this Offering Circular. Most recently, in October 2020, the Company launched the largest cinema in Saudi Arabia at the Mall of Dhahran. The Company plans to launch cinemas at an additional nine locations in its mall portfolio by September 2021, with the expected average GLA allocated to cinemas within each mall being approximately 3,000 square meters. The cinemas offering is expected to drive footfall at the Company's malls.

  The Company is also looking to increase its focus on entertainment and food and beverage offerings within its malls, while decreasing its grocery offerings. The Company recognizes that malls are increasingly becoming a "lifestyle destination", with mid and higher-end food and beverage options being key "lifestyle" features and therefore important drivers of footfall traffic. Within the food and beverage segments, the Company seeks to increase its offerings for casual dining, fine dining, coffee and light dining. The Company believes that malls with a greater proportion of food and beverage options outperform shopping-only environments by improving visit times and retail sale densities. At the same time, the Company anticipates that its 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.

- *Introducing new retail concepts*: The *Company* seeks opportunities to introduce new retail 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 seeks to provide state of the art design and themes for its stores, housing the largest flagship locations of select brands, with the widest ranges of products, acting as a showcase for the brand and focusing on the customer experience. The Company is specifically seeking to target additional luxury retail, health and beauty shops and fashion and sports shops. In the nine-month period ended 31 December 2020, the Company onboarded 146 new brands, and in the year ended 31 March 2020, the Company onboarded 128 new brands.

- *Launching digital platforms*: The Company also seeks to innovate in the digital and online space with the rollout of its digital initiatives, which will promote increased visitor engagement and enhance tenants' experiences. These digital initiatives include an e-mall platform and a mobile app, both of which the Company has fast-tracked in an effort to address post-COVID-19 realities and expects to launch by the end of 2021. The e-mall platform will provide for click-and-collect services, which is in the trial stage with the first brands signed and the "collect" locations in malls being delivered. In Jeddah, where the Company has five malls with two further under construction, there is a "collect" point within a 15 to 30 minute drive of anywhere in the city. The Company expects that this digital platform will also help maintain high GLA levels by keeping inventory within stores, gradually transitioning the Company's shopping centres into part-fulfillment centres for online purchases. This platform will provide customers with pickup, delivery and local return services. The Company also plans to launch a mobile app, which will include an e-wallet and loyalty program, which will offer consumers rewards for shopping at the Company's malls and at participating merchants.

Management anticipates that these digital initiatives will enable the Company's business model to remain relevant by reflecting changing consumer trends and preferences, which were accelerated by COVID-19, and further improving the customer journey, regardless of the channel or device being used. Coupled with the insights provided by the digital platforms, the Company expects that these efforts will capture critical consumer data, allowing the Company to take a data-driven approach to analysing and anticipating changes in customer demand.

Moreover, the Company aims to enhance the customer experience and convenience through the facilities in its 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, the Company invested in a full refurbishment of Al Ehsa Mall, which is underway and will include renovated food courts, entrances, facades, parking, flooring and landscaping. 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 its malls, and other elements are unified across the Company's mall portfolio, such as furniture, external painting designs and information desk availability, further enhancing brand awareness. The Company is carrying out major refurbishments at Al Ahsa Mall, Salam Mall Jeddah, Haifa Mall and intends to refurbish Aziz Mall, Noor Mall, Salam Mall Riyadh and Nakheel Mall Riyadh in 2021. These refurbishments include improvements to the mall exteriors, shorefronts, car parking, landscapes, flooring, wet areas, lighting and signage.

Maintain leadership position in the Saudi retail sector by selectively expanding mall portfolio

The Company expects to add two new malls to its portfolio, Jeddah Park and Khaleej Mall, which are currently under construction. Jeddah Park and Khaleej Mall are expected to commence operations by the second quarter of fiscal year 2022 and to increase the Company's GLA by approximately 128,700 and 51,000 square meters, respectively.

The Company also has a number of strategic projects to support medium-term targeted growth, including a pipeline of six additional malls over the next five years, which the Company expects to increase GLA by approximately 450,000 square meters. These projects include two Super Regional Malls (Jawharat Riyadh and Jawharat Jeddah), four Regional Malls (U-Walk Jeddah, Qassim Mall, Madinah Walk and Najd Mall). The land, zoning and building permits and concept designs are in place for each of these sites. With its new development projects, the Company is focused on pre-letting a high percentage of GLA in advance of operations and targeting easily accessible locations with limited nearby competition.

The Company seeks to further diversify its tenant mix by increasing its lifestyle offering, including F&B, gyms, spas, clinics, cinemas and other entertainment to further optimize its GLA. By developing its shopping centres as lifestyle destinations, the Company aims to satisfy the expectations of the young and vibrant Saudi society and attract tourists.

The Company also plans to introduce new retail concepts in Saudi Arabia. With U-Walk in Riyadh, the Company has introduced an open-air boulevard concept spread along the road lengthways, which incorporates design features such as an auditorium and natural green areas surrounding casual dining areas and a varied retail mix.

The Company also continuously evaluates the malls in its portfolio and seeks to turnaround underperforming malls through, for example, investments in renovations and refurbishments to improve the visitor experience, or where necessary to exit from nonperforming malls.

HISTORY

The Company is a joint-stock company incorporated under the laws of Saudi Arabia with commercial registration number 1010209177 dated 07/04/1426H. The Company first began operations in 2002 with the opening of the Sahara Plaza mall. Over the years since the Company's founding, it has increased footfall and GLA steadily, and the entire issued share capital of the Company was admitted to trading on the Saudi Stock Exchange in 2019.

Year	Event/Development
2002	Opening of the Company's first Mall (Sahara Plaza)
2004	Opening of Nakheel Plaza in Qassim and Khurais Mall in Riyadh Total GLA reaches over 100,000 m²
2005	Company 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
2006	Total footfall reaches over 20,000,000
2008	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
2009	Opening of Mall of Dhahran extension
2010	Opening of Ahsa Mall in Hofuf Total footfall reaches over 50,000,000
2011	Opening of Haifaa Mall in Jeddah and Mecca Mall in Mecca Total GLA reaches over 600,000 m² Total footfall reaches over 60,000,000
2012	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
2013	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
2014	Opening of Tala Mall in Riyadh, Nakheel Mall in Riyadh and Salma Mall in Hail Total footfall reaches over 88,000,000

2015	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
2016	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
2018	Total footfall reaches over 108,000,000
2019	The 20% issued share capital of the Company was admitted to trading on the Saudi Stock Exchange Opening of U-Walk in Riyadh and Nakheel Mall Dammam
2020	Total footfall reaches over 115,000,000 MUVI opens the largest cinema in Saudi Arabia in Dhahran Mall Opening of Nakheel Mall Extension 1 Renegotiation of two major developments (U-Walk Jeddah Centre (formerly Zahra Mall) and Jeddah Park) Signing an agreement with Quara to provide SME tenants with affordable credit facilities

THE BUSINESS

Business Activities

The Company owns, develops and operates shopping malls in Saudi Arabia and generates revenue by:

- leasing retail space in its malls to a variety of tenants operating under a broad mix of international, regional and local brands, which accounts for over 90% of its yearly revenue; and
- selling media and promotional space within its malls to a variety of media agencies.

The Company believes it is the largest shopping mall owner, developer and operator in Saudi Arabia with a total GLA of 1.2 million square meters, representing 14.2% of total GLA in Saudi Arabia as of 31 December 2020. The Company provides tenants and visitors with a full range of high quality retail malls at international standards. Its malls are located across key urban areas across Saudi Arabia, including 11 of the largest cities in Saudi Arabia (such as Riyadh, Jeddah, Dammam and Dhahran), which together represented approximately 60% of the total population of Saudi Arabia as at 31 December 2020.

The Company generated a total revenue of SAR 2,197.3 million for the financial year ended 31 March 2020 and SAR 1,410.1 million for the nine-month period ended 31 December 2020. With a GLA of approximately 1.2 million square meters featuring 4,339 occupied retail units across 21 malls as at 31 December 2020, the Company provides commercial retail space to over 1,000 international, regional and local retail brands, including Zara, Debenhams, Coach, H&M and Virgin Megastores. The Company generated footfall of approximately 46.1 million for the nine-month period ended 31 December 2020.

The net rental revenue generated by leasing retail space for the financial years ended 31 March 2018, 2019 and 2020 as a percentage of the Company's total revenue for those financial periods was 90.7%, 90.7% and 91.3%, 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.

Operations

The Company classifies its malls into 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 Centres, a global trade association. The Company considers "Super-Regional Malls" and "Regional Malls" as "lifestyle destinations" where customers enjoy a variety of shopping, leisure, entertainment and dining options, and "Community Malls" as proximity malls providing retail offerings for the local population. As of 31 December 2020, the Company had three Super-Regional Malls, 12 Regional Malls and six Community Malls.

The following chart sets out key information in respect of each of the Company's malls:

	Location	GLA as of 31 December 2020 (sqm)	Net rental revenue for the nine-month ending 31 December 2020 (SAR)	Occupancy Rate as at 31 December 2020 (%)	Opened
Super-Regional Malls					

	Location	GLA as of 31 December 2020 (sqm)	Net rental revenue for the nine-month ending 31 December 2020 (SAR)	Occupancy Rate as at 31 December 2020 (%)	Opened
Mall of Dhahran	Dammam	159,463	198,001,049	95.2%	2005
Salaam Mall	Jeddah	99,621	91,903,567	86.0%	2012
Mall of Arabia	Jeddah	113,592	150,420,784	92.2%	2008
Regional Malls					
Aziz Mall	Jeddah	72,855	77,268,747	94.9%	2005
Noor Mall	Madinah	66,886	79,600,394	95.0%	2008
Nakheel Mall	Riyadh	75,493	124,308,554	88.1%	2014
Nakheel Mall Dammam	Dammam	60,753	60,711,457	84.3%	2019
Yasmin Mall	Jeddah	54,704	80,128,167	96.7%	2016
U-Walk	Riyadh	58,962	43,275,280	90.1%	2019
Hamra Mall	Riyadh	55,744	69,025,446	94.9%	2016
Salaam Mall	Riyadh	48,502	41,939,660	97.2%	2005
Jouri Mall	Taif	48,196	64,969,290	96.9%	2015
Ahsa Mall	Hofuf	45,307	21,364,118	63.9%	2010
Khurais Mall	Riyadh	41,640	23,451,071	88.4%	2004
Mecca Mall	Mecca	37,486	82,145,656	96.7%	2011
Community Malls					
Nakheel Plaza	Qassim	53,933	30,093,745	71.1%	2004
Haifa Mall	Jeddah	33,259	18,740,209	77.8%	2011
Tala Mall	Riyadh	21,642	19,275,497	83.7%	2014
Jubail Mall	Jubail	21,221	11,051,323	86.5%	2015
Salma Mall	Hail	16,959+	5,579,496	63.7%	2014
Sahara Plaza	Riyadh	14,722	3,926,182	100.0%	2002

Source: Company information.

Tenants

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 Company carefully manages the tenant mix for any particular mall 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, the Company assesses its new tenants on whether the tenant's brand is consistent with the market positioning of the relevant mall; the strength and quality of the tenant's brand(s); whether the tenant strategically adds value to the existing mall portfolio; the tenant brand's general availability in the Saudi Arabian market; and the category of the tenant brand and its performance in the market. In addition, the Company takes a range of other key factors into account, 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, compared to Community Malls, which generally have a larger selection of affordable brands. The share of GLA by price-point is different for each of the three categories of mall. Due to their size, Super-Regional Malls have a large GLA and more retail units per mall and therefore offer a wider range of retail categories and a wider range of retailers for each retail category, but with a focus on premium brands.

- ***Target Demographic*** - The demography of the area in which a mall is situated is one of the most important factors affecting tenant mix. The mix in the price-points of the retailers depends upon the demographics of the mall's catchment area. 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.

- ***Location*** – Location is critical in setting an optimal tenant mix. In particular, location is relevant in assessing whether a mall is located in an area where all or certain brands are already present in other nearby malls as well as accessibility. The Company believes that part of its success is attributable to its early entry into the market as a developer of malls in Saudi Arabia. The Company also considers that a key factor behind the Company's success has been its ability to identify and secure locations that are attractive to retailers. In addition, the Company seeks to identify 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 2020, the largest 20 brands of the Company's tenants occupied 34.8% of the Company's total GLA and represented 20.3% of its net rental revenue. In addition, for the same period, international and local brands contributed 70.5% and 29.5% of the Company's occupied GLA, respectively. The breakdown of tenants by tenant type across all of the Company's malls is as follows:

		Rental revenue (SAR millions)					% of total GLA (31 December 2020)	Typical lease term (years)	Average Rental Revenue in SAR per sqm (31 December 2020)
No.	**Tenant Type**	**FY 2018**	**FY 2019**	**FY 2020**	**9MFY 2020**	**9MFY 2021**			
1	Apparel, Shoes, Accessories	1,022.6	1,039.4	1,011.7	792.1	596.2	42.0%	3	1,773.9
2	Department Store	47.4	44.5	37.6	29.3	25.8	4.4%	5	729.3
3	Entertainment.........	67.0	64.4	75.9	62.7	52.6	12.0%	5	549.5
4	Food & Beverages ..	181.1	187.8	221.7	163.3	161.7	8.5%	3	2,384.0
5	Furniture and Home Fashions	64.6	63.0	66.0	51.9	39.5	6.4%	10	769.8
6	Health & Personal care	255.9	266.0	284.5	215.1	177.3	6.6%	3	3,341.1
7	Home Electronics and appliances.........	19.7	16.6	9.2	8.9	8.4	0.3%	3	4,079.5
8	Hypermarket/Super market	56.8	55.0	45.9	34.7	35.6	10.6%	10	418.4
9	Services..................	7.8	12.5	24.7	12.1	19.4	1.2%	3	2,094.2
10	Sport & Leisure.......	67.1	61.3	72.5	53.6	46.1	2.7%	3	2,134.2
11	Other	0.0	-	0.0	0.9	36.56	4.7%	1	960.9
12	Kiosks	169.8	164.5	156.2	117.1	98.1	0.6%	1	20,407.1
	Total......................	**1,959.8**	**1,974.9**	**2,005.9**	**1,541.8**	**1,297.2**	**100%**	**-**	**1,621.1**
External Tenants and Internal Tenants									
1	External Tenants	1,479.3	1,493.8	1,492.1	1,142.5	961.8	64.3%	-	1,867.8
2	Internal Tenants	480.5	481.1	513.8	399.3	335.4	35.7%	-	1,175.8
	Total......................	**1,959.8**	**1,974.9**	**2,005.9**	**1,541.8**	**1,297.2**	**100.0%**	**-**	**1,621.1**

Source: Company information

For the Company's existing malls, the appropriate tenant mix typically changes over time depending on various factors such as the financial performance of the tenants, changing demographics with respect to a mall's location, visitor preferences and the change in the competitive landscape.

Tenant Categories

Tenants are generally categorized according to revenue contribution, as well as by whether they are a related party.

Key Account Tenants

As at 31 December 2020, the Company had 17 "**Key Account Tenants**", which the Company defines as any tenant that generates revenue for the Company of at least SAR 10 million over any one financial year. Collectively, these 17 Key Account Tenants generated approximately 52.6% of the Company's revenue for the nine-month period ended 31 December 2020.

Key Account Tenants are typically companies 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 Stores (as described further below) occupying a significant portion of the GLA within one or more of the Company's malls and are used to attract footfall and other tenants. In light of their central importance to the Company's success and future prospects, the Company considers its Key Account Tenants to be strategic partners 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). 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.

The following table provides an overview of the Company's top ten Key Account Tenants during the applicable financial periods:

			Revenue Contribution (%)				
Key Account Tenant	**Key Brands**	**Commencement of relationship**	**FY 2018**	**FY 2019**	**FY 2020**	**9MFY 2021**	**Number of malls**
Fawaz Al Hokair and Co.[1]	Zara, Massimo Dutti, Bershka, Aldo, Clarks, GAP, La Senza, Mango, Zara Home, US Polo, Accessorize	2002	24.5%	24.4%	26.1%	25.5%	21
Landmark Arabia Co.	Centrepoint, Koton, Steve Madden, City Max	2002	5.3%	5.2%	4.0%	4.2%	14
Leather Corner Trading Co.	Calvin Klein, Sketchers, Athletic Co., Inglot, Crocs, Naturalizer, BHPC	2010	2.6%	2.7%	2.9%	2.2%	18
Farouk Contracting And Trading Co.	Sephora, Dior, Fendi, Lacoste, Tumi Wojooh, L'Occitane, Ghawali, Swarovski	2002	2.7%	2.6%	3.1%	2.5%	19
Kamal Othman Jamjoom Trading Co.	Mikiyaji, Nayomi, ELC, The Body Shop	2009	2.5%	2.3%	2.3%	2.2%	19
Abdulmohsin Al Hokair Co.	Sparky's, Fun Time, Entertainment City	2004	2.3%	2.0%	1.3%	2.1%	13
Azizia Panda United Company Ltd.	Panda Hypermarket	2009	2.2%	2.2%	1.7%	2.1%	7
Al Abdulkarim Trading Co	Terranova, RINA, ALCOTT	2004	1.5%	1.3%	1.2%	1.0%	17
Sun and Sand Sports LLC	Sun & Sand Sports, NIKE, Under Armour, Vans, Timberland	2004	1.3%	1.4%	1.6%	1.5%	10
Abdul Sammad Al Qurashi Co	Abdul Sammad Al Qurashi, OUD MILANO	2010	1.9%	1.8%	1.4%	1.4%	19
Total	-	**-**	**46.8%**	**45.8%**	**45.6%**	44.8%	**-**

Source: Company information

(1) Fawaz Al Hokair and Co. is an Internal Tenant (as defined below) and includes AlHokair Fashion Retail, Innovative Union Company, among others.

Internal Tenants and External Tenants

The Company also categorizes its tenants between "**Internal Tenants**" (which are related parties of the Company, including Fawaz Abdulaziz Alhokair Co.) and "**External Tenants**" (which are not related parties of the Company). For the financial year ending 31 March 2020, the weighted average occupied GLA split between the Internal Tenants and the External Tenants was 352,631 square meters and 718,126 square meters, respectively, with the net rental revenues for the same period amounting to SAR 513.8 million and SAR 1,492.1 million, respectively.

Set out in the following table is an overview of the revenue contribution as between Internal Tenants and External Tenants in recent periods.

Revenue contribution (%)	**FY2018**	**FY2019**	**FY2020**	**9MFY20**	**9MFY21**
Internal Tenants	24.6%	24.4%	25.6%	25.9%	25.9%
External Tenants	75.4%	75.6%	74.4%	74.1%	74.1%

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. Tenants leasing non-GLA space for these purposes are categorized by the Company as other tenants.

Tenancy maturity, terms and renewals

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' advance rent. In 2014, the Company introduced a turnover rent arrangement in some of 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. 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.

Lease contract maturity profile

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 Store tenants, which typically have lease terms of approximately 10 to 15 years. The following table summarizes the like-for-like Company's scheduled lease expirations for tenancy leases in place as at 31 December 2020:

Year of expiration	**Occupied GLA expiry (square meters)***	**% of total rental revenues***
2021	159,281	20.4%
2022	252,917	33.2%
2023	239,189	28.4%
2024	107,166	9.2%
2025	40,716	1.9%
2026	40,085	2.0%
2027	24,196	1.2%
2028 and beyond	92,012	3.6%
Total	**955,562**	**100%**

Source: Company information
* On a like-for-like basis

Lease contract terms

A typical lease contract commonly contains terms covering, among others things:

- rent payment terms, which may include turnover rent provisions (rent is ordinarily collected by the Company in advance on a semi-annual basis);

- 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.

A. Rent escalation provisions

The Company suspended enforcement of all rent escalations provisions for calendar years 2020 and 2021 in response to COVID-19 and to offset the impact of the VAT increase on tenants. As at 31 December 2020, approximately 90% of the Company's lease contracts with its tenants included agreed upon rent escalation provisions over the term of the lease. Subject to the Company's discount policy, a majority of the Company's lease contracts are subject to an average annual increase of 5% in rent payable (save for large Anchor Stores, which are typically subject to an increase of approximately 10% in rent payable once every five years). The increase is 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 expected market rental prices, the strength 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 relative negotiating position of the Company and the tenant.

The above rent escalation mechanism historically existed in all 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. Notwithstanding the suspension of rent escalations in 2020 and 2021, the Company targets between 2% to 4% in like-for-like rent escalation across its mall portfolio from its existing tenants via indexation as economic conditions improve and growth of approximately 4% from ramp-up in occupancy, for a total growth of 6% to 8% like-for-like. The Company expects rent escalations for renewals to be higher, in particular for top performing 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.

The Company also maintains flexibility to not renew lease contracts with tenants in situations where market conditions evolve and extending such lease contracts is no longer in the Company's best interest.

B. Turnover rent provisions

As at 31 December 2020, approximately 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.

C. 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.

D. Discount policy

The Company has a discount policy for its tenants, which takes into account tenants' sales and occupancy cost ratios. The policy is intended to help retain well-performing tenants during challenging economic periods and seeks to attract high quality tenants. The discount policy also enables the Company to adjust rent in situations where tenants were overcharged for rent in previous periods.

The policy provides that discounts will be applied to tenants based on their total GLA across all the Company's malls. 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.

From the year ended 31 March 2019 to the year ended 31 March 2020, the Company's weighted average rental revenue per square meter decreased, primarily driven by the COVID-related discounts given during the fourth quarter of year ended 31 March 2020. 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. The Company also amortised discounts to tenants in response to COVID-19 and the temporary closure of tenants' stores, amounting to SAR 191.3 million in COVID-related discounts in the nine-month period ended 31 December 2020.

The Company expects to revert back to a "no discounts" policy over the medium term. The Company 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).

E. 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 and 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. There are typically no further grace periods provided on lease extension or renewal.

If a tenant's operations and/or activities are significantly affected by any disruption, then the Company may grant a rent-free period of between one and three months. For example, as a result of the COVID-19 pandemic and related lockdown restrictions, the Company offered all tenants a waiver on contractual base rent and service charges for a period of six weeks, and tenants whose stores were mandatorily closed by the government received further rent relief.

Lease contract renewal profile

As set out in the table below, in the financial year ended 31 March 2020, the Company renewed 2,044 leases that were due to expire during that financial year. In the year ended 31 March 2020, nearly all leases that were set to expire were renewed, which is consistent with the Company's estimated renewal rate in the year ended 31 March 2019.

Lease metric	**FY 2018**	**FY 2019**	**FY 2020**
Number of leases renewed	1,408	1,183	2,044
Total GLA of renewed leases (m^2)	174,057	204,547	315,374

Source: Company information

Store Categories

The stores in the Company's malls are generally categorized according to GLA.

An overview of Anchor Stores, Junior Anchor Stores and Line Stores (each as defined below) by GLA and average rental revenue per square meter as at 31 December 2020 is set out below.

No.	**Store Category**	**Aggregate GLA (m^2)(1)**	**Percentage of total GLA (%)**	**Average GLA per tenant (m^2)**	**Average Annualized rental revenue per m^2**
1	Anchor Stores	408,772	38.5%	5,524	590
2	Junior Anchor Stores	236,679	22.3%	932	1,213
3	Line Stores	414,933	39.1%	137	2,481

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).

Anchor Stores

"**Anchor Stores**" are those stores that lease a retail unit that occupies more than 1,000 square meters of GLA of any single mall. As at 31 December 2020, the Company had 74 retail units leased to Anchor Stores across its mall portfolio, comprising 39.0% of total GLA. Anchor Stores 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 Stores vary but they typically operate large apparel department stores, homeware stores, hypermarkets or major fashion brands. The number of Anchor Stores and their activities depend on the type and location of the mall.

Junior Anchor Stores

"**Junior Anchor Stores**" are those stores that lease a retail unit that occupies between 500 and 1,000 square meters of GLA of any single mall. Junior Anchor Stores 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 2020, the Company had approximately 254 leases for Junior Anchor Stores, comprising 22.3% of total GLA. Junior Anchor Stores may hold retail units covering more than one retail unit category and they are present in all types of malls.

Line Stores

"**Line Stores**" are those stores that lease a retail unit that occupies less than 500 square meters of GLA of any single mall. As at 31 December 2020, the Company had approximately 3,024 retail units leased to Line Stores, comprising 39.1% of total GLA, which include food court units for various international, regional and local brands. Line Stores are usually specialist stores 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 Stores usually benefit from the footfall created by Anchor Stores and Junior Anchor Stores.

Real Estate

With respect to the Company's 21 malls, 12 malls operate on leasehold land and nine malls operate on freehold land. For the malls operating on leasehold land, the head leases, which have an average term of 20-30 years, allow for the construction of malls and the subsequent operation of those malls by the Company upon completion. As of 31 December 2020, the total revenue contribution of freehold properties was 40.2%, and the total GLA contribution of the freehold properties was 38.7%.

As at the date of this Offering Circular, the Company had entered into 18 head leases with various lessors.

Save in the case of U-Walk Riyadh, 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 improvements on the land, namely the malls, upon expiry of the initial term of the lease or upon termination. 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 favourable terms. The Company actively engages in negotiations with the landlords of its head leases before the expiry of the relevant head lease.

The Company's existing head lease termination dates are set out in the following table:

No.	Mall (held under Head Lease)	Term Expiry Date*
Existing malls		
1	Mall of Dhahran	Main Head Lease 10/08/1446H (corresponding 09/02/2025G) Extension Head Lease 17/10/1447H (corresponding 06/04/2026G)
2	Salaam Mall (Jeddah)	22/04/1454H (corresponding 30/07/2032G)
3	Aziz Mall	29/01/1469H (corresponding 29/11/2046G)
4	Nakheel Mall (Riyadh)	06/05/1456H (corresponding 23/07/2034G)
5	Yasmin Mall	14/09/1456H (corresponding 25/11/2034G)
6	Jouri Mall	30/12/1456H (corresponding 11/03/2035G)
7	Khurais Mall	30/05/1443H (corresponding 04/01/2022G)
8	Nakheel Plaza (Qassim)	27/04/1451H (corresponding 06/09/2029G)
9	Haifa Mall	29/12/1453H (corresponding 12/04/2032G)
10	Tala Mall	16/12/1450H (corresponding 30/04/2029G)
11	Salma Mall	05/08/1443H (corresponding 09/03/2022G)(1)
12	U-Walk Riyadh	27/09/1468H (corresponding 31/07/2046G)
13	Nakheel Mall (Riyadh) Extension Phase 1	20/12/1459H (corresponding 27/01/2038G)
Under Development or Construction		
14	Jeddah Park	13/09/1472H (corresponding 03/06/2050G)(2)
Lands for Future Development		
15	Nakheel Mall (Riyadh) Extension Phase 2	20/12/1459H (corresponding 27/01/2038G)
16	Najd Site	23/02/1462H (corresponding 07/03/2042G)
17	U-Walk Jeddah Centre	05/12/1474H (corresponding 31/07/2052G)
18	U-Walk Madinah	03/04/1467H (corresponding 20/02/2045G)

Source: Company information
** H=Hijiri year; G=Gregorian year*
(1) The Head Lease refers to the option to renew for another ten years.
(2) Subject to handover taking place 6 months after entry into the Head Lease.

The Company believes it is in a strong negotiating position with respect to extending and renegotiating head leases, 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. Most recently, the Company has entered into and renegotiated three agreements:

- In November 2020, the Company entered into a 25-year lease and investment agreement with the Madinah Regional Municipality develop and operate a new shopping centre in Madinah, U-Walk Madinah, on a vacant, strategically located plot of land.
- In November, 2020, the Company renegotiated its lease contract with the landlord of the under-construction U-Walk Jeddah Centre (formerly Zahra Mall), reducing the total value of rent over the lifetime of the lease contract by SAR 620 million from SAR 1.785 billion to SAR 1.075 billion.
- In October 2020, the Company negotiated a new management, operation and maintenance agreement with the landlord of Jeddah Park. The new agreement replaces the first ten years of the initial lease contract reserving the right to switch back to the initial lease contract upon the end of third year of the new agreement.

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 occurring after the expiration date of the head lease because in practice the Company normally extends head lease terms long before the expiry of their terms (as it did with the lease term extensions with respect to Aziz Mall in 2017 and Nakheel Plaza in 2019, for example).

Overview of Portfolio of Malls

The following section provides an overview of each of the Company's 21 malls currently in operation.

Super-Regional Malls

Mall of Dhahran

The Mall of Dhahran is the Company's number one mall based on revenue, with total revenue of SAR 329.9 million for the year ended 31 March 2020, or 15.0% of the Company's total revenue.

As at 31 December 2020, the Mall of Dhahran had 199 tenants which collectively occupied 510 retail units. The average occupancy rate for the year ended 31 March 2020 was 94.1%, with an annual footfall of 12.6 million.

Mall of Dhahran is the largest shopping mall in the Eastern Province of Saudi Arabia and has the largest cinema in Saudi Arabia. Given its size, it presents one of the Company's 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.

An overview of the tenant mix of Mall of Dhahran is set out in the table below:

		Rental revenue (SAR millions)						**% GLA (31 December 2020)**
No.	**Tenant Type**	**FY 2018**		**FY 2019**		**FY 2020**		
1	Apparel, Shoes and Accessories..........................	150.4	48.9%	165.4	52.0%	147.2	48.3%	37.1%
2	Department Store	6.5	2.1%	4.4	1.4%	4.4	1.5%	4.0%
3	Entertainment......................	8.8	2.9%	9.2	2.9%	12.8	4.2%	16.3%
4	Food and Beverages............	38.1	12.4%	35.9	11.3%	35.5	11.7%	7.4%
5	Furniture and Home	17.6	5.7%	17.4	5.5%	15.5	5.1%	14.2%
6	Health and Personal Care.....	32.9	10.7%	36.4	11.4%	37.6	12.3%	5.7%
7	Home electronics and Appliances...........................	3.1	1.0%	2.6	0.8%	2.3	0.7%	0.5%
8	Hypermarket / Supermarket.	6.8	2.2%	6.8	2.1%	6.2	2.0%	10.9%
9	Services	1.9	0.6%	2.1	0.7%	4.9	1.6%	0.3%
10	Sports and Leisure...............	16.7	5.4%	13.7	4.3%	16.4	5.4%	3.3%
11	Kiosks..................................	24.5	8.0%	24.5	7.7%	22.0	7.2%	0.2%
	Total....................................	**307.3**	**100.0%**	**318.2**	**100.0%**	**304.9**	**100.0%**	**100.0%**
External Tenants and Internal Tenants								
1	External Tenants	251.1	81.7%	252.8	79.4%	241.8	79.3%	70.2%
2	Internal Tenants...................	56.2	18.3%	65.4	20.6%	63.2	20.7%	29.8%
	Total....................................	**307.3**	**100.0%**	**318.2**	**100.0%**	**304.9**	**100.0%**	**100.0%**

Source: Company information

Mall of Arabia (Jeddah)

The Mall of Arabia (Jeddah) is the Company's number two mall based on revenue, with total revenue of SAR 277.2 million for the year ended 31 March 2020, or 12.6% of the Company's total revenue.

As at 31 December 2020, the Mall of Arabia had 139 tenants which collectively occupied 351 retail units, making Mall of Arabia one of the largest malls in Jeddah. The average occupancy rate for the year ended 31 March 2020 was 93.3%, with an annual footfall of 9.5 million.

Mall of Arabia 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.

An overview of the tenant mix of Mall of Arabia is set out in the table below:

No.	Tenant Type	Rental revenue (SAR millions) FY 2018		FY 2019		FY 2020		% GLA (31 December 2020)
Tenant Type								
1	Apparel, Shoes and Accessories	131.1	52.4%	132.7	53.3%	127.2	50.9%	35.7%
2	Department Store	14.8	5.9%	15.2	6.1%	11.2	4.5%	7.5%
3	Entertainment	13.9	5.6%	13.8	5.5%	19.4	7.8%	25.0%
4	Food and Beverages	28.6	11.4%	24.2	9.7%	27.3	10.9%	9.0%
5	Furniture and Home	8.1	3.2%	4.9	2.0%	6.0	2.4%	5.5%
6	Health and Personal Care	21.8	8.7%	25.3	10.2%	27.4	10.9%	4.5%
7	Home electronics and Appliances	1.4	0.6%	1.7	0.7%	1.1	0.4%	0.2%
8	Hypermarket / Supermarket	3.0	1.2%	3.0	1.2%	2.8	1.1%	7.0%
9	Services	1.1	0.4%	1.1	0.5%	2.3	0.9%	0.7%
10	Sports and Leisure	14.1	5.6%	13.6	5.5%	13.5	5.4%	4.7%
11	Kiosks	12.1	4.8%	13.2	5.3%	12.1	4.8%	0.3%
	Total	**250.1**	**100.0%**	**248.8**	**100.0%**	**250.2**	**100.0%**	**100.0%**
External Tenants and Internal Tenants								
1	External Tenants	180.8	72.3%	183.2	73.6%	182.0	72.7%	63.9%
2	Internal Tenants	69.3	27.7%	65.6	26.4%	68.2	27.3%	36.1%
	Total	**250.1**	**100.0%**	**248.8**	**100.0%**	**250.2**	**100.0%**	**100.0%**

Source: Company information

Salaam Mall (Jeddah)

Salaam Mall (Jeddah) is the Company's number four mall based on revenue, with total revenue of SAR 186.6 million for the year ended 31 March 2020, or 8.5% of the Company's total revenue.

As at 31 December 2020, Salaam Mall had 184 tenants which collectively occupied 350 retail units, making Salaam Mall (Jeddah) one of the largest shopping malls in Saudi Arabia. The average occupancy rate for the year ended 31 March 2020 was 88.6%, with an annual footfall of 10.7 million.

Salaam Mall (Jeddah) is distinguished by its blend of high-end retail and leisure facilities, which include Zara and Home Centre. It has a central, triple floor food court with an entertainment area in the centre of the mall.

An overview of the tenant mix of Salaam Mall (Jeddah) is set out in the table below:

No.	Tenant Type	Rental revenue (SAR millions) FY 2018		FY 2019		FY 2020		% GLA (31 December 2020)
Tenant Type								
1	Apparel, Shoes and Accessories	84.9	50.5%	84.6	50.3%	80.5	48.0%	36.4%
2	Department Store	2.3	1.4%	0.5	0.3%	0.4	0.2%	3.0%
3	Entertainment	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
4	Food and Beverages	13.2	7.9%	20.3	12.0%	18.8	11.2%	4.7%
5	Furniture and Home	16.4	9.8%	16.8	10.0%	17.8	10.6%	28.6%
6	Health and Personal Care	19.1	11.4%	20.0	11.9%	23.9	14.2%	6.6%
7	Home electronics and Appliances	1.6	1.0%	2.4	1.4%	0.1	0.1%	0.2%
8	Hypermarket / Supermarket	6.5	3.9%	6.6	3.9%	6.7	4.0%	15.5%
9	Services	-4.2	-2.5%	0.1	0.1%	0.2	0.1%	0.2%
10	Sports and Leisure	7.1	4.2%	5.6	3.3%	6.4	3.8%	3.6%
11	Kiosks	21.1	12.5%	11.5	6.8%	13.0	7.8%	1.2%
	Total	**168.1**	**100.0%**	**168.3**	**100.0%**	**167.6**	**100.0%**	**100.0%**
External Tenants and Internal Tenants								
1	External Tenants	152.5	90.7%	145.0	86.1%	141.8	84.6%	85.3%
2	Internal Tenants	15.6	9.3%	23.3	13.9%	25.8	15.4%	14.7%
	Total	**168.1**	**100.0%**	**168.3**	**100.0%**	**167.6**	**100.0%**	**100.0%**

Source: Company information

Regional Malls

Nakheel Mall (Riyadh)

Nakheel Mall (Riyadh) is the Company's number three mall based on revenue, with total revenue of SAR 196.9 million for the year ended 31 March 2020, or 9.0% of the Company's total revenue.

As at 31 December 2020, Nakheel Mall (Riyadh) had 115 tenants that collectively occupied 299 retail units. The average occupancy rate for the year ended 31 March 2020 was 90.8%, with an annual footfall of 9.5 million.

Nakheel Mall (Riyadh) 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). In September 2020, the Nakheel Mall Extension (Phase 1) opened, bringing an additional 16,000 square meters of GLA. This extension included a 13-screen cinema and additional commercial outlets.

Nakheel Mall (Riyadh) was recognized at the Arab Luxury World Forum in 2017 as being among consumers' favourite shopping malls in Riyadh and has received a number of awards from the International Council of Shopping Centers.

An overview of the tenant mix of Nakheel Mall (Riyadh) is set out in the table below:

		Rental revenue (SAR millions)						% GLA (31 December 2020)
No.	**Tenant Type**	**FY 2018**		**FY 2019**		**FY 2020**		
Tenant Type								
1	Apparel, Shoes and Accessories	83.7	55.8%	95.1	56.0%	103.0	57.4%	57.4%
2	Department Store	1.9	1.2%	0.4	0.2%	0.0	0.0%	0.0%
3	Entertainment	3.2	2.1%	4.4	2.6%	4.5	2.5%	13.1%
4	Food and Beverages	14.1	9.4%	16.7	9.8%	18.4	10.2%	13.2%
5	Furniture and Home	2.5	1.6%	2.4	1.4%	2.7	1.5%	1.8%
6	Health and Personal Care	20.6	13.8%	23.6	13.9%	27.5	15.3%	7.5%
7	Home electronics and Appliances	0.0	0.0%	0.1	0.1%	0.0	0.0%	0.5%
8	Hypermarket / Supermarket	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0%
9	Services	2.9	1.9%	3.9	2.3%	1.4	0.8%	0.2%
10	Sports and Leisure	6.7	4.5%	9.2	5.4%	8.6	4.8%	5.7%
11	Kiosks	14.3	9.6%	14.1	8.3%	13.3	7.4%	0.5%
	Total	**149.9**	**100.0%**	**169.9**	**100.0%**	**179.2**	**100.0%**	**100%**
External Tenants and Internal Tenants								
1	External Tenants	102.9	68.6%	111.5	65.6%	113.4	63.3%	47.6%
2	Internal Tenants	47.1	31.4%	58.5	34.4%	65.8	36.7%	52.4%
	Total	**149.9**	**100.0%**	**169.9**	**100.0%**	**179.2**	**100.0%**	**100%**

Source: Company information

Aziz Mall

Aziz Mall is the Company's number six mall based on revenue, with total revenue of SAR 137.0 million for the year ended 31 March 2020, or 6.2% of the Company's total revenue.

As at 31 December 2020, the Aziz Mall had 139 tenants that collectively occupied 267 retail units. The average occupancy rate for the year ended 31 March 2020 was 96.7%, with an annual footfall of 6.8 million.

Aziz 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 centre (which includes Billy Beez and Sparky's entertainment) and a diverse selection of coffee retail units.

Noor Mall

Noor Mall is the Company's number seven mall based on revenue, with total revenue of SAR 136.0 million for the year ended 31 March 2020, or 6.2% of the Company's total revenue.

As at 31 December 2020, Noor Mall had 136 tenants that collectively occupied 258 retail units. The average occupancy rate for the year ended 31 March 2020 was 95.0%, with an annual footfall of 7.2 million.

Noor 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 an entertainment centre area and a hypermarket.

Yasmin Mall

As at 31 December 2020, Yasmin Mall had 145 tenants that collectively occupied 280 retail units. The average occupancy rate for the year ended 31 March 2020 was 95.5%, with an annual footfall of 8.1 million.

Yasmin Mall 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 Octo as an entertainment venue and a number of other entertainment facilities.

Hamra Mall

As at 31 December 2020, Hamra Mall had 90 tenants that collectively occupied 220 retail units. The average occupancy rate for the year ended 31 March 2020 was 91.7%, with an annual footfall of 5.7 million.

Hamra Mall 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.

Ahsa Mall

As at 31 December 2020, Ahsa Mall had 67 tenants that collectively occupied 146 retail units. The average occupancy rate for the year ended 31 March 2020 was 75.3%, with an annual footfall of 2.8 million.

Ahsa Mall is the only major shopping mall in the eastern district of Hofuf city. Ahsa Mall features 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.

Salaam Mall (Riyadh)

As at 31 December 2020, Salaam Mall (Riyadh) had 90 tenants that collectively occupied 167 retail units. The average occupancy rate for the year ended 31 March 2020 was 98.5%, with an annual footfall of 4.6 million.

Salaam Mall (Riyadh) features a hypermarket as its principal Anchor Tenant, together with many other retail units such as Zara and Lefties, a wide coffee selection, a food court and an entertainment zone for children.

Jouri Mall

As at 31 December 2020, Jouri Mall had 118 tenants that collectively occupied 231 retail units. The average occupancy rate for the year ended 31 March 2020 was 95.4%, with an annual footfall of 5.3 million.

Jouri Mall features a broad range of retail brands, including Gap, as well as a number of entertainment facilities including a Billy Beez soft play area and indoor children's entertainment area. The mall also has a food court providing casual dining.

Khurais Mall

As at 31 December 2020, Khurais Mall had 60 tenants that collectively occupied 137 retail units. The average occupancy rate for the year ended 31 March 2020 was 88.9%, with an annual footfall of 3.4 million.

Khurais Mall has a diverse tenant mix, 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.

Mecca Mall

As at 31 December 2020, Mecca Mall had 137 tenants that collectively occupied 284 retail units. The average occupancy rate for the year ended 31 March 2020 was 96.4%, with an annual footfall of 7.6 million.

Mecca Mall represents the only comprehensive shopping mall in Mecca. 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 Mecca residents and religious tourists. Mecca Mall also functions as a shopping hub and an entertainment centre for many locals in the city due to its convenient location, premier brands and entertainment options for families.

U-Walk (Riyadh)

As at 31 December 2020, U-Walk (Riyadh) had 35 tenants that collectively occupied 72 retail units. As at 31 December 2020, the average occupancy rate was 84.7%, with a nine-month footfall of 2.0 million.

U-Walk includes a core casual and light dining offering (restaurant and cafes), a cinema, a gym and other retail and entertainment offerings. U-Walk opened on 1 September 2019.

Nakheel Mall Dammam

As at 31 December 2020, Nakheel Mall Dammam had 126 tenants that collectively occupied 246 retail units. As at 31 December 2020, the average occupancy rate was 76.5%, with a nine-month footfall of 1.9 million.

Nakheel Mall Dammam includes a medium to high-end range of retailers, as well as coffee retail units, dining options and entertainment facilities. Nakheel Mall Dammam opened on 1 September 2019.

Community Malls

Nakheel Plaza (Qassim)

As at 31 December 2020, the mall had 65 tenants that collectively occupied 127 retail units. The average occupancy rate for the year ended 31 March 2020 was 78.3%, with an annual footfall of 4.3 million.

Nakheel Plaza (Qassim) 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 Stores for the mall are City Max and Zara.

Haifa Mall

As at 31 December 2020, Haifa Mall had 56 tenants that collectively occupied 139 retail units. The average occupancy rate for the year ended 31 March 2020 was 78.7%, with an annual footfall of 4.5 million.

Haifa 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).

Tala Mall

As at 31 December 2020, Tala Mall had 58 tenants that collectively occupied 107 retail units. The average occupancy rate for the year ended 31 March 2020 was 81.4%, with an annual footfall of 4.6 million.

Tala Mall 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 and Sparky's.

Jubail Mall

As at 31 December 2020, Jubail Mall had 35 tenants that collectively occupied 87 retail units. The average occupancy rate for the year ended 31 March 2020 was 77.4%, with an annual footfall of 1.4 million.

Jubail 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.

Salma Mall

As at 31 December 2020, Salma Mall had 28 tenants that collectively occupied 59 retail units. The average occupancy rate for the year ended 31 March 2020 was 84.9%, with an annual footfall of 1.4 million.

Salma Mall includes a diversified selection of local and international brands, with a diverse selection of retail units and also features a food court and a Billy Beez soft play area.

Sahara Plaza

As at 31 December 2020, Sahara Plaza had 2 tenants that collectively occupied 2 retail units. The average occupancy rate for the year ended 31 March 2020 was 78.2%, with an annual footfall of 0.5 million.

Sahara Plaza was the Company's first mall, having opened in 2002. The mall is currently focused on fashion retail.

Project Development Model and Construction

The Company intends to create an additional approximately 200,000 square meters of GLA in the near term through the completion of Khaleej Mall in Riyadh and Jeddah Park in Jeddah, currently under development by the Company. In addition, the Company entered into the head lease for Jeddah Park in March 2019, which is expected to commence operations by the third quarter of 2021 and increase the Company's GLA by approximately 128,700 square meters. The Company plans to develop six additional malls and three extensions over the next five years, which it expects to increase GLA by approximately 450,000 square meters. These projects include two Super Regional Malls (Jawharat Riyadh and Jawharat Jeddah), four Regional Malls (U-Walk Jeddah, Qassim Mall, Madinah Walk and Najd Mall).

All new design and construction projects undertaken by the Company follow a development process with rigorous standards, ensuring 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 18 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 12 to 18 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 2,800 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), the Company expects that construction costs (excluding land costs) will be between SAR 5,000 and SAR 6,500 per square meter as a result of the design features and quality of offerings in the respective malls.

- *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. 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.

- *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). During this phase, a more detailed feasibility study is undertaken. This study is subsequently validated by a third-party real estate consultant. 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. This commercial proposal is then validated by a minimum of two independent cost consultants.

  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.

- *Stage 3: Design Development Phase*: During this phase, ECHO Architecture and FARE provide 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 three to nine months. 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 Stores 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.

- *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. 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%. 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. 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.

- *Stage 5: Handover*: 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 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 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.

Renovation of existing malls

From time to time, the Company renovates its existing malls. 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. The Company believes that the renovation works do not generally impact the Company's available GLA because the malls remain operational during renovation. The Company also carries out renovations as part of its strategy to turnaround underperforming malls.

Historically, the maintenance capex for the Company's existing malls has been approximately 2% of revenues *per annum*, and an average of between SAR 60 million to SAR 80 million *per annum* has been spent in total, including light renovations.

Malls under Construction

As at the date of this Offering Circular, the following projects are under development or construction that are expected to be completed and become operational by the date shown in the tables below:

	Location	**Expected GLA**	**Expected Opening**
Khaleej Mall	Riyadh	51,000	September 2021
Jeddah Park	Jeddah	128,700	September 2021

Source: Company Information.

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 Mecca 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.

Jeddah Park

The Company entered into a head lease agreement for Jeddah Park on 4 March 2019 (for both the building and the land), which is a new mall located in Jeddah and currently under construction. In October 2020, the Company re-negotiated this lease agreement into a management agreement and under its terms, the Company is entitled to receive a specified percentage of the annual net revenue generated from Jeddah Park, which increased based on the revenue received.

The Company's capex in respect of Jeddah Park is expected to be limited to SAR 50 million in relation to tenants fit-out. Jeddah Park 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. Jeddah Park was approximately 65% pre-leased as of 31 December 2020.

Lands for Future Development

In addition to the malls currently under construction, the Company owns or has leased on a long-term basis six additional plots of land, which will be used for construction of new malls over the medium term, with an expected additional cumulative GLA of over 450,000 square meters. The Company expects the gradual delivery of new malls built on these six additional plots of land from the year ending 31 March 2021, including in respect of Jawharat Riyadh, Jawharat Jeddah with all completed and operation by the year ending 31 March 2024.

Land Name	**Location**	**Project Land Area**	**Expected GLA**	**Expected opening date**	**Owned / leased**	**Lease Amount**	**Lease End Date**	**Land Cost (Book value as at 31 December 2020)**	**Construction costs incurred (31 Dec 2020) (excluding land cost)**	**Project status (Stage 1 - 5)**
Sites for planned development of new malls										
Najd site	Riyadh	103,104	35,300	H2 FY2022	Leasehold	856,473,345	7/3/2042G (corresponding to 14/3/1464H)	N/A	35,656,996	Stage 3 (Design Development)
U-Walk Jeddah	Jeddah	148,276	60,000	H2 FY2023	Leasehold	659,000,000	31/7/2047G (corresponding to 8/10/1469H)	N/A	36,121,952	(Construction Phase)
Mall of Arabia, Riyadh site	Riyadh	524,500	158,922	H2 FY2024	Freehold	N/A	N/A	1,770,439,948	326,691,322	Stage 3 (Design Development)
Jawharat Jeddah	Jeddah	170,750	80,399	H2 FY2024	Freehold	N/A	N/A	1,067,162,500	70,702,790	Stage 3 (Design Development)
Madinah Walk	Madinah	221,900	57,198	H1 FY2023	Leasehold	25,606,412	03/04/1467H (corresponding 20/02/2045G)	N/A	4,200,000	Stage 3 (Design Development)
Qassim Mall*	Qassim	1,579,675	65,122	H1 FY2023	Freehold	n/a	n/a	350,000,000	6,882,442	Stage 4 (Construction Phase)

Source: Company information
**The Company plans to use of a portion of the land for residential development.*

Operations Management of Malls

The Company's mall operations management is structured on a decentralised, 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 is managed in-house, although certain specific services (including with respect to cleaning and security) are outsourced to third party contractors. Management functions of each mall include:

- Leasing and Tenant Relationships: Each mall manager manages day-to-day communications and ongoing dialogue with tenants in coordination with the Company's head office.

- Marketing and Media Sales: 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. The Company outsources its digital marketing and digital media function (with the rest of its marketing and media sales being undertaken in-house). Entertainment events are typically arranged in conjunction with the operations management teams at the malls, where a variety of attractions are offered to visitors.

- Quality Assurance: The Company has three quality assurance teams covering the Central, Eastern and Western regions of Saudi Arabia, respectively. Each team is responsible for regularly monitoring matters relating to hygiene, health, safety and documentation checks at malls, including the enhanced cleaning procedures implemented in response in COVID-19, during trading hours as well as out of hours checks.

- 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, travellators, fire fighting, fire alarm and CCTV maintenance. The facilities management function of the Company also look after all utilities for the malls.

- Guest Services: The Company's guest service teams provide helpdesk services to all tenants and visitors of the Company.

- 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 in all its 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.

- Cleaning: The Company's cleaning arrangements are outsourced to third parties including TNS. The cleaning services provided by the Company's contractors extend only to the common areas of each mall.

The operations management function of each mall is responsible for sales, collection and specialty leasing in each mall. They are also responsible for overseeing the day-today 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 property 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.

In April 2017, 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 malls 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.

COMPETITION

The commercial retail leasing industry in Saudi Arabia is 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 centres 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.

The Company's largest competitors are other operators owning portfolios of mall properties. Other operators' properties may be weighted more towards one category of mall (for example, most of the properties of the Company's next-largest competitor are weighted towards regional centres, and several competitors have multiple properties in the neighbourhood category) or have a different focus (for example, one smaller competitor focuses more on super market and hypermarket tenants than fashion and retail).

See "*Risk Factors—Risks Relating to the Company's Operations— The Company operates in a highly competitive environment, and the Company may not be able to compete effectively in the future*".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Framework

The Company is in the process of developing a new ESG framework, which it intends to implement by the end of the 2021 financial year. The new ESG policy is expected to align the Company's efforts under a coherent framework that targets educational and career development for the communities in which it operates, including investing in the rising generation of young Saudi nationals. The new ESG policy aims to provide access to well-paying and fulfilling employment through training and development, and enhance workplace environments for safe, productive and satisfying careers.

The new framework will also include new ways of tracking environmental impact, including, for example, measuring the Company's carbon footprint through the installation of a Building Management Systems (BMS) across its entire portfolio of shopping centres to efficiently monitor its power and lighting systems, heating, ventilation and air conditioning (HVAC) systems, plumbing and firefighting.

Environmental

The Company aims to operate its malls and construct its new developments in environmentally friendly and sustainable ways. The Company uses sustainable materials and SMART system that contribute to energy efficiency. The Company also implements environmental solutions (including recycling, greywater recycling and using trash compactors and cardboard bailers) and intends to use solar energy in its new developments. The Company seeks to adhere to high environmental standards as well as the guidelines set by the American Society of Heating and Air-Conditioning Engineers (ASHRAE).

Social

The Group pursues a number of social initiatives. For example, in 2019 and 2020 the Company cooperated with a variety of institutions to provide training programs to local youth across its operational footprint, including its Mall Proof of Concept program, which was delivered to young Saudi entrepreneurs. The program offers insight on experimental entrepreneurial concepts in shopping centres and dedicates platforms for Saudi start-ups that enable them to present new ideas. The Company also collaborated with Al-Eradah Society for Talented Special Needs Individuals by providing spaces inside all of its malls to host the society's events and activities. Lastly, in January 2021, the Company launched a partnership with Quara Finance Company to support tenants that are SMEs (see "*Recent Developments—Impact of COVID-19*" for details).

Governance

In terms of governance, the Company maintains a robust framework by which it directs and supervises its operations. The Company relies on its Board of Directors and board committees to oversee operations, with the welfare of all stakeholders in mind, to maintain tight internal controls, to ensure compliance with all relevant laws and regulations and to govern the Company through risks and against corruption. In the 2020 financial year, a corporate governance manual was prepared in line with CMA regulations and benchmarked against globally recognised governance frameworks and practices. The manual includes the following policies, procedures and regulations:

- 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.

The Company has also adopted a related party transactions policy to ensure compliance with its legal obligations with respect to related party transactions and to promote best practice standards of corporate governance and transparency. This policy requires 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) before being recommended for approval by a majority of the non-interested Shareholders at a General Assembly of the Company. See "*Related Party Transactions—Related Party Transactions Policy*".

The Company also maintains effective channels for grievance communications, including multiple routes for staff across the business to communicate and raise issues with members of the senior management team. There is also a whistle-blowing policy in place that provides routes through which staff can raise concerns.

ENVIRONMENTAL MATTERS AND SAFETY

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 Group's 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.

EMPLOYEES

As of 31 December 2020, the Company had 595 employees, all of which were permanent employees. The Company did not have any contractors as of 31 December 2020.

	FY2018	FY2019	FY2020	9M FY2021
Permanent employees	403	432	575	595

Source: Company information.

Compliance with Saudisation requirements is a local regulatory requirement providing 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 Saudisation requirements, which allow compliant companies to secure work visas. As at 31 December 2020, 72.3% of employees of the Company were Saudi nationals. The Company has obtained the relevant certificate to this effect from the Ministry of Labour and Social Development.

INTELLECTUAL PROPERTY

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 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 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 operations As at the date of this Offering Circular, the "Arabian Centres" trademark and certain other trademarks derived from the "Arabian Centres" brand have been registered. The Company has registered a number of internet domain names, including for each of its malls.

INSURANCE

The Company maintains insurance policies covering different types of risks to which it may be exposed, including comprehensive general liability insurance, money insurance, property insurance and insurance against terrorism and sabotage. The Company believes that its current insurance coverage is appropriate for its business, in respect of its level and applicable excesses and deductibles. The Company does not have any material outstanding insurance claims.

LEGAL PROCEEDINGS

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 is it aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a risk of material litigation.

MANAGEMENT, CORPORATE GOVERNANCE AND PRINCIPAL SHAREHOLDERS

BOARD OF DIRECTORS

Name	Age	Position	Responsibility
Fawaz Abdulaziz Fahad Alhokair	56	Chairman of the Board	Non-Executive
Salman Abdulaziz Fahad Alhokair	53	Vice Chairman of the Board and Managing Director	Executive
Abdulrahman Abdulaziz Al Tuwaijri	65	Independent Non-Executive Director	Non-Executive
Mohamed Abdullah Ibrahim Al Khorayef	56	Independent Non-Executive Director	Non-Executive
Kamel Badih Al Qalam	55	Non-Executive Director	Non-Executive
Bernard Higgins	59	Independent Non-Executive Director	Non-Executive
Omar Al Mohammady	41	Non-Executive Director	Non-Executive
Omar Al Farisi	50	Independent Non-Executive Director	Non-Executive
Ahmed Demerdash Badrawi	52	Non-Executive Director	Non-Executive

The following is a brief description of the experience of the Company's directors:

Fawaz Abdulaziz Alhokair

Fawaz Abdulaziz Alhokair is the chairman of the Board of Directors. He is the founder of the Fawaz Alhokair Company and serves in a variety of roles, including board chairman at Saudi FAS Holdings and Marakez Egypt. Since 1991, he has served as an executive at a number of companies operating in the trading, real estate investment, contracting and technology sectors. He received a Bachelor's degree in economics and accounting from Loughborough University in 1989 and a Doctorate in economics and accounting from Loughborough University in 2008.

Salman Abdulaziz Alhokair

Salman Abdulaziz Alhokair is vice chairman of the board and managing director of the Company. He leads the Fawaz Alhokair Company's real estate business. He has held numerous executive and board positions in the retail, trading, construction, real estate and food and entertainment sectors, among others since 1992. He received his Bachelor's degree in architectural engineering from King Saud University in 1990.

Abdulrahman Abdulaziz Al Tuwaijri

Abdulrahman Abdulaziz Al Tuwaijri is a director of the Company. He currently owns Doctor Abdulrahman Al Tuwaijri Economic Consulting Office, which operates in the consulting sector. He is also currently chairman of the board of Al Hanaf United Trading Company, which operates in the capital investments sector. In the past he has worked at King Saud University, the Golf Cooperation Council, the International Monetary Fund, the Supreme Economic Council, Aramco, the Board of the Middle East Financial Investment Company and the CMA. He received a Bachelor's degree in economics from King Saud University in 1978 and a Doctorate in economics from Iowa State University in 1985.

Mohamed Abdullah Ibrahim Al Khorayef

Mohamed Abdullas Ibrahim Al Khorayef is a director of the Company. He is currently the chief executive officer at Al Khorayef Group, which operates in the industrial sector. He also sits on the board of various entities in the trade, industrial, energy and investment sectors, including Al Khorayef Group Company, Al Khorayef for Water & Power Technology Company, the Arabian Agricultural Services Company, Water Transmission and Technologies Company and Al Khorayef Petroleum Company. He received his Bachelor's degree in industrial engineering from King Saud University in 1988.

Kamel Badih Al Qalam

Kamel Badih Al Qalam is a director of the Company. He is currently the chief executive officer at Fawaz Abdulaziz Alhokair and Co. Real Estate, operating in the real estate development sector. He also serves on the board for various entities primarily in the real estate, engineering and entertainment sectors, including FAS Saudi Holding, Marakez for Real Estate Investment and Support Human Resources Company. He received a Bachelor's degree in architectural engineering from the University of North Carolina in 1988 and a Master's degree in civil engineering from the University of North Carolina in 1990.

Bernard Higgins

Bernard Higgins is a director of the Company. He is currently the executive chairman of the Buccleuch Group and chairman of the Scottish Government's Advisory Group on Economic Recovery post-COVID-19. He serves on a number of boards, including the Financial Services Advisory Board, Glasgow Life, the National Galleries of Scotland, Sistema Scotland, Kyckr and AAB Wealth. Previously, he was chief executive officer of Tesco Bank from 2008 to 2018. Prior to that, he worked at HBOS, Sainsbury Bank, the Royal Bank of Scotland and Standard Life. He received a Bachelor's degree in Mathematics from University of Glasgow in 1983. He is an Honorary Professor at the University of Glasgow and University of Edinburgh, and has been a Fellow of the Faculty of Actuaries since 1986 and a Fellow of the Chartered Institute of Bankers in Scotland since 2003.

Omar AlMohammady

Omar AlMohammady has been a director of the Company since 2019. Since 2019, he has been Group CEO at Fawaz Alhokair Group, a Riyadh-based multinational conglomerate with investments in commercial real estate, fashion retail, food and entertainment. Previously, he was Executive Director of Private Equity and Direct Investments at MerchantBridge, Head of KSA Investment Banking at Barclays Capital, CEO at Goldman Sachs Saudi Arabia, Member of the Advisory Board of Alchemist Trading, Head of Middle East for Dome Capital and CEO at Batic Investments & Logistics. He received a Bachelor of Engineering from Vanderbilt University in 2002.

Omar Al Farisi

Omar Al Farisi has been a director of the Company since 2019 and serves as chair of the Corporate Governance Committee. He has been a managing member at Diyala Advisors LLC since 2003, a New York-based boutique firm providing specialized strategic advisory services to institutional clients on international transactions, strategic initiatives, joint ventures, financings and privatizations. He is also currently a member of the board of the Savola Group. Previously, he was member of the board of Gulf International Bank, member on the Limited Partner Advisory Committees of 11 different private equity partnerships, an attorney at White & Case LLP, and a Vice President of the Investment Banking Department at Credit Suisse First Boston. He received a Bachelor of Arts from University of Notre Dame in 1991 and a Juris Doctorate from Columbia University School of Law in 1994.

Ahmed Demerdash Badrawi

Ahmed Demerdash Badrawi has been a director of the Company since 2020. He is the CEO and vice-chairman of Marakez Egypt, the Egyptian arm of Fawaz Al Hokair Group. He has served on the board of Arqaam Capital Egypt and Albert Abela Corporation and a founding member of the Cairo Angels. Previously, he was the CEO of SODIC, one of Egypt's largest publicly listed real estate companies. He received a Bachelor's Degree in law from Queen Mary and Westfield College, University of London.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three (3) members appointed by the Board of Directors for a period of three (3) years. The current Audit Committee consists of Bernard Higgins (as independent chairman), Nadim Mustafa Hamid Ahmad Shabsogh and Fahad Ibrahim Abdullah Al Khorayef.

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.

Members of the Audit Committee

For information on Bernard Higgins, see "*Board of Directors—Bernard Higgins*" above.

Nadim Mustafa Hamid Ahmad Shabsogh has worked in business investment and advisory services, including prior experience as Executive Director at Morgan Stanley International, Senior Managing Director at Bear Stearns International and Vice President at Credit Suisse First Boston. He also is currently a Managing Director at Mesk International LLC, a Senior Advisor to the Fawaz Alhokair Group and a Managing Director at Broadview Strategic Partners JLT. He has a Bachelor's degree in Engineering from London University, United Kingdom, and a Master's degree in Business Administration from University of Nottingham, United Kingdom.

Fahad Ibrahim Abdullah Al Khorayef has worked in financial and business advisory services, including prior experience as Chief Risk Officer at Maceen Capital, Chief Risk Officer at Saudi Finance Company, Export Finance Manager at Al Khorayef Group and Manager at Samba Financial Group. He is currently also a member of the board of the Saudi Finance Company. He received a Bachelor's degree in Finance from King Saud University.

Nomination & Remuneration Committee

The Audit Committee consists of three (3) members appointed by the Board of Directors for a period of three (3) years. The current Nomination and Remuneration Committee consists of Mohamed Abdullah Ibrahim Al Khorayef (as independent chairman), Kamel Badih Al Qalam and Nadim Mustafa Hamid Ahmad Shabsogh.

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.

Members of the Nomination & Remuneration Committee

For information on Mohamed Abdullah Ibrahim Al Khorayef, see "*Board of Directors—Mohamed Abdullah Ibrahim Al Khorayef*" above.

For information on Kamel Badih Al Qalam, see "*Board of Directors—Kamel Badih Al Qalam*" above.

For information on Nadim Mustafa Hamid Ahmad Shabsogh, see "*Board Committees—Audit Committee—Members of the Audit Committee*" above.

Corporate Governance Committee

The Corporate Governance Committee consists of at least three (3) members appointed by the Board of Directors. Each such member is to have been determined, in the business judgment of the Board, to qualify as independent under (a) the rules of the Saudi Capital Market Authority and (b) the Company's Corporate Governance Guidelines. The current Corporate Governance Committee consists of Dr. Omar Al Farisi (as independent chairman), Bernard Higgins and Dr. Najem Alzayd. The term of this first appointed governance committee shall end on 25 April 2022 to coincide with the term of the present Board. Subsequently, the term of the committee members will be for three (3) years.

The main function of the Corporate Governance Committee is to develop and recommend to the Board a set of corporate governance guidelines applicable to the Company; to propose changes to such guidelines from time to time as may be appropriate; and to ensure adherence to these guidelines.

Members of the Corporate Governance Committee

For information on Omar Al Farisi, see "*Board of Directors—Omar Al Farisi*" above.

For information on Bernard Higgins, see "*Board of Directors—Bernard Higgins*" above.

Najem Alzayd is a practicing attorney who has worked in corporate governance, risk and compliance and also has experience working at the CMA from 2004 to 2016, including as Commissioner from 2014 to 2016. He is currently the founding and managing partner at ZS&R Law Firm (Al Zaid, Al Sheikh & Al Rashed Law Firm) in association with Hogan Lovells and serves on the board of the Saudi Electricity Company and the Gulf International Bank and is a committee member at the Saudi Stock Exchange (Tadawul). He received a Bachelor's degree from Umm Al-Qura University in Islamic Jurisprudence, a High Diploma in law from the Institute of Public Administration, a Master of Laws from University of Minnesota Law School and a Doctor of Juridical Science from The George Washington University Law School.

SENIOR MANAGEMENT

Name	Age	Position
Salman Abdulaziz Fahad Alhokair	53	Managing Director
Faisal Al Jedaie	50	Chief Executive Officer
Tariq Al Twijrey	41	Deputy Chief Executive Officer
Walead Al Rebdi	39	Chief Financial Officer
Jabri Maali	50	Senior Financial Adviser
Turki Al Zahrani	44	Chief Support Services Officer
Ghassan Abu Mutair	45	Chief Development and Delivery Officer
Naji Fayad	57	Director of the Internal Audit Department
Mohammad AlAbidien	26	Head of Marketing and Branding
Khalid Al Janahi	33	Leasing Director
Mubarak Al Enazi	44	Chief Operations Officer
Faris Mohammed Al Gahtani	38	Head of Investor Relations
Abdullah AlHumaidi Al Harbi	39	IT Director
Turki Saad Al Fadhel	45	Legal Counsel

Salman Abdulaziz Fahad Alhokair

Mr. Alhokair is Vice Chairman of the Board of Directors and Managing Director for the Company, responsible for overseeing the day-to-day activities of the Company and directing its management team on shareholders' behalf. He is also a founding member of Fawaz Abdulaziz Alhokair Co. and holds executive positions and memberships in multiple companies with interests across various industries, including real estate, investments and technology. He obtained his Bachelor's degree in Architecture from King Saud University in 1990.

Faisal Al Jedaie

Mr. Al Jedaie has served as the CEO of Arabian Centres since May 2020, and is responsible for the financial and operational performance of the Company and the development and implementation of its strategy. He brings more than 30 years of experience in retail and fashion, also serving as the Managing Director at Fawaz Al Hokair Co. Mr. Al Jedaie's prior experience also includes acting as CEO at NESK Group, which held the franchises of many international brands, and as general manager of Aljedaie Menswear. He is currently the chairman of Al Aseel and Aljedaie Fabrics Co., and sits on the boards of Fawaz Abdulaziz Al Hokair & Co and Al Mubark Real Estate Fund managed by Arab National Bank. He obtained his Bachelor's degree in Business Management from King Saud University in 1989.

Tariq Al Twijrey

Mr. Al Twijrey is the deputy CEO of Arabian Centres since 2020. He brings more over 22 years of experience in investments, wealth management, banking, organizational leadership, strategy & transactions and corporate governance development. He previously held the position of regional head of private banking at Bank Albilad. Mr. Al Twijrey's prior experience also includes acting as director of equities at AlAseel Holdings. He currently serves on the board of directors of HSBC Asset Management funds, Thob Al Aseel Company and Al-Samaani Factory for Metal Industries Company. He obtained his Bachelor's Degree in Business Administration at Arab Open University.

Walead Al Rebdi

Mr. Al Rebdi is the Company's Chief Financial Officer. He brings over 18 years of experience in financial management. He previously held the position of Chief Financial Officer at Gasco, a Saudi listed company and Chief Financial Officer at Amnco. Mr. Al Rebdi's prior experience includes several financial managerial positions at Daikin Air Conditioning, DISH Network and the Saudi Central Bank (previously the Saudi Arabian Monetary Agency "SAMA"). He obtained an MBA and Master's degree in finance from the University of Colorado in 2007.

Jabri Maali

Mr. Maali has served as the Company's Senior Financial Advisor since December 2020. Prior to that he served as the CFO of the Company from 2012 until December 2020. He obtained a Bachelor's degree in

Economics and Accounting from Jordan University in 1992. He previously served in several financial managerial positions at Nuqul Group, BDO and Planet Group, a limited liability company established in the United Arab Emirates which operates in the hospitality and tourism sector.

Turki Al Zahrani

Mr. Al Zahrani has served as the Chief Support Services Officer since 2015, after joining Company in 2009 as its Director of Human Resources. He obtained his Bachelor's degree in Business Administration from King Abdulaziz University, Saudi Arabia, in 2012. He has held several human resources positions in the past including Director of Human Resources at Geant Saudi Limited, a limited liability company established in the KSA and operating in trade sector, and 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.

Ghassan Abu Mutair

Mr. Abu Mutair has served as the Company's Chief Development and Delivery Officer since December 2015. He obtained his Bachelor's degree in Geology and Environment Sciences from Yarmouk University, Jordan, in 1997. From 2002 to 2015, he has previously held a position of the Manager of the Supply Chain Group at Fawaz Abdulaziz Alhokair Real Estate Company. Prior to that, he served in other operations positions at General Electric and the Saudi Binladin Group.

Naji Fayad

Mr. Fayad has served as the Company's Internal Audit Director since August 2017. He has over 20 years of experience in audit related functions and is the governor of the Institute of Internal Auditors in Lebanon. He holds several academic degrees including a Bachelor's and Master's degrees in Business Administration from the American University of Beirut, Lebanon and a graduate diploma in Public Accounting from McGill University, Canada. Mr. Fayad holds several professional qualifications including a Chartered Accountant (CA) degree from the Canadian Institute of Chartered Accountants, Canada, obtained in 1996, and a Certified Internal Auditor (CIA) degree from the Institute of Internal Auditors, the United States of America, in 2003. He previously served as chairman of the Audit Committee for ARABIA Insurance Company and Audit Manager for Deloitte and Touche in Montreal, Canada.

Mohammad AlAbidien

Mr. AlAbidien serves as the Group's Head of Marketing and Branding. He previously held the position of Marketing and Branding Manager at the Company. His previous experience also includes several positions in marketing, including as a senior marketing specialist at Hamat Property Co, loyalty programs and partnerships at Flynas and as a business and marketing department officers at Brookes Union. He obtained a diploma in marketing, advertising and public relations from Bournemouth Business School in 2014 and a bachelor's degree in Business and Marketing Management from Oxford Brookes University in 2017. He completed the University of Oxford's Digital Marketing Disruptive Strategy program in 2020 and is affiliated with the Chartered Institute of Marketing.

Khalid Al Janahi

Mr. Al Janahi, the Leasing Director for the Group, brings more than 8 years of experience in retail leasing, real estate development and financial advisory positions. He previously held the position of Leasing Director at SHUROOQ (Investment and Development Authority of Sharjah) and Manager of Retail Leasing at MERAAS Dubai. His previous experience also includes several positions in the real estate development and financial advisory fields, including as a consultant at Ernst & Young Bahrain. He obtained a Bachelor's degree in Business Finance from the University of Texas in 2010 and a Master's degree in Business Administration from University of Incarnate Word in 2011.

Mubarak Al Enazi

Mr. Al Enazi, the Chief Operation Officer for the Group, brings more than 20 years of experience in leasing and operations. Mr. Al Anazi was previously Leasing Director and Business Unit Manager for Arabian Centres Company. His previous experience also includes several other positions at the Company including Central Regional Manager, Mall Manager and Quality Assurance Manager. He obtained a Bachelor's in literature from King Saud University in 2000, a diploma in Business Communication from Berlitz in 2021 and an advanced PMP Certification in 2019.

Faris Mohammed Al Gahtani

Mr. Al Gahtani is Group Head of Investor Relations. He has over 14 years of experience in investor relations, financial advisory, public relations and corporate governance. He previously held the positions of Investor Relations Manager in Dur Hospitality Company and Investor Relations Team Leader at Zain Saudi Arabia. His previous experience also includes positions at KPMG Saudi Arabia. He obtained a Bachelor's degree in Finance from King Fahd University of Petroleum & Minerals in 2006.

Abdullah AlHumaidi Alharbi

Mr. Al Harbi is the Information Technology Director. He brings over 10 years of experience in IT, business and corporate strategy. He previously held positions in different sectors of government, ICT, banking and manufacturing in leading Saudi organizations such as National Information Centre, SBM, Alrajhi Bank and Advanced Electronics Company. He obtained an Master's degree in Information Systems Management from De Montfort University in the UK, a Bachelor of Science in Computer Information Systems from Applied Sciences Private University in Jordan, and an Associate Degree in Programming from College of Communication and Information in Riyadh.

Turki Saad Al Fadhel

Mr. Al Fadhel is the Legal Counsel. With over 20 years of legal experience, he was previously the head of the legal department at National Housing Company and legal counsel, board secretary and compliance officer at ACWA Power International Company. He obtained a Bachelor of law from King Saud University in 2000 and a Master's degree in Law from Valparaiso University in 2008.

OVERVIEW OF THE SHAREHOLDERS

Ownership of 3% or greater shareholders of the Company

As of 31 December 2020, the following persons held interest in three percent (3%) or more of the voting rights attached to the Company's share capital.

Name	Number of shares(1)	Ownership percentage(2)
Fawaz Abdulaziz Alhokair(3)...	38,000,000	8.00%
Salman Aldulaziz Alhokair(4)..	38,000,000	8.00%
Abdul Majeed Abdulaziz Alhokair(5)..	38,000,000	8.00%
Al Farida Al Thania Company...	19,000,000	4.00%
Al Farida Al Thalitha Company...	19,000,000	4.00%
FAS Real Estate Company...	197,382,322	41.55%

(1) This table is based upon information supplied by principal shareholders to the Company and on information provided by such shareholders to the Saudi Stock Exchange.

(2) Unless otherwise indicated, percentages calculated based upon the amount of ordinary shares of the Company outstanding as of 31 December 2020.

(3) Fawaz Abdulaziz Alhokair indirectly owns 17.03% of the shares of the Company as a result of his: (i) 31.7% interest in Saudi FAS Holding Company, which is the owner of 95% of the shares of FAS Real Estate Company that, in turn, is a 41.55% shareholder of 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% holding in FAS Real Estate Company, which, in turn, is a 41.55% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Oula Company which is the owner of 2.38% shareholding in the Company; (iv) 31.7% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn is 2.40% shareholder in the Company; (v) 31.7% 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 41.55% shareholder of the Company; and (vi) an additional indirect interest that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(4) Salman Abdulaziz Alhokair indirectly owns 18.65% of the shares of the Company as a result of his: (i) 31.7% interest in Saudi FAS Holding Company, which is the owner of 95% of the shares of FAS Real Estate Company that, in turn, is a

41.55% shareholder of 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% holding in FAS Real Estate Company, which, in turn, is a 41.55% shareholder in the Company; (iii) 100% shareholding in Al Farida Al Thania Company which is the owner of 4.00% shareholding in the Company; (iv) 31.7% in Saudi FAS Holding Company, which is the owner of 95% shareholding in SAAF Alamiya Company that, in turn is 2.40% shareholder in the Company; (v) 31.7% 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 41.55% shareholder of the Company; and (vi) an additional indirect interest that results from the various other inter-related ownership links that include a cross-ownership between FAS Real Estate and SAAF Alamiya Company.

(5) Abdul Majeed Abdulaziz Alhokair indirectly owns 18.65% of the shares of the Company 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 41.55% 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 41.55% shareholder in the Company; and (iii) 100% shareholding in Al Farida Al Thalitha Company, which is the owner of 4.00% 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 2.40% 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 5% shareholder in FAS Real Estate Company that, in turn, is a 41.55% shareholder of the Company; and (vi) an additional 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.

Fawaz Abdulaziz Alhokair

Fawaz Abdulaziz Alhokair is the chairman and the founder of the Fawaz Alhokair Company. He graduated from Loughborough University in the United Kingdom with a bachelor's degree in economics and accountancy in 1989. 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 innovative fashion concepts and steering business strategies.

Salman Abdulaziz Alhokair

Salman Abdulaziz Alhokair leads the Fawaz Alhokair Company'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.

Abdul Majeed Abdulaziz Alhokair

Abdul Majeed Abdulaziz Alhokair is Director of Fawaz Abdulaziz Alhokair Co. 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.

Al Farida Al Oula Company

As at the date of this Offering Circular, Al Farida Al Oula Company is 100% owned by Fawaz Abdulaziz Alhokair.

Al Farida Al Thania Company

As at the date of this Offering Circular, Al Farida Al Thania Company is 100% owned by Salman Abdulaziz Alhokair.

Al Farida Al Thalitha Company

As at the date of this Offering Circular, Al Farida Al Thalitha Company is 100% owned by Abdul Majeed Abdulaziz Alhokair.

FAS Real Estate Company

As at the date of this Offering Circular, FAS Real Estate Company is 95% owned by Saudi FAS Holding Company and 5% owned by SAAF Al Alamiya Company.

Saudi FAS Holding Company

As at the date of this Offering Circular, Saudi FAS Holding Company is 31% owned by Fawaz Abdulaziz Alhokair, 31% owned by Salman Abdulaziz Alhokair, 31% owned by Abdul Majeed Abdulaziz Alhokair, 3.5% owned by SAAF Al Alamiya Company and 3.5% owned by Fawaz Abdulaziz Alhokair and Partners Holding Company.

Fawaz Abdulaziz Alhokair and Partners Holding Company

As at the date of this Offering Circular, Fawaz Abdulaziz Alhokair and Partners Holding Company is 33.4% owned by Fawaz Abdulaziz Alhokair, 33.4% owned by Salman Abdulaziz Alhokair and 33.2% owned by Abdul Majeed Abdulaziz Alhokair.

SAAF Al Alamiya Company

As at the date of this Offering Circular, SAAF Al Alamiya Company is 95% owned by Saudi FAS Holding Company and 5% owned by FAS Real Estate Company.

RELATED PARTY TRANSACTIONS

From time to time, the Group enters into transactions with certain related parties or affiliates in the ordinary course of its business. The pricing policies and terms of these transactions are approved by the Group's management in line with the Group's related party transactions policy, as described below (see *"—Related Parties Transaction Policy*").

A description of the material transactions since 1 April 2018 between the Group and its related parties in which such related parties have or will have a direct or indirect material interest are set out below.

Overview

Fawaz Abdulaziz Al Hokair Company

Fawaz Abdulaziz Al Hokair Company is one of the Company's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company dated 16 December 2018 which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on an arms' length basis, and applies to all construction contracts entered into after the execution of the agreement. The term of the framework agreement is seven years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Fawaz Abdulaziz Al Hokair Company.

For the year ended 31 March 2020, the value of the Company's transactions with Fawaz Abdulaziz Al Hokair Company was approximately SAR 350.9 million.

Fawaz Al Hokair Real Estate Company (FARE)

The Company has exclusively relied on FARE for the design and construction of its shopping malls since 1 April 2018. The Company is party to a construction framework agreement with FARE dated 13 December 2018 which aims to ensure that all contracts for the development of new malls entered into between the Company and FARE are conducted on an arms' length basis. The term of the agreement is seven years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of FARE.

For the year ended 31 March 2020, the value of the Company's transactions with FARE was approximately SAR 331.9 million, and the Company is using FARE for the design and construction of its malls for future development.

Food and Entertainment Company

Food and Entertainment Company and its subsidiaries lease space for food courts and kiosks across the Company's shopping malls. The Company is party to a construction framework agreement with Food and Entertainment Company dated 13 December 2018 which aims to ensure that all tenancy leases entered into between the Company and Food and Entertainment Company are conducted on an arms' length basis. The term of the agreement is seven years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Food and Entertainment Company.

For the year ended 31 March 2020, the value of the Company's transactions with Food and Entertainment Company was approximately SAR 20.6 million.

Abdul Mohsin Al Hokair Group for Tourism and Development

Abdul Mohsin Al Hokair and Tourism and Development leases space for indoor and outdoor family entertainment centres in the Company's shopping malls. These leases range from 5 to 10 years in length.

Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Abdul Mohsin Al Hokair and Tourism and Development was approximately SAR 26.8 million.

Tadaris Al Najd Security Company (TNS)

TNS currently provides security services to all of the Company's shopping malls. The Company entered into a civil security services agreement with TNS on 1 April 2017 providing that TNS provides civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The term of the agreement was two years but was renewed on 1 April 2019 for two more years pursuant to a clause for automatic renewal by mutual consent. Pursuant to the agreement, the Company enters into service level agreements with TNS, each of which also have a term of two years.

Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder of TNS.

For the year ended 31 March 2020, the value of the Company's transactions with TNS was approximately SAR 57.3 million.

Etqan Facilities Management Company

Etqan is currently the single external provider for all facilities management services to the Company. The Company is party to an agreement dated 12 December 2017 pursuant to which Etqan Facilities Management Company agrees 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. The term of the agreement is three years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Etqan Facilities Management Company.

For the year ended 31 March 2020, the value of the Company's transactions with Etqan Facilities Management Company was approximately SAR 36.8 million.

Billy Games Company

Billy Games Company leases space for an indoor soft play entertainment venues in the Company's shopping malls. The leases are for a term of 10 years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Billy Games Company.

For the year ended 31 March 2020, the value of the Company's transactions with Billy Games Company was approximately SAR 15.4 million.

Next Generation Company Limited

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

Next Generation Company Limited is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Next Generation Company Limited was approximately SAR 25.8 million.

Azal Company

Azal Company leases space in certain of the Company's malls. These leases are conducted on a commercial basis.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect shareholders of Azal Company.

For the year ended 31 March 2020, the value of the Company's transactions with Azal Company was approximately SAR 6.3 million.

Kids Space Company

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

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Kids Space Company.

For the year ended 31 March 2020, the value of the Company's transactions with Kids Space Company was approximately SAR 2.5 million.

Coffee Centers Company Limited

Coffee Centers Company Limited leases space for a food court and kiosks in several of the Company's shopping malls. The term of the leases range from one to three years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Coffee Centers Company Limited.

For the year ended 31 March 2020, the value of the Company's transactions with Coffee Centers Company Limited was approximately SAR 0.8 million.

Skill Innovative Games

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

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Skill Innovative Games.

For the year ended 31 March 2020, the value of the Company's transactions with Skill Innovative Games was approximately SAR 4.1 million.

NESK Trading Project Company

NESK Trading Project Company is a "Key Account Tenant" in the Company's shopping malls.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of NESK Trading Project Company.

For the year ended 31 March 2020, the value of the Company's transactions with NESK Trading Project Company was approximately SAR 77.4 million.

Food Gate Co.

Food Gate Co. leases space for food courts and numerous kiosks across the Company's shopping malls. The term of the leases range from 2 to 5 years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Food Gate Co.

For the year ended 31 March 2020, the value of the Company's transactions with Food Gate Co. was approximately SAR 15.3 million.

Innovative Union Co. Ltd.

Innovative Union Co. Ltd. leases spaces in serval of the Company's shopping malls. The term of the leases range from 2 to 5 years.

Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders of Innovative Union Co. Ltd..

For the year ended 31 March 2020, the value of the Company's transactions with Innovative Union Co. Ltd. was approximately SAR 8.9 million.

Fashion District Co.

Fashion District Co. leases spaces in several of the Company's shopping malls. The term of the leases range from 1 to 3 years.

Fashion District Co. is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Fashion District Co. was approximately SAR 17.3 million.

Via Media

Via Media leases in several of the Company's shopping malls. The term of the leases range from 1 to 3 years.

Via Media is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Via Media was approximately SAR 18.4 million.

Nail Place Trading Est.

Nail Place Trading Est. leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 5 years.

Nail Place Trading Est. is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Nail Place Trading Est. was approximately SAR 2.4 million.

Majd Business Co. Ltd

Majd Business Co. Limited leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years.

Majd Business Co. is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Majd Business Co. was approximately SAR 1.1 million.

Ezdihar Sports Co.

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

Ezdihar Sports Co. is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Ezdihar Sports Co. was approximately SAR 4.1 million.

Saaf Trading Co.

Saaf Trading Co. leases spaces across several of the Company's shopping malls. The term of the leases range from 2 to 5 years.

Saaf Trading Co. is owned by relatives of the Controlling Shareholders.

For the year ended 31 March 2020, the value of the Company's transactions with Saaf Trading Co. was approximately SAR 0.1 million.

FAS Technologist Trading Co.

FAS Technologist Trading Co. provides IT support services to the Company.

Salman Abdulaziz Alhokair, a director of the Company, is the direct sole shareholder of FAS Technologist Trading Co.

For the year ended 31 March 2020, the value of the Company's transactions with FAS Technologist Trading Co. was approximately SAR 2.1 million.

Related Party Transaction 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 Saudi Corporate Governance Regulations and Companies' Law, the Company adopted a related party transactions policy on 16 September 2018 to ensure that these relationships are conducted on an arms' length basis and on normal commercial terms. Related party transactions are also regulated by relevant Saudi laws and regulations regarding such transactions. The Company believes that its related party transaction policy not only assists it in fully complying with its legal obligations with respect to related party transactions, but promotes 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 shall enter into framework agreements to govern relationships with certain related parties which are material to the conduct of the Company's business. The framework agreements are intended to establish 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 are not 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, are subject to the review and approval procedures described above.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of significant indebtedness does not purport to be complete and is subject to, and qualified by, the underlying documents.

Existing Senior Facilities

Arabian Centres Company (the "**Company**") entered into a commercial terms agreement dated 13 November 2019 between, among others, the Company as company and Samba Financial Group as ijara investment agent, murabaha investment agent, global agent, security agent and account bank and the financial institutions named therein as original participants (the "**Participants**") (the "**Commercial Terms Agreement**"), pursuant to which, the Company entered into:

a) a term murabaha facility agreement dated 20 November 2019 between the Company as purchaser and Samba Financial Group as murabaha investment agent (the "**Term Murabaha Facility Agreement**"). The Term Murabaha Facility Agreement (together with the Term Murabaha Transaction Documents (as defined therein)) makes available to the Company a dual USD/SAR tranche facility with a maturity date falling eight years after the date of the Commercial Terms Agreement ("**Term Murabaha Tranche A**") and a SAR facility with a maturity date falling 12 years after the date of the Commercial Terms Agreement ("**Term Murabaha Tranche B**");

b) a revolving murabaha facility agreement dated 20 November 2019 between the Company as purchaser and Samba Financial Group as murabaha investment agent (the "**Islamic Revolving Credit Facility Agreement**"), which (together with the Revolving Murabaha Transaction Documents (as defined therein)) documents the Islamic revolving credit facility (the "**Islamic Revolving Credit Facility**"). The Islamic Revolving Credit Facility makes available to the Company a dual USD/SAR tranche revolving facility with a maturity date (subject to the exercise of the option to extend such facility by up to two years) falling three years from the date of the Commercial Terms Agreement, (the "**Murabaha Financing Documents**"); and

c) an ijara facility agreement dated 27 November 2019 between Samba Financial Group as lessor and the Company as lessee (the "**Ijara Facility Agreement** and together with the Murabaha Financing Documents and the Commercial Terms Agreement, the "**Existing Senior Facilities**"). The Ijara Facility Agreement (together with the Ijara Facility Transaction Documents (as defined therein)) makes available to the Company a dual USD/SAR tranche facility with a maturity date of eight years from the date of the Commercial Terms Agreement ("**Ijara Tranche A**" and together with the Term Murabaha Tranche A, the "**Term Tranche A Facilities**") and a SAR facility with a maturity date falling 12 years after the date of the Commercial Terms Agreement ("**Ijara Tranche B**" and together with Term Murabaha Tranche B, the "**Term Tranche B Facilities**", and the Term Tranche B Facilities together with the Term Tranche A Facilities, the "**Senior Secured Islamic Term Facilities**"),

The Existing Senior Facilities provide for up to U.S.$1.4 billion equivalent in term and revolving *Shari'a* compliant facilities denominated in U.S. dollars and Saudi Arabian Riyals ("**SAR**"), which were provided to the Company:

a) in relation to the Ijara Facility Agreement, for the purpose of refinancing the then existing indebtedness of the Company on the issue date of the 2019 Sukuk; and

b) in relation to the Murabaha Financing Documents, for the purpose of refinancing the then existing indebtedness of the Company on the issue date of the 2019 Sukuk and for general corporate and working capital purposes.

Each of the documents forming the Existing Senior Facilities are governed by English law or Saudi law (as applicable).

The facilities available under the Murabaha Financing Documents can be increased pursuant to an accordion feature included in the Commercial Terms Agreement and subject to the fulfilment of certain conditions by the Company. The amount of such increase shall be limited by the Company's compliance with its financial covenants and by its compliance with its LTV restrictions (in each case, as further described below). The maximum amount available under the Islamic Revolving Credit Facility Agreement cannot exceed USD 400,000,000 following the increase. In addition, under the Islamic Revolving Credit Facility Agreement, the Company is able to establish ancillary facilities, by way of (i) guarantee, bonding, documentary or stand-by letter of credit facility, (ii) derivatives facility, (iii) foreign exchange facility or (iv) any other unfunded facility or accommodation required in connection with the business of the Group and which is agreed between the Company and an ancillary participant. The ancillary facility may only be provided by a participant in respect of the Islamic Revolving Credit Facility Agreement and the participation in the ancillary facility may not exceed its available participation in the Islamic Revolving Credit Facility (before taking into account the effect of the ancillary facility on that participant's available amount in relation to the Islamic Revolving Credit Facility).

The margin applicable to any financing made under the Term Tranche A Facilities is equal to: (i) in relation to any USD facility, LIBOR (subject to a zero floor) plus a margin of 2.45% per annum (subject to a margin ratchet where the level of margin may be decreased subject to the relevant leverage ratio of the Group); and (ii) in relation to any SAR facility, SAIBOR (subject to a zero floor) plus a margin of 2.10% per annum.

The margin applicable to any financing made under the Term Tranche B Facilities is equal to SAIBOR (subject to a zero floor) plus a margin of 2.25% per annum (subject to a margin ratchet where the level of margin may be decreased subject to the relevant leverage ratio of the Group).

The margin applicable to financing made under the Islamic Revolving Credit Facility Agreement is equal to: (a) in relation to the USD facility, LIBOR (subject to a zero floor) plus a margin of 1.90% per annum); and (b) in relation to the SAR facility, SAIBOR (subject to a zero floor) plus a margin of 1.55% per annum.

The Company also pays certain other fees and costs, including fees for unutilised participations commitments, and fees to each of the agents.

As of the date of this Offering Circular, each facility of the Existing Senior Facilities is fully drawn**.**

The Murabaha Financing Documents and the Ijara Facility Agreement are repayable in instalments as set out in each document.

Subject to certain conditions, the Company may voluntarily prepay amounts utilised and/or permanently cancel all or part of the available participations under the Existing Senior Facilities by giving five business days' prior notice (in respect of a voluntary prepayment) or three business days' notice (in respect of a cancellation) (or such shorter period as the majority participants may agree).

In addition to voluntary prepayments, the Existing Senior Facilities requires mandatory cancellation, and if applicable, prepayment in full or in part in certain circumstances, including:

a) with respect to any participant, if it becomes unlawful for such participant to perform any of its obligations under the Existing Senior Facilities;

b) on receipt of certain insurance proceeds;

c) on a sale of all or substantially all of the assets of the Company and its subsidiaries;

d) on disposal of certain assets in excess of a threshold amount;

e) delisting from the Tadawul Stock Exchange of the Company;

f) if the Company is to make a prepayment in respect of its loan to value ratio (as further described below) as a result of a breach of the loan to value threshold which is not cured by way of granting of security by the next annual loan to value ratio test;

g) following a breach of certain representations and warranties and covenants in respect of anti-corruption and sanctions; and

h) with respect to any participant, if they so elect, upon the occurrence of a Change of Control.

For the purposes of the Existing Senior Facilities, a "Change of Control" will occur if:

Fawaz Abdulaziz Al-Hokair, Salman Abdulaziz Al-Hokair and Abdulmajeed Abdulaziz Al-Hokair cease to:

a) be the legal and beneficial owners directly of at least 51 per cent of the share capital of the Company; or

b) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

   (i) appoint or remove all, or the majority of the directors or other equivalent officers of the Company; or

   (ii) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The Existing Senior Facilities contain customary information and negative covenants (including, without limitation, a negative pledge, subject to certain agreed exceptions and materiality carve-outs).

The Existing Senior Facilities require the Company to observe certain customary affirmative covenants, subject to certain agreed exceptions and materiality carve-outs.

The covenants include the following financial covenants (all terms are as defined in the Commercial Terms Agreement):

a) *Cashflow Cover*: Cashflow Cover in respect of the applicable Relevant Period shall not be less than 1.25:1.

b) *Leverage*: Leverage in respect of any Relevant Period shall not exceed 4.5:1.

c) *Secured Leverage*: Secured Leverage in respect of any Relevant Period shall not exceed 3:1.

d) *Tangible Net Worth:* Consolidated Tangible Net Worth shall not at any time during the Relevant Period be less than SAR5,000,000,000.

e) *Gearing*: the ratio of Total Liabilities to Consolidated Tangible Net Worth shall not at any time exceed 2:1.

These financial covenants are tested on each quarter date (being each of March 31, June 30, September 30 and December 31 of each financial year of the group) from 31 December 2019 onwards (except where compliance is required at any time and where testing is required upon incurrence) in arrear based on the previous 12 months, by reference to the financial statements delivered and/or each compliance certificate delivered. The financial covenants remain subject to the ability of the Company to cure any breach by way of shareholder injection up to a maximum of three times (and not in two consecutive financial years) save that the Tangible Net Worth financial covenant shall be excluded from the right of cure.

In addition to the financial covenants set out above, the Company is required to ensure that its LTV Ratio does not exceed the LTV Threshold (all terms are as defined in the Commercial Terms Agreement). If the Company is in breach of this ratio it may either make a voluntary prepayment to cure such breach or grant additional Security over assets provided that until such security is granted and perfected the Company shall deposit an amount in cash into the LTV Account (and in respect of such security or cash, with such value sufficient to ensure that if the LTV Test occurred immediately after the granting of such Security, no LTV

Event would occur) in favour of the Security Agent. Such Security may be subsequently released by the Security Agent subject to certain thresholds being met.

The Existing Senior Facilities are secured pursuant to the security agreements set out below. Each of the security documents have been perfected and registered with the appropriate registry in Saudi Arabia to the extent it is possible:

a) a first priority pledge over the insurance policies and insurance proceeds relating to the Secured Properties dated 25 March 2020;

b) a first priority pledge in respect of certain bank accounts dated 25 March 2020 and as amended and restated on 13 August 2020; and

c) a first priority pledge over the rental proceeds in respect of the Secured Properties dated 25 March 2020.

The Existing Senior Facilities will also be secured pursuant to a first priority registered mortgage / Ifragh over certain properties owned by the Company and together, the "**Secured Properties**") (and the Ijara Facility Agreement shall be structured by reference to the Secured Properties) (the "**Mortgage**"). The Mortgage was to be entered into by 31 December 2020 (the "**CS Date**") as a condition subsequent to the financing under the Existing Senior Facilities. However, this condition subsequent was not satisfied by 31 December 2020 as the committee in Saudi Arabia responsible for the registration of mortgages has not been established and on 3 March 2021, the Company and the Global Agent (acting on behalf the Participants) agreed to extend the CS Date to 30 June 2021.

The Existing Senior Facilities contain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications).

2019 Sukuk

On 26 November 2019, Arabian Centres Sukuk Limited (in its capacity as issuer and trustee), the Company (in its capacity as the obligor) and HSBC Corporate Trustee Company (UK) Limited (in its capacity as delegate) entered into a declaration of trust under which Arabian Centres Sukuk Limited issued U.S.$500,000,000 certificates due 26 November 2024 (the "**2019 Sukuk**"). Periodic distribution amounts under the 2019 Sukuk are payable on the outstanding face amount of the 2019 Sukuk from (and including) 26 November 2019 (but excluding) 26 November 2024 at a rate of 5.375 per cent. per annum.

OVERVIEW OF SAUDI ARABIA

GEOGRAPHY AND AREA

Saudi Arabia comprises a land area of approximately 2,150,000 square km and is located in the Arabian Peninsula, a peninsula of south-west Asia situated north-east of Africa. Saudi Arabia has coastlines on the Red Sea to the west and the Arabian Gulf to the east. It is bordered in the north and north-east by Jordan and Iraq, in the east by Kuwait, Qatar and the United Arab Emirates, in the south-east by Oman, in the south by Yemen, and is connected to Bahrain by the King Fahd Causeway. Saudi Arabia is the largest country in the Cooperation Council for the Arab States of the Gulf (also known as the Gulf Cooperation Council, or the "**GCC**").

Source: General Commission for Survey, Kingdom of Saudi Arabia

The capital city of Saudi Arabia is Riyadh. Saudi Arabia has undergone rapid urbanisation in recent decades, and over 80 per cent. of the population of Saudi Arabia currently lives in cities, with approximately half the population of Saudi Arabia being concentrated in the six largest cities of Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam.

Saudi Arabia has a desert climate with high daytime temperatures and a sharp temperature drop at night. Annual rainfall is very low. The southwest province of Asir is mountainous, and contains Mount Sawda, which, at just over 3,000 metres, is the highest point in Saudi Arabia. In the west of Saudi Arabia, a geological exposure known as the Arabian-Nubian Shield contains various precious and basic metals such as gold, silver, copper, zinc, lead, tin, aluminium and iron and, mainly in the east of Saudi Arabia, extensive sedimentary formations contain various industrial minerals. Saudi Arabia's deeper sedimentary formations in the eastern part of the country contain most of its proven and recoverable oil reserves.

POPULATION AND DEMOGRAPHICS

The population of Saudi Arabia is estimated by GASTAT to have reached 34.2 million as at 31 July 2019, representing growth of 2.4 per cent. as compared to 33.4 million as at 31 July 2018. Saudi Arabia has a young population, with almost half the population being under the age of 34 and 24.5 per cent. under the age of 15 in 2019. The following table sets forth Saudi Arabia's population estimates as at 31 July 2019, 2018, 2017, 2016 and 2015, respectively.

	As at 31 July				
	2019	**2018**	**2017**	**2016**	**2015**
Male	19,739,056	19,240,956	18,746,422	18,259,719	17,818,656
Female	14,479,113	14,172,704	13,866,424	13,527,861	13,243,413
Total population	**34,218,169**	**33,413,660**	**32,612,846**	**31,787,580**	**31,062,069**
Population growth (annual %)	**2.4**	**2.5**	**2.6**	**2.3**	**2.4**

Source: GASTAT
Notes:
(1) Preliminary estimates based on a demographics survey in 2016.

The non-Saudi portion of Saudi Arabia's total population comprises expatriates from neighbouring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh, Indonesia, and the Philippines), Europe, the Americas and other countries around the world. The official language of Saudi Arabia is Arabic, although English is widely spoken.

GOVERNMENT AND POLITICAL SYSTEM

Saudi Arabia is a monarchy with a political system rooted in the traditions and culture of Islam. The Custodian of the Two Holy Mosques, the King of Saudi Arabia (the "**King**"), is both the head of state and the head of the Government. Royal Decree number A/90 dated 1 March 1992 (the "**Basic Law of Governance**") provides that the Holy Quran and Sunnah (the teachings of the Prophet Muhammad (peace be upon him)) form the primary sources of law in Saudi Arabia. The Basic Law of Governance specifies that the King must be chosen from among the sons of the founding King, the Late King Abdulaziz bin Abdul Rahman Al Saud ("**King Abdulaziz**"), and their male descendants. In 2006, the Allegiance Council (*hay'at al-bay'ah*) was established, comprising: (a) the surviving sons of King Abdulaziz; (b) one son of each deceased/incapacitated son of King Abdulaziz; and (c) one son of the incumbent King and one son of the incumbent Crown Prince, both appointed by the incumbent King, to determine which member of the royal family will be the next King and the next Crown Prince. The current King, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, acceded to the throne on 23 January 2015. The current Crown Prince is His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, who also holds the positions of Deputy Prime Minister, Minister of Defence, Chairman of the Council for Economic and Development Affairs and Chairman of the Council for Political and Security Affairs.

Saudi Arabia is divided into 13 provinces, each of which has a governor and a provincial council. The provincial councils are empowered to determine the development needs of their respective provinces, make recommendations and request appropriations in the annual budget. Saudi Arabia's 13 provinces comprise Riyadh, Makkah, Medina, the Eastern Province, Asir, Al-Baha, Tabuk, Al-Qassim, Ha'il, Al-Jouf, the Northern Borders, Jizan and Najran. These provinces are further divided into 118 governorates, which are in turn sub-divided into municipalities. Pursuant to the Law of Regulation of Municipalities and Rural Areas, issued by Royal Decree No. 5/M in 2003, the term of each municipal council is two years and half of the members of any municipal council must be chosen by elections, while the other half are appointed by the Minister of Municipal and Rural Affairs. In 2015, women were allowed to stand for election to, and vote for the members of, the municipal councils.

Council of Ministers (majlis al-wuzara)

The King also holds the position of Prime Minister and presides over the Council of Ministers (*majlis al-wuzara*), which was established by Royal Decree in 1953, and currently comprises the First Deputy Prime Minister, 23 Ministers with portfolios and 12 Ministers of State. The Council of Ministers is selected by the King and is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defence, finance, health and education. The King and executive officials at the national, provincial and local levels also hold regular meetings, which are open to members of the public and where members of the public may discuss issues and raise grievances.

In 1974, in accordance with the Law of the Council of Ministers, the Bureau of Experts (formerly known as the Department of Experts) was established to assist the Council of Ministers. The Bureau of Experts is responsible for, among other things, reviewing and studying cases referred to it by the Council of Ministers and its sub-committees, drafting new laws, proposing amendments to existing laws and drafting forms for High Orders, Royal Decrees and Council of Ministers Resolutions, which are then presented to the Council of Ministers for approval.

On 27 December 2018, a Royal Order was issued to reform the Council of Ministers. As a result, the Council of Ministers now includes the following members: the Prime Minister, the Deputy Prime Minister, twenty-one ministers with portfolios and eleven state ministers.

Consultative Council (majlis al-shura)

In 1992, in conjunction with the promulgation of the Basic Law of Governance, the Law of Provinces (addressing the designation and administration of Saudi Arabia's provinces) and the Law of the Consultative Council (*majlis al-shura*) were introduced. The Consultative Council comprises 150 members, of which at least 20 per cent. must be females. The Chairman, Vice Chairman and General Secretary of the Consultative Council are appointed or removed by the King. The Consultative Council has the authority to draft, review and debate legislation, which is then presented to the Council of Ministers for approval. Legislation approved by the Council of Ministers only acquires the force of law once the King has issued his approval by way of a Royal Decree. However, the Council of Ministers or the relevant government ministry or authority may be delegated the power to enact further executive regulations that govern the implementation of such legislation.

Council for Political and Security Affairs and Council for Economic and Development Affairs

In January 2015, a Royal Order was issued consolidating 12 existing Government councils and commissions under two new councils: (i) the Council for Political and Security Affairs (the "**CPSA**"); and (ii) the Council for Economic and Development Affairs (the "**CEDA**"). The formation of the CPSA and the CEDA is intended to promote greater efficiency and productivity in the various branches of the Government and enhance coordination between Government entities, thereby leading to swift decision-making and execution of proposals.

Council for Political and Security Affairs

The CPSA was established in January 2015 and its mandate is to oversee all aspects of Saudi Arabia's political and security affairs, both internally and externally. The CPSA is chaired by the Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud and its members currently include: the Chairman, the Minister of Interior, the Minister of the National Guard, the Minister of Defence, the Minister of Islamic Affairs, Call and Guidance, the Minister of Media, the Minister of Foreign Affairs, the Minister of Finance, Ministers of State, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

On 27 December 2018, a Royal Order was issued to reform the CPSA. As a result, the CPSA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Interior, the Minister of Media, the Minister of Foreign Affairs, four state ministers, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

Council for Economic and Development Affairs

The CEDA is intended to consolidate a number of relevant governmental institutions in one central organisation to provide a uniform direction for Saudi Arabia's economic growth and development. The CEDA is chaired by the Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud and its members currently include: the Chairman, the Minister of Justice, the Minister of Finance, the Minister of Energy, the Minister of Industry and Mineral Resources, the Minister of Human Resources and Social Development, the Minister of Housing, the Minister of Hajj and Umrah, the Minister of

Economy and Planning, the Minister of Commerce, the Minister of Transportation, the Minister of Communication and Information Technology, the Minister of Municipal and Rural Affairs, the Minister of Health, the Minister of Civil Service, the Minister of Media, the Minister of Environment, Water & Agriculture, the Minister of Education and Ministers of State. The CEDA is responsible for, among other matters, the implementation and monitoring of Vision 2030 (see "*—Strategy of Saudi Arabia—Vision 2030*").

On 27 December 2018, a Royal Order was issued to reform the CEDA. As a result, the CEDA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Culture, the Minister of Justice, the Minister of Health, the Minister of Commerce, the Minister of Municipal and Rural Affairs, the Minister of Environment, Water & Agriculture, the Minister of Energy, the Minister of Industry and Mineral Resources, the Minister of Housing, the Minister of Civil Service, the Minister of Human Resources and Social Development, the Minister of Hajj and Umrah, the Minister of Finance, the Minister of Economy and Planning, the Minister of Transportation, the Minister of Foreign Affairs, the Minister of Communication and Information Technology, the Minister of Media, the Minister of Education, the Head of Bureau of Experts, the Minister of Tourism, the Secretary of the Finance Committee of the Royal Court and three state ministers.

Restructuring of the Government

As part of the Government's continuing efforts to effect structural reforms in Saudi Arabia's economy and society as envisaged by Vision 2030, and in furtherance of the Government's stated aims of streamlining the functioning of the public sector and aligning its operations more closely with the Government's strategic aims and objectives (see "*—Strategy of Saudi Arabia—Vision 2030*"), the King, through a number of Royal Orders issued in May 2016, implemented numerous changes in the structure of the Government and the allocation of roles and responsibilities between the various Governmental ministries and departments. Some of the significant reforms included:

- the creation of the Ministry of Environment, Water & Agriculture (the "**MEWA**"), which effectively replaced the former Ministry of Water and Electricity, as well as the Ministry of Agriculture;

- the creation of the Ministry of Commerce and Investment (now called the Ministry of Commerce), which effectively replaced the former Ministry of Commerce and Industry;

- the combination of the former Ministry of Labour and Ministry of Social Affairs into a single Ministry of Labour and Social Development;

- the creation of two bodies, the General Authority for Culture and the General Authority for Entertainment, which are respectively responsible for promoting the cultural and entertainment-related goals set out in Vision 2030; and

- the renaming of the Ministry of Hajj to the Ministry of Hajj and Umrah, while the former Ministry of Islamic Affairs, Endowments, Call and Guidance has been renamed the Ministry of Islamic Affairs, Call and Guidance.

In addition to the changes described above, a number of other Government institutions, including those related to education and sporting activities, have been created or restructured.

In April 2017, the National Security Centre was established pursuant to Royal Decree. The National Security Centre is headed by the Counsel of National Security and reports directly to the Royal Court.

In July 2017, a restructuring of the Ministry of the Interior, through a number of Royal Orders, was announced. The restructuring resulted in the establishment of a government body named the Presidency of National Security that reports directly to the President of the Council of Ministers and to which all departments relevant to national security have been transferred.

In June 2018, pursuant to a number of Royal Orders, the Ministry of Culture, which is responsible for the Kingdom's cultural activities, was established and the name of the former Ministry of Culture and

Information was amended to the Ministry of Media. These Royal Orders also established the Royal Commission for Makkah City and Holy Sites and the Council of Royal Reserves.

In August 2019, pursuant to a number of Royal Orders, the Ministry of Industry and Mineral Resources was established and the name of the former Ministry of Energy, Industry and Mineral Resources was amended to the Ministry of Energy. The Ministry of Energy is responsible for all matters relating to energy, while the Ministry of Industry and Mineral Resources is responsible for the industrial development of Saudi Arabia, including the development of the National Industrial Clusters Development Programme as contemplated by Vision 2030. These Royal Orders also established the Saudi Data and Artificial Intelligence Authority, the National Centre for Artificial Intelligence and the National Data Management Office.

In February 2020, pursuant to a number of Royal Orders, three new ministries were established: the Ministry of Investment was established, which replaced the Saudi Arabia General Investment Authority, the Ministry of Sports was established, which replaced the General Sport Authority and the Ministry of Tourism was established, which replaced the Commission for Tourism and National Heritage. These Royal Orders also combined the Ministry of Civil Service with the Ministry of Labor and Social Development into a single Ministry of Human Resources and Social Development.

In January 2021, pursuant to a Royal Order, the Ministry of Housing was combined with the Ministry of Municipal and Rural Affairs into a single Ministry of Municipal and Rural Affairs and Housing.

LEGAL AND JUDICIAL SYSTEM

Saudi law is derived from the Basic Law of Governance and legislation enacted in various forms, the most common of which are Royal Orders, Royal Decrees, High Orders, Council of Ministers resolutions, ministerial resolutions and ministerial circulars having the force of law.

Saudi Arabia follows a civil law system. Saudi Arabia's judicial system comprises the general courts, which have general jurisdiction over most civil and criminal cases, and specialised courts covering certain specific areas of law, including a system of administrative courts known as the Board of Grievances, a Specialised Criminal Court, and various adjudicatory or quasi-judicial committees with special jurisdiction over such matters as banking transactions, securities regulation, intellectual property, labour disputes, tax, electricity industry disputes and medical malpractice.

In 2007, the Government announced a restructuring of the judicial system, including the establishment of courts of appeal and a supreme court, as well as the merger of most special adjudicatory committees into the general courts, though exceptions were made for certain adjudicatory committees. The committees that are exempted from the 2007 reforms include the Banking Disputes Committee, the Committee for the Enforcement of the Banking Control Law and the Committee for Resolution of Insurance Disputes and Violations, each of which operates under the aegis of SAMA; the Committee for the Resolution of Securities Disputes, which operates under the aegis of the CMA; and the Committee for Resolution of Custom Duties Disputes. The 2007 reforms also proposed the transfer of jurisdiction over commercial disputes from the Board of Grievances to the commercial courts which have started to hear disputes of a commercial nature as of 22 September 2017 pursuant to the Circular of the Supreme Court of Justice no. T/967 dated 01/01/1439H (corresponding to 22 September 2017). As part of the ongoing restructuring of the judicial system, personal status courts, courts of appeal and a supreme court have already been established.

The Board of Grievances has exclusive jurisdiction to hear claims against Government bodies. Before March 2012, the Board of Grievances had exclusive jurisdiction to consider the enforcement of foreign judgments and arbitral awards; however, with the enactment of the Enforcement Law in March 2012, this jurisdiction has been transferred to newly-created "Enforcement Departments" staffed by specialised "enforcement judges". The Enforcement Departments may, at their discretion, enforce all or any part of a foreign judgment or arbitral award, subject to certain conditions, which include compliance of such judgment or award with public policy in Saudi Arabia. Pursuant to the Insolvency Law issued by Royal Decree no. M/50 dated 13 February 2018, which came into effect in August 2018, the Board of Grievances' exclusive jurisdiction to supervise insolvency and bankruptcy proceedings relating to commercial entities was transferred to the Commercial Court.

In June 2017, a Royal Order was issued changing the name of the Bureau of Investigation and Public Prosecution to the Public Prosecution and establishing it as an independent government body that reports directly to the King, headed by a general prosecutor.

On 4 November 2017, the Supreme Anti-Corruption Committee was formed by Royal Order No. (A/38) to investigate certain corruption allegations. On 9 November 2017, the Attorney General, as a member of the Supreme Anti-Corruption Committee, announced that 208 individuals had been called in for questioning and that the Committee suspected that an estimated U.S.$100 billion had been misused through systematic corruption and embezzlement over several decades. On 30 January 2019, the Supreme Anti-Corruption Committee announced that it had concluded its tasks and indicated that 381 individuals had been summoned in connection with the investigation, some of whom were summoned only to testify. A comprehensive review of each detainee's case was conducted under the supervision of the public prosecutor. After the due processing of each case, the detainees that were not indicted on charges related to corruption were released. Settlements were reached with 87 individuals after confession to the charges against them and their subsequent agreement to settlements. The public prosecutor refused to settle the cases of 56 individuals due to existing criminal charges against them. Finally, eight individuals refused to settle despite the existence of evidence against them and they were referred to the public prosecutor for further due process in accordance with relevant laws. As a result of the aforementioned measures, it is estimated that more than SAR 400 billion (U.S.$106.7 billion) was retrieved for the state treasury in the form of real estate, commercial entities, cash and other assets.

FOREIGN RELATIONS AND INTERNATIONAL ORGANISATIONS

Saudi Arabia's Position in the International Community

As the only Arab nation member of the Group of Twenty (also known as the G-20), an international forum for the governments of 20 major economies, and a founding member of several major international organisations, including the UN and OPEC, Saudi Arabia plays an important role in the global economy and international trade and diplomatic relations. Furthermore, as a founding member of the GCC, the Muslim World League, the Organisation of Islamic Cooperation (the "**OIC**") and the Islamic Development Bank (each of which is headquartered in Saudi Arabia) as well as the Arab League, Saudi Arabia has also assumed a leadership position among both Arab countries and the broader Muslim world. As the world's third largest oil producer (accounting for 13.0 per cent. of the world's total oil production) and the world's largest oil exporter (accounting for 15.6 per cent. of the world's total oil exports by volume) in the year ended 31 December 2019, according to OPEC's 2020 Annual Statistical Bulletin, Saudi Arabia occupies a central position in OPEC and the world oil markets.

Saudi Arabia is also a member of the IMF, the African Development Bank Group, the Asian Infrastructure Investment Bank and the European Bank for Restructuring and Development (the "**EBRD**"). The EBRD's mandate has recently been expanded to invest and promote private initiatives in certain Arab countries in the Middle East and North Africa region.

Saudi Arabia joined the World Bank Group in 1957, and is one of the larger shareholders of the World Bank among its 189 member countries. In recognition of its contributions to the global economy and international development, Saudi Arabia achieved the status of a 'single-country constituency' on the World Bank's Executive Board (the "**Board**") in 1986. Saudi Arabia is represented at World Bank meetings by its executive director and engages in direct consultations and negotiations with other executive offices with the aim of achieving the World Bank's primary objective of reducing global poverty. From time to time, Saudi Arabia's executive director has served as the chair of the Board's standing committees, and several of the past Saudi executive directors have served as dean of the Board.

Saudi Arabia acceded as a member of the WTO in November 2005, as a result of which the Government has implemented various structural reforms in order to create a more liberal trade regime and business-friendly environment. In addition to the WTO, Saudi Arabia is party to a number of multilateral business and trade related agreements, including the Convention Establishing the Multilateral Investment Guarantee Agency; the Inter-Arab Investment Guarantee Corporation; the UN Guiding Principles on Business and Human Rights; and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also party to a number of trade and economic agreements aimed at promoting trade and economic development, including the Arab Economic Unity Agreement; the Arab League Investment

Agreement; the League of Arab States Investment and the Agreement on Promotion, Protection and Guarantee of Investments among the Member States of the OIC.

Saudi Arabia plays a key role in the international fight against terrorism. Saudi Arabia is a member and an active participant in a number of international organisations and treaties pertaining to anti-money laundering ("**AML**") and combatting the financing of terrorism ("**CFT**"). In December 2015, the Government announced the establishment of an intergovernmental military alliance of 34 countries based at a joint command centre in Riyadh, the primary objective of which is to combat terrorist organisations, including *Da'esh*, in line with UN and OIC initiatives on counter-terrorism.

Saudi Arabia is also a member of the International Chamber of Commerce, the World Intellectual Property Organisation, the Greater Arab Free Trade Area, the International Organisation of Securities Commissions and the Organisation for the Prohibition of Chemical Weapons.

Saudi Arabia has entered into bilateral economic, trade and technical cooperation agreements with 36 countries, which aim to develop economic, trade and technical cooperation and to enable the free inflow of goods, capital, and services and the free movement of individuals and investment between the contracting countries. Saudi Arabia has also entered into Avoidance of Double Taxation Agreements with 34 countries.

In addition, Saudi Arabia contributes significant amounts of development aid to other countries and institutions, including through the Saudi Fund for Development (the "**SFD**"). The SFD extends loans and credit support for the development of a range of projects in many developing countries, particularly in Asia and Africa, with a particular focus on the social infrastructure, agriculture, energy and industry sectors.

Relations with Gulf Cooperation Council and other Arab countries

The GCC was established on 25 May 1981, comprising Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE, with the aim of promoting cooperation between the member countries and achieving coordination and integration across a range of diverse fields. The Secretariat General of the GCC is located in Riyadh, Saudi Arabia. An agreement to achieve economic unification between the countries of the GCC was signed on 11 November 1981 which led, on 1 January 2008, to the creation of a common market in the GCC region. In January 2016 the common market was further integrated, providing for full equality among GCC citizens in government and private sector employment, social insurance and retirement coverage, real estate ownership, capital movement, access to education, health and other social services in all member states. In the year ended 31 December 2019, the GCC countries, as a whole, accounted for SAR 55.4 billion (U.S.$14.8 billion), or 9.6 per cent., of Saudi Arabia's total imports and SAR 89.3 billion (U.S.$23.8 billion), or 9.1 per cent., of Saudi Arabia's total exports.

In December 2008, Saudi Arabia, Bahrain, Qatar and Kuwait approved a monetary union agreement (the "**Monetary Union Agreement**") and a statute relating to the new Gulf Monetary Council (the "**Monetary Council Statute**"), which set forth the legal and institutional framework for a proposed monetary union of the relevant member states. The Monetary Union Agreement was ratified and came into force on 27 February 2010, while the Monetary Council Statute became effective on 27 March 2010. The Gulf Monetary Council, which was established in Riyadh, held its inaugural meeting on 30 March 2010. The primary strategic aim of the Gulf Monetary Council is to improve the efficiency of financial services, lower transaction costs and increase transparency in the prices of goods and services, and an essential part of this strategy is the establishment of a GCC central bank followed by a common currency for the countries that have acceded to the Monetary Union Agreement.

In addition to the creation of a common market and a closer economic and social union, the member states of the GCC cooperate on the development of a shared security strategy.

Saudi Arabia also maintains strong diplomatic and economic relationships with the other Arab countries outside the GCC. In the year ended 31 December 2019, Arab League countries outside the GCC (comprising Jordan, Iraq, Yemen, Lebanon, Egypt, Syria, Morocco and Sudan) accounted for SAR 11.0 billion (U.S.$2.9 billion), or 1.9 per cent., of Saudi Arabia's total imports and SAR 49.3 billion (U.S.$13.1 billion), or 5.0 per cent., of Saudi Arabia's total exports. A number of Arab countries, particularly Egypt, Sudan and Yemen, have also been major beneficiaries of the SFD.

On 5 June 2017, three GCC countries – Saudi Arabia, the UAE and Bahrain – as well as Egypt and Yemen – severed diplomatic ties with Qatar, cut trade and transport links and imposed sanctions on Qatar. In January 2021, Saudi Arabia, the UAE, Bahrain and Egypt restored full diplomatic relations with Qatar and re-opened trade and transport links.

Employment

As at 31 December 2019, the total number of Saudi employed persons reached 3.2 million, of which 2.1 million, or 64.8 per cent., were male and 1.1 million, or 35.2 per cent., were female. Saudi nationals in the age group from 25 to 39 years constituted 60.5 per cent. of the Saudi labour force as at 31 December 2019.

The following table sets forth selected statistics relating to the labour force in Saudi Arabia as at 30 June 2020, 31 December 2019 and 2018, respectively.

	As at 30 June			**As at 31 December**					
	2020			**2019**			**2018**		
	Saudi	**Non-Saudi**	**Total**	**Saudi**	**Non-Saudi**	**Total**	**Saudi**	**Non-Saudi**	**Total**
Total employed persons[1]...........	3,203,423	10,432,189	**13,635,612**	3,170,272	10,220,703	**13,390,975**	3,111,199	9,429,419	**12,540,618**
Male...........	*2,066,553*	*9,092,998*	***11,159,551***	2,054,858	8,792,516	**10,847,374**	*2,040,742*	*8,356,943*	***10,397,685***
Female........	*1,136,870*	*1,339,191*	***2,476,061***	1,115,414	1,428,187	**2,543,601**	*1,070,457*	*1,072,476*	***2,142,933***
Total civil service employees.........	1,230,811	47,943	**1,278,754**	1,216,502	46,868	**1,263,370**	1,180,017	49,682	**1,229,699**
Male...........	*727,446*	*25,376*	***752,822***	*720,375*	*24,647*	***735,022***	*702,054*	*26,547*	***728,601***
Female........	*503,365*	*22,567*	***525,932***	*496,127*	*24,647*	***730,967***	*477,963*	*23,135*	***501,098***
Total unemployment rate (%)............	15.4	3.1	**9.0**	12.0	0.4	**5.7**	12.7	1.0	**6.0**
Male	*8.1*	*2.3*	***4.7***	*4.9*	*0.3*	***2.2***	*6.6*	*0.6*	***2.9***
Female	*31.4*	*9.5*	***25.3***	*30.8*	*1.3*	***21.3***	*32.5*	*4.4*	***22.6***

Source: GASTAT
Notes:
(1) Excluding members of the military.

The overall unemployment rate in Saudi Arabia (with respect to all nationalities) as at 30 June 2020 increased to 9.0 per cent., comprising an unemployment rate of 4.7 per cent. among males and 25.3 per cent. among females. The overall unemployment rate for Saudi nationals as at 30 June 2020 was 15.4 per cent., comprising an unemployment rate of 8.1 per cent. among Saudi males and 31.4 per cent. among Saudi females. The increase was primarily attributable to the impact of the COVID-19 outbreak on the Saudi economy.

The overall unemployment rate in Saudi Arabia (with respect to all nationalities) as at 31 December 2019 was 5.7 per cent., comprising an unemployment rate of 2.2 per cent. among males and 21.3 per cent. among females. The overall unemployment rate for Saudi nationals as at 31 December 2019 was 12.0 per cent., comprising an unemployment rate of 4.9 per cent. among Saudi males and 30.8 per cent. among Saudi females.

Vision 2030 also places great emphasis on providing Saudi citizens with the necessary training and skills required for becoming an effective part of the workforce, in particular increasing the participation of Saudi citizens in the private sector, and it is anticipated that further initiatives will be launched to further these aims.

Saudisation

In light of the Government's objective to better accommodate Saudi nationals in the work force, and in particular to encourage them to join the private sector, the Government has supported a number of initiatives to achieve these results, and towards this end the Ministry of Human Resources and Social Development has implemented the Saudi nationalisation scheme, or "*Saudisation*". Saudisation is intended to promote the employment of Saudi nationals in the private sector, which has traditionally been dominated by expatriate workers from Asia, Europe and other Arab countries. Current Saudisation requirements vary significantly depending on the relevant sector and the size of the employer. For example, entities engaging in wholesale and retail activities are required to maintain a Saudisation level of eight to 25 per cent., depending on the size of the employer, whereas entities engaging in construction activities are required to maintain a Saudisation level of five to 100 per cent., depending on the size of the employer.

In June 2011, the former Ministry of Labour (now the Ministry of Human Resources and Social Development) introduced the *nitaqat* scheme, which categorises private businesses into four categories, depending on their Saudisation level and total number of employees. Under the *nitaqat* scheme, businesses receive incentives or penalties depending on the category that they belong to, particularly in relation to visa applications, transfers and renewals. The Ministry of Human Resources and Social Development has also introduced the *hafiz* programme for supporting Saudi job-seekers, which provides various employment channels to enable the private sector to hire qualified Saudi nationals. In 2015, the Labour Law was amended to enable the Ministry of Human Resources and Social Development to further encourage compliance by employers with the applicable Saudisation requirements. Furthermore, the Government imposed expatriate levies in July 2017 and increased work visa fee requirements for expatriates, all of which is expected to further incentivise employment of Saudi nationals.

EDUCATION

The education system in Saudi Arabia is under the jurisdiction of the Ministry of Education.

Total Government expenditure on education and training is budgeted at SAR 186.0 billion (U.S.$49.6 billion) in the fiscal year 2021. Actual expenditure on education and training reached SAR 205.0 billion (U.S.$54.7 billion) in the fiscal year 2020 compared to budgeted expenditure of SAR 193.0 billion (U.S.$51.5 billion) for the fiscal year.

HEALTHCARE

Saudi Arabia has a national healthcare system in which the Government provides free healthcare services to its citizens through a number of Government agencies. There is also a growing role and increased participation from the private sector in the provision of healthcare services, and the participation of the private sector in the healthcare system is one of the key features of Vision 2030 and the NTP (see "—*Strategy of Saudi Arabia*" below).

The Government's budgeted expenditure on health and social development for the fiscal year 2021 is SAR 175.0 billion (U.S.$46.7 billion). Actual expenditure on health and social developments reached SAR 174.0 billion (U.S.$46.4 billion), or 16.3 per cent. of total Government expenditure, in the fiscal year 2020 compared to budgeted expenditure of SAR 167.0 billion (U.S.$44.5 billion).

ENVIRONMENT

Saudi Arabia's sustained period of rapid economic growth over the past few decades has been accompanied by high rates of population growth and increasing pressure on the country's natural resources. The potentially adverse environmental impact of unregulated economic growth has been recognised in the Government's recent Development Plans, which have emphasised the importance of achieving sustainable development through the conservation and prudent management of its natural resources. The eighth, ninth and tenth Development Plans have focused on protecting the environment and developing suitable systems consistent with sustainable development.

Given the relative size and importance of the hydrocarbon sector in Saudi Arabia's economy and its potential impact on the environment, Saudi Aramco, as the principal entity responsible for managing Saudi Arabia's oil and gas assets, places a high priority on its sustainable development policies as well as on environmental performance enhancements across Saudi Arabia's entire hydrocarbon sector.

As part of the recent restructuring of the Government, the MEWA was created (succeeding the former Ministry of Agriculture as well as the Ministry of Water and Electricity) with responsibility for, among other matters, protecting and improving the quality of the environment. Environmental protection in Saudi Arabia is regulated under the General Environmental Law (the "**Environmental Law**"), enacted by Royal Decree No. M/34 dated 16 October 2001 and its implementing regulations. The Environmental Law operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations.

STRATEGY OF SAUDI ARABIA

Vision 2030

In April 2016, the Government announced its new strategy, known as "Vision 2030", which sets forth a comprehensive agenda of socio-economic reforms with the aim of achieving fundamental economic, social and structural changes in Saudi Arabia by the year 2030. Vision 2030 is based upon three fundamental existing strengths of Saudi Arabia: (i) its importance in the Arab and Islamic world; (ii) its leading investment capabilities; and (iii) its unique strategic geographical location with the ability to connect the three continents of Asia, Europe and Africa.

The key objectives of Vision 2030 include the diversification of Saudi Arabia's economy and decreased reliance upon oil-related revenues through, among other measures, the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate and the transformation of the Public Investment Fund (the "**PIF**") into a sovereign wealth fund. The PIF intends to continue to assist the private sector with the establishment of capital intensive projects. In addition, Vision 2030 aims to reform Government services to increase transparency and accountability, as well as to expand the variety and scope of digital services offered by the Government in order to improve efficiency and reduce bureaucracy.

Vision 2030 focuses on three broad themes, each of which aims to capitalise on Saudi Arabia's existing strengths in its society, culture, heritage and economy. The three themes highlighted in Vision 2030 are Societal Development, Economic Reform and Effective Governance.

The Council of Ministers has delegated to the CEDA the overall responsibility for establishing and monitoring the measures required for the effective implementation of Vision 2030, and the CEDA has in turn established an integrated governance model to implement detailed programmes to attain the desired results. For details on the several initiatives that have already been launched, or are anticipated to be launched in connection with the implementation of Vision 2030, see *"—Implementation of Vision 2030*" below. One of the key executive programmes that was launched in June 2016 in connection with the implementation of Vision 2030 is NTP, which sets forth the objectives and detailed methodology, including clearly identified goals and targets that are sought to be achieved in connection with the implementation of Vision 2030. For details on NTP, see *"—The National Transformation Programme 2020*" below.

The Fiscal Balance Programme, launched in December 2016 in connection with the implementation of Vision 2030, is another key executive programme and sets forth objectives and measures aimed at achieving a balanced budget by 2020. In December 2017, the Government revised the timeline for achieving a balanced budget in light of factors including local and global economic conditions and the expected fiscal and economic impact of certain planned initiatives and aims to achieve a balanced budget by 2023.

In April 2017, CEDA, in connection with the implementation of Vision 2030, initially launched ten new executive programmes, which, in addition to the NTP and the Fiscal Balance Programmes, are known as the Vision 2030 realisation programmes. (see "*Implementation of Vision 2030*" below).

Societal Development

This theme focuses on individual and societal development and aims to promote national unity and values. The various measures and objectives envisaged under this theme include the following:

- A significant increase in Saudi Arabia's capacity to accommodate Umrah visitors, as well as the restoration and international registration of a number of national, Arab, Islamic and ancient cultural sites, which is intended to increase their visibility and accessibility to visitors.

- The development of cultural and entertainment activities within Saudi Arabia, with dedicated venues being established for this purpose.

- Recognition of the importance of youth development and the critical role that the family unit plays in such development. To this end, measures will be implemented which will seek to encourage parents to be actively engaged in school activities and the education of their children.

- An increase in the capability, efficiency and productivity of healthcare services in Saudi Arabia by promoting competition and transparency among providers. To achieve this goal, the Government intends to introduce corporatisation into the healthcare sector by transferring the responsibility for healthcare provision to a network of public companies that will compete both with each other and with the private sector.

Economic Reform

This theme focuses on an ambitious programme of economic reform. The various measures envisaged under this theme include the following:

- Recognising the need for high quality education that is responsive to the needs of Saudi Arabia's economy. To this end, the Government has launched the National Labour Gateway (*taqat*), and intends to establish sector councils to determine the skills and knowledge required by each socio-economic sector, with the aim of equipping Saudi citizens with the skill-set required to become an effective part of the workforce, in particular the private sector, and thereby lowering Saudi Arabia's unemployment rate and encouraging women's participation in the workforce.

- While acknowledging that the oil and gas industry is an essential pillar of Saudi Arabia's economy, emphasising the need for economic diversification. This is expected to be achieved through various measures, including privatisation initiatives, the development of Saudi Arabia's investment vehicles and an emphasis on the manufacturing sector (including manufacturing of military equipment to meet a substantial portion of its defence needs).

- Establishing an authority for small and medium size enterprises to encourage young entrepreneurs and introduce business-friendly regulations, easier access to funding and to encourage a greater share of national procurement and Government bids.

- Targeting a significant increase in the contribution of the mining sector to Saudi Arabia's economy, through a number of measures, including implementation of structural reforms that will stimulate private sector investment in the mining industry.

- Envisaging the diversification of Saudi Arabia's sources of energy and implementing a legal and regulatory framework to encourage the private sector to invest in the renewable energy sector.

- Emphasising the development of the retail sector by attracting both domestic and international investors, as well as by easing restrictions on ownership and foreign investment and through encouraging financing of small retail enterprises to stimulate growth, thereby expanding the opportunities for e-commerce and the creation of additional employment opportunities in the retail sector.

- Promoting Saudi Arabia as a logistical hub by strengthening interconnectivity and economic integration of infrastructure, both domestically and internationally, and developing Saudi Arabia's telecommunications and information technology infrastructure.

Effective Governance

This theme focuses on building an effective, transparent and accountable Government, and the need for the Government to adopt world-class standards of transparency, efficiency and accountability. The various measures envisaged under this theme include the following:

- the regular review and publication of the Government's goals, plans and performance, with the aim of increasing transparency and enabling monitoring of progress through performance and project management programmes.

- the expansion of "smart" Government services such as interactive and online Government portals, with the aim of achieving global leadership in e-government.

- offering training programmes for Government employees and provision of ongoing professional development and training with the aim of increasing productivity.

- increasing the efficiency of Government spending. To this end, a comprehensive review of financial regulations across Government agencies is currently being undertaken.

Implementation of Vision 2030

The Government has already launched a number of programmes that seek generally to achieve the aims and objectives of Vision 2030, which include the following:

- *The Government Restructuring Programme:* This programme has, to date, included the consolidation of a number of existing Government bodies or councils under two newly-formed councils, the CPSA and the CEDA, with the intention of promoting greater efficiency and productivity between the various branches of Government and greater coordination between the respective ministries (see "*—Government and Political System—Council for Political Affairs and Security Affairs and Council for Economic and Development Affairs*"). A restructuring of various Governmental ministries and departments has also taken place (see "*—Government and Political System—Restructuring of the Government*").

- *The Fiscal Balance Programme:* This programme involves reviewing Saudi Arabia's existing capital expenditure, including the approval mechanisms relating to such expenditure, and its measurable economic impact. This programme envisages that further measures will be introduced with the aim of achieving economic diversification and fiscal consolidation. The Fiscal Balance Programme sets forth objectives and measures for the achievement of a balanced budget by 2023. The Fiscal Balance Programme is a key component to developing a more effective government by enabling additional scrutiny of government finances as well as contributing to key socio-economic objectives of Vision 2030, including facilitating additional investments in Vision 2030 programmes and reforms to the social welfare system.

- *The National Transformation Programme:* This programme was launched by the Government in June 2016 and establishes strategic objectives that are based on Vision 2030 and addresses various challenges involved in the implementation of Vision 2030 in accordance with the specified methodology and targets. As a result of the launch of the Vision 2030 realisation programmes, the Government is re-examining the scope of the NTP in order to eliminate overlaps between the NTP and other programmes and ensure that the NTP continues to meet the overall objectives of Vision 2030. For further details in respect of NTP, see *"—The National Transformation Programme 2020*" below.

- *The Regulations Review Programme:* This programme includes the review and update of several of Saudi Arabia's existing laws and regulations, in order to ensure that they accord with Saudi Arabia's stated goals and priorities. Such laws have included, among others, laws relating to companies, non-governmental organisations, fees on unused land and the General Authority for Endowments.

- *Enriching the Hajj and Umrah Experience Programme*: This programme aims to increase the number of people performing Hajj and Umrah including through the development of further infrastructure to support increased participation in Hajj and Umrah.

- *Quality of Life Programme*: This programme aims to increase participation in cultural, environmental and sporting activities.

- *National Companies Promotion Programme*: This programme aims to incentivise the growth and efficiency of a number of the most promising small and medium sized national companies and to create new job opportunities.

- *National Industrial Development Logistics Programme (the "**NIDLP**")*: This programme aims to position Saudi Arabia as a logistics hub that benefits from its location at the intersection of three continents through improving infrastructure and developing logistics services. The delivery plan for the NIDLP was approved on 15 July 2017 and the programme was officially launched on 28 January 2019. During the inauguration ceremony, 37 agreements and memorandums of understanding were signed with an estimated value of SAR 205.0 billion (U.S.$54.7 billion), in addition to 29 other agreements being announced. These were in addition to 25 agreements signed in October 2018, with an estimated value of SAR 210.0 billion (U.S.$56.0 billion), of which agreements with an estimated value of SAR165.0 billion (U.S.$44.0 billion) are under the NIDLP. The NIDLP's objective is to develop the industry, mining, energy and logistics sectors in Saudi Arabia, which in turn is expected to support job generation, increase non-oil exports, reduce imports, raise the contribution of these sectors to the Kingdom's gross domestic product and attract foreign investments.

- *The Housing Programme*: This programme aims to facilitate increased private home ownership through the development of the residential and construction sectors.

- *Public Investment Fund Programme*: This programme envisages the refinement of the PIF's investment capabilities, enabling it to manage a broader portfolio of assets with the aim of transforming the PIF into an active sovereign wealth fund.

- *Strategic Partnerships Programme*: This programme aims to build and deepen strategic economic partnerships with selected countries that have the capacity to contribute to Vision 2030. It aims also to build partnerships in the Gulf Cooperation Council ("**GCC**") and the region by facilitating the movement of people, goods and capital.

- *Financial Sector Development Programme*: This programme aims to increase the size, depth, and development of Saudi Arabia's capital markets, improve operators and users' experiences as well as the status of Saudi Arabian capital markets regionally, with the aim of making Saudi Arabia's capital markets the primary market in the Middle East and one of the most respected markets internationally. The programme aims to help create an advanced market that attracts local and foreign investors, which enables it to take on a pivotal role in developing the national economy and diversifying sources of income.

- *Privatisation Programme*: This programme aims to identify sectors suitable for privatisation and to implement a comprehensive privatisation programme.

In addition to the programmes outlined above, each of which have already been initiated and are at various stages of implementation, the Government is proposing to launch additional programmes that are intended to assist in achieving the aims of Vision 2030. These programmes include the Saudi Aramco Strategic Transformation Programme, a programme that envisages the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate.

National Transformation Programme

The NTP was launched in June 2016 across 24 governmental bodies operating in the economic and development sectors. At the time of its launch, the NTP included 16 ministries (including all the ministries represented in the "**CEDA**") as well as other governmental organisations closely connected with the overall objectives of Vision 2030 (such as the Ministry of Tourism, the Royal Commission for Jubail and Yanbu (the "**RCJY**"), MISA and the King Abdulaziz City for Science and Technology, among others).

NTP seeks to identify both the strategic objectives, as well as the challenges, involved in the implementation of Vision 2030, followed by the launch of specific initiatives and the attainment of well-defined goals to be achieved by each Government entity covered by NTP. At the time of its commencement, a total of 543 initiatives (with 346 targets to be achieved) were approved for launch during 2016, and the NTP anticipated that the Government would spend approximately SAR 268.4 billion (U.S.$71.6 billion) on these initiatives through to the year 2020. As a result of the launch of the Vision 2030 realisation programmes, the Government is re-examining the scope of the NTP in order to eliminate overlaps between the NTP and other programmes and ensure that the NTP continues to meet the overall objectives of Vision 2030.

One of the key features of NTP is maximising the private sector's participation in attaining the goals of NTP, thereby reducing the costs to be borne by the Government and enhancing the financial and developmental returns from NTP.

The CEDA has established procedures and processes for the transparent and effective implementation of the initiatives contained in NTP, including comprehensive and ongoing performance measurement mechanisms to enable the supporting agencies, such as the establishment of the National Centre for Performance Measurement and the Delivery Unit, to evaluate performance and recommend adjustments and corrective action where required.

MEDIA, CULTURE AND ENTERTAINMENT

In 2016, in line with Vision 2030, the General Authority for Entertainment was established with the aim to organise and develop the entertainment sector in Saudi Arabia, to encourage local tourism and to contribute to economic diversity.

In 2017, the Government announced its intention to develop an entertainment city in Al-Qiddiya south of Riyadh, covering an area of 334 square kilometres. Construction of Al Qiddiya began in April 2018, and a phase one launch is expected in 2022. Its developer, Qiddiya Investment Company, unveiled the designs for the park in August 2019 and announced its intention to launch the Qiddiya Experience Centre in 2019.

In April 2018, the Ministry of Media granted the first licence to operate cinemas in Saudi Arabia to the Development and Investment Entertainment Company ("**DIEC**"), a company wholly-owned by the PIF. AMC Theatres Company entered into an agreement with DIEC to operate cinemas in Saudi Arabia with a plan to build up to 100 cinemas in 25 cities in Saudi Arabia by 2030. In April 2018, the General Authority for Entertainment entered into agreements with Cirque du Soleil, Field Entertainment Company, National Geographic and IMG Company to increase investments in the entertainment sector and promote tourism in Saudi Arabia.

The Government has also announced plans to develop new economic and cultural cities in Saudi Arabia.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this section.

Purchase Agreement

The Purchase Agreement will be entered into on the Issue Date between the Trustee (in its capacity as Trustee and as Purchaser) and the Obligor (in its capacity as Seller) and will be governed by the laws of the Kingdom of Saudi Arabia.

Pursuant to the Purchase Agreement, the Seller will sell to the Purchaser and the Purchaser will purchase from the Seller, in each case, on the Issue Date all of the Seller's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets comprising the Initial Wakala Portfolio at the Purchase Price, being an amount which shall not be less than 55 per cent. of the proceeds of the Certificates.

Service Agency Agreement

The Service Agency Agreement will be entered into on the Issue Date between the Obligor (in its capacity as Servicing Agent) and the Trustee and will be governed by English law.

Services

Pursuant to the Service Agency Agreement, the Trustee will appoint the Servicing Agent for the provision of services in respect of the Wakala Portfolio. In particular, the Servicing Agent will undertake to provide, *inter alia*, the following services during the Wakala Ownership Period (the "**Services**"):

(a) it shall provide services in respect of the Wakala Portfolio in accordance with the wakala services plan set out in the schedule to the Service Agency Agreement;

(b) it shall ensure that the Wakala Assets will comprise only Eligible Wakala Assets;

(c) it shall ensure from the Issue Date the appointment of a Shari'a adviser;

(d) it shall, subject to clause 6.2 of the Service Agency Agreement, ensure that the Tangibility Ratio shall, at all times, remain more than 51 per cent. and if, at any time, the Tangibility Ratio, other than as a result of the occurrence of a Total Loses Event, to;

(i) to 51 per cent or less (but is 33 per cent or more), the Servicing Agent shall use reasonable endeavours to restore such Tangibility Ratio to more than 51 per cent and take any and all steps (in consultation with the Shari'a Advisor) as may be required to ensure such Tangibility Ratio is restored to more than 51 per cent. within the time period determined by the Shari'a Advisor; and

(ii) below 33 per cent., a Tangibility Event shall occur and:

(A) within 5 Business Days of the Tangibility Event occurring, the Servicing Agent shall, by issuing a Tangibility Event Notice, notify the Trustee and the Delegate of such occurrence;

(B) upon receipt of a Tangibility Event Notice, the Trustee shall promptly give notice to the Certificateholders (a "**Delisting Notice**") in accordance with Condition 18 (*Notices*) specifying that:

(1) a Tangibility Event has occurred;

(2) pursuant to Article 8.2.3 (Sale and Trading) of the Accounting and Auditing Organization for Islamic Financial Institutions Shari'a Standard no.59, the Certificates will be deemed to be tradable only in accordance with the Shari'a principles of debt trading;

(3) on the 90th day following the issuance of the Delisting Notice the Certificates will be delisted from any listing authority, stock exchange and/or quotation system (if any) on which the Certificates have been admitted to listing, trading and/or quotation;

(e) it shall carry out all Major Maintenance and Structural Repair in respect of the Wakala Assets on account and on behalf of the Trustee and in so doing the Servicing Agent shall:

(i) ensure that accurate and current records are kept of all Major Maintenance and Structural Repair activities;

(ii) conduct regular and proper inspection of the Wakala Assets and ensure that Major Maintenance and Structural Repair is carried out with the proper quality of materials and workmanship; and

(iii) ensure that Major Maintenance and Structural Repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Servicing Agent on an arm's length basis and in order to fully maintain the Value of the Wakala Assets;

(f) it shall promptly pay, on account and on behalf of the Trustee, all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Wakala Assets by any relevant taxing authority and promptly, upon request, provide to the Trustee appropriate receipts or certificates from the relevant taxing authority for the full amount of all Proprietorship Taxes paid by it;

(g) it shall do all acts and things (including the execution of such documents, issue of notices and commencement of any proceedings) that it considers reasonably necessary to ensure the assumption of and compliance by each Lessee with its covenants, undertakings or other obligations under the relevant Lease to which it is a party in accordance with all applicable laws and the terms of the relevant Lease, in each case in respect of the Wakala Assets;

(h) it shall discharge or procure the discharge of all obligations to be discharged by the Servicing Agent (in whatever capacity) in respect of the Wakala Assets;

(i) it shall pay on behalf of the Trustee any actual costs, expenses and losses which would otherwise be payable by the Trustee as a result of any interest that the Trustee may have in the Wakala Portfolio;

(j) it shall ensure the timely receipt of all Wakala Portfolio Revenues, investigate non-payment of Wakala Portfolio Revenues and generally use all reasonable efforts to collect or enforce the collection of such Wakala Portfolio Revenues under the relevant contract or instrument as and when the same shall become due;

(k) it shall keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all amounts due in respect of the Wakala Portfolio Revenues;

(l) it shall ensure that all Wakala Portfolio Revenues are received free and clear of, and without withholding or deduction for, Taxes;

(m) it shall maintain the Collection Accounts in accordance with Clause 7 of the Service Agency Agreement;

(n) it shall obtain all necessary licences, authorisations, consents and approvals in connection with the Wakala Assets and its obligations under or in connection with the Service Agency Agreement;

(o) it shall renew existing Leases relating to the Wakala Assets, or where such leases are not to be renewed, source new tenants; and

(p) it shall carry out any incidental matters relating to any of the above.

The Servicing Agent will agree in the Service Agency Agreement to:

(a) provide the Services in accordance with all applicable laws and regulations;

(b) provide the Services with the degree of skill and care that it would exercise in respect of its own assets; and

(c) provide the Services and service the Wakala Assets and the Wakala Portfolio Revenues in accordance with generally accepted *Shari'a* principles.

For these purposes:

"**Collection Accounts**" means the Wakala Collection Account and the Wakala Reserve Account;

"**Eligible Wakala Asset**" means a Specified Asset:

(a) in respect of which the Obligor: (i) is generating cashflows relating to an activity which does not conflict with the principles of *Shari'a*; and (ii) is not in breach of its payment obligations under any document relating to such real estate asset;

(b) in respect of which the obligations contained in the documents entered into by the Lessee thereof constitute legal, valid, binding and enforceable obligations of the Lessee thereof under the governing law of such documents and in the jurisdiction in which such Lessee is located;

(c) in respect of which the Obligor (as Seller) is entitled to receive all payments due;

(d) in respect of which there has not occurred an event of default, any acceleration or analogous event; and

(e) in respect of which an ownership interest is capable of being sold by the Obligor (as Seller) to the Trustee (as Purchaser) in accordance with the terms set out in the Purchase Agreement;

"**Full Reinstatement Value**" means an amount equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding; plus

(b) an amount equal to all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(c) an amount equal to the Periodic Distribution Amounts, which would have accrued (had a Total Loss Event not occurred) during the period beginning on and including the date on which the Total Loss Event occurred and ending on and including the 30th day following the occurrence of the Total Loss Event; plus

(d) (to the extent not previously satisfied in accordance with the Service Agency Agreement) an amount equal to the sum of any outstanding: (i) amounts repayable in respect of any Liquidity Facility; and (ii) any Service Agency Liabilities Amounts; less

(e) the aggregate amounts of Deferred Sale Price then outstanding, if any;

"**Lease**" means a lease entered into by the Obligor with a third party relating to a Specified Asset;

"**Lessee**" means any tenant or other party to a Lease who has undertaken to make payments pursuant to terms of such Lease;

"**Major Maintenance and Structural Repair**" means all structural repair and major maintenance (excluding Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Wakala Assets suffer no damage, loss or diminution in value without which such Wakala Assets could not be reasonably and properly used by the Lessee;

"**Ordinary Maintenance and Repair**" means all day-to-day repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Wakala Assets and to keep, maintain and preserve such Wakala Assets in good order, state and condition;

"**Proprietorship Taxes**" means all taxes in relation to the Wakala Assets by law imposed, charged or levied against a proprietor, but excluding all taxes that are by law imposed, charged or levied against a lessee or tenant;

"**Specified Asset**" has the meaning given to it in the Purchase Agreement;

"**Tangibility Ratio**" means the ratio of: (i) the aggregate Value of the Wakala Assets to; (ii) the aggregate Value of the Wakala Assets and the aggregate amounts of Deferred Sale Price then outstanding;

"**Total Loss Event**" means:

(a) the total loss or destruction of, or damage to the whole of the Wakala Assets or any event or occurrence which renders the whole of such asset permanently unfit for any economic use and (but only after taking into consideration the proceeds of any insurances or other indemnity granted in each case by any third party in respect of the Wakala Asset) the repair of remedial work in respect thereof is wholly uneconomical; or

(b) the occurrence of any expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Wakala Assets.

"**Value**" means, in respect of any Wakala Asset, the amount in U.S. dollars (following conversion, if necessary, of any relevant amount(s) at the applicable exchange rate) as being equal to the value of that Wakala Asset determined by the Obligor on the day on which it first became part of the Wakala Portfolio as set out in the Purchase Agreement, the relevant Supplemental Purchase Agreement or the relevant Substitution Request, as the case may be;

"**Wakala Distribution Date**" means, during the Wakala Ownership Period, the dates described as such in the Wakala Services Plan, each of which dates shall also be a Periodic Distribution Date; and

"**Wakala Ownership Period**" means the period commencing on the Issue Date and ending on the date on which all of the Certificates are redeemed in full.

Insurance and Total Loss Shortfall Amount

The Servicing Agent irrevocably undertakes to the Trustee, that, in relation to the Wakala Assets, the Servicing Agent will:

(a) be responsible for ensuring that the Wakala Assets are properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, accordingly, shall effect such insurances in respect of the Wakala Assets (the "**Insurances**"), through brokers and with such reputable insurance companies in good financial standing, including against a Total Loss Event. The Servicing Agent undertakes to ensure that the aggregate of the insured amount will, at all times, be at least equal to the Full Reinstatement Value;

(b) promptly make a claim in respect of each loss relating to the Wakala Assets in accordance with the terms of the Insurances; and

(c) ensure that, in the event of a Total Loss Event occurring, all the proceeds of the Insurances against a Total Loss Event are in an amount equal to the Full Reinstatement Value and are paid in U.S. dollars directly into the Wakala Collection Account by no later than the 30th day after the occurrence of the Total Loss Event and that the relevant insurer(s) will be directed accordingly.

If the Servicing Agent fails to comply with the terms of the Service Agency Agreement (as detailed immediately above) and the Wakala Assets are not replaced as further described below and as a result of such breach the amount (if any) credited to the Wakala Collection Account is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Wakala Collection Account being the "**Total Loss Shortfall Amount**"), then the Servicing Agent (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) irrevocably and unconditionally undertakes to pay (in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount directly to the Transaction Account by no later than close of business in London on the 31st day after the Total Loss Event has occurred. Subject to paying such Total Loss Shortfall Amount, there will be no further claim against the Servicing Agent for failing to comply with its insurance obligations. Any such breach will not, however, constitute an ACC Event.

Wherever the Servicing Agent procures Insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any Insurances in existence on the Issue Date) it shall use its reasonable endeavours to obtain such Insurances on a takaful basis if such takaful insurance is available on commercially viable terms. If no such insurance is available on commercially viable terms, the Servicing Agent must procure conventional insurance to comply with its undertaking in clause 3.2 of the Service Agency Agreement. A breach of this requirement will not, however, constitute an ACC Event.

Replacement of Wakala Assets

By no later than the 30th day after the occurrence of a Total Loss Event, the Obligor will be obliged to use all reasonable endeavours to identify further Eligible Wakala Asset(s) ("**Replacement Wakala Assets**") which are at least of an equal Value to the relevant Wakala Assets which have suffered a Total Loss Event. Any such breach will not, however, constitute an ACC Event.

If the Trustee receives notification from the Obligor that Replacement Wakala Assets are available on or before the 30th day after the occurrence of the Total Loss Event, the Trustee shall pursuant to a separate sale agreement substantially in the form, *mutatis mutandis*, of the Supplemental Purchase Agreement purchase such Replacement Wakala Assets from the Obligor by way of payment by the Servicing Agent on behalf of the Trustee of the proceeds of the Insurances (or the assignment of the rights to such proceeds) to or to the order of the Obligor in consideration of the sale by the Obligor of the Replacement Wakala Assets for the Purchase Price (as set out in the Supplemental Purchase Agreement).

Service Agency Liability Amounts and Fees

The Trustee and the Servicing Agent agree that any Service Agency Liabilities Amounts incurred by the Servicing Agent in providing the Services shall be paid (or reimbursed) by the Trustee by way of the application of amounts standing to the credit of the Wakala Collection Account by the Servicing Agent on the Trustee's behalf pursuant to paragraph (b) of the order of priority set out below under the heading "Collection Accounts" or otherwise on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed). For these purposes, "**Service Agency Liabilities Amount**" means the amount of any actual claims, losses, costs and expenses properly incurred or suffered by the Servicing Agent or other payments made by the Servicing Agent (excluding, for the avoidance of doubt, interest, penalty payments, costs of funds and opportunity costs) on behalf of the Trustee, in each case in providing the Services during a Wakala Distribution Period, but does not include any amount due to the Servicing Agent (or any third party provider of a Liquidity Facility) under this Agreement in respect of any Liquidity Facility.

The Obligor shall be entitled to receive a fee for acting as Servicing Agent under the Service Agency Agreement. In addition, following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Account for its own account as an incentive payment for acting as Servicing Agent (the "**Incentive Payment**").

Asset Substitutions

The Trustee and the Servicing Agent agree that, provided no Dissolution Event, Tangibility Event or Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the relevant Wakala Assets have been replaced):

(a) the Obligor may at any time exercise its rights under the Sale Undertaking to substitute any one or more of the Wakala Assets as it may select in accordance with, and subject to, the conditions of the Service Agency Agreement and the Sale Undertaking;

(b) promptly following any default in respect of any Wakala Asset or the arising of any circumstances which renders the Servicing Agent unentitled to collect the Wakala Portfolio Revenues in respect of any Wakala Asset for and on behalf of the Trustee:

(i) the Obligor shall use its best endeavours to identify the further Eligible Wakala Asset(s) in replacement of such Wakala Asset;

(ii) immediately following such identification, the Obligor shall deliver a Substitution Request to the Trustee relating to such Wakala Asset; and

(iii) immediately following receipt of the relevant Substitution Request by the Trustee, the Trustee shall be entitled to exercise its right under clause 2.1(f) of the Purchase Undertaking relating to such Wakala Asset; and

(c) promptly upon the Servicing Agent becoming aware that the Wakala Asset is not an Eligible Wakala Asset (other than as a consequence of a Total Loss Event or Tangibility Event in respect of a Wakala Asset) and/or that the Seller is in breach of any of the representations and warranties contained in clause 7.2 of the Purchase Agreement in respect of any Wakala Asset:

(i) the Obligor shall use its best endeavours to identify further Eligible Wakala Assets in replacement for such Wakala Asset;

(ii) immediately following such identification, the Obligor shall deliver a Substitution Request to the Trustee relating to such Wakala Asset; and

(iii) immediately following receipt of the relevant Substitution Request by the Trustee, the Trustee shall be entitled to exercise its right under clause 2.1(f) of the Purchase Undertaking relating to such Wakala Asset,

provided that in each case the Servicing Agent: (i) shall be required to give to the Trustee each of the representations and warranties set out in clause 7.2 of the Purchase Agreement on the applicable Substitution Date; (ii) agrees that the Value of any substitute Wakala Assets shall be at least equal to the Value of the Wakala Assets to be so substituted.

Collection Accounts

The Servicing Agent will maintain two ledger accounts (such accounts being referred to in the Service Agency Agreement as the Wakala Collection Account and the Wakala Reserve Account) in its books, each of which shall be denominated in U.S. dollars in which all Wakala Portfolio Revenues will be recorded.

Amounts standing to the credit of the Wakala Collection Account will be applied by the Servicing Agent on behalf of the Trustee on each Wakala Distribution Determination Date (as defined in the Service Agency Agreement) (being a date which is the Payment Business Day immediately preceding the Periodic Distribution Date) in the following order of priority:

(a) *first*, in repayment of any amounts advanced by way of a Liquidity Facility;

(b) *second*, in payment of any due but unpaid Service Agency Liabilities Amounts in respect of the Wakala Distribution Period ending immediately before the immediately following Wakala Distribution Date;

(c) *third*, the Servicing Agent shall pay into the Transaction Account an amount equal to the lesser of the Required Amount payable on the immediately following Periodic Distribution Date and the balance of the Wakala Collection Account; and

(d) any amounts still standing to the credit of the Wakala Collection Account immediately following payment of all of the above amounts, shall be debited from the Wakala Collection Account and credited to the Wakala Reserve Account.

Shortfalls

Amounts standing to the credit of the Wakala Reserve Account shall be applied by the Servicing Agent as follows:

(a) if on a Wakala Distribution Determination Date (after: (i) payment of the relevant amounts standing to the credit of the Wakala Collection Account into the Transaction Account taking into account any other payments made or to be made into the Transaction Account pursuant to any other Transaction Document) there is a shortfall between: (A) the amounts standing to the credit of the Transaction Account; and (B) the Required Amount payable on the immediately following Periodic Distribution Date (a "**Shortfall**"), by paying into the Transaction Account on that Wakala Distribution Determination Date from the amounts standing to the credit of the Wakala Reserve Account (if any) (after the re-crediting of any amounts previously deducted) an amount equal to the lesser of the Shortfall and the then balance standing to the credit of the Wakala Reserve Account;

(b) the Servicing Agent may deduct amounts standing to the credit of the Wakala Reserve Account at any time during the Wakala Ownership Period and use such amounts for its own account, **provided that** it shall immediately re-credit all such amounts to the Wakala Reserve Account (for on-payment into the Transaction Account) if so required to fund a Shortfall or upon the occurrence of a Dissolution Event or a Total Loss Event; and

(c) following payment in full of all amounts due and payable under the Certificates on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), the Servicing Agent shall be entitled to retain any amounts that remain standing to the credit of the Wakala Reserve Account for its own account as an Incentive Payment.

Liquidity Facility

The Servicing Agent agrees that it may, after payment to the Transaction Account of the amounts credited to the Wakala Reserve Account in accordance with the provisions described at paragraph (a) under the heading "*Shortfalls*" and after payment to the Transaction Account of all other amounts payable pursuant to any other Transaction Document, either:

(a) provide non-interest bearing (or otherwise) *Shari'a* compliant funding to the Trustee itself; or

(b) procure non-interest bearing (or otherwise) *Shari'a* compliant funding from a third party to be paid to the Trustee,

in each case, to the extent necessary, by payment of the same in U.S. dollars into the Transaction Account, on terms that such funding is repayable: (i) from Wakala Portfolio Revenues in accordance with the provisions described at paragraph (a) under the heading "*Collection Accounts*"; or (ii) on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates are to be redeemed), to ensure that the Trustee receives on the Payment Business Day prior to each Wakala Distribution Date the Required Amount payable by it in accordance with the Conditions on the corresponding Periodic Distribution Date (such funding, a "**Liquidity Facility**").

Payments under the Service Agency Agreement

The payment obligations of the Servicing Agent under the Service Agency Agreement will be direct, unconditional, unsubordinated and unsecured obligations of the Servicing Agent which (save for such exceptions as may be provided by applicable law and subject to the negative pledge provisions included in Condition 5.1) at all times rank *pari passu* with all other unsecured and unsubordinated obligations of the Servicing Agent, present and future.

Purchase Undertaking

The Purchase Undertaking will be executed on the Issue Date by the Obligor in favour of the Trustee and the Delegate and will be governed by English law.

Pursuant to the Purchase Undertaking, the Obligor will irrevocably grant to the Trustee and the Delegate the following rights:

(a) **provided that** a Dissolution Event has occurred and a Dissolution Notice has been delivered in accordance with the Conditions, to require the Obligor, at any time on or prior to the Dissolution Event Redemption Date, to purchase and accept on the Dissolution Event Redemption Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the Exercise Notice;

(b) to require the Obligor, on the Scheduled Dissolution Date, to purchase and accept all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets at the Exercise Price specified in the Exercise Notice;

(c) **provided that** Change of Control Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Change of Control Put Option Date (which must also be a Periodic Distribution Date), all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Change of Control Wakala Assets at the Change of Control Exercise Price specified in the Exercise Notice;

(d) **provided that** Delisting Event Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Delisting Event Put Option Date, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Delisting Event Wakala Assets at the Delisting Event Exercise Price specified in the Exercise Notice;

(e) **provided that** Asset Disposition Put Notices have been delivered by one or more Certificateholders in accordance with the Conditions, to require the Obligor to purchase, on the Asset Disposition Put Option Date (which must also be a Periodic Distribution Date), all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Asset Disposition Wakala Assets at the Asset Disposition Exercise Price specified in the Exercise Notice; and

(f) **provided that** a Substitution Request and Substitution Notice has been delivered in accordance with the Service Agency Agreement, to require the Obligor, on the applicable Substitution Date, to assign, transfer and/or convey to the Trustee the New Wakala Assets, together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such New Wakala Assets, which assets shall be Eligible Wakala Assets and the Value of the assets shall be: (i) not less than the Value of the Substituted Wakala Assets; and (ii) when aggregated with the Value of the Wakala Assets not replaced or substituted on the Substitution Date, does not result in the Tangibility Ratio falling below 51 per cent., against the assignment, transfer and/or conveyance of all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the Substituted Wakala Assets, **provided further that** in respect of the Substituted Wakala Assets (or any of them) no Exercise Notice has been delivered under the Purchase Undertaking nor has any Exercise Notice (as defined in the Sale Undertaking) been delivered under the Sale Undertaking, in each case where such Exercise Notice remains outstanding and the related redemption or cancellation of Certificates referred to therein has not occurred in accordance with the Conditions,

in each case on an "as is" basis but free from any Encumbrance (as defined in the Purchase Undertaking) (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking. For the avoidance of doubt, the above rights cannot be exercised by the Trustee and/or the Delegate in respect of any Wakala Assets, Change of Control Wakala Assets, Delisting Event Wakala Asset or Asset Disposition Wakala Asset which have suffered a Total Loss Event (and which have not been replaced in accordance with clause 4 of the Service Agency Agreement).

The Purchase Undertaking will provide that, pursuant to the exercise of any such rights, the Obligor will purchase the Trustee's rights, title, interests, benefits and entitlements in, to and under the Wakala Assets, the Change of Control Wakala Assets, the Delisting Event Wakala Assets or the Asset Disposition Wakala Assets, as the case may be, at the Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) and by:

(a) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Dissolution Event Redemption Date;

(b) paying a cash sum equal to the Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Scheduled Dissolution Date;

(c) paying a cash sum equal to the Change of Control Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Change of Control Put Option Date;

(d) paying a cash sum equal to the Delisting Event Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Delisting Event Put Option Date; and

(e) paying a cash sum equal to the Asset Disposition Exercise Price into the Transaction Account (in U.S. dollars by wire transfer for same day value) on the Payment Business Day immediately preceding the Asset Disposition Put Option Date,

following payment of the relevant amount in full, enter into a sale agreement so as to evidence the relevant purchase.

Pursuant to the Purchase Undertaking, the Obligor will covenant and undertake that if the Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking, whether as a result of a dispute or challenge in relation to the right, interests, benefits and entitlements that the Trustee may have in, to and under the Wakala Assets, or any of them, or for any other reason, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal such Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price).

Sale Undertaking

The Sale Undertaking will be executed on the Issue Date by the Trustee in favour of the Obligor and will be governed by English law.

Pursuant to the Sale Undertaking, the Trustee will irrevocably grant to the Obligor the following rights:

(a) **provided that** a Tax Event has occurred, to oblige the Trustee to sell on the Early Tax Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Exercise Price;

(b) to oblige the Trustee to transfer, assign and convey on any Substitution Date (as defined in the Sale Undertaking) all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Substituted Wakala Assets (as defined in the Sale Undertaking) against the transfer, assignment and conveyance to the Trustee of the New Wakala Assets, together with all of the Obligor's rights, title, interests, benefits and entitlements in, to and under such New Wakala Assets, which assets shall be Eligible Wakala Assets and the Value of the assets shall be not less than the Value: (i) of the Substituted Wakala Assets; and (ii) when aggregated with the Value of the Wakala Assets not replaced or substituted on the Substitution Date, does not result in the Tangibility Ratio falling below 51 per cent., **provided that**:

  (i) no Exercise Notice has otherwise been delivered under the Sale Undertaking in respect of the Substituted Wakala Assets;

  (ii) no Exercise Notice has been delivered under the Purchase Undertaking in respect of the Substituted Wakala Assets or the Wakala Assets; and

  (iii) no Dissolution Event or Total Loss Event has occurred and is continuing (or if a Total Loss Event has occurred, the relevant assets has been replaced in accordance with clause 4 of the Service Agency Agreement;

(c) to oblige the Trustee to transfer to the Obligor on any Cancellation Date (as defined in the Sale Undertaking) the Cancellation Wakala Assets (as defined in the Sale Undertaking), together with all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Cancellation Wakala Assets, following the delivery of the Cancellation Certificates (as defined in the Sale Undertaking) to the Principal Paying Agent or the Registrar for cancellation pursuant to Condition 13.2 and subject to: (i) the aggregate Value of any Cancellation Wakala Assets not being greater than the aggregate face amount of the Cancellation Certificates less the Cancellation

Proportion (as defined in the Sale Undertaking) of the aggregate amounts of the Deferred Sale Price (which shall exclude all profit amounts forming part of such Deferred Sale Price) then outstanding, if any; (ii) no Exercise Notice having otherwise been delivered under the Sale Undertaking in respect of the Cancellation Wakala Assets; (iii) no Exercise Notice having been delivered under the Purchase Undertaking in respect of the Cancellation Wakala Assets or generally; and (iv) the exercise of such right in relation to part only of the aggregate face amount of the Certificates then outstanding not resulting in the Tangibility Ratio falling below 51 per cent.; and

(d) provided that 90 per cent. or more of the initial face amount of the Certificates has been redeemed and/or purchased and cancelled by the Trustee in accordance with Condition 13, to oblige the Trustee to sell, on the Optional Dissolution (Clean Up Call) Date specified in the Exercise Notice, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Exercise Price in accordance with the terms of the Sale Undertaking;

(e) provided that holders of 90 per cent. or more of the initial face amount of the Certificates have delivered Change of Control Put Notices in accordance with Condition 10.3, to oblige the Trustee to sell, on the Change of Control Put Option Date specified in the Exercise Notice, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Change of Control Exercise Price in accordance with the terms of the Sale Undertaking;

(f) provided that holders of 90 per cent. or more of the initial face amount of the Certificates have delivered Delisting Event Put Notices in accordance with Condition 10.9, to oblige the Trustee to sell, on the Delisting Event Put Option Date specified in the Exercise Notice, all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Delisting Event Exercise Price in accordance with the terms of the Sale Undertaking; and

(g) to oblige the Trustee to sell on the Optional Dissolution Date specified in the Exercise Notice all of the Trustee's rights, title, interests, benefits and entitlements in, to and under the remaining Wakala Assets at the Optional Dissolution Distribution Amount in accordance with the terms hereof,

in each case, to be on an "as is" basis but free from any Encumbrance (as defined in the Sale Undertaking) (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale Undertaking. For the avoidance of doubt, the rights granted cannot be exercised by the Obligor in respect of any Wakala Assets which have suffered a Total Loss Event (and which have not been replaced in accordance with the Service Agency Agreement).

Murabaha Agreement

The Murabaha Agreement will be entered into on the Issue Date between the Trustee (as "**Seller**"), ACC (as "**Buyer**") and the Delegate and will be governed by English law.

Pursuant to the Murabaha Agreement, the Seller shall enter into a commodity purchase transaction (such commodities being the "**Commodities**") with the Buyer using the Murabaha Capital, which shall be no more than 45 per cent. of the proceeds of the Certificates. The Buyer may issue a duly completed, irrevocable notice (a "**Notice of Request to Purchase**") to the Seller (with a copy to HSBC Bank Middle East Limited (as "**Commodity Agent**")) in relation to a proposed Murabaha Contract. Pursuant to such Notice of Request to Purchase, the Seller (acting through the Commodity Agent) shall purchase the Commodities which are the subject of that Notice of Request to Purchase from the commodity supplier at the relevant purchase price (the "**Commodity Purchase Price**") in accordance with the terms set out in that Notice of Request to Purchase. Upon completion of such purchase by the Seller and the Seller gaining title and (actual or constructive) possession thereof, the Seller shall offer to sell such Commodities to the Buyer on a deferred payment basis, which shall be no more than 49 per cent of the Issue Proceeds (at the "**Deferred Sale Price**") by delivering a notice (an "**Offer Notice**") to the Buyer (with a copy to the Commodity Agent). Immediately upon receipt of a duly completed and issued Offer Notice from the Seller in respect of the relevant Commodities, the Buyer may accept such offer to purchase the Commodities from the Seller on the Issue Date at the relevant Deferred Sale Price (to be paid in the Specified Currency and amounts and on the dates as specified in the relevant Offer Notice).

As soon as the Buyer has accepted the Seller's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Seller and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Murabaha Agreement and the ownership of, (actual or constructive) possession of and all risks in and to the Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

Each of the Seller and the Buyer shall acknowledge and agree that a failure to create the relevant Murabaha Contract by the time specified in the Murabaha Agreement shall result in the Offer Notice for such Murabaha Contract being void *ab initio*, whereupon the Buyer undertakes to compensate the Seller in respect of all actual costs, claims, losses and expenses of whatsoever nature (not to include any opportunity costs and funding costs) suffered or incurred by the Seller as a result of such failure (except to the extent arising from the wilful misconduct or actual fraud of the Seller).

Capitalised terms and expressions used in the above paragraphs which are not defined herein shall have the meanings set out in the Murabaha Agreement.

Declaration of Trust

A declaration of trust (the "**Declaration of Trust**") will be entered into on the Issue Date between the Trustee, the Obligor and the Delegate and will be governed by English law, and shall constitute the trust declared by the Trustee in relation to the Certificates (the "**Trust**").

The trust assets in respect of the Certificates (the "**Trust Assets**") shall comprise: (a) the cash proceeds of the issue of Certificates, pending application thereof in accordance with the terms of the Transaction Documents; (b) all of the Trustee's rights, title, interests, benefits and entitlements present and future in, to and under, the Wakala Assets; (c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, of the Trustee in, to and under, the Transaction Documents (including, without limitation, the right to receive the Deferred Sale Price under the Murabaha Agreement) (excluding: (i) any representations given by the Obligor to the Trustee pursuant to any of the Transaction Documents and/or any rights which have been expressly waived by the Trustee in any of the Transaction Documents; and (ii) the covenants given to the Trustee pursuant to clause 15 of the Declaration of Trust); and (d) all moneys standing to the credit of the Transaction Account from time to time, and all proceeds of the foregoing. The Trust Assets shall be held by the Trustee upon trust absolutely for the Certificateholders *pro rata* according to the face amount of the Certificates held by each Certificateholder in accordance with the Declaration of Trust and the Conditions.

The Declaration of Trust will specify that no payment of any amount whatsoever shall be made by the Trustee, ACC, the Delegate or any of their respective shareholders, directors, officers, employees or agents on their behalf except: (a) in the case of the Trustee, to the extent funds are available therefor from the Trust Assets; or (b) in the case of ACC, to the extent it has not fulfilled its obligations under the Transaction Documents to which it is a party. No recourse shall be had for the payment of any amount due and payable under any Transaction Document, whether for the payment of any fee or other amount or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished.

Delegation

The Trustee will in the Declaration of Trust irrevocably and unconditionally with effect from the date of the Declaration of Trust appoint the Delegate to be its delegate and attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Declaration of Trust, that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event and subject to its being indemnified and/or secured and/or prefunded to its satisfaction, to exercise all of the rights of the Trustee under the Transaction Documents and make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Declaration of Trust (together the "**Delegation**" of the "**Relevant Powers**"), provided that no obligations, liabilities or covenants of the Trustee pursuant to the Declaration of Trust or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation, provided further that in no circumstances will such Delegation of the

Relevant Powers result in the Delegate holding on trust or managing the Trust Assets and provided further that such Delegation and the Relevant Powers shall not include any duty, power, authority or discretion to hold any of the Trust Assets, to dissolve any of the trusts constituted by the Declaration of Trust following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate (save as provided in the Declaration of Trust). The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers. In addition to the Delegation of the Relevant Powers under the Declaration of Trust, the Delegate also has certain powers which are vested solely in it from the date of the Declaration of Trust. The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

Enforcement

The Declaration of Trust specifies, *inter alia*, that:

(a) no Certificateholder shall be entitled to proceed directly against the Trustee or to direct the Trustee to proceed against the Obligor unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period of becoming so bound and such failure is continuing or (ii) is unable by reason of an order of a court having competent jurisdiction to do so and such inability is continuing;

(b) neither the Delegate nor the Trustee shall be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, step or proceeding against the Trustee and/or the Obligor under any Certificate or any Transaction Document to which the Trustee, the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25 per cent. of the then outstanding aggregate face amount of the Certificates; or (iii) (in the case of the Trustee only) by the Delegate, and in any such case then only if the Trustee or the Delegate (as the case may be) shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing; and

(c) paragraph (i) and paragraph (ii) above are subject to this paragraph (iii). After enforcing or realising the Trust Assets and distributing the net proceeds of the Trust Assets in accordance with the Conditions and the Declaration of Trust, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) to recover any further sums in respect of such Certificates and the right to receive any such unpaid sums from the Trustee shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any steps for the winding-up of the Trustee.

Indemnity

ACC has undertaken in the Purchase Undertaking and Declaration of Trust that, if on a Dissolution Date, any Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price) is not paid in accordance with the provisions of the relevant Transaction Documents for any reason whatsoever, ACC shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee in respect of such shortfall for the purpose of redemption in full of the relevant outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal such Exercise Price (or, as the case may be, the Change of Control Exercise Price, the Delisting Event Exercise Price or the Asset Disposition Exercise Price).

Agency Agreement

Pursuant to an agency agreement (the "**Agency Agreement**") entered into on the Issue Date between, amongst others, the Trustee, ACC and the Principal Paying Agent, provision will be made for, *inter alia*, payment of all sums due in respect of the Certificates.

Payments

The Transaction Documents provide that payments thereunder by the Obligor to the Trustee shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law and, in such case, provide for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of such net amount as would have been received by it if no withholding or deduction had been made.

Further, in accordance with the Declaration of Trust, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 11, the Obligor unconditionally and irrevocably undertakes to (irrespective of the payment of any fee), as a continuing obligation, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or on account of tax) equals any and all additional amounts required to be paid by the Trustee in respect of the Certificates pursuant to Condition 11.

Shari'a Compliance

Each of the Trustee and the Obligor has agreed in the Transaction Documents that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is ultra vires or not compliant with the principles of *Shari'a*;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari'a*.

TAXATION AND ZAKAT

The following is a general description of certain tax/zakat considerations relating to the Certificates as in effect on the date of this Offering Circular and is subject to any change in law or relevant rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax/zakat considerations relating to the Certificates and does not constitute legal or tax/zakat advice nor does it address the considerations that are dependent on individual circumstances, whether in those jurisdictions or elsewhere. Prospective purchasers of Certificates should note that neither the Trustee nor the Obligor are obligated to update this section for any subsequent changes or modification to the applicable tax laws. Prospective purchasers of Certificates should consult their own tax/zakat advisers as to which countries' tax/zakat laws could be relevant to acquiring, holding and disposing of Certificates and receiving payments under the Certificates and the consequences of such actions under the tax/zakat laws of those countries.

Cayman Islands

Under existing Cayman Islands laws, payments by the Trustee on the Certificates will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. The Trustee has obtained an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (As Revised).

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Saudi Arabia

Overview of Saudi Tax and Zakat Law

Income Tax

According to the Income Tax Law, a resident company (as defined in Chapter 2 – Article 3 of the Income Tax Law) with foreign (i.e., non-GCC) ownership (on its foreign partner's (shareholder's) share) as well as for the shares owned directly or indirectly by persons engaged in oil and hydrocarbons production, with the exception of shares directly or indirectly owned by persons engaged in the production of oil and hydrocarbons in capital companies resident and listed in Saudi Capital Markets (Tadawul) and the shares owned directly and indirectly by these companies in capital companies and a non-resident who carries out business in Saudi Arabia through a Permanent Establishment (as defined below) (unless they are GCC Persons with a Permanent Establishment in Saudi Arabia that meet the conditions set out under Chapter 1 – Article 2(4) of the New Zakat Regulations as set out below) are subject to corporate income tax in Saudi Arabia at the rate of 20 per cent.

Resident companies owned jointly by GCC and non-GCC Persons are subject to corporate income tax in respect of their profit corresponding to the ownership (legal or beneficial) percentage of non-GCC Persons and Zakat to the extent of ownership (legal or beneficial) percentage of GCC Persons. Shares held directly by GCC Persons or via other GCC companies (where the shareholding structure does not fall outside of the GCC) in a Saudi resident company are subject to Zakat and not corporate income tax. In determining the tax/Zakat profile, the General Authority of Zakat and Tax ("GAZT") (formerly Department of Zakat and

Income Tax) applies a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (i.e., at the ultimate shareholder level).

Zakat

Zakat is a religious obligation imposed on Muslims under Shari'a rules. The Zakat implementing regulations of Saudi Arabia were issued by the Ministry of Finance under Ministerial Resolution No. 2082 dated 28 February 2017 (the "**Zakat Regulations**"). The Zakat Regulations are effective from the date of their issuance and supersede all prior directives, resolutions, instructions and circulars issued by GAZT. Furthermore, the Ministry of Finance has issued new Zakat implementing regulations under Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 14 March 2019) (the "**New Zakat Regulations**"). The New Zakat Regulations came into effect (and replaced the existing Zakat Regulations) for financial years starting from 1 January 2019. According to the New Zakat Regulations, Zakat is assessed on GCC Persons carrying out activities in the Kingdom through a Permanent Establishment (except for non-resident GCC Persons who do not meet certain conditions, as mentioned below in which case they would be subject to corporate income tax), on Saudi companies wholly-owned by such individuals/entities, and on the ownership (legal or beneficial) percentage owned by GCC Persons with respect to a company jointly owned by GCC and non-GCC Persons.

As per the New Zakat Regulations, a Permanent Establishment of a GCC Person in Saudi Arabia is subject to Zakat (and not corporate income tax) provided at least two of the following three conditions are met in respect of central management of such Permanent Establishment (as set out under Chapter 1 – Article 2(4)):

(a) board of directors' ordinary meetings which are held regularly and where main policies and decisions relating to management and running of the Permanent Establishment's business are held and made in Saudi Arabia;

(b) senior executive decisions relating to the Permanent Establishment's functions such as executive directors /deputies' decisions are made in Saudi Arabia; and

(c) the Permanent Establishment's business is mainly (i.e., 50 per cent. of its revenues) generated from Saudi Arabia.

Zakat is applied at 2.5% of the higher of "net adjusted income" or the "Zakat base". Under the new Zakat Regulations, Zakat on "Zakat base" would be computed at 2.57763% for Zakat payers, who follow the Gregorian year as an accounting period. However, if the Zakat is computed on "net adjusted profits" then the rate would remain at 2.5%.

Under the Zakat Regulations, investments in non-governmental debt securities, such as investments in bonds, sukuks, notes, currencies, deposits or forward transactions (whether issued inside or outside Saudi Arabia or whether classified as short-term or long-term investments) are not deductible from the Zakat base for purposes of determining the Zakat base (based on the Zakat Regulation and current practice of GAZT).

Ministerial Decision No. 2218 dated 07/07/1440H (corresponding to 14 March 2019) stipulates that the Government will bear the tax and Zakat arisen from investments in sukuk and bonds issued locally by the Ministry of Finance in Saudi Riyals subject to the guidelines and conditions provided in the Ministerial Decision No. 2218.

Withholding Tax *("WHT")*

Saudi Arabian resident persons and permanent establishments of non-resident entities registered in Saudi Arabia are required to withhold taxes on payments to non-residents, including GCC residents, if such payment is from a source in the Kingdom. Withholding tax rates vary from 5 per cent. to 20 per cent. depending on the nature of the underlying payment. Rental charges and loan fees (akin to interest) charges paid to non-residents attract a 5 per cent. withholding tax unless such WHT is reduced or eliminated pursuant to the terms of an applicable double tax treaty (see below). WHT is imposed on payments against services and not the sale of goods. Services are defined to mean anything done for consideration other than the purchase and sale of goods and other property. Payments of wakala portfolio revenues and murabaha profits (which are typically treated by GAZT under financing arrangements similar to interest payments for tax purpose) made by the Obligor to the Trustee should also generally be treated as interest payments for Saudi Arabia tax purposes and attract 5 per cent. Saudi WHT.

Withholding tax is reduced or eliminated pursuant to the provisions of an applicable double tax treaty signed between a non-resident's country of tax residence and Saudi Arabia. Application of double tax treaties in Saudi Arabia may take place under one of two methods: (i) a refund mechanism which requires the payor to subject the relevant payment to WHT and then a refund request of the WHT may be submitted to GAZT; or (ii) the automatic application of double tax treaties which provides for the possibility of the payor to not subject the relevant payment to WHT in the first place. Both mechanisms require the beneficiary/recipient to provide certain documents and forms to GAZT (such as, among others, Form Q7/B issued by the GAZT, (i.e. a tax residency certificate)).

Certain Tax and Zakat Implications for Certificateholders

GCC Certificateholders who are resident in Saudi Arabia

Certificateholders who are GCC Persons and resident in Saudi Arabia for tax purposes are not subject to any Saudi Arabian income tax, whether by way of WHT or direct assessment, in respect of any profit payment received or gain realised in respect of the Certificates. However, such Certificateholders will be subject to Zakat in respect of any profit payment received or gain realised in respect of the Certificates including capital gain on sale/transfer of Certificates. Additionally, the deduction of investment in the Certificates from the Zakat base of such Certificateholders is not permitted, as stipulated under Chapter 2 – Article 4 (second (4c)) of the Zakat Regulations and per the current practices of GAZT.

GCC individuals resident in the Kingdom for tax purposes should in principle be subject to Zakat in the Kingdom if they carry out activities in the Kingdom; however, Zakat compliance/administration is not currently enforced by GAZT for such individuals (unless they carry out such activities through establishments).

Non-GCC Certificateholders who are resident in Saudi Arabia

Certificateholders who are non-GCC legal entities and resident in Saudi Arabia for tax purposes should be subject to Saudi Arabian corporate income tax at the rate of 20 per cent. on any profit payment received or gain realised in respect of the Certificates but they will not be subject to any Zakat.

The considerations described above also apply to Saudi Arabian companies wholly-owned by non-GCC Persons (which should be subject to Saudi Arabian corporate income tax) and on the income attributable to the ownership of non-GCC Persons in Saudi Arabian companies (which should be subject to Saudi Arabian corporate income tax on the profits attributable to such non-GCC ownership).

Certificateholders, who are non-GCC individuals and resident in Saudi Arabia and not performing commercial activities in Saudi Arabia (as defined in Chapter 2 – Article 2 of the Income Tax Law) are not currently subject to Saudi Arabian income tax or Zakat on any profit received or gain realised in respect of the Certificates, according to existing practices of GAZT (as compliance/administration of Income Tax Law is not currently enforced by GAZT on such individuals).

Certificateholders who are not resident in Saudi Arabia

Certificateholders, either individuals or legal entities, who are not resident in Saudi Arabia (whether such Certificateholders are GCC nationals or non-GCC nationals (including Certificateholders resident in the GCC)) and do not have a Permanent Establishment in Saudi Arabia for tax purposes, should not be subject to Saudi Arabian WHT or corporate income tax or Zakat on any payments received by them in respect of the Certificates (as the payments will be made by the Trustee who is not a Saudi tax resident entity).

A non-resident Certificateholder without a Permanent Establishment in Saudi should not be subject to tax/Zakat in Saudi Arabia on the disposal of the Certificates.

Non-resident Certificateholders having a Permanent Establishment in Saudi Arabia should be subject to Saudi Arabian corporate income tax at the rate of 20 per cent. in respect of any profit received or gain realised in respect of the Certificates to the extent such profits/gains are attributable to such Permanent Establishment, but will not be subject to Zakat (unless they are GCC Persons with a Permanent Establishment in Saudi that meet the conditions set out under Chapter 1 – Article 2(4) of the New Zakat Regulations).

General

Natural persons who are Sukukholders at the time of their death are generally not subject to inheritance or other taxes of a similar nature in Saudi Arabia, although distribution on inheritance is considered a disposal of the asset for tax purposes and subject to capital gain tax provisions of the tax law.

Sukukholders will not be deemed to be resident, domiciled or carrying on business in Saudi Arabia solely by reason of holding any Sukuk.

Transfer Taxes/Stamp Duty

There are no transfer taxes/stamp duty regimes currently applicable in Saudi Arabia.

Indirect Tax

Saudi Arabia has introduced value added tax with an effective date starting on 1 January 2018 pursuant to ratifying a GCC framework agreement between the GCC member states. To this effect, VAT legislations have also been issued in Saudi in line with the GCC framework agreement.

All goods and services traded within or imported into Saudi Arabia are subject to VAT, unless they are classified as exempt for VAT purposes. Certain supplies have been prescribed to be subject to tax at zero rate (including designated medical products, exports, international transportation etc.). Currently the standard rate of VAT is 15 per cent. applicable on standard rated taxable supplies.

For the purposes of this summary:

"**GCC**" means the Gulf Cooperation Council comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE;

a "**GCC Person**" means:

(a) an individual having the nationality of any of the GCC countries; and

(b) any legal entity wholly-owned by GCC nationals and established under the laws of a GCC country;

"**Income Tax Regulation**" means the Income Tax Regulation issued under Royal Decree No. M/1 dated 15/01/1425H (corresponding to 06/03/2004G);

"**Persons Subject to Taxation**" as defined in Article 2 of the Income Tax Regulation, are:

(a) a resident capital company with respect to the shares owned directly or indirectly by non-Saudi persons, as well as the shares owned directly or indirectly by persons working in the production of oil and hydro carbon. Excluding shares owned directly or indirectly by persons working in the production of oil and hydro carbon in resident capital companies listed in the Saudi capital markets and the shares owned directly or indirectly by these companies in capital companies;

(b) a resident non-Saudi natural person who carries on business activities in the Kingdom;

(c) a non-resident who carries on business activities in the Kingdom through a Permanent Establishment;

(d) a non-resident with other income subject to tax from sources within the Kingdom;

(e) a person engaged in the field of natural gas investment; and

(f) a person engaged in the production of oil and hydrocarbon materials;

"**Permanent Establishment**", subject to the exceptions stipulated in the Income Tax Law, of a non-resident in Saudi Arabia represents a permanent place for the non-resident's activity where such person conducts the activity either fully or partly; which also includes any activity conducted by the non-resident through a dependent agent. A non-resident carrying out an activity in Saudi Arabia through a licensed branch is considered to have a Permanent Establishment in Saudi Arabia;

a person is "**resident**" in Saudi Arabia for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law), if it meets the following conditions:

(a) an individual is considered a tax resident in Saudi Arabia for a taxable year if such person meets either of the two following conditions:

   (i) such person has a permanent place of abode in Saudi Arabia and is physically present in Saudi Arabia for a total of not less than 30 days in a tax year; or

   (ii) such person is physically present in Saudi Arabia for a period of not less than 183 days in a tax year; and

(b) a company is considered a tax resident in Saudi Arabia during a tax year if it meets either of the following conditions:

   (i) it is formed in accordance with the Saudi Companies Law; or

   (ii) its place of central control and management is located in Saudi Arabia.

Certificateholders should not be deemed to be resident in Saudi Arabia solely by reason of holding any Certificates.

"**Dividends**" means any distribution by a resident company to a non-resident shareholder, and any profits transferred by a permanent establishment to related parties; the following should be considered:

(a) dividends by companies engaged in natural gas investment, oil and hydrocarbons are not subject to withholding tax;

(b) partial or full liquidation of a company is deemed to be dividends for payments in excess of paid-in capital.

Subjection of a distributing company to income tax shall not preclude imposition of withholding tax on its dividends.

Gross-up Condition

Notwithstanding the above, pursuant to Condition 11 and subject to the exceptions set out therein, to the extent that any WHT is deducted, the Trustee will be obliged to pay such additional amounts as will result in receipt by the Certificateholders, after such deduction or withholding, of such amounts as would have been received by them had no such deduction or withholding been required.

Certain U.S. Federal Income Tax Considerations

The following summary discusses certain U.S. federal income tax considerations that may be relevant to the acquisition, ownership, and disposition of the Certificates. Except as specifically noted below, this discussion applies only to:

(a) Certificates purchased at original issuance at their "issue price" (*i.e.*, the first price at which a substantial amount of the Certificates is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers);

(b) Certificates held as capital assets (generally assets held for investment) for U.S. federal income tax purposes; and

(c) U.S. Holders (as defined below).

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as:

(a) banks and other financial institutions;

(b) insurance companies;

(c) tax-exempt organisations;

(d) dealers or traders in securities or currencies;

(e) persons holding Certificates as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;

(f) persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to the Certificates as a result of such income being recognised on an applicable financial statement;

(g) U.S. Holders whose functional currency is not the U.S. dollar;

(h) partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes and investors therein;

(i) former citizens and residents of the United States;

(j) U.S. Holders that are subject to the mark-to-market rules;

(k) U.S. Holders that hold the Certificates through non-U.S. brokers or other non-U.S. intermediaries;

(l) regulated investment companies;

(m) passive foreign investment companies;

(n) controlled foreign corporations;

(o) persons liable for alternative minimum tax; or

(p) corporations that accumulated earnings to avoid U.S. federal income tax.

This summary is based on the Code, U.S. Treasury regulations issued thereunder, pronouncements, published rulings, and judicial decisions, all as of the date of this Offering Circular and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. Persons considering the purchase of the Certificates should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under other U.S. federal tax rules (such as estate and gift tax laws, and the Medicare tax on net investment income), and the laws of any state, local or non-U.S. taxing jurisdiction. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, that a court will uphold such statement or conclusion.

U.S. Holders should consult their tax advisers regarding the tax consequences with respect to the acquisition, ownership, and disposition of Certificates.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Certificate that is for U.S. federal income tax purposes:

(1) an individual that is a citizen or resident of the United States;

(2) a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia;

(3) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

(4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Certificates, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Such partner or partnership should consult its own tax advisor regarding the specific consequences of the acquisition, ownership, and disposition of the Certificates.

Classification of the Certificates

The Trustee and the Obligor intend to treat the Certificates as representing a beneficial interest in indebtedness for U.S. federal income tax purposes and each holder and beneficial owner of a Certificate, by acceptance of such Certificate or a beneficial interest therein, will likewise agree to treat the Certificates as representing a beneficial interest in indebtedness for such purposes. Except as set forth immediately below, the remainder of this discussion assumes that such treatment would be respected. Prospective investors should note, however, that the classification of an instrument as debt is not free from doubt and depends generally upon all of the relevant facts and circumstances.

It is possible that the IRS could successfully argue that the Certificates should be treated as equity interests (and not as a beneficial interest in indebtedness) for U.S. federal income tax purposes. In that event, if the Trust is treated as a grantor trust for U.S. federal income tax purposes, the Trustee and U.S. Holders would be subject to certain information reporting applicable to foreign trusts and U.S. investors generally would be required to take account of income and expenses incurred at the level of the Trust. U.S. Holders that fail to comply with the applicable information reporting requirements in a timely manner in this circumstance could be subject to significant penalties. Such U.S. Holder could also be liable for penalties equal to the greater of U.S.$10,000.00 or 5.0% of the gross value of the portion of the trust owned by a U.S. Holder at the close of the year, if the Trustee failed to file a U.S. annual information return and provide each U.S. Holder with a foreign grantor trust owner statement. Similar penalties would be applicable to the Trustee for failure to comply. The Trustee does not expect that it will provide information that would allow either itself or U.S. Holders to comply with foreign trust reporting obligations if they were determined to be applicable.

If the Certificates are treated as interests in a trust and the Trust is not treated as a grantor trust for U.S. federal income tax purposes, the Certificates could be classified as equity interests in a PFIC, which could result in materially adverse consequences to U.S. Holders. Such treatment of the Certificates could cause the timing, amount, and character of the U.S. Holder's income to be different from those described below and could subject the U.S. Holder to certain reporting and withholding requirements, including under the Foreign Account Tax Compliance Act ("**FATCA**"). The rules governing FATCA have not yet been fully developed in this regard, and the future application of FATCA to the Trust and the Certificates is uncertain.

Prospective investors should seek advice from their own tax advisers as to the consequences to them of alternative characterisations of the Certificates, the potential application of the foreign trust reporting rules, the rules regarding PFICs, the rules regarding FATCA, and the consequences generally with respect to an investment in the Certificates.

Assuming that the Certificates are respected as representing a beneficial interest in indebtedness for U.S. federal income tax purposes, in certain circumstances (see "*Terms and Conditions of the Certificates — Condition 10.3*" and "*Terms and Conditions of the Certificates — Condition 10.4*"), the Trustee will be obligated to redeem the Certificates prior to the Dissolution Date or pay amounts on the Certificates that are in excess of the periodic distribution amount or the Dissolution Distribution Amount. The possibility of contingent payments on a Cerificate may implicate the contingent payment debt instrument U.S. Treasury regulations (the "**CPDI Regulations**"), but we do not intend to treat the possibility of such contingent payments on the Certificates as subjecting the Certificates to the CPDI Regulations. Our determination that the Certificates are not subject to the CPDI Regulations is binding on a holder, unless such holder discloses its contrary position in the matter required by applicable U.S. Treasury regulations. It is possible, however, that the IRS may take a different position regarding the possibility of such contingent payments, in which case, if the position of the IRS were sustained, the timing, amount and character of income recognized with respect to a Certificate may be different than described herein and a U.S. Holder may be required to recognize income significantly in excess of payments received and may be required to treat as interest income all or a portion of any gain recognized on the disposition of a Certificate. The remainder of this discussion assumes that the Certificates will not be treated as contingent payment debt instruments. U.S. Holders should consult their tax advisers regarding the potential application of the CPDI Regulations to the Certificates.

Periodic Distributions

Periodic distributions paid on a Certificate will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. Interest income earned by a U.S. Holder with respect to a Certificate will constitute foreign source income for U.S. federal income tax purposes and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. There are significant complex limitations on a U.S. Holder's ability to claim foreign tax credits. Prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Certificates

Upon the sale, exchange, retirement, redemption, or other taxable disposition of a Certificate, a U.S. Holder generally will recognise taxable gain or loss in an amount equal to the difference between the amount realised on the sale, exchange, retirement, redemption, or other taxable disposition (other than any amount equal to accrued but unpaid periodic distributions, which, if not previously included in such U.S. Holder’s income, will be taxable as ordinary interest income as discussed above) and the U.S. Holder's adjusted tax basis in such Certificate. A U.S. Holder's adjusted tax basis in a Certificate generally will equal the price such U.S. Holder paid for the Certificate. Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Certificate will generally be U.S. source income for purposes of computing a U.S. Holder's foreign tax credit limitation and will be capital gain or loss. Capital gains of non corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Certificates and the proceeds from a sale or other disposition of the Certificates. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the Paying Agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle them to a refund, provided that the required information is furnished to the IRS.

Additionally, certain U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Certificates. U.S. Holders should consult their tax advisers regarding any tax reporting or filing requirements they may have as a result of the acquisition, ownership, or disposition of the Certificates. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Holder's particular situation. U.S. Holders should consult their tax advisers with respect to the tax consequences to them of the acquisition, ownership, and disposition of the Certificates, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "**established**" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and Section 4975 of the Code, impose certain restrictions on (i) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (ii) plans (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans, (iii) any entity whose underlying assets could be deemed to include "**plan assets**" pursuant to the U.S. Department of Labor "plan assets" regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**") by reason of any such employee benefit plan's or plan's investment in such entity (each of the foregoing, a "**Plan**") and (iv) persons who have certain specified relationships to a Plan or its assets ("**parties in interest**" under Section 3(14) of ERISA and "**disqualified persons**" under the Section 4975 of the Code; collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, and ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and its Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

ERISA and Section 4975 of the Code prohibit a broad range of transactions involving "plan assets" and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes may be imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. These prohibited transactions generally are set forth in Section 406 of ERISA and Section 4975 of the Code. Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), and non-U.S. plans (as described in Section 4(b)(4) of ERISA) are not subject to the prohibited transaction rules of ERISA or the Code but may be subject to federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of ERISA and/or Section 4975 of the Code (such laws or regulations, "**Similar Laws**" and such plans, "**Similar Law Plans**").

Under the Plan Assets Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided economic interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by "benefit plan investors" is not "significant". The Plan Assets Regulation generally defines equity participation in an entity by "benefit plan investors" as "significant" if 25 per cent. or more of the total value of any class of equity interest in the entity is held by "benefit plan investors".

For the purposes of determining whether participation by "benefit plan investors" is "significant", Certificates held by an investor (other than a "benefit plan investor") that has discretionary authority or control over the assets of the Trustee or provides investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates of such an investor, are excluded from such calculation and will not be treated as outstanding. If the assets of the Trustee were deemed to be plan assets of a Plan, the Trustee would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trustee might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded.

Plans may not purchase or hold any interest in a Certificate. Accordingly, each initial purchaser of a Certificate (or any interest in a Certificate) and each subsequent transferee will be deemed to have acknowledged, represented and agreed, by its purchase or holding of a Certificate (or any interest in a Certificate), that (A) it is not, and for so long as it holds any Certificate (or interests therein) will not be and will not be acting on behalf of, (i) a Plan or (ii) a Similar Law Plan unless, under this subsection (ii), its acquisition, holding and disposition of the Certificate (or interests therein) will not constitute or result in a violation of any applicable Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and (B) it and any person causing it to acquire any of the Certificates agrees to indemnify and hold harmless the Trustee, the Obligor, the Delegate, the Agents, the Joint Lead Managers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Plan. Any purported purchase or transfer of a Certificate that does not comply with the foregoing shall be null and void *ab initio*.

TRANSFER RESTRICTIONS

The following restrictions will apply to the Certificates. Investors are advised to consult legal counsel prior to making any offer, sale, resale, pledge or transfer of the Certificates.

Rule 144A Certificates

Each purchaser of Rule 144A Certificates, by accepting delivery of this Offering Circular and the Rule 144A Certificates, will be deemed to have represented, and agreed and acknowledged that:

(a) It is (i) a QIB that is also a QP, (ii) was not formed for the purpose of investing in the Rule 144A Certificates or the Trustee, (iii) is not a broker dealer which owns and invests on a discretionary basis less than U.S.$25,000,000 in securities of unaffiliated issuers, (iv) is not a participant directed employee plan such as a 401(k) plan, (v) is acting for its own account, or the account of one or more QIBs each of which is also a QP, and (vi) is aware, and each beneficial owner of the Rule 144A Certificates has been advised, that the sale of the Rule 144A Certificates to it is being made in reliance on Rule 144A.

(b) It will (i) along with each account for which it is purchasing, hold and transfer beneficial interests in the Rule 144A Certificates in a principal amount that is not less than U.S.$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that the Trustee may receive a list of participants holding positions in the Rule 144A Certificates from one or more book entry depositaries.

(c) (i) The Rule 144A Certificates have not been nor will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs each of which is also a QP, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) to the Trustee or an affiliate thereof, or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and (ii) it will, and each subsequent holder of the Rule 144A Certificates is required to, notify any purchaser of the Rule 144A Certificates from it of the resale restrictions on the Rule 144A Certificates.

It understand that the Trustee has the power to compel any beneficial owner of any Rule 144A Certificates that is not a QIB and a QP to sell its interest in the Rule 144A Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honour the transfer of an interest in the Rule 144A Certificates to a person that is not a QIB or QP. Any purported transfer of the Rule 144A Certificates to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*.

(d) The Rule 144A Certificate, unless the Trustee determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QUALIFIED PURCHASER ("**QP**") WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), AND THE RULES AND REGULATIONS THEREUNDER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND IN AN AMOUNT FOR

EACH ACCOUNT OF NOT LESS THAN U.S.$200,000, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (3) TO THE ISSUER OR AN AFFILIATE THEREOF OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE CERTIFICATES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT AND WILL BE VOID AB INITIO. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS INSTRUMENT.

EACH PERSON WHO PURCHASES OR OTHERWISE ACQUIRES THIS CERTIFICATE (OR A BENEFICIAL INTEREST HEREIN) REPRESENTS, WARRANTS, ACKNOWLEDGES AND AGREES FOR THE BENEFIT OF THE ISSUER THAT IT, AND EACH PERSON FOR WHICH IT IS ACTING, (i) IS A QIB THAT IS A QP, (ii) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE CERTIFICATES, (iii) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS, (iv) IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN, (v) IS ACTING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS ALSO A QP, (vi) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS THE CERTIFICATES, WILL HOLD AND TRANSFER BENEFICIAL INTERESTS IN THE CERTIFICATES IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN U.S.$200,000; (vii) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE CERTIFICATES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (viii) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES.

ANY RESALE OR OTHER TRANSFER OF THIS CERTIFICATE (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS CERTIFICATE (OR BENEFICIAL INTEREST HEREIN) TO A PERSON THAT IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL SUCH TRANSFEREE TO SELL THIS CERTIFICATE OR ITS INTEREST HEREIN TO A PERSON WHO (I) IS A PERSON WHO IS A QIB AND A QP THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THIS CERTIFICATE OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) PURCHASES THE CERTIFICATE IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS CERTIFICATE OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS CERTIFICATE OR INTEREST HEREIN TO A PERSON WHO IS NOT A QIB AND A QP. EACH TRANSFEROR OF THIS CERTIFICATE WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. THE ISSUER HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

THIS CERTIFICATE (OR ANY INTEREST HEREIN) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF AND SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), ANY "PLAN" WITHIN THE MEANING OF AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY PERSON OR ENTITY WHOSE

UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE) THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF 29 U.S. C.F.R. 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"). EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) A BENEFIT PLAN INVESTOR AND (B) IF IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), THE PURCHASE AND HOLDING OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW OR SUBJECT THE TRUSTEE OR ANY TRANSACTIONS THEREBY TO ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A CERTIFICATE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QP.

(e) It understands that it will be deemed to have represented and agreed that (i) it is not, and for so long as it holds any Certificate (or interests therein) will not be and will not be acting on behalf of, (A) a Plan or (B) a Similar Law Plan unless, under this subsection (B), its acquisition, holding and disposition of the Certificate (or interests therein) will not constitute or result in a violation of any applicable Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and (ii) it and any person causing it to acquire any of the Certificates agrees to indemnify and hold harmless the Trustee, the Obligor, the Delegate, the Agents, the Joint Lead Managers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Plan. Any purported purchase or transfer of a Certificate that does not comply with the foregoing shall be null and void *ab initio*.

(f) It understands that the Trustee, the Obligor, the Registrars, the relevant Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Certificates is no longer accurate, it shall promptly notify the Trustee and the relevant Joint Lead Managers. If it is acquiring any Rule 144A Certificates for the account of one or more QIBs that are also QPs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(g) It understands that the Rule 144A Certificates will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide the relevant Registrar with a written certification as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that the sellers of the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Certificates

Each purchaser of any Certificate represented by the Unrestricted Global Certificate (or beneficial interest therein) and each subsequent purchaser of such Regulation S Certificates in resales, by accepting delivery of this Offering Circular and the Regulation S Certificates will be deemed to have represented, warranted, agreed and acknowledged that:

(a) It is, or at the time Regulation S Certificates are purchased will be, the beneficial owner of the Regulation S Certificates and (a) it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Trustee or a person acting on behalf of such an affiliate.

(b) It understands that the Regulation S Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States.

(c) It understands that the Regulation S Certificates, unless otherwise determined by the Trustee in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IN A TRANSACTION THAT WILL NOT CAUSE THE TRUSTEE TO BECOME REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THIS CERTIFICATE (OR ANY INTEREST HEREIN) MAY NOT BE PURCHASED BY OR OTHERWISE ACQUIRED BY ANY "EMPLOYEE BENEFIT PLAN" WITHIN THE MEANING OF AND SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), ANY "PLAN" WITHIN THE MEANING OF AND SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), OR ANY PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE) THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN BY REASON OF 29 U.S. C.F.R. 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"). EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (A) IT IS NOT (AND IS NOT DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE) AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE WILL NOT BE (OR BE DEEMED FOR SUCH PURPOSES TO BE) A BENEFIT PLAN INVESTOR AND (B) IF IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR BUT WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), THE PURCHASE AND HOLDING OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW OR SUBJECT THE TRUSTEE OR ANY TRANSACTIONS THEREBY TO ANY SUCH SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF A CERTIFICATE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

(d) It understands that it will be deemed to have represented and agreed that (i) it is not, and for so long as it holds any Certificate (or interests therein) will not be and will not be acting on behalf of, (A) a Plan or (B) a Similar Law Plan unless, under this subsection (B), its acquisition, holding and disposition of the Certificate (or interests therein) will not constitute or result in a violation of any applicable Similar Law or subject the Trustee or any transactions thereby to any such Similar Law and (ii) it and any person causing it to acquire any of the Certificates agrees to indemnify and hold harmless the Trustee, the Obligor, the Delegate, the Agents, the Joint Lead Managers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Plan. Any purported purchase or transfer of a Certificate that does not comply with the foregoing shall be null and void *ab initio*.

(e) It understands that the Trustee, the Obligor, the Registrars, the relevant Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Regulation S Certificates is no longer accurate, it shall promptly notify the Trustee and the relevant Joint Lead Managers.

(f) It understands that the Regulation S Certificates will be represented by an Unrestricted Global Certificate.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 31 March 2021 between the Trustee, the Obligor and the Joint Lead Managers, the Trustee has agreed to issue U.S.$650,000,000 in aggregate face amount of the Certificates and, subject to certain conditions, the Joint Lead Managers have severally agreed to subscribe or procure subscribers for the Certificates at the Issue Price in the following amounts:

Joint Lead Managers	**Face amount of Certificates (U.S.$)**
AlBilad Investment Company	65,000,000
Credit Suisse Securities (Europe) Limited	130,000,000
Goldman Sachs International	130,000,000
HSBC Bank plc	130,000,000
J.P. Morgan Securities plc	65,000,000
Kamco Investment Company K.S.C.P. (Kamco Invest)	65,000,000
Warba Bank K.S.C.P.	65,000,000
Total	**650,000,000**

The Joint Lead Managers will be paid certain commissions in respect of their services for managing the issue and the offering of the Certificates. To the extent permitted by law, the Trustee, the Obligor and the Joint Lead Managers may agree that commissions or fees may be paid to certain brokers, financial advisors and other intermediaries based upon the amount of investment in the Certificates purchased by such intermediary and/or its customers. Any disclosure and other obligations in relation to the payment of such commission to such intermediary are solely the responsibility of the relevant intermediary and none of the Trustee, the Obligor, the Joint Lead Managers or any of their affiliates, nor any person who controls or is a director, officer, employee or agent of any such person, accepts any liability or responsibility whatsoever for compliance with such obligations. Each customer of any such intermediary is responsible for determining for itself whether an investment in the Certificates is consistent with its investment objectives.

The Joint Lead Managers will also be reimbursed for certain of their expenses in connection with the issue of Certificates and each of the Trustee and the Obligor has agreed to indemnify the Joint Lead Managers against certain liabilities incurred by them in connection therewith.

Each of the Joint Lead Managers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Trustee, the Obligor and their respective affiliates in the ordinary course of their respective businesses. Certain Joint Lead Managers are not broker-dealers registered with the SEC, and therefore, may not make sales of any Certificates in the United States except in compliance with applicable U.S. laws and regulations. To the extent that such Joint Lead Managers intend to effect sales of the Certificates in the United States, they will do so only through an affiliate which is a U.S. registered broker-dealer or otherwise as permitted by applicable U.S. law.

UNITED STATES

Each Joint Lead Manager understands that the Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has agreed that it has not offered or sold, and will not offer or sell, any Certificates as constituting part of their distribution at any time within the United States except in accordance with Rule 144A or any Certificates constituting part of its allotment outside the United States except in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager may only, through its respective U.S. broker-dealer affiliates, arrange for the offer and resale of the Rule 144A Certificates within the United States only to QIBs that are QPs in accordance with Rule 144A.

Each Joint Lead Manager has represented, warranted and agreed that it will arrange for the placing of Restricted Certificates in the United States only to persons whom it reasonably believes are both QIBs and QPs who can represent that (i) they are QIBs within the meaning of Rule 144A who are also QPs within the meaning of Section 2(a)(51)(A) of the Investment Company Act; (ii) they are not broker-dealers who own and invest on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers; (iii) they are not a participant-directed employee plan, such as a 401(d) plan; (iv) they are acting for their own account, or the account of one or more QIBs each of which is a QP; (v) they are not formed for the purpose of investing in the Certificates or the Trustee, (vi) each account for which they are purchasing will hold and transfer at least U.S.$200,000 in principal amount of Certificates at any time (or equivalent in another currency), (vii) they understand that the Trustee may receive a list of participant holding positions in its securities from one or more book-entry depositories; and (viii) they will provide notice of the transfer restrictions set forth in this Offering Circular to any subsequent transferees.

In connection with each sale of Certificates pursuant to Rule 144A under the Securities Act, neither the relevant Joint Lead Manager nor any person acting on its behalf will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act).

EUROPEAN ECONOMIC AREA

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the EEA. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

UNITED KINGDOM

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates to any retail investor in the UK. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each Joint Lead Manager has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

CAYMAN ISLANDS

Each Joint Lead Manager has represented and agreed that it has not made and will not make any offer or invitation, whether directly or indirectly, to the public in the Cayman Islands to subscribe for the Certificates.

UNITED ARAB EMIRATES (EXCLUDING THE DUBAI INTERNATIONAL FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

DUBAI INTERNATIONAL FINANCIAL CENTRE

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Certificates to any person in the DIFC unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the rulebook of the DFSA (the "**DFSA Rulebook**"); and

(b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

KINGDOM OF BAHRAIN

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Certificates in the Kingdom of Bahrain except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

SAUDI ARABIA

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Certificates. Any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Certificates pursuant to an offering should note that the offer of Certificates is a private placement under Article 9 or Article 10 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Markets Authority resolution number 3-123-2017 dated 27 December 2017 (as amended by the CMA's board pursuant to resolution no. 1-104-2019 dated 01/02/1441H (corresponding to 30 September 2019) (the "**KSA Regulations**"), as amended by the Board of the Capital Markets Authority (the "**CMA**") resolution number 1-7-2021 dated 14 January 2021 (the "**Amended KSA Regulations**", which provides that certain Articles under the KSA Regulations (including Articles 8, 9, 10 and 15 (each as referred to therein)) shall continue to apply until 1 January 2022, at which time such Articles shall be replaced with the amended Articles as set out in the Amended KSA Regulations), made through a person authorised by the CMA to carry on the securities activity of arranging and following a notification to the CMA under Article 10 of the Amended KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in Saudi Arabia other than to sophisticated investors under Article 9 of the KSA Regulations or by way of a limited offer under Article 10 of the KSA Regulations. Each Joint Lead Manager has represented and agreed that any offer of

Certificates to a Saudi Investor will be made in compliance with Article 9 or Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 15 of the KSA Regulations. Any Saudi Investor who has acquired Certificates pursuant to a private placement under Article 9 or Article 10 of the KSA Regulations may not offer or sell those Certificates to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Certificates are offered or sold to a Sophisticated Investor (as defined in Article 9 of the KSA Regulations); (b) the price to be paid for the Certificates in any one transaction is equal to or exceeds Saudi Riyals 1 million or an equivalent amount; or (c) the offer of sale is otherwise in compliance with Article 15 of the KSA Regulations.

STATE OF QATAR (INCLUDING THE QATAR FINANCIAL CENTRE)

Each Joint Lead Manager has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (a) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar. This Offering Circular has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange and may not be publicly distributed in Qatar (including the Qatar Financial Centre).

JAPAN

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold any Certificates, and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

HONG KONG

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

MALAYSIA

This Offering Circular has not been registered as a prospectus with the Securities Commission of Malaysia under the Capital Markets and Services Act 2007 of Malaysia (the "**CMSA**").

Accordingly, each Joint Lead Manager has represented and agreed that the Certificates have not been and will not be offered or sold by it, and no invitation to subscribe for or purchase any Certificates has been or will be made, directly or indirectly, by it nor may any document or other material in connection therewith be distributed in Malaysia by it, other than to persons falling within any one of the categories of persons specified under Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

SINGAPORE

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (as amended or modified from time to time, the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) under Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(b) where no consideration is or will be given for the transfer; or

(c) where the transfer is by operation of law; or

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Product classification pursuant to Section 309B of the SFA – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Certificates are prescribed capital markets products (as defined in the CMP Regulations 2018).

GENERAL

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Obligor, the Delegate, the Agents or any other Joint Lead Manager shall have any responsibility therefor.

None of the Trustee, the Obligor or any Joint Lead Manager has represented that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

No action has been or will be taken in any country or jurisdiction by the Trustee, the Obligor or the Joint Lead Managers that would permit a public offering of Certificates, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Trustee, the Obligor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Certificates or have in their possession or distribute such offering material, in all cases at their own expense.

COVERED FUND

The Trustee is considered a "covered fund" as defined in Section 13 of the Bank Holding Company Act (the "**Volcker Rule**"). The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act of 1940, as amended (the "**1940 Act**"), but for the exemption provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Trustee relies on Section 3(c)(7) of the 1940 Act for its exemption from registration thereunder, (which limits sales of the Certificates to "qualified purchasers" as such term is defined in the 1940 Act) it is considered to be a covered fund, hence certain entities may be prohibited under the Volcker Rule from, among other things, acquiring or retaining an "**ownership interest**" in the Trustee as a covered fund. Under the Volcker Rule, "ownership interest" is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (a) vote to remove management or otherwise other than as a creditor exercising remedies upon an event of default, (b) share in the income, gains, profits or excess spread of the covered fund or (c) receive underlying assets of the covered fund. The Trustee does not believe that an investment in the Certificates would constitute acquiring or retaining an ownership interest in a covered fund. See "*Risk Factors — Risks relating to the Trustee — The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates*".

GENERAL INFORMATION

AUTHORISATION

The issue of the Certificates and the entry by the Trustee into the Transaction Documents to which it is a party has been duly authorised by a resolution of the Board of Directors of the Trustee dated 22 March 2021. The entry by the Obligor into the Transaction Documents to which it is a party has been duly authorised by the extraordinary general assembly of the Obligor held on 16 March 2020 and by a resolution of the Board of Directors of the Obligor dated 23 March 2021.

The Trustee and the Obligor have each obtained all necessary consents, approvals and authorisations in connection with the issue of the Certificates and the execution and performance of the Transaction Documents to which they are a party.

LISTING

Application has been made to the Authority for the listing of and permission to deal in the Certificates on the Official List of the Exchange. There can be no assurance that the Certificates will be listed on the Official List of the Exchange, that such permission to deal in the Certificates will be granted or that such listing will be maintained.

Neither the admission of the Certificates to the Official List of the Exchange nor the approval of this Offering Circular pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Trustee or the Obligor, the adequacy and accuracy of information contained in this Offering Circular or the suitability of the Trustee or the Obligor for investment or for any other purpose.

The Certificates are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

A copy of this Offering Circular will be available for inspection at the offices of Maples Listing Services (CI) Limited (as listing agent) during normal business hours for a period of 14 days following the listing of the Certificates on the Official List of the Exchange.

DOCUMENTS AVAILABLE

For so long as any Certificates remain outstanding, copies (and English translations which will be accurate and direct translations, where the documents in question are not in English) of the following documents will be available in electronic and physical format, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and/or collection by Certificateholders at the registered office of the Trustee and the specified office of the Principal Paying Agent:

(a) the Transaction Documents;

(b) the memorandum and articles of association of the Trustee and the constitutional documents of the Obligor;

(c) the audited consolidated financial statements of the Obligor (including the audit reports thereon and the notes thereto) as at and for the financial years ended 31 March 2020 and 31 March 2019, and the 2020 Unaudited Interim Financial Statements (including the review report thereon and notes thereto); and

(d) a copy of this Offering Circular.

CLEARING SYSTEMS

The Certificates have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. For the Regulation S Certificates, the ISIN is XS2311313378 and the Common Code is 231131337. For the Rule 144A Certificates, the ISIN is US03847QAA13, the Common Code is 231215689 and the CUSIP number is 03847QAA1. The Financial Instrument Short Name (FISN) is ARABIAN CENTRES/2ASST BKD 20280308 (in respect of the Regulation S Certificates) and ARABIAN CENTRES/TR CTF 20280323

UNS (in respect of the Rule 144A Certificates), and the Classification of Financial Instruments (CFI) Code is DAFNFR (in respect of the Regulation S Certificates) and DSMFMM (in respect of the Rule 144A Certificates), in each case as may be updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the National Numbering Agency that assigned the relevant ISIN.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1 210 Brussels, the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, and the address of DTC is 55 Water Street, New York, New York 10041, United States of America.

LEGAL ENTITY IDENTIFIER

The Legal Entity Identifier code ("**LEI**") of the Trustee is 549300X92PKHJD8UYG94 and the LEI of the Obligor is 8945006MT4ZZ5EBVCI56.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial position or financial performance of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial position or financial performance of the Obligor since 31 December 2020, and there has been no material adverse change in the prospects of the Obligor since 31 March 2020.

LITIGATION

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings since the date of its incorporation (including any such proceedings which are pending or threatened of which the Trustee is aware) which may have or have in such period had a significant effect on the financial position or profitability of the Trustee.

The Obligor is not and has not been involved in any governmental, legal or arbitration proceedings in the 12 months preceding the date of this Offering Circular (including any such proceedings which are pending or threatened of which the Obligor is aware) which may have or have in such period had a significant effect on the financial position or profitability of the Obligor.

INDEPENDENT AUDITORS

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The consolidated financial statements of Arabian Centres Company as of 31 March 2020 and 2019, and for each of the years then ended, included in this Offering Circular, have been audited by KPMG Al Fozan & Partners (Certified Public Accountants) now known as "KPMG Professional Services, a professional Closed Joint Stock Company" ("**KPMG**"), independent auditors, as stated in their reports appearing herein, which includes an other matter stating the consolidated financial statements of Arabian Centres Company as at and for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 6 March 2019. With respect to the unaudited interim condensed consolidated financial statements as at and for the three-month and nine-month periods ended 31 December 2020, included herein, KPMG has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Group's unaudited condensed consolidated financial statements as at and for the three-month and nine-month periods ended 31 December 2020, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

KPMG is licensed by the Saudi Organization for Certified Public Accountants.

JOINT LEAD MANAGERS TRANSACTING WITH THE TRUSTEE AND THE OBLIGOR

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage in, investment banking and/or commercial banking transactions with, and may perform services for the Trustee, the Obligor and their respective affiliates in the ordinary course of business for which they may receive fees.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates, have engaged in, and may in the future engage in, investment banking and/or commercial banking business (including the Existing Senior Facilities described in "*Description of Certain Financing Arrangements*" and the 2019 Certificates) with, and may provide services to the Trustee, the Obligor and/or their affiliates and, may make or hold a broad array of investments (including bank loans or *Shari'a* compliant financings) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee, the Obligor and their affiliates (including the Certificates themselves). Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Trustee, the Obligor or their affiliates routinely hedge their credit exposure to the Trustee, the Obligor or their affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates. Any such short positions could adversely affect future trading prices of the Certificates. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph, the term "**affiliates**" shall also include parent companies.

LISTING AGENT

Maples Listing Services (CI) Limited is acting for the Trustee as issuer and for no one else in connection with the listing of the Certificates on the Official List of the Exchange and will not be responsible to anyone other than the Trustee as issuer.

INDEX TO FINANCIAL STATEMENTS

Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed consolidated interim financial statements
(Unaudited)
For the three-month and nine-month periods ended 31 December 2020
together with
Independent Auditor's Review Report

INDEX	**PAGE**

KPMG Al Fozan & Partners
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Licence No. 46/11/323 issued 11/3/1992

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company

Introduction

We have reviewed the accompanying 31 December 2020 condensed consolidated interim financial statements of **Arabian Centres Company** ("the Company") and its subsidiaries ("the Group") which comprise:

- the condensed consolidated statement of financial position as at 31 December 2020;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 31 December 2020;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 31 December 2020;
- the condensed consolidated statement of changes in equity for the nine-month period ended 31 December 2020;
- the condensed consolidated statement of cash flows for the nine-month period ended 31 December 2020; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 December 2020 condensed consolidated interim financial statements of Arabian Centres Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 25 Jumada II 1442H
Corresponding to 07 February 2021

كي . بي . ام . جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
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KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed consolidated statement of financial position
As at 31 December 2020

	Note	**31 December 2020 Unaudited SR**	31 March 2020 Audited SR
Assets			
Current assets			
Cash and cash equivalents		**793,589,158**	1,045,680,193
Accounts receivable		**222,229,835**	234,254,125
Amounts due from related parties	*6*	**455,798,040**	591,222,957
Prepayments and other current assets		**97,207,408**	138,790,964
Accrued revenue (rentals)		**201,751,994**	69,362,957
Total current assets		**1,770,576,435**	2,079,311,196
Non-current assets			
Advances to a contractor, related party	*6*	**574,088,023**	614,438,352
Accrued revenue (rentals) – non-current portion		**403,503,987**	99,835,361
Investment in an equity-accounted investee	*7*	--	53,079,928
Other financial receivables		**22,500,000**	--
Other investments	*8*	**84,274,291**	104,463,375
Investment properties	*9*	**11,655,252,516**	11,356,912,845
Property and equipment		**71,929,719**	91,474,811
Right-of-use assets		**3,328,055,381**	3,561,974,788
Total non-current assets		**16,139,603,917**	15,882,179,460
Total assets		**17,910,180,352**	17,961,490,656
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	*10*	**119,375,000**	45,000,000
Lease liabilities – current portion		**311,234,918**	338,065,081
Accounts payable		**156,191,695**	149,442,700
Amounts due to related parties	*6*	**7,424,338**	3,899,682
Unearned revenue		**231,810,849**	177,225,232
Accruals and other current liabilities		**393,854,550**	232,071,497
Zakat payable		**84,064,647**	78,524,952
Total current liabilities		**1,303,955,997**	1,024,229,144
Non-current liabilities			
Lease liabilities – non-current portion		**3,732,553,024**	3,899,162,750
Long-term borrowings	*10*	**6,856,150,371**	6,970,743,077
Employees' end-of-service benefits		**25,556,482**	30,370,714
Other non-current liabilities		**68,931,512**	52,729,339
Total non-current liabilities		**10,683,191,389**	10,953,005,880
Total liabilities		**11,987,147,386**	11,977,235,024
Equity			
Share capital	*12*	**4,750,000,000**	4,750,000,000
Share premium	*12*	**411,725,703**	411,725,703
Statutory reserve	*13*	**513,092,734**	513,092,734
Other reserves	*13*	**23,785,778**	(18,103,542)
Retained earnings		**220,628,714**	326,282,581
Equity attributable to the Shareholders of the Company		**5,919,232,929**	5,982,997,476
Non-controlling interests		**3,800,037**	1,258,156
Total equity		**5,923,032,966**	5,984,255,632
Total liabilities and equity		**17,910,180,352**	17,961,490,656

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Waleed Al-Rebdi	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed consolidated statement of profit or loss
For the three month and nine-month periods ended 31 December 2020

	Note	Three-month period ended		Nine-month period ended	
		31 December 2020 Unaudited	31 December 2019 Unaudited	**31 December 2020 Unaudited**	31 December 2019 Unaudited
		SR	SR	**SR**	SR
Revenue	15	**469,414,474**	557,544,070	**1,410,110,346**	1,689,167,751
Cost of revenue					
- Direct costs		**(95,332,847)**	(82,551,961)	**(237,293,093)**	(246,178,868)
- Depreciation of right-of-use assets		**(45,751,702)**	(41,440,482)	**(141,632,974)**	(118,385,695)
- Depreciation of investment properties	9	**(79,389,066)**	(71,821,738)	**(228,819,537)**	(203,774,640)
Gross profit		**248,940,859**	361,729,889	**802,364,742**	1,120,828,548
Other income	16	**48,188,628**	483,972	**132,897,544**	6,469,156
Other expenses		**(173,001)**	--	**(1,774,911)**	(30,218)
Advertisement and promotion expenses		**(5,205,922)**	(2,559,631)	**(15,473,141)**	(4,970,011)
Impairment loss on accounts receivable and accrued revenue rentals		**(41,287,411)**	(23,043,220)	**(108,327,890)**	(57,807,584)
General and administration expenses		**(49,642,143)**	(44,567,682)	**(132,559,961)**	(135,915,078)
Operating profit		**200,821,010**	292,043,328	**677,126,383**	928,574,813
Share of profit of equity-accounted investee	7	**(2,481,619)**	3,647,035	**1,652,443**	12,558,086
Interest expense on lease liabilities		**(37,801,427)**	(31,065,763)	**(110,915,700)**	(82,960,272)
Finance cost		**(61,664,556)**	(147,228,015)	**(196,307,135)**	(288,713,479)
Profit before zakat		**98,873,408**	117,396,585	**371,555,991**	569,459,148
Zakat		**(3,298,943)**	(6,772,571)	**(11,806,196)**	(23,699,533)
Profit for the period		**95,574,465**	110,624,014	**359,749,795**	545,759,615
Profit for the period attributable to:					
Shareholders of the Company		**95,423,954**	107,892,211	**357,207,914**	535,945,344
Non-controlling interests		**150,511**	2,731,803	**2,541,881**	9,814,271
		95,574,465	110,624,014	**359,749,795**	545,759,615
Earnings per share:					
Basic and diluted earnings per share attributable to the Shareholders of the Company	17	**0.20**	0.23	**0.75**	1.14

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Walead Al-Rebdi	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income
For the three-month and nine-month periods ended 31 December 2020

	Three-month period ended		Nine- month period ended	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	Unaudited	Unaudited	**Unaudited**	Unaudited
	SR	SR	**SR**	SR
Profit for the period	**95,574,465**	110,624,014	**359,749,795**	545,759,615
Other comprehensive income / (loss)				
Item that are or may be reclassified subsequently to profit or loss				
Cash flow hedges – effective portion of change in fair value	**(627,388)**	--	**(1,677,200)**	--
Item that will not be reclassified to profit or loss				
Re-measurement of defined benefit liability	**(330)**	--	**(1,217,478)**	--
Other investment at FVOCI – net change in fair value	**(6,711,599)**	1,098,612	**56,922,217**	(2,748,388)
Total comprehensive income for the period	**88,235,148**	111,722,626	**413,777,334**	543,011,227
Total comprehensive income for the period attributable to:				
Shareholders of the Company	**88,084,637**	108,990,823	**411,235,453**	533,196,956
Non-controlling interests	**150,511**	2,731,803	**2,541,881**	9,814,271
	88,235,148	111,722,626	**413,777,334**	543,011,227

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Waleed Al-Rebdi	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company
(A Saudi Joint Stock Company)
Condensed consolidated statement of changes in equity
For the nine-month period ended 31 December 2020

	Attributable to Shareholders of the Company							
	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	SR	SR	SR	SR	SR	SR	SR	SR
Balance at 1 April 2019 (audited)	4,450,000,000	--	449,699,309	(18,272,000)	183,241,759	5,064,669,068	91,052	5,064,760,120
Profit for the period	--	--	--	--	535,945,344	535,945,344	9,814,271	545,759,615
Other comprehensive loss for the period	--	--	--	(2,748,388)	--	(2,748,388)	--	(2,748,388)
Total comprehensive income for the period	--	--	--	(2,748,388)	535,945,344	533,196,956	9,814,271	543,011,227
Transactions with the shareholders of the Company								
Increase in share capital (Note 12)	300,000,000	--	--	--	--	300,000,000	--	300,000,000
Share premium (Note 12)	--	411,725,703	--	--	--	411,725,703	--	411,725,703
Dividend	--	--	--	--	(427,500,000)	(427,500,000)	(7,500,000)	(435,000,000)
Balance at 31 December2019 (unaudited)	4,750,000,000	411,725,703	449,699,309	(21,020,388)	291,687,103	5,882,091,727	2,405,323	5,884,497,050
Balance at 1 April 2020 (audited)	**4,750,000,000**	**411,725,703**	**513,092,734**	**(18,103,542)**	**326,282,581**	**5,982,997,476**	**1,258,156**	**5,984,255,632**
Profit for the period	--	--	--	--	**357,207,914**	**357,207,914**	**2,541,881**	**359,749,795**
Other comprehensive income for the period	--	--	--	**54,027,539**	--	**54,027,539**	--	**54,027,539**
Total comprehensive income for the period	--	--	--	**54,027,539**	**357,207,914**	**411,235,453**	**2,541,881**	**413,777,334**
Transfer to retained earnings	--	--	--	**(12,138,219)**	**12,138,219**	--	--	--
Transactions with the shareholders of the Company								
Dividends (Note 14)	--	--	--	--	**(475,000,000)**	**(475,000,000)**	--	**(475,000,000)**
Balance at 31 December2020 (unaudited)	**4,750,000,000**	**411,725,703**	**513,092,734**	**23,785,778**	**220,628,714**	**5,919,232,929**	**3,800,037**	**5,923,032,966**

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements

Waleed Al-Rebdi
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

	Note	**Nine-month period ended 31 December 2020 Unaudited SR**	Nine-month period ended 31 December 2019 Unaudited SR
Cash flows from operating activities			
Profit before Zakat		**371,555,991**	569,459,148
Adjustments for:			
Depreciation of investment properties	9	**228,819,537**	203,774,640
Depreciation of property and equipment		**20,311,632**	24,034,646
Depreciation of right-of-use assets		**144,458,257**	121,278,626
Discount and recovery on lease rentals		**(76,703,029)**	--
Share of profit of equity accounted investee	7	**(1,652,443)**	(12,558,086)
Finance cost		**196,307,135**	288,713,479
Interest expense on lease liabilities		**110,915,700**	82,960,272
Provision for employees' end-of-services benefits		**4,730,379**	3,634,898
Gain from other investments		**(306,917)**	--
Gain on disposal of equity accounted investee		**(42,767,629)**	--
Impairment loss on accounts receivable and accrued revenue rentals		**108,327,890**	57,807,584
		1,063,996,503	1,339,105,207
Changes in:			
Accounts receivable		**(62,904,526)**	(61,566,997)
Amounts due from related parties, net		**135,424,917**	(144,326,686)
Amount due to related parties		**3,524,655**	--
Prepayments and other current assets		**(17,449,735)**	(144,591,703)
Accrued revenue		**(469,456,732)**	14,322,799
Accounts payable		**6,748,995**	(13,716,214)
Unearned revenue		**54,585,617**	(96,278,401)
Accruals and other current liabilities		**20,131,198**	1,336,821
Cash generated from operating activities		**734,600,892**	894,284,826
Employees' end-of-service benefits paid		**(10,762,089)**	(4,210,972)
Zakat paid		**(6,266,501)**	(23,954,991)
Net cash from operating activities		**717,572,302**	866,118,863
Cash flows from investing activities			
Additions to investment properties		**(406,486,510)**	(334,255,169)
Purchase of property and equipment		**(766,539)**	(8,324,519)
Proceeds from disposal of equity accounted investee		**97,500,000**	--
Proceeds from disposal of other investments		**77,048,147**	--
Advances to a contractor, related party		**40,350,328**	(32,028,458)
Net cash used in investing activities		**(192,354,574)**	(374,608,146)
Cash flows from financing activities			
Payment of financial charges		**(292,694,175)**	(387,297,607)
Payment of lease liabilities		**(193,823,842)**	(188,679,986)
Proceeds from long-term loans		--	6,493,623,930
Repayment of long-term loans		**(45,000,000)**	(6,932,826,693)
Payment of transaction costs		**(8,659,935)**	(108,836,593)
Payment of dividend to shareholders		**(237,130,811)**	(427,500,000)
Proceeds from Initial Public Offering		--	780,000,000
Net cash used in financing activities		**(777,308,763)**	(771,516,949)
Net decrease in cash and cash equivalents		**(252,091,035)**	(280,006,232)
Cash and cash equivalents at the beginning of the period		**1,045,680,193**	457,670,983
Cash and cash equivalents at end of the period		**793,589,158**	177,664,751

Condensed consolidated statement of cash flows (continued)
For the nine-month period ended 31 December 2020

	Nine-month period ended 31 December 2020 Unaudited SR	Nine-month period ended 31 December 2019 Unaudited SR
Non-cash transactions:		
Capitalized interest and arrangement fees for project under construction	**28,506,976**	37,893,660
Right-of-use assets	--	3,685,554,416
Lease liability on right of use assets	--	4,105,047,274
Prepaid rent reclassified to right of use assets		108,239,236
Advance to contractors classified to lease liabilities	**31,432,158**	--
Capitalized depreciation of right-of-use assets for project under construction	**36,567,356**	45,638,687
Capitalized interest expense on lease liabilities for project under construction	**55,598,366**	71,842,960
Accruals and other current liabilities reclassified to right of use assets	--	885,156
Non-controlling interest, dividends settled through adjusting amounts due to related parties	--	7,500,000
Advance to lessor reclassified to other financial receivables	**22,500,000**	--

The accompanying notes from 1 to 22 form an integral part of these condensed consolidated interim financial statements.

Walead Al-Rebdi	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

1. CORPORATE INFORMATION AND ACTIVITIES

Arabian Centres Company ("the Company") (previously incorporated in the Kingdom of Saudi Arabian as a Closed Joint Stock Company), is Saudi Joint Stock Company and listed on the Saudi Stock Exchange with effect from 22 May 2019. The Company is registered in Riyadh, Kingdom of Saudi Arabia ("KSA") under commercial registration number 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 principal business objectives of the Company and its subsidiaries mentioned below (collectively referred to as "the Group") 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 condensed consolidated interim financial statements as at 31 December 2020, 31 March 2020 and 31 December 2019:

	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.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on 21 Jumada II 1442H (corresponding to 03 February 2021).

2. BASIS OF PREPARATION AND PRESENTATION

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended 31 March 2020 ("latest annual Consolidated Financial Statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia. However, selected accounting policies and explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the latest annual Consolidated Financial Statements.

Basis of measurement, functional and presentation currency

These condensed consolidated interim financial statements are prepared under the historical cost convention except for measurement of other investments and derivatives at fair value and employees' end-of-service benefits using projected unit credit method. These condensed consolidated interim financial statements are presented in Saudi Arabian Riyal (SR), which is the functional currency of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of these condensed consolidated interim financial statements in conformity with IFRS that are endorsed in the Kingdom of Saudi Arabia, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual Consolidated Financial Statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the latest annual Consolidated Financial Statements as at and for the year ended 31 March 2020, except for the update in accounting policy as described below which were not described in the latest audited financial statements as the Group had no derivatives and hedging arrangements last year. Certain comparative figures have been reclassified to conform to current period's presentation.

The updates in accounting policies are also expected to be reflected in the Group's annual consolidated financial statements as at and for the year then ending 31 March 2021.

Financial instruments

Derivative financial instruments and hedge accounting

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

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

Cash flow hedges

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

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

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

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

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

In July 2017, the United Kingdom Financial Conduct Authority, which regulates the London Interbank Offered Rate ("LIBOR"), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates. In December2019, the IASB amended IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, and IFRS 9, Financial Instruments, which modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Interbank Offered Rate ("IBOR") reform. In addition, the amendments require companies to provide additional information about their hedging relationships which are directly affected by these uncertainties. The amendments are effective beginning on 1 January 2020.

Additionally, the IASB is considering the potential consequences on financial reporting of replacing an existing benchmark with an alternative. IBOR reforms and expectation of cessation of LIBOR will impact Group's current risk management strategy and possibly accounting for certain financial instruments used for hedging. The Group has cash flow hedges (Note 11) which are exposed to the impact of LIBOR.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (Continued)

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated interim financial statements.

- Onerous contracts – cost of fulfilling a contract (Amendments to IAS 37)
- Annual improvements to IFRS standards 2018 – 2020
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16)
- Reference to conceptual framework (Amendments to IFRS 3)
- Classification of liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts.

6. RELATED PARTY TRANSACTIONS AND BALANCES

For the purpose of these condensed 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.

6.1 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:

Transactions with fellow subsidiaries and other related parties *

	31 December 2020 Unaudited SR	31 December 2019 Unaudited SR
Rental revenue, net	**393,887,015**	469,994,781
Construction work included in projects under construction	**324,196,093**	220,147,068
Service expenses	**49,896,411**	80,606,627
Board of Directors remuneration and compensation	**1,722,500**	1,630,000
Non-controlling interests dividends settlement	**--**	7,500,000

* Name of the parties and transactions are disclosed in note 6.3

Transactions with Saudi FAS Holding Company (Ultimate Parent Company) *

	31 December 2020 Unaudited SR	31 December 2019 Unaudited SR
Payment to suppliers on behalf of the Ultimate Parent Company	**1,457,547**	38,534,556
Initial public offering expenses charged to Ultimate Parent Company	**--**	16,192,603
Rental revenue, net	**2,959,425**	--

* Shareholders of the immediate parent company (FAS Real Estate Company Limited) assigned their shares held in the Company to Saudi FAS Holding Company. Hence, Saudi FAS Holding Company is considered as the Ultimate Parent Company.

6.2 Key management personnel compensation

The remuneration of directors and other key management personnel are as follows:

	31 December 2020 Unaudited SR	31 December 2019 Unaudited SR
End-of-service benefits	**3,008,598**	4,896,999
Salaries and short-term benefits	**12,017,954**	13,256,733
Total key management compensation	**15,026,552**	18,153,732

6 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

6.3 Related party balances

The following table summarizes related parties balances:

i) Amounts due from related parties:	**Nature of Transactions**	**Relationship**	**Amount of Transactions 31 December 2020 Unaudited SR**	Amount of Transactions 31 December 2019 Unaudited SR	**31 December 2020 Unaudited SR**	31 March 2020 Audited SR
Fawaz Abdulaziz Al Hokair & Co., Joint Stock Company (J.S.C.)	Rental Revenue	Affiliates	**206,424,559**	278,160,325	**--**	32,282,559
FAS Holding Company for Hotels, Limited Liability Company (L.L.C)*	--	Affiliates	**--**	--	**350,322,569**	350,322,579
Nesk Trading Project Company Limited L.L.C.	Rental Revenue	Affiliates	**53,353,346**	64,373,973	**--**	49,966,141
Tadaris Najd Security Company, L.L.C.	Service expense	Affiliates	**49,896,411**	45,618,552	**16,554,086**	18,868,656
Abdul Mohsin Al Hokair Group for Tourism and Development, J.S.C.	Rental Revenue	Affiliates	**26,941,739**	32,007,966	**19,903,813**	28,211,447
Next Generation Co L.L.C.	Rental Revenue	Affiliates	**25,470,847**	16,693,994	**9,037,803**	22,631,374
Food and Entertainment Trading Company Limited, L.L.C.	Rental Revenue	Affiliates	**--**	19,721,012	**6,607,517**	3,828,663
Via Media Co. L.L.C.	Rental Revenue	Affiliates	**6,050,129**	13,374,450	**--**	15,393,827
Fashion district Co. L.L.C.	Rental Revenue	Affiliates	**4,568,761**	12,580,981	**1,622,506**	12,050,255
Food Gate Co. L.L.C.	Rental Revenue	Affiliates	**11,549,162**	10,927,948	**7,276,102**	21,647,155
Billy Games Company Limited, L.L.C.	Rental Revenue	Affiliates	**--**	10,929,625	**--**	8,469,448
Innovative Union Co. Ltd, L.L.C.	Rental Revenue	Affiliates	**13,121,955**	3,664,444	**6,889,386**	8,672,483
Saudi FAS Holding Company, Closed Joint Stock Company	Rental Revenue	Ultimate Parent Company	**2,959,425**	--	**5,127,368**	5,402,530
Azal Restaurant Co. L.L.C.	Rental Revenue	Affiliates	**4,688,834**	3,567,027	**2,940,726**	751,962
Ezdihar Sports Co. L.L.C.	Rental Revenue	Affiliates	**4,461,995**	--	**1,422,123**	3,359,412
Skill Innovative Games Co. L.L.C.	Rental Revenue	Affiliates	**--**	1,541,596	**--**	2,703,953
Sala Entertainment Company, L.L.C.	Rental Revenue	Affiliates	**19,990,879**	--	**14,159,095**	--
Nail Place Trading, L.L.C.	Rental Revenue	Affiliates	**2,717,034**	--	**946,148**	2,317,325
Kids Space Company Limited, L.L.C.	Rental Revenue	Affiliates	**1,708,764**	1,850,848	**3,787,815**	1,796,225
Majd Business Co. Ltd. L.L.C.	Rental Revenue	Affiliates	**9,953,729**	--	**2,071,575**	1,032,501
FAS Technologist Trading Co, L.L.C	Expense	Affiliates	**--**	--	**268,640**	179,248
Fahad Abdulaziz Alhokair Trading Establishment (EST.)	Rental Revenue	Affiliates	**1,921,097**	--	**4,410,943**	--
Echo Design Consultant	Payment on behalf	Affiliates	**29,203**	8,705	**1,357,306**	1,328,103
Coffee Centers Company Limited, L.L.C.	Rental Revenue	Affiliates	**--**	600,592	**9,126**	7,111
Almuzn Alkhaleejiah, L.L.C.	Rental Revenue	Affiliates	**794,703**	--	**788,549**	--
Vida first for beverages, EST.	Rental Revenue	Affiliates	**116,641**	--	**82,399**	--
Vida Trading, EST.	Rental Revenue	Affiliates	**52,841**	--	**212,445**	--
Etqan Facilities Management (Affiliate), L.L.C.	Services received	Affiliates	**--**	34,988,075	**--**	--
					455,798,040	591,222,957

*Guaranteed by Ultimate Parent Company

The 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.

6 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

6.3 Related party balances (continued)

ii) Amounts due to related parties:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Nesk Trading Project Company Limited, L.L.C.	**3,242,992**	--
Etqan Facilities Management (Affiliate), L.L.C.	**4,181,346**	3,899,682
	7,424,338	3,899,682

iii) Advances to a contractor:

Advances to a contractor represents advances paid to Fawaz Abdulaziz Al Hokair & Partners Real Estate Company for the construction of shopping malls, which are under various stages of completion.

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	**574,088,023**	614,438,352

With the consent of the shareholders of the Company, the Company has signed a framework agreement for the award of the construction of all projects to Fawaz Abdulaziz Al Hokair & Partners Real Estate Company, a related party.

7. INVESTMENT IN AN 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 engaged primarily in the general contracting for buildings, building maintenance, electrical and mechanical works and acquisition of lands to construct buildings for sale or lease. During the period ended 31 December 2020, the Group has sold its share of investment for total proceeds of SR 97.5 million and accordingly recognised gain on disposal of SR 42.7 million in the condensed consolidated interim statement of profit or loss.

The movement of the investment during the period / year is as follows:

	Percentage of ownership	Opening balance SR	Share in earnings SR	Dividend SR	Disposal SR	Ending balance SR
As at 31 December 2020 - Unaudited	**Nil**	**53,079,928**	**1,652,443**	**--**	**(54,732,371)**	**--**
As at 31 March 2020 - Audited	25%	42,238,721	15,841,207	(5,000,000)	--	53,079,928
As at 31 December 2019 - Unaudited	25%	42,238,721	12,558,086	(5,000,000)	--	49,796,807

8. OTHER INVESTMENTS

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Investments in a real estate company at FVOCI (i)	**78,183,000**	98,199,000
Investment in a real estate fund at FVTPL (ii)	**6,091,291**	6,264,375
	84,274,291	104,463,375

(i) Investments in a real estate company - Quoted:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Amlak International for Real Estate Finance Company	**78,183,000**	98,199,000

During the nine month period ended 31 December 2020, Amlak International for Real Estate Finance Company announced its IPO. In relation to the IPO, the Group disposed 30% of its investment in Amlak International at an offer price of SR 16 per share.

Furthermore, the Group has also disposed 33% of its post IPO holding and realised a total fair value gain of SR 12,048,218 in other comprehensive income.

As at 31 December 2020, the Group holds 3.57 million shares of Amlak International for Real Estate Finance Company having a fair value of SR 78,183,000.

8. OTHER INVESTMENTS (CONTINUED)

(ii) Investment in a real estate fund - unquoted:

This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 7.00 million. Net asset value (NAV) of the investment amounted to SR 6.01 million (31 March 2020: SR 6.20 million). An unrealized loss for the period amounting to SR 0.17 million has been recognized in the condensed consolidated interim statement of profit or loss (31 March 2020: SR 0.4 million). The movement in investments in real estate fund was as follows:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Opening balance	**6,264,375**	6,708,763
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	**(735,625)**	(291,237)
Unrealized loss during the period / year	**(173,084)**	(444,388)
At the end of the period / year	**(908,709)**	(735,625)
Net carrying amount	**6,091,291**	6,264,375

9. INVESTMENT PROPERTIES

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Cost		
Balance at the beginning of the period / year	**13,575,076,965**	12,915,594,409
Additions during the period / year	**527,159,208**	659,482,556
Balance at the end of the period / year	**14,102,236,173**	13,575,076,965
Accumulated depreciation		
Balance at the beginning of the period / year	**(2,218,164,120)**	(1,931,745,944)
Charge for the period / year	**(228,819,537)**	(286,418,176)
Balance at the end of the period / year	**(2,446,983,657)**	(2,218,164,120)
Net book value	**11,655,252,516**	11,356,912,845

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.

Fair value of investment properties

Management estimates that the fair value of the investment properties as at 31 December 2020 is SR 22,833,416,477 (31 March 2020: SR 22,113,720,686). External valuations were carried out by valuers with appropriate qualifications and experience and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards. The effective date of the valuation was 30 September 2020.

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).

10. LONG-TERM BORROWINGS

	Notes	**31 December 2020 Unaudited SR**	31 March 2020 Audited SR
Non-current liabilities			
Long-term loans	10.1	**5,021,447,323**	5,143,502,555
Sukuk	10.2	**1,834,703,048**	1,827,240,522
		6,856,150,371	6,970,743,077
Current liabilities			
Current portion of long-term loan	10.1	**119,375,000**	45,000,000

10.1 Long-term loans

a) Movement in the long-term loans follows:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**5,249,993,272**	6,814,144,763
Drawdowns / addition of a new facility	**--**	5,368,675,202
Repayments during the period / year	**(45,000,000)**	(6,932,826,693)
	5,204,993,272	5,249,993,272
Less: unamortized transaction costs	**(64,170,949)**	(61,490,717)
Balance at the end of the period / year	**5,140,822,323**	5,188,502,555
Less: current portion of long-term loans	**(119,375,000)**	(45,000,000)
Non-current portion of long-term loans	**5,021,447,323**	5,143,502,555

b) Unamortized transaction costs movement is as follows:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**61,490,717**	73,110,079
Additions during the period / year	**8,659,935**	63,462,460
Write off during the period / year	**--**	(59,930,701)
Capitalized transaction costs	**(241,382)**	(5,443,876)
Amortized transaction costs during the period / year	**(5,738,321)**	(9,707,245)
Balance at the end of the period / year	**64,170,949**	61,490,717

c) Below is the repayment schedule of the outstanding long-term loans:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Within one year	**119,375,000**	45,000,000
Between two to five years	**1,944,376,272**	2,063,751,272
More than five years	**3,141,242,000**	3,141,242,000
	5,204,993,272	5,249,993,272

10. LONG-TERM BORROWINGS (CONTINUED)

10.1 Long-term loans (continued)

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

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR/LIBOR plus an agreed commission rate. During the current period in order to reduce its exposure to commission rate risks the Group has entered into an Islamic profit rate swap for portion of its long-term loan. For details refer note 11.

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

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group is in compliant with the loan covenants as at the reporting date.

10.2 Sukuk

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Sukuk	**1,874,950,000**	1,874,950,000
Less: Unamortized transaction cost	**(40,246,952)**	(47,709,478)
Balance at the end of the period / year	**1,834,703,048**	1,827,240,522

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

Unamortized transaction costs movement is as follows:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Balance at the beginning of the period / year	**47,709,478**	--
Additions during the period / year	**--**	51,208,742
Capitalized transaction costs	**(229,658)**	(127,116)
Amortized transaction costs during the period / year	**(7,232,868)**	(3,372,148)
Balance at the end of the period / year	**40,246,952**	47,709,478

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives designated as hedging instruments

As at 31 December 2020, the Group held Islamic Profit Rate Swaps ("IRS") of a notional value of USD 80 million (equivalent to SR 300 million) in order to reduce its exposure to commission rate risks against long term financing. The table below shows the fair values of derivatives financial instruments, recorded as negative fair value. The notional amounts indicate the volume of transactions outstanding at the period end and are neither indicative of the market risk nor the credit risk.

Description of the hedged items:	Hedging instrument	Fair Value	31 December 2020 SR
Commission payments on floating rate loan	IRS	Negative	**1,677,200**

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

Fair values of cash flow hedge represent the mark to market values of the Islamic Profit rate swaps as at 31 December 2020. The cash flow hedge reserve included under other reserves represents the effective portion of cash flow hedge.

12. SHARE CAPITAL

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

	Number of shares	Share capital (SR)	Share premium (SR)
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share	30,000,000	300,000,000	480,000,000
Transaction costs on new shares issue	--	--	(68,274,297)
Balance at 31 March 2020	475,000,000	4,750,000,000	411,725,703
Balance at 31 December 2020	**475,000,000**	**4,750,000,000**	**411,725,703**

13. RESERVES

Statutory reserve

In accordance with Company's by-laws, the Company must transfer 10% of its net 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 financial statements.

Other reserves

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

14. DIVIDENDS DISTRIBUTION

During the period, the Board of Directors resolved to distribute final dividends amounting to SR 0.50 per share aggregating to SR 237,500,000 as per resolution dated 22 Dhul Qadah 1441H (corresponding to 13 July 2020). The Company has paid the dividends during the period.

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

15. REVENUE

	Nine-month period ended 31 December 2020 Unaudited SR	Nine-month period ended 31 December 2019 Unaudited SR
Rental income (*)	**1,330,290,857**	1,615,879,379
Service and management charges income	**66,472,379**	70,625,457
Commission income on provisions for utilities for heavy users, net	**2,171,143**	2,662,915
Turnover rental	**11,175,967**	--
	1,410,110,346	1,689,167,751

(*) Rental income includes related maintenance and insurance costs of malls' premises included as a part of rent for each of the tenants.

Group as a lessor

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

	Nine-month period ended 31 December 2020 Unaudited SR	Nine-month period ended 31 December 2019 Unaudited SR
Within one year	**1,846,733,166**	1,458,650,240
After one year but not more than five years	**2,284,880,578**	1,913,798,723
More than five years	**353,533,923**	411,777,377
	4,485,147,667	3,784,226,340

16. OTHER INCOME

	Nine-month period ended 31 December 2020 Unaudited SR	Nine-month period ended 31 December 2019 Unaudited SR
Rental concession on leases	**76,703,029**	--
Income from sale of equity accounted investee (note 7)	**42,767,629**	--
Dividend income	**2,857,500**	5,737,500
Other income	**10,569,386**	731,656
	132,897,544	6,469,156

17. EARNINGS PER SHARE

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

	Three-month period ended 31 December 2020 Unaudited SR	Three-month period ended 31 December 2019 Unaudited SR	**Nine-month period ended 31 December 2020 Unaudited SR**	Nine-month period ended 31 December 2019 Unaudited SR
Profit for the period attributable to the Shareholders of the Company	**95,423,954**	107,892,211	**357,207,914**	535,945,344
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**475,000,000**	469,327,273	**475,000,000**	469,327,273
Basic and diluted earnings per share attributable to the Shareholders of the Company	**0.20**	0.23	**0.75**	1.14

There has been no item of dilution affecting the weighted average number of ordinary shares.

18. SEGMENT REPORTING

The Group's activities and business lines as 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 condensed consolidated interim statement of financial position and in the condensed consolidated interim statement of profit or loss.

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

19. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorized as follows:

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Financial assets		
Cash and cash equivalents	**793,589,158**	1,045,680,193
Accounts receivable	**222,229,835**	234,254,125
Amounts due from related parties	**455,798,040**	591,222,957
Other investments	**84,274,291**	104,463,375
Total financial assets	**1,555,891,324**	1,975,620,650

	31 December 2020 Unaudited SR	31 March 2020 Audited SR
Financial liabilities		
Accounts payable	**156,191,695**	149,442,700
Amounts due to related parties	**7,424,338**	3,899,682
Lease liability on right-of-use assets	**4,043,787,942**	4,237,227,831
Long-term borrowings	**6,975,525,371**	7,015,743,077
Tenants' security deposits	**125,804,020**	119,133,947
Derivative liability (Profit rate swaps)	**1,677,200**	--
Total financial liabilities	**11,310,410,566**	11,525,447,237

Fair value estimation of financial instrument

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

	Level 1 SR	**Level 2 SR**	**Level 3 SR**	**Total SR**
31 December 2020 (Unaudited)				
Investments real estate fund	**--**	**--**	**6,091,291**	**6,091,291**
Amlak International for Real Estate Finance Company	**78,183,000**	**--**	**--**	**78,183,000**
31 March 2020 (Audited)				
Investments real estate fund	--	--	6,264,375	6,264,375
Amlak International for Real Estate Finance Company	--	--	98,199,000	98,199,000

The Group holds an investment in equity shares of Amlak International for Real Estate Finance. The fair value of this investment was categorized as Level 3 at 31 March 2020.

During the period ended 31 December 2020, Amlak International for Real Estate Finance Company listed its equity shares on Tadawul and they are currently actively traded in the market. Accordingly, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy as at 31 December 2020.

20. 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 cash equivalents 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 commission rates that will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 December 2020 and 31 March 2020. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

	Nine-month period ended 31 December 2020 **Unaudited** **SR**	**Nine-month period ended 31 December 2019** Unaudited SR
Gain / (loss) through the condensed consolidated statement of profit or loss		
Floating rate debt:		
SIBOR +100bps	**(70,799,433)**	**(63,749,420)**
SIBOR -100bps	**70,799,433**	**63,749,420**

Real estate risk

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

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

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

20. FINANCIAL 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 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.

Banks balances, deposits and derivatives are with local banks and international financial institutions with sound credit ratings.

Accounts receivable

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

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

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

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the 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.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 December 2020 and 31 March 2020:

	Gross carrying amount		**Weighted-average loss**		**Loss Allowance % as at 31 December**
Days past due	**31 December 2020**	**31 March 2020**	**31 December 2020**	**31 March 2020**	**2020**
0–90	**36,655,119**	53,440,320	**6,710,539**	3,374,520	18.31%
91–180	**64,641,448**	77,196,999	**13,901,578**	8,405,148	21.51%
181–270	**62,001,215**	81,428,407	**15,249,476**	13,146,524	24.60%
271–360	**49,468,087**	56,618,562	**16,390,494**	13,755,863	33.13%
361 –450	**38,892,968**	31,688,310	**16,396,993**	30,737,331	42.16%
451 -540	**39,571,044**	30,458,967	**21,477,022**	29,589,159	54.27%
541 –630	**32,814,605**	26,577,256	**19,544,485**	26,011,424	59.56%
631 -720	**24,641,934**	26,565,490	**16,785,998**	24,700,217	68.12%
> 720 days	**66,493,925**	15,827,113	**66,493,925**	15,827,113	100.00%
	415,180,345	399,801,424	**192,950,510**	165,547,299	

During the period ended 31 December 2020, receivables amounting to SR 47,525,605 is written off (31 December 2019: 1,994,537).

During the period ended 31 December 2020, accrued revenue rental amounting to SR 33,399,074 is written off (31 December 2019: Nil).

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 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 considers 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.

20. 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 a liquidity crunch situation) with the financial assets forming part of the current assets, there seems to be a reasonable 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**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**
31 December 2020 (Unaudited)						
Accounts payable	**156,191,695**	**--**	**--**	**--**	**--**	**156,191,695**
Amounts due to related parties	**7,424,338**	**--**	**--**	**--**	**--**	**7,424,338**
Tenants' security deposits	**43,294,505**	**13,578,003**	**34,839,887**	**33,192,851**	**898,774**	**125,804,020**
Lease liability on right-of-use assets	**339,853,973**	**155,114,286**	**317,104,199**	**993,430,275**	**4,539,944,752**	**6,345,447,485**
Long-term borrowings	**171,025,114**	**202,685,196**	**430,030,284**	**4,204,876,875**	**3,449,478,272**	**8,458,095,741**
Derivative liability	**1,677,200**	**--**	**--**	**--**	**--**	**1,677,200**
	719,466,825	**371,377,485**	**781,974,370**	**5,231,500,001**	**7,990,321,798**	**15,094,640,479**

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
	SR	SR	SR	SR	SR	SR
31 March 2020 (Audited)						
Accounts payable	149,442,700	--	--	--	--	149,442,700
Amounts due to related parties	3,899,682	--	--	--	--	3,899,682
Tenants' security deposits	46,994,940	19,409,668	23,373,195	27,093,771	2,262,373	119,133,947
Lease liability on right-of-use assets	394,592,601	176,568,679	346,767,199	1,074,013,012	5,170,031,208	7,161,972,699
Long-term borrowings	154,330,489	204,805,482	435,978,748	4,231,880,901	4,146,554,789	9,173,550,409
Total	749,260,412	400,783,829	806,119,142	5,332,987,684	9,318,848,370	16,607,999,437

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

Capital is equity attributable to the shareholders of the Group. 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 2020 Unaudited SR	31 March 2020 Audited SR
Total liabilities	**11,987,147,386**	11,977,235,024
Less: cash and cash equivalents	**(793,589,158)**	(1,045,680,193)
Net debt	**11,193,558,228**	10,931,554,831
Equity attributable to the Shareholders of the Company	**5,919,232,929**	5,982,997,476
Debt to adjusted capital ratio	**189%**	183%

21. CONTINGENCIES AND COMMITMENTS

During the current period, the Group received a demand letter from the General Authority of Zakat and Tax (GAZT) claiming additional Value added tax (VAT) of SR 24.6 million and penalties of SR 40.8 million for the period up to 31 December 2019.

The Group has objected and filed an appeal for the same and has deposited SR 24.6 million. Subsequent to the period, GAZT has confirmed that the penalties have been waived. However, GAZT is still reviewing the responses and supporting documentations submitted by the Group. Based on the assessments of management and the independent consultant handling the appeal, the Group is comfortable that it has adequate documentation to support the appeal, and accordingly, expects the additional VAT liability to be reversed by GAZT. Hence, no provision has been recorded and the amount paid under appeal has been classified under Prepayments and other current assets.

Commitments:	**31 December 2020 Unaudited SR**	31 March 2020 Audited SR
Commitments for projects under construction*	**3,125,870,053**	3,567,294,491

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

22. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide temporary lockdowns and curfews.

Temporary closure or limited operations of malls and restricted movements of shoppers were some of the key challenges that the Group faced during the period from 16 March 2020 until 20 June 2020. While the malls are now operational, however, uncertainty still remains regarding the operating conditions of malls and unpredictability of behaviour of shoppers and retailers in the post lockdown environment.

The Group continues to evaluate the current situation through conducting stress testing scenarios on expected macro-economic indicators and its impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. These also take into consideration the impacts of government and SAMA support relief programs.

These current events and the prevailing economic conditions required the Group to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These primarily revolved around revisions to the scenario probabilities currently being used by the Group in ECL estimation. The impact of such uncertain economic environment is judgemental, and the Group will continue to reassess its position and the related impact on a regular basis.

On May 21, 2020, the Group announced rent relief and support packages, offered a waiver of contractual base rent and service charge for all tenants of its properties from 16 March 2020 for a period of six weeks (45 days). Tenants whose stores were mandatorily closed by the government's decision also benefitted from the rent relief program starting from the date of government closure until the lifting of the closure by the Government. Further, the Group announced that all increases in tenant contracts will be halted for two years 2020 and 2021.

Accordingly, as of 31 December 2020 management has approved a total discount of SR 569 million which will be amortized over the remaining period of lease. The impact of rent relief for the nine-month period ended 31 December 2020 is SR 191 million (31 March 2020: SR 20.4 million).

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2020
together with
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for 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 Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">The going concern basis of accounting</th></tr>
<tr><td colspan="2">See Note 37 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Due to the on-going Covid-19 pandemic, the business environment and operating conditions have been significantly impacted for almost all businesses including the Group's business. Temporary closure or limited operations of malls and restricted movements of shoppers were some of the key challenges that the Group faced during the period from 16 March 2020 until 20 June 2020. While the malls have now fully reopened, however, a lot of uncertainty still remains regarding the operating conditions of malls and unpredictability of behaviour of shoppers and retailers in the post lockdown environment. These factors impact future performance and cash flows of the Group.

To evaluate the Group's ability to continue as a going concern considering the impact of pandemic on business continuity, the Management has prepared a detailed assessment and has among other factors considered the following factors in preparing its assessment:

- expected future cash flows including the impact of discounts on rentals and relief packages offered by the Group to its tenants,
- financing facilities available to the Group and impact of the associated covenants, and
- cost saving options planned by the Group including impact of any Government support schemes or relief packages

We have identified the assessment of Going concern as a key audit matter in our audit, due to the significance of judgements and assumptions applied by management in preparing its assessment of going concern under an unpredictable future economic environment and relatively restricted operating conditions.</td><td>Our audit procedures in this area, included among others:

– Assessing the liquidity position of the Group as at reporting date, considering health of the Group's liquidity ratios and its ability to meet its financial obligations as and when they become due.

– Inquiring from management and the Board of Directors regarding the Group's ability to continue as a going concern

– Assessing the business plan prepared by management and considering the judgments used and assumptions applied by the management in its business plan including the following:

o Management's expectations of future rentals and cash flows, including the contracted status of the rental revenue, revenue contracted period, expected reduction due to discounts and relief to be offered to tenants and recoverability of future rentals

o ability of the Group to obtain financing facilities from lenders for operational support including potential risk and impact, if any, of possible financing covenant non-compliances; and

o financial impact of cost saving options planned to be implemented by the Group in their business plan.

– Assessing the accuracy and reasonableness of the underlying information used to prepare the business plan; and

– Evaluating the adequacy of the disclosures, in light of the requirements of the relevant financial reporting standards.</td></tr>
</table>

<table>
<tr><th colspan="2">Revenue recognition</th></tr>
<tr><td colspan="2">See Note 4 and 25 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>During the year ended 31 March 2020, the Group has recognized total revenue of SAR 2.20 billion (31 March 2019: SAR 2.18 billion).

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

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

– Assessing the Group accounting policies by considering the requirements of relevant accounting standards;

– Assessing the design and implementation, and testing the operating effectiveness of both manual and automated controls over:
o Entering key terms of the Contract in the system
o Making amendments to critical terms of lease contracts without tenant's acknowledgements, whether through manual input or through unauthorised system access; and
o Recognition of revenue accurately over the term of the lease contracts including the system configuration control

– Evaluating key contractual arrangements including rental discounts by considering relevant documentations and agreements with the customers;

– Testing revenue recognized during the year from a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's revenue recognition and terms of the lease contracts;

– Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies indicating any incorrect recognition of revenue;

– Testing manual journal entries posted to revenue account to identify any unusual items;

– Performing cut off procedures to assess that revenue is recognised in the correct period; and

– Evaluating the disclosures included in the consolidated financial statements.</td></tr>
</table>

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">Impairment of investment properties</th></tr>
<tr><td colspan="2">See Note 4 and 13 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 March 2020, the Group owns investment properties with a carrying amount of SR 11.36 billion (31 March 2019: SR 10.98 billion) which are used for earning rentals and to gain from appreciation in value.

Considering the fluctuation in real estate prices and possible impact on rentals, the Group assesses at each reporting date whether there is an indication that an investment property may be impaired.

If any impairment indication exists, the Group estimates recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties.

We considered this as the key audit matter due to the significant judgment and the key assumptions involved in determining the recoverable amount of the investment properties.</td><td>Our audit procedures in this area, included among others:

– Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the expert's suitability for the valuation of investment properties;

– Involving our specialist to assess the key assumptions used by the real estate valuation experts in determining the value of the investment properties;

– Agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with Group's records and title deeds of the investment properties;

– Comparing the recoverable amount of the investment properties as per the Valuation Report with their carrying values to check whether recognition of any impairment loss is required; and

– Evaluating the adequacy of the disclosures included in the consolidated financial statements.</td></tr>
</table>

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Lease arrangements (Transition) – IFRS 16

See Note 5 and 15 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has adopted IFRS 16 in the financial statements for the year ended 31 March 2020 for the first time which has introduced a single, on-balance sheet accounting model for lessees. Consequently, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. We considered this as a key audit matter because the calculations of amounts underlying the Right-of-use assets and the corresponding lease liabilities involve new processes for collecting data and complex rules. The assumptions and estimates include assessment of lease term and the determination of appropriate discount rates.	Our audit procedures in this area, included among others: – Evaluating the appropriateness of the selection of accounting policies based on the requirements of IFRS 16, our business understanding and industry practice; – Considering the appropriateness of the transition approach and practical expedients applied; – Evaluating management's process for identifying lease contracts to be assessed based on the selected transition approach and any practical expedients applied; – Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments; and – Evaluating the completeness, accuracy and relevance of the transition disclosures.

Other Information

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

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

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

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

For KPMG Al Fozan & Partners
Certified Public Accountants

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
س.ت.م رقم ٤٦
KPMG Al Fozan & Partners
Certified Public Accountants

Hani Hamzah A. Bedairi
License No: 460

Al Riyadh, 2 Dhul Qi'dah 1441H
Corresponding to: 23 June 2020

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 March 2020

	Note	31 March 2020 SR	31 March 2019 SR
Assets			
Current assets			
Cash and cash equivalents	7	**1,045,680,193**	457,670,983
Accounts receivable	8	**234,254,125**	299,245,146
Amounts due from related parties	9	**591,222,957**	567,558,035
Prepayments and other current assets	10	**138,790,964**	96,244,969
Accrued revenue (rentals)		**69,362,957**	30,191,211
Total current assets		**2,079,311,196**	1,450,910,344
Non-current assets			
Advances to a contractor, related party – non-current portion	9	**614,438,352**	604,914,076
Accrued revenue (rentals) – non-current portion		**99,835,361**	60,382,421
Investment in an equity-accounted investee	11	**53,079,928**	42,238,721
Other investments	12	**104,463,375**	108,708,763
Investment properties	13	**11,356,912,845**	10,983,848,465
Property and equipment	14	**91,474,811**	114,773,889
Right-of-use assets	15	**3,561,974,788**	--
Total non-current assets		**15,882,179,460**	11,914,866,335
Total assets		**17,961,490,656**	13,365,776,679
Liabilities and equity			
Liabilities			
Current liabilities			
Lease liabilities – current portion	15	**338,065,081**	--
Current portion of long-term loans	16	**45,000,000**	501,875,532
Accounts payable	17	**149,442,700**	217,760,402
Amounts due to related parties	9	**3,899,682**	22,499,022
Unearned revenue	18	**177,225,232**	305,506,061
Accrued lease rentals		--	11,480,894
Accruals and other current liabilities	19	**232,071,497**	326,082,270
Zakat payable	20	**78,524,952**	82,457,716
Total current liabilities		**1,024,229,144**	1,467,661,897
Non-current liabilities			
Lease liabilities – non-current portion	15	**3,899,162,750**	--
Long-term borrowings	16	**6,970,743,077**	6,239,159,152
Accrued lease rentals – non-current portion		--	515,366,044
Employees' end-of-service benefits	21	**30,370,714**	31,744,170
Other non-current liabilities	19	**52,729,339**	47,085,296
Total non-current liabilities		**10,953,005,880**	6,833,354,662
Total liabilities		**11,977,235,024**	8,301,016,559
Equity			
Share capital	22	**4,750,000,000**	4,450,000,000
Share premium	22	**411,725,703**	--
Statutory reserve	23	**513,092,734**	449,699,309
Other reserves		**(18,103,542)**	(18,272,000)
Retained earnings		**326,282,581**	183,241,759
Equity attributable to the shareholders of the Company		**5,982,997,476**	5,064,669,068
Non-controlling interests		**1,258,156**	91,052
Total equity		**5,984,255,632**	5,064,760,120
Total liabilities and equity		**17,961,490,656**	13,365,776,679

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali	Faisal Abdullah Al Jedaie	Fawaz Alhokair
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 March 2020

	Note	**31 March 2020**	31 March 2019
		SR	SR
Revenue	*25*	**2,197,315,187**	2,176,399,680
Cost of revenue			
- Direct costs	*26*	**(316,594,593)**	(521,177,627)
- Depreciation of right-of-use assets	*15*	**(155,864,844)**	--
- Depreciation of investment properties	*13*	**(286,418,176)**	(256,916,024)
- Write-off of investment properties		**--**	(4,397,441)
Gross profit		**1,438,437,574**	1,393,908,588
Other income	*27*	**12,678,935**	10,697,190
Other expense	*28*	**(3,376,868)**	(6,821,779)
Advertisement and promotion expenses	*29*	**(12,946,592)**	(5,642,340)
Impairment loss on accounts receivable	*8*	**(119,264,999)**	(43,524,466)
General and administration expenses	*30*	**(182,674,510)**	(171,821,914)
Operating profit		**1,132,853,540**	1,176,795,279
Share of profit of equity-accounted investee	*11*	**15,841,207**	11,569,399
Interest expense on lease liabilities	*15*	**(134,543,493)**	--
Finance cost	*31*	**(351,259,733)**	(439,540,747)
Profit before zakat		**662,891,521**	748,823,931
Zakat (expense)/ reversal	*20*	**(20,290,170)**	55,276,825
Profit for the year		**642,601,351**	804,100,756
Profit for the year attributable to:			
Shareholders of the Company		**633,934,247**	789,599,943
Non-controlling interests		**8,667,104**	14,500,813
		642,601,351	804,100,756
Earnings per share:			
Basic and diluted earnings per share attributable to the Shareholders of the Company	*32*	**1.35**	1.77

The accompanying notes from 1 to 38 form an integral part of the consolidated financial statements.

Jabri Maali	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

	Note	**31 March 2020 SR**	31 March 2019 SR
Profit for the year		**642,601,351**	804,100,756
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	*21*	**3,969,458**	(1,555,000)
Other investment at FVOCI – net change in fair value	*12*	**(3,801,000)**	1,900,000
Total comprehensive income for the year		**642,769,809**	804,445,756
Total comprehensive income for the year attributable to:			
Shareholders of the Company		**634,102,705**	789,944,943
Non-controlling interests		**8,667,104**	14,500,813
		642,769,809	804,445,756

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 March 2020

	Attributable to Shareholders of the Company							
	Share capital SR	Share premium SR	Statutory reserve SR	Other reserves SR	Retained earnings SR	Total SR	Non-controlling interests SR	Total equity SR
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 year	--	--	--	--	789,599,943	789,599,943	14,500,813	804,100,756
Other comprehensive income for the year	--	--	--	345,000	--	345,000	--	345,000
Total comprehensive income for the year	--	--	--	345,000	789,599,943	789,944,943	14,500,813	804,445,756
Transfer to statutory reserve	--	--	78,959,994	--	(78,959,994)	--	--	--
Transactions with the shareholders of the Company								
Dividends (note 9 and note 24)	--	--	--	--	(640,000,000)	(640,000,000)	(20,000,000)	(660,000,000)
Balance at 31 March 2019	**4,450,000,000**	--	**449,699,309**	**(18,272,000)**	**183,241,759**	**5,064,669,068**	**91,052**	**5,064,760,120**
Balance at 1 April 2019	**4,450,000,000**	--	**449,699,309**	**(18,272,000)**	**183,241,759**	**5,064,669,068**	**91,052**	**5,064,760,120**
Profit for the year	--	--	--	--	**633,934,247**	**633,934,247**	**8,667,104**	**642,601,351**
Other comprehensive income for the year	--	--	--	**168,458**	--	**168,458**	--	**168,458**
Total comprehensive income for the year	--	--	--	**168,458**	**633,934,247**	**634,102,705**	**8,667,104**	**642,769,809**
Issue of shares (note 22)	**300,000,000**	**411,725,703**	--	--	--	**711,725,703**	--	**711,725,703**
Transfer to statutory reserve	--	--	**63,393,425**	--	**(63,393,425)**	--	--	--
Transactions with the shareholders of the Company								
Dividends (note 9 and note 24)	--	--	--	--	**(427,500,000)**	**(427,500,000)**	**(7,500,000)**	**(435,000,000)**
Balance at 31 March 2020	**4,750,000,000**	**411,725,703**	**513,092,734**	**(18,103,542)**	**326,282,581**	**5,982,997,476**	**1,258,156**	**5,984,255,632**

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali	**Faisal Abdullah Al Jedaie**	**Fawaz Alhokair**
Chief Financial Officer	Chief Executive Officer	Chairman

Arabian Centres Company and its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 March 2020

	Note	31 March 2020 SR	31 March 2019 SR
Cash flows from operating activities			
Profit before Zakat		**662,891,521**	748,823,931
Adjustments for:			
Depreciation of investment properties	*13*	**286,418,176**	256,916,024
Depreciation of property and equipment	*14*	**30,784,955**	35,407,948
Depreciation of right of use assets	*15*	**159,631,890**	--
Share of profit of equity accounted investee	*11*	**(15,841,207)**	(11,569,399)
Finance cost	*31*	**351,259,733**	439,540,747
Interest expense on lease liabilities	*15*	**134,543,493**	--
Provision for employees' end-of-services benefits	*21*	**7,164,937**	6,471,000
Impairment loss on accounts receivable	*8*	**119,264,999**	43,524,466
Impairment on advances to suppliers	*28*	**2,822,235**	6,069,287
Write-off of investment properties	*13*	**--**	4,397,441
Change in fair value of other investments (FVTPL)		**444,388**	267,454
		1,739,385,120	1,529,848,899
Changes in:			
Accounts receivable		**(54,273,978)**	(59,274,726)
Amounts due from related parties, net		**(137,101,460)**	(879,121,000)
Prepayments and other current assets		**(91,050,374)**	(23,502,552)
Accounts payable		**(35,364,277)**	(49,107,067)
Accrued revenue (rentals)		**(78,624,688)**	8,380,458
Accrued lease rentals		**--**	11,646,965
Unearned revenue		**(128,280,829)**	28,253,821
Accruals and other current liabilities		**(34,982,360)**	(63,179,614)
Cash generated from operating activities		**1,179,707,154**	503,945,184
Employees' end-of-service benefits paid	*21*	**(4,568,935)**	(6,620,000)
Zakat paid	*20*	**(5,877,732)**	--
Net cash from operating activities		**1,169,260,487**	497,325,184
Cash flows from investing activities			
Additions to investment properties	*13*	**(451,715,349)**	(444,931,448)
Purchase of property and equipment	*14*	**(7,485,877)**	(13,450,541)
Dividend received from an associate	*11*	**5,000,000**	9,000,000
Advances to a contractor, related party		**(9,524,274)**	(249,714,101)
Net cash used in investing activities		**(463,725,500)**	(699,096,090)
Cash flows from financing activities			
Payment of financial charges		**(384,093,476)**	(168,360,882)
Dividends paid		**(427,500,000)**	--
Payment of lease liabilities		**(282,059,608)**	--
Proceeds from long-term borrowings	*16*	**5,368,675,202**	7,086,318,069
Proceeds from Sukuk		**1,874,950,000**	
Payment of transaction costs	*16*	**(114,671,202)**	(91,692,960)
Repayment of long-term borrowings	*16*	**(6,932,826,693)**	(6,227,173,306)
Proceeds from initial public offering		**780,000,000**	--
Dividend paid by subsidiary to non-controlling interest shareholders		**--**	(20,000,000)
Net cash (used in)/ from financing activities		**(117,525,777)**	579,090,921
Net increase in cash and cash equivalents		**588,009,210**	377,320,015
Cash and cash equivalents at the beginning of the year	*7*	**457,670,983**	80,350,968
Cash and cash equivalents at end of the year	*7*	**1,045,680,193**	457,670,983

Non-cash transactions:			
Right-of-use assets	*5*	**3,656,779,235**	--
Lease liability on right-of-use assets	*5*	**4,171,064,692**	--
Prepaid rent reclassified to right-of-use assets	*5*	**46,400,060**	--
Capitalized finance cost for project under construction		**53,341,300**	50,144,855
Capitalized depreciation of right-of-use assets for project under construction	*15*	**57,750,995**	--
Capitalized interest expense on lease liabilities for project under construction	*15*	**91,470,816**	--
Non-controlling interest dividends settled through adjusting amounts due to related parties		**7,500,000**	--
Capitalized arrangement fees for project under construction		**5,574,316**	--
Accruals and other current liabilities reclassified to right-of-use assets	*5*	**808,475**	--
Initial public offering transaction costs	*22*	**68,274,297**	--
Dividends settled through Ultimate Parent Company's account	*9 & 24*	--	640,000,000
Investment property transferred to related parties	*9 & 13*	--	(83,867,364)
Zakat payable transferred to the Ultimate Parent Company	*9 & 20*	**18,345,202**	8,825,429
Capitalized rent- investment properties		--	142,545,087
Impact of adoption IFRS opening		--	36,761,710
Rent free period - Investment properties		--	(90,461,596)
Accounts payable transferred to the Ultimate Parent Company		--	9,857,629
Amounts due from related parties settled through the Ultimate Parent Company account		--	(20,500,000)
Property, plant and equipment transferred to the Ultimate Parent Company account		--	(96,282)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Jabri Maali
Chief Financial Officer

Faisal Abdullah Al Jedaie
Chief Executive Officer

Fawaz Alhokair
Chairman

1 CORPORATE INFORMATION AND ACTIVITIES

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

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

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

The Company and its subsidiaries mentioned below (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 of 31 March 2020 and 31 March 2019:

	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

Statement of compliance

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

This is the first set of the Group's financial statements in which IFRS 16 "leases" has been applied and the resultant changes to the significant accounting policies are described in Note 5.

Basis of measurement, functional and presentation currency

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

Basis of consolidation

a) 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 period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

b) Change in ownership interest

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

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

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Basis of consolidation (Continued)

b) *Change in ownership interest (continued)*

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

c) *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.

d) *Associate*

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

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

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

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

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

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

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

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

2. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

Basis of consolidation (Continued)

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

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

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 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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

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

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

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

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Critical judgements in applying accounting standards (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 believes:

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

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented except for IFRS 16 “Leases” which have been applied for the first time as described in note 5. A comparative figure of SAR 499.5 million has been reclassified from “current advances to contractor” to “non-current advances to contractor” to conform to current period presentation.

Cash and cash equivalents

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

Foreign currencies

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

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

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

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

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

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

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

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

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

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

Rental income

The Group is the lessor for various operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. 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 profit or loss when the right to receive them arises.

Turnover rent

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

Service charges, management charges and other expenses recoverable from tenants

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

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

Principal versus agent consideration

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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

Expenses

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

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

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Zakat

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

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

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. Subsequent expenditures that increase the value or materially extend the life of the related assets are capitalized. Leaseholds improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement and the term of the lease.

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

	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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)

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 is 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 Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

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

Impairment of non-financial assets and liabilities

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets and liabilities (continued)

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

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

Financial instruments

Recognition and initial measurement

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

Classification and subsequent measurement

Financial assets – initial measurement

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

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

A financial asset is measured at 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.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets – initial measurement (continued)

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.

Financial assets – Business model assessment

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

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

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

Financial assets – Subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised 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 loss, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss as well.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

<u>Impairment of financial assets (continued)</u>

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.

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (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 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 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.

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.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group initially applied IFRS 16 Leases from 1 April 2019, the new standard is effective for annual periods beginning on or after 1 January 2019. A number of other new standards are also effective for annual periods beginning on or after 1 January 2019, but they do not have a material effect on the Group's financial statements.

The Group has applied IFRS 16 using the modified retrospective approach. At the date of initial application, the Group has adopted a policy to recognise the right-of-use asset at an amount equal to the lease liability, adjusted by any related prepaid or accrued lease payments, that resulted in no adjustment to the retained earnings as at 1 April 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on consolidated statement of financial position.

The Group decided to apply recognition exemptions to short-term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

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

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

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

5 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. As a lessor

The Group leases out its investment property. The Group has classified these leases as operating leases. The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease component.

D. Transition

Previously, the Group classified land leases as operating leases under IAS 17. These include land for malls. The leases typically run for a period of 15 to 30 years. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact on transition
When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019.

Assets:	**SAR**
Right-of-use assets	**3,656,779,235**
Prepayments	**(46,400,060)**
Accrued expenses	**808,475**
Total impact on assets	**3,611,187,650**
Liabilities:	
Lease lability	**4,171,064,692**
Accrued lease rentals	**(526,923,619)**
Accounts payable	**(32,953,423)**
Total impact on labilities	**3,611,187,650**
Total impact on equity	**--**

Impact for the year
During the year ended March 31, 2020, the Group recognised SR 159.6 million of depreciation charges and SR 134.5 million of interest costs from these leases, resulting in a carrying value of SR 3,562 million and SR 4,237 million for right of use assets and lease liabilities respectively as at March 31, 2020.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following amended standards and interpretations, when they become effective, are not expected to have a significant impact on the Group's consolidated financial statements.

Effective date	New standards and amendments
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
1 January 2021	IFRS 17 Insurance Contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

7 CASH AND CASH EQUIVALENTS

	31 March 2020	31 March 2019
		SR
Cash at bank – time deposits	**652,286,189**	--
Cash at bank – current accounts	**391,977,700**	456,560,279
Cash in hand	**1,416,304**	1,110,704
Total	**1,045,680,193**	457,670,983

The average rate on bank time deposits during the year ranges from 0.85% to 0.90% (2019: nil) per annum with an average maturity of 30 to 45 days.

8 ACCOUNTS RECEIVABLE

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.

	31 March 2020	31 March 2019
	SR	SR
Gross accounts receivable	**399,801,424**	443,788,053
Less: Impairment loss on accounts receivable	**(165,547,299)**	(144,542,907)
	234,254,125	299,245,146

Movement in the impairment loss allowance was as follows:

	Year ended 31 March 2020	Year ended 31 March 2019
	SR	SR
At the beginning of the year	**144,542,907**	138,616,823
Impact of adoption IFRS 9 as at beginning of the year	**--**	(36,761,710)
Impairment charge for the year	**119,264,999**	43,524,466
Write-off	**(98,260,607)**	(836,672)
At the end of the year	**165,547,299**	144,542,907

Refer to note 35 for ageing of unimpaired accounts receivable.

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, 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.

9.1 Related party transactions

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

Transactions with Fellow subsidiaries and other related parties *

	31 March 2020 SR	31 March 2019 SR
Rental revenue, net	**598,306,047**	563,777,539
Construction work included in projects under construction	**331,905,340**	430,764,063
Service expenses	**94,097,009**	96,142,925
Dividend settled through adjusting amount due to related party	**7,500,000**	20,000,000
Board of Directors remuneration and compensation	**3,905,000**	2,570,000

* Name of the parties with significant values of transactions are disclosed in note 9.3

Transactions with Saudi FAS Holding Company (Ultimate Parent Company) *

	31 March 2020 SR	31 March 2019 SR
Payment to suppliers on behalf of the Ultimate Parent Company	**45,607,280**	26,994,896
Initial public offering expenses charged to Ultimate Parent Company	**16,192,603**	--
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	**(18,345,202)**	(8,825,429)
Dividends settled through adjusting amounts due to related parties	--	(640,000,000)
Settlement of balances through other related party	--	20,500,000
Transfer of investment properties (note 13)	--	(83,867,364)
Accounts payable transferred to the Ultimate Parent Company	--	9,857,629
Property and equipment transferred to the Ultimate Parent Company account	--	(96,282)

* Shareholders of the immediate parent company (FAS Real Estate Company Limited) assigned their shares held in the Company to Saudi FAS Holding Company. Hence, Saudi FAS Holding Company is considered as the Ultimate Parent Company.

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions (continued)

9.2 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
End-of-service benefits	**5,211,437**	847,664
Salaries and short-term benefits	**18,225,189**	14,434,766
Total key management compensation	**23,436,626**	15,282,430

9.3 Related party balances

The following table summarizes related parties balances:

i) Amounts due from related parties:	Nature of Transactions	Relationship	**Amount of Transactions 31 March 2020 SR**	Amount of Transactions 31 March 2019 SR	**31 March 2020 SR**	31 March 2019 SR
Fawaz Abdulaziz Al Hokair & Co. (a)	Rental Revenue	Affiliates	**350,914,140**	359,645,031	**32,282,559**	--
FAS Holding Company for Hotels (c)		Affiliates	**--**	--	**350,322,579**	350,322,579
Nesk Trading Project Company Limited (a)	Rental Revenue	Affiliates	**77,441,233**	82,132,609	**49,966,141**	31,792,316
Tadaris Najd Security Company	Service expense	Affiliates	**57,278,571**	53,887,226	**18,868,656**	18,612,907
Abdul Mohsin Al Hokair Group for Tourism and Development (a)	Rental Revenue	Affiliates	**26,834,371**	39,631,043	**28,211,447**	23,017,193
Next Generation Co (a)	Rental Revenue	Affiliates	**25,848,736**	4,866,756	**22,631,374**	2,121,140
Food and Entertainment Trading Company Limited (a)	Rental Revenue	Affiliates	**20,603,944**	33,806,216	**3,828,663**	73,076,057
Via Media Co. (a)	Rental Revenue	Affiliates	**18,427,930**	--	**15,393,827**	--
Fashion district Co(a)	Rental Revenue	Affiliates	**17,279,328**	4,257,221	**12,050,255**	--
Food Gate Co(a)	Rental Revenue	Affiliates	**15,313,237**	12,811,187	**21,647,155**	14,727,580
Billy Games Company Limited (a)	Rental Revenue	Affiliates	**15,360,265**	15,359,876	**8,469,448**	26,342,675
Innovative Union Co. Ltd(a)	Rental Revenue	Affiliates	**8,861,644**	--	**8,672,483**	--
Saudi FAS Holding Company	Various Transactions	Ultimate Parent Company	**44,924,303**	(481,978,367)	**5,402,530**	--
Azal Restaurant Co(a)	Rental Revenue	Affiliates	**6,348,816**	5,313,091	**751,962**	7,202,288
Ezdihar Sports Co.(a)	Rental Revenue	Affiliates	**4,054,403**	--	**3,359,412**	--
Skill Innovative Games Co. (a)	Rental Revenue	Affiliates	**4,074,149**	2,279,995	**2,703,953**	2,527,781
Nail Place Trading Est.(a)	Rental Revenue	Affiliates	**2,447,522**	--	**2,317,325**	--
Kids Space Company Limited (a)	Rental Revenue	Affiliates	**2,458,890**	2,463,778	**1,796,225**	4,058,996
Majd Business Co. Ltd.(a)	Rental Revenue	Affiliates	**1,069,546**	--	**1,032,501**	--
FAS Technologist Trading Co(a)	Expenses	Affiliates	**2,136,265**	4,437,069	**179,248**	9,732,700
Coffee Centers Company Limited (a)	Rental Revenue	Affiliates	**831,827**	1,205,912	**7,116**	2,704,437
Others			**136,066**	4,824	**1,328,098**	1,319,386
					591,222,957	567,558,035

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party balances (continued)

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

ii) Amounts due to related parties:

	31 March 2020 SR	31 March 2019 SR
Ultimate Parent Company		
Saudi FAS Holding Company	**--**	4,067,636
Other related parties		
Fawaz Abdulaziz Al Hokair & Co. (b)	**--**	3,758,106
Etqan Facilities Management	**3,899,682**	14,673,280
	3,899,682	22,499,022

(a) These mainly represent rental receivables from the related parties.
(b) These mainly represent advance rentals received, net of rental income receivables.
(c) Guaranteed by Ultimate Parent Company.

iii) Advances to a contractor:

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.

	31 March 2020 SR	31 March 2019 SR
Other related party		
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company	**614,438,352**	604,914,076

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

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).

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2020 SR	31 March 2019 SR
Advances to suppliers	**118,055,522**	30,172,398
Prepaid expenses	**14,322,142**	14,766,420
Employees' receivables	**4,808,626**	3,896,050
Prepaid rent	**--**	46,400,060
Margin money deposits	**--**	500,000
Others	**1,604,674**	510,041
Total	**138,790,964**	96,244,969

11 INVESTMENT IN AN 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.

The movement of the investment during the year is as follows:

	Percentage of ownership	Opening balance SR	Share in earnings SR	Dividend SR	Ending balance SR
As at 31 March 2020	**25%**	**42,238,721**	**15,841,207**	**(5,000,000)**	**53,079,928**
As at 31 December 2018	25%	39,669,322	11,569,399	(9,000,000)	42,238,721

Share of profit has been recorded based on the latest available financial information. The tables below provide summarized financial information for the associate. The information disclosed reflects the amounts presented in the management accounts/ financial statements of the associate and not the Group's share of those amounts as of 31 March 2020 and 31 December 2018.

Summarized statement of financial position:

	31 March 2020 SR	31 December 2018 SR
Total current assets	**59,499,511**	16,006,428
Total non-current assets	**190,540,882**	217,233,169
Total current liabilities	**(37,053,894)**	(63,872,776)
Total non-current liabilities	**(666,787)**	(411,937)
Net assets	**212,319,712**	168,954,884

Summarized statement of statement of profit or loss:	**31 March 2020 SR**	31 December 2018 SR
Revenue	**150,040,846**	118,942,170
Finance cost	**(1,406,809)**	(6,498,386)
Zakat	**(1,977,322)**	(1,360,981)
Net profit for the period/ year	**63,364,828**	46,277,596
Reconciliation to carrying amounts:		
Opening net assets	**168,954,884**	158,677,288
Dividends	**(20,000,000)**	(36,000,000)
Net profit for the period/ year	**63,364,828**	46,277,596
Closing net assets	**212,319,712**	168,954,884

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 reported in the audited financial statements for the year ended 31 December 2019 and 31 December 2018.

12 OTHER INVESTMENTS

	31 March 2020 SR	31 March 2019 SR
Unquoted:		
Investments in real estate companies at FVOCI (i)	**98,199,000**	102,000,000
Investment in a real estate fund at FVTPL (ii)	**6,264,375**	6,708,763
Total	**104,463,375**	108,708,763

(i) Investments in real estate companies:

	31 March 2020 SR	31 March 2019 SR
Amlak International for Real Estate Finance Company	**98,199,000**	102,000,000

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:

This represents 0.25% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) (68 units each for SR 100,000) purchased for SR 7 million. Net asset value (NAV) of the investment amounted to SR 6.3 million (31 March 2019: SR 6.7 million). The realized loss amounting to SR 0.4 million has been recognized in the consolidated statement of profit or loss (31 March 2019: SR 0.3 million).

The movement in investments in real estate fund was as follows:

	31 March 2020 SR	31 March 2019 SR
Opening balance	**6,708,763**	6,976,217
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**(291,237)**	(23,783)
Unrealized loss during the year	**(444,388)**	(267,454)
At the end of the year	**(735,625)**	(291,237)
Net carrying amount	**6,264,375**	6,708,763

13 INVESTMENT PROPERTIES

	Buildings on freehold land							Buildings on leasehold land (13.2)				
	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 31 March 2018	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	--	562,787	652,838	--	562,554	180,000	1,958,179	4,469,612	79,523	4,549,135	631,114,077	637,621,391
Transfers (note 9), (13.3)	--	7,780,794	--	--	--	170,000	7,950,794	7,257,854	--	7,257,854	(189,537,609)	(174,328,961)
Disposal	--	(5,281,099)	(16,800)	(16,800)	--	--	(5,314,699)	(197,949)	--	(197,949)	--	(5,512,648)
Balance at 31 March 2019	4,771,814,409	2,005,520,213	398,242,199	277,242,534	65,758,729	57,934,696	2,804,698,371	2,948,439,991	185,916,101	3,134,356,092	2,204,725,537	12,915,594,409
Additions	--	3,237,849	6,255,208	11,573,552	--	468,833	21,535,442	49,697,641	--	49,697,641	588,249,473	659,482,556
Transfers	--	436,057,695	--	--	--	--	436,057,695	418,652,966	--	418,652,966	(854,710,661)	--
Balance at 31 March 2020	**4,771,814,409**	**2,444,815,757**	**404,497,407**	**288,816,086**	**65,758,729**	**58,403,529**	**3,262,291,508**	**3,416,790,598**	**185,916,101**	**3,602,706,699**	**1,938,264,349**	**13,575,076,965**
Accumulated Depreciation:												
Balance at 31 March 2018	--	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 year	--	45,794,795	15,987,263	18,730,837	2,211,963	2,917,805	85,642,663	159,013,621	12,259,740	171,273,361	--	256,916,024
Disposal	--	(958,729)	(7,112)	(11,853)	--	--	(977,694)	(137,513)	--	(137,513)	--	(1,115,207)
Balance at 31 March 2019	--	343,890,435	131,109,737	169,654,838	22,965,321	28,327,941	695,948,272	1,139,645,632	96,152,040	1,235,797,672	--	1,931,745,944
Charge for the year	--	60,222,476	16,178,920	19,253,792	2,262,311	2,923,720	100,841,219	172,566,981	13,009,976	185,576,957	--	286,418,176
Balance at 31 March 2020	**--**	**404,112,911**	**147,288,657**	**188,908,630**	**25,227,632**	**31,251,661**	**796,789,491**	**1,312,212,613**	**109,162,016**	**1,421,374,629**	**--**	**2,218,164,120**
Net book values:												
At 31 March 2020	**4,771,814,409**	**2,040,702,846**	**257,208,750**	**99,907,456**	**40,531,097**	**27,151,868**	**2,465,502,017**	**2,104,577,985**	**76,754,085**	**2,181,332,070**	**1,938,264,349**	**11,356,912,845**
At 31 March 2019	4,771,814,409	1,661,629,778	267,132,462	107,587,696	42,793,408	29,606,755	2,108,750,099	1,808,794,359	89,764,061	1,898,558,420	2,204,725,537	10,983,848,465

13.1 Projects under construction pertains to expenditures relating to 7 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.

13.2 Includes SR 151.3 million (31 March 2019: SR 33.4 million) for buildings which are constructed on leasehold lands where lease agreements are in the name of related parties.

13.3 During the year ended 31 March 2020, the Group transferred mall under construction with book value of SR Nil (31 March 2019: SR 174 million) to its Ultimate Parent Company which was settled through Ultimate Parent Company's account.

13.4 During the year ended 31 March 2020, the Group capitalized interest expense amounting to SR 145 million (31 March 2019: SR 50 million).

13 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment properties

Management has appointed independent valuers to determine the fair value of the investment properties as of 31 March 2020. According to the valuers, the fair value of the investment properties as at 31 March 2020 is SR 22,113,720,686. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2020 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

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

As mentioned in the accounting policies (note 4) the Company recognizes the amounts recognized in the investment properties at cost. The amounts recognized in the statement of profit or loss for investment properties during the years are as follows:

	31 March 2020 SR	31 March 2019 SR
Revenue	**2,197,315,187**	2,176,399,680
Costs of revenue	**(316,594,593)**	(521,177,627)
Depreciation of investment properties	**(286,418,176)**	(256,916,024)
	1,594,302,418	1,398,306,029

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

	Owned by the Company	**Title deeds registered with the Company**	**31 March 2020 SR**	31 March 2019 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 Mall**	Yes	No	**68,120,000**	68,120,000
Jubail Mall	Yes	Yes	**32,500,000**	32,500,000
Al Ehsa Mall*	Yes	No	**20,700,145**	20,700,145
Salam Mall**	Yes	No	**250,000,000**	250,000,000
Hamra Mall*	Yes	No	**256,100,000**	256,100,000
Nakheel Dammam Mall*	Yes	No	**210,000,000**	--
			1,232,002,912	1,022,002,912
Lands				
Oyoun Al Raed **	Yes	No	**1,770,439,947**	1,770,439,947
Oyoun Al Basateen**	Yes	No	**1,067,162,500**	1,067,162,500
Khalij Mall*	Yes	No	**290,209,050**	290,209,050
Al Qasseem**	Yes	No	**350,000,000**	350,000,000
Nakheel Dammam*	Yes	No	**--**	210,000,000
Abha	Yes	Yes	**62,000,000**	62,000,000
			3,539,811,497	3,749,811,497
Total land value			**4,771,814,409**	4,771,814,409

*The title deeds all plots of land are registered in the name of local banks against facility II (note 16).

**The title deeds of these plots of land are registered in the name of local banks against facility I (note 16), which were repaid during the year. The release of these pledged assets is in process.

14 PROPERTY AND EQUIPMENT

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Capital Work in Progress SR	Total SR
Cost:						
Balance at 1 April 2018	138,573,305	85,402,873	3,885,902	32,288,471	--	**260,150,551**
Additions	4,832,177	6,973,743	87,500	167,325	1,389,796	**13,450,541**
Transfer to related parties	--	--	(339,500)	--	--	**(339,500)**
Balance at 31 March 2019	**143,405,482**	**92,376,616**	**3,633,902**	**32,455,796**	**1,389,796**	**273,261,592**
Additions	**3,567,839**	**3,508,077**	**--**	**409,961**	**--**	**7,485,877**
Transfers	**--**	**--**	**--**	**1,292,721**	**(1,292,721)**	**--**
Balance at 31 March 2020	**146,973,321**	**95,884,693**	**3,633,902**	**34,158,478**	**97,075**	**280,747,469**
Accumulated depreciation:						
Balance at 1 April 2018	66,557,048	44,936,405	3,700,709	8,128,811	--	**123,322,973**
Charge for the year (note 30)	16,751,778	10,984,962	171,103	7,500,105	--	**35,407,948**
Transfer to related parties	--	--	(243,218)	--	--	**(243,218)**
Balance at 31 March 2019	**83,308,826**	**55,921,367**	**3,628,594**	**15,628,916**	**--**	**158,487,703**
Charge for the year (note 30)	**12,889,457**	**10,871,613**	**5,308**	**7,018,577**	**--**	**30,784,955**
Balance at 31 March 2020	**96,198,283**	**66,792,980**	**3,633,902**	**22,647,493**	**--**	**189,272,658**
Net book values:						
At 31 March 2020	**50,775,038**	**29,091,713**	**--**	**11,510,985**	**97,075**	**91,474,811**
At 31 March 2019	60,096,656	36,455,249	5,308	16,826,880	1,389,796	114,773,889

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

i. Right-of-use assets

	31 March 2020 SR
Balance as at 1 April 2019	**3,656,779,235**
Addition during the year	**122,578,438**
Depreciation charge for the year:	
- Cost of revenue	**(155,864,844)**
- General and administration expenses	**(3,767,046)**
Depreciation capitalized for projects under construction	**(57,750,995)**
Balance at the end of the year	**3,561,974,788**

Depreciation expense is charged as follows:

	31 March 2020 SR
Cost of revenue	**155,864,844**
General and administration expenses (note 30)	**3,767,046**
Depreciation capitalized for projects under construction	**57,750,995**
Total	**217,382,885**

ii. Lease liabilities

	31 March 2020 SR
Non-Current portion of lease liabilities	**3,899,162,750**
Current portion of lease liabilities	**338,065,081**
Total	**4,237,227,831**

Movement of lease liabilities are as follows:

	31 March 2020 SR
Balance as at 1 April 2019	**4,171,064,692**
Addition during the year	**122,578,438**
Lease payments	**(282,059,608)**
Discounts	**(370,000)**
Interest expense for the year	**134,543,493**
Interest capitalized for projects under construction	**91,470,816**
Balance at the end of the year	**4,237,227,831**

16. LONG TERM BORROWINGS

	Notes	31 March 2020 SR	31 March 2019 SR
Non-current liabilities			
Long-term loans	16.1	**5,143,502,555**	6,239,159,152
Sukuk	16.2	**1,827,240,522**	--
		6,970,743,077	6,239,159,152
Current liabilities			
Current portion of long-term loans	16.1	**45,000,000**	501,875,532

16. LONG TERM BORROWINGS (CONTINUED)

16.1 Long-term loans

	31 March 2020 SR	31 March 2019 SR
Facility 1 (i)	**--**	6,814,144,763
Facility 2 (ii)	**5,249,993,272**	--
	5,249,993,272	6,814,144,763
Less: unamortized transaction cost	**(61,490,717)**	(73,110,079)
Balance at the end of the year	**5,188,502,555**	6,741,034,684

a) Movement in the long-term loans follows:

	31 March 2020 SR	31 March 2019 SR
Balance at the beginning of the year	**6,814,144,763**	5,955,000,000
Drawdowns / addition of a new facility	**5,368,675,202**	7,086,318,069
Repayments during the year	**(6,932,826,693)**	(6,227,173,306)
	5,249,993,272	6,814,144,763
Less: un-amortized transaction costs	**(61,490,717)**	(73,110,079)
Balance at the end of the year	**5,188,502,555**	6,741,034,684
Less: current portion of long-term loans	**(45,000,000)**	(501,875,532)
Non-current portion of long-term loans	**5,143,502,555**	6,239,159,152

b) Un-amortized transaction costs movement is as follows:

	31 March 2020 SR	31 March 2019 SR
Balance at the beginning of the year	**73,110,079**	126,970,874
Additions during the year	**63,462,460**	91,692,960
Write off during the year (note 31)	**(59,930,701)**	(125,171,285)
Capitalized transaction cost	**(5,443,876)**	(2,197,021)
Amortized transaction costs during the year (note 31)	**(9,707,245)**	(18,185,449)
Balance at the end of the year	**61,490,717**	73,110,079

c) Below is the repayment schedule of the outstanding long-term loans:

	31 March 2020 SR	31 March 2019 SR
Within one year	**45,000,000**	501,875,532
Between two to five years	**2,063,751,272**	2,706,323,985
More than five years	**3,141,242,000**	3,605,945,246
	5,249,993,272	6,814,144,763

(i) Facility 1

On 26 April 2018, the Group signed a long-term Islamic facility arrangement up to SR 7,205 million with local banks for the refinancing the exiting loans. This facility was divided into Murabaha facility up to SR 1,433 million and Ijara facility up to SR 5,772 million. The Group utilized SR 1,433 million out of the total Murabaha facility amount and SR 5,772 million out of the total Ijara facility amount. On 27 November 2019, the Group paid in full the loan facility. However, pledged assets have not been released as at the reporting date, as certain of these assets will remain pledged for facility 2, while others will be released in due course.

16. LONG TERM BORROWINGS (CONTINUED)

(ii) Facility 2

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

The long-term loan is repayable in unequal semi-annual instalments and are subject to commission rates based on SIBOR plus agreed commission rate. The facilities are secured by insurance policies, proceeds of rental income, and land and buildings of several malls, as explained in facility 1 note above.

The above facility agreements contain covenants, which among other things, require certain financial ratios to be maintained. The Group is in compliant with the loan covenants as at the reporting date.

16.2 Sukuk

	31 March 2020 SR
Sukuk	**1,874,950,000**
Less: Unamortized transaction cost	**(47,709,478)**
Balance at the end of the year	**1,827,240,522**

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

Un-amortized transaction costs movement is as follows:

	31 March 2020 SR
Incurred during the year	**51,208,742**
Amortized transaction costs during the year (note 31)	**(3,372,148)**
Capitalized during the year	**(127,116)**
Balance at the end of the year	**47,709,478**

17. ACCOUNTS PAYABLE

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

18. 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.

19. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2020 SR	31 March 2019 SR
Accrued financial charges	**101,061,998**	153,561,227
Tenants' security deposits*	**66,404,608**	65,416,279
Accrued expenses	**49,956,485**	33,622,945
Employees' accruals	**13,238,421**	16,869,563
Output Value Added Tax, net	**679,542**	56,612,256
Withholding tax payable	**730,443**	--
Total	**232,071,497**	326,082,270

*Non-current portion of tenants' security deposits aggregating to SR 53 million (31 March 2019: SR 47 million) are disclosed as other non-current liabilities.

20. ZAKAT

The current year zakat provision is based on the following:

	31 March 2020 SR	31 March 2019 SR
Equity – beginning of the year	**5,064,760,120**	4,904,952,654
Profit before zakat	**662,891,521**	748,823,931
Opening provisions and other adjustments	**(176,287,076)**	(279,817,670)
Non-current liabilities	**10,953,005,880**	6,833,354,662
Non-current assets	**(15,882,179,460)**	(11,914,866,335)

Some of these amounts as reported above 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 is as follows:

	31 March 2020 SR	31 March 2019 SR
Balance at beginning of the year	**82,457,716**	146,559,970
Excess provision reversed	**--**	(75,142,143)
Provision for the year	**20,290,170**	19,865,318
	20,290,170	(55,276,825)
Transferred to ultimate parent company	**(18,345,202)**	(8,825,429)
Paid during the year	**(5,877,732)**	--
Balance at end of the year	**78,524,952**	82,457,716

Status of assessments

Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to GAZT as per GAZT letter. Accordingly, the combined zakat returns for the years upto 2019 were submitted to GAZT. The Ultimate parent Company has received provisional zakat certificates until the year 31 March 2019.

During the prior year, the 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". Accordingly, the Group has recorded the impact of final assessment received including reversal of excess provision in the consolidated statement of profit or loss for year ended 31 March 2019.

21. EMPLOYEES' END-OF-SERVICE BENEFITS

	31 March 2020 SR	31 March 2019 SR
Defined Benefit Obligation (DBO)	**30,370,714**	31,744,170

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

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

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

The following table represents the movement of the DBO:

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Opening balance	**31,744,170**	30,338,170
Total amount recognized in the consolidated statement of profit or loss		
Past service cost	**(559,934)**	--
Current service cost	**6,437,034**	5,081,000
Interest cost	**1,287,837**	1,390,000
	7,164,937	6,471,000
Amount recognized in the consolidated statement of comprehensive income		
Re-measurement due to actuarial (gains) / losses	**(3,969,458)**	1,555,000
Benefits paid during the year	**(4,568,935)**	(6,620,000)
Closing balance	**30,370,714**	31,744,170

21. EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

Significant actuarial assumptions

The significant actuarial assumptions used in DBO computation:

	31 March 2020	31 March 2019
Discount rate	**5.00%**	4.75%
Salary growth rate	**0% for FY 2020-21 and 5% for each future year**	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 March 2020:

			Impact on defined benefit obligation	
	Change in Assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	30,370,714	26,560,223	34,975,580
Salary growth rate	1%	30,370,714	34,944,145	26,514,308
Withdrawal rate	20%	30,370,714	30,067,011	30,669,042

22. SHARE CAPITAL

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

	Number of shares	**Share capital (SR)**	**Share premium (SR)**
Balance at 1 April 2019	445,000,000	4,450,000,000	--
Issuance of new shares at SR 26 per share (SR 10 par value)	30,000,000	300,000,000	480,000,000
Transaction costs on new share issue	--	--	(68,274,297)
Balance at 31 March 2020	**475,000,000**	**4,750,000,000**	**411,725,703**

23. STATUTORY RESERVE

In accordance with Company's by-laws, the Company must transfer 10% of its profit 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 financial statements.

24. DIVIDENDS DISTRIBUTION

During the year, the Board of Directors resolved to distribute interim dividends amounting to SR 0.90 per share aggregating to SR427,500,000 as per resolution dated 9 Rabi al-Thani 1441H (corresponding to 6 December 2019). The Company has paid the dividends as of the reporting date.

24. DIVIDENDS DISTRIBUTION (CONTINUED)

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 adjusting amount due to Ultimate Parent Company.

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 adjusting amount due to Ultimate Parent Company.

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 adjusting amount due to Ultimate Parent Company.

25. REVENUE

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Rental income (*)	**2,038,143,187**	2,057,775,218
Service and management charges income	**93,477,708**	97,536,386
Commission income on provisions for utilities for heavy users, net	**3,297,512**	3,513,005
Turnover rent	**62,396,780**	17,575,071
Total	**2,197,315,187**	2,176,399,680

(*) 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 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Within one year	**1,553,240,470**	1,538,780,755
After one year but not more than five years	**2,254,271,279**	1,780,045,947
More than five years	**645,170,715**	300,332,373
	4,452,682,464	3,619,159,075

26. COSTS OF REVENUE

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Utilities expense	**110,510,793**	109,791,055
Cleaning expense	**57,510,792**	56,899,719
Security expense	**56,949,711**	56,082,002
Repairs and maintenance	**52,755,946**	43,171,770
Employees' salaries and other benefits	**36,137,114**	30,734,565
Rental expense	**--**	224,498,516
Others	**2,730,237**	--
Total	**316,594,593**	521,177,627

27. OTHER INCOME

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Reversal of liability no longer payable*	**6,179,043**	3,777,398
Dividends	**5,737,500**	5,737,500
Other	**762,392**	1,182,292
Total	**12,678,935**	10,697,190

* Represents long aged deposits which are no longer payable.

28. OTHER EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Impairment loss on advances to suppliers	**2,822,235**	6,069,287
Other	**554,633**	752,492
Total	**3,376,868**	6,821,779

29. ADVERTISEMENT AND PROMOTION EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Promotions	**6,253,957**	2,048,417
Sponsorship	**4,160,625**	--
Advertisement	**2,532,010**	3,593,923
Total	**12,946,592**	5,642,340

30. GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Employees' salaries and other benefits	**96,307,451**	66,132,681
Depreciation (note 14)	**30,784,955**	35,407,948
Professional fees	**14,533,876**	9,654,787
Communication and internet expense	**12,853,654**	12,889,776
Insurance expense	**7,029,636**	8,325,811
Government expenses	**6,791,359**	28,654,751
Board expenses	**3,905,000**	--
Depreciation of rights-of-use asset (note 15)	**3,767,046**	--
Maintenance	**200,740**	194,867
Rent expense	**--**	3,862,277
Others	**6,500,793**	6,699,016
Total	**182,674,510**	171,821,914

31. FINANCE COST

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Commission expense on long-term borrowings	**275,735,683**	296,027,001
Write-off of unamortized transaction cost (note 16)	**59,930,701**	125,171,285
Amortization of transaction costs (note 16)	**13,079,393**	18,168,525
Bank charges	**2,513,956**	173,936
Total	**351,259,733**	439,540,747

32. EARNINGS PER SHARE

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

	Year ended 31 March 2020 SR	Year ended 31 March 2019 SR
Profit for the year attributable to shareholders of the Company	**633,934,247**	789,599,943
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share (note 22)	**470,737,705**	445,000,000
Basic and diluted earnings per share attributable to net profit for the year	**1.35**	1.77

There has been no item of dilution affecting the weighted average number of ordinary shares.

33. SEGMENT REPORTING

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 statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

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

34. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows:

Financial Assets	31 March 2020 SR	31 March 2019 SR
Cash and cash equivalents	**1,045,680,193**	457,670,983
Accounts receivable	**234,254,125**	299,245,146
Amounts due from related parties	**591,222,957**	567,558,035
Other investments	**104,463,375**	108,708,763
Total financial assets	**1,975,620,650**	1,433,182,927

Financial Liabilities	31 March 2020 SR	31 March 2019 SR
Accounts payable	**149,442,700**	217,760,402
Amounts due to related parties	**3,899,682**	22,499,022
Long-term borrowings	**7,015,743,077**	6,741,034,684
Lease liability on right-of-use assets	**4,237,227,831**	--
Tenants' security deposits	**119,133,947**	112,501,575
Total financial liabilities	**11,525,447,237**	7,093,795,683

Fair value estimation of financial instruments

The following table presents the Group's financial instruments measured at fair value at 31 March 2020 and 31 March 2019:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2020				
Investments real estate fund	**--**	**--**	**6,264,375**	**6,264,375**
Amlak International for Real Estate Finance Company	--	--	**98,199,000**	**98,199,00**
31 March 2019				
Investments real estate fund	**--**	**--**	6,708,763	6,708,763
Amlak International for Real Estate Finance Company	--	--	102,000,000	102,000,000

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 profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2020 and 31 March 2019. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

	31 March 2020	31 March 2019
Gain/(loss) through the consolidated statement of profit or loss	**SR**	SR
Floating rate debt:		
SIBOR +100bps	**(71,249,433)**	(68,141,448)
SIBOR -100bps	**71,249,433**	68,141,448

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

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

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

35. FINANCIAL 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 its leasing activities, including deposits with banks and financial institutions.

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

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

Accounts receivable

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

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

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

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

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers as at 31 March 2020:

31 March 2020	**Gross carrying amount**	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days past due	**53,440,320**	**3,374,520**	**6.3%**
91–180 days past due	**77,196,999**	**8,405,148**	**10.9%**
181–270 days past due	**81,428,407**	**13,146,524**	**16.1%**
271–360 days past due	**56,618,562**	**13,755,863**	**24.3%**
361 –450 days past due	**31,688,310**	**30,737,331**	**97.0%**
451 -540 days past due	**30,458,967**	**29,589,159**	**97.1%**
541 –630 days past due	**26,577,256**	**26,011,424**	**97.9%**
631 -720 days past due	**26,565,490**	**24,700,217**	**93.0%**
More than 720 days past due	**15,827,113**	**15,827,113**	**100.0%**
	399,801,424	**165,547,299**	

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

31 March 2019	Gross carrying amount	Weighted-average loss	Loss Allowance (%)
0–90 days past due	89,399,091	1,142,722	1.3%
91–180 days past due	79,325,089	7,940,545	10%
181–270 days past due	56,490,386	6,677,332	11.8%
271–360 days past due	50,495,514	9,181,092	18.2%
361 –450 days past due	21,255,365	7,298,774	34.3%
451 -540 days past due	30,135,207	12,093,786	40.1%
541 –630 days past due	17,715,623	8,051,242	45.4%
631 -720 days past due	14,907,559	8,093,193	54.3%
More than 720 days past due	84,064,219	84,064,221	100.0%
	443,788,053	144,542,907	

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.

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 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
31 March 2020						
Accounts payable	**149,442,700**	**--**	**--**	**--**	**--**	**149,442,700**
Amounts due to related parties	**3,899,682**	**--**	**--**	**--**	**--**	**3,899,682**
Tenants' security deposits	**46,994,940**	**19,409,668**	**23,373,195**	**27,093,771**	**2,262,373**	**119,133,947**
Lease liability on right-of-use assets	**394,592,601**	**176,568,679**	**346,767,199**	**1,074,013,012**	**5,170,031,208**	**7,161,972,699**
Long-term borrowings	**154,330,489**	**204,805,482**	**435,978,748**	**4,231,880,901**	**4,146,554,789**	**9,173,550,409**
Total	**749,260,412**	**400,783,829**	**806,119,142**	**5,332,987,684**	**9,318,848,370**	**16,607,999,437**
31 March 2019						
Accounts payable	217,760,402	--	--	--	--	217,760,402
Amounts due to related parties	22,499,022	--	--	--	--	22,499,022
Tenants' security deposits	49,478,185	15,938,094	23,955,667	20,600,837	2,528,792	112,501,575
Long-term loans	409,993,119	424,920,262	910,617,746	2,771,230,538	3,917,369,904	8,434,131,569
Total	699,730,728	440,858,356	934,573,413	2,791,831,375	3,919,898,696	8,786,892,568

35 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 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 2020 SR	31 March 2019 SR
Total liabilities	**11,977,235,024**	8,301,016,559
Less: cash and cash equivalents	**(1,045,680,193)**	(457,670,983)
Net debt	**10,931,554,831**	7,843,345,576
Total equity	**5,982,997,476**	5,064,669,068
Debt to adjusted capital ratio	**183%**	155%

36. COMMITMENTS AND CONTINGENCIES

Commitments

	31 March 2020 SR	31 March 2019 SR
Commitments for projects under construction	**3,567,294,491**	2,226,873,326

37. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONSOLIDATED FINANCIAL STATMENTS

During March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("COVID 19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

The Group has evaluated the current situation through conducting stress testing scenarios on expected macro-economic indicators and its impact on key credit, liquidity, operational, solvency and performance indicators in addition to other risk management practices to manage the potential business disruption due to COVID-19 outbreak that may have on its operations and financial performance. These also take into consideration the impacts of government and SAMA support relief programs.

37. IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS AND THE CONSOLIDATED FINANCIAL STATMENTS (CONTINUED)

These current events and the prevailing economic condition require the Group to revise certain inputs and assumptions used for the determination of expected credit losses ("ECL"). These would primarily revolve around revisions to the scenario probabilities currently being used by the Group in ECL estimation. The adjustments to scenario weighing resulted in an additional ECL of SR 60 million for the Group. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgement and uncertainty and therefore, the annual outcomes may be different to those projected. The impact of such uncertain economic environment is judgemental, and the Group will continue to reassess its position and the related impact on a regular basis.

On May 21, 2020, Group announced rent relief and support packages, offered waiver of contractual base rent and service charge for all tenants from 16 March 2020 for a period of six weeks (45 days). For tenants whose stores were mandatorily closed by government decision will also benefit from the rent relief program starting the date of government closure until the earlier of (i) date of closure is lifted or (ii) 30 June 2020. Further, all escalations on the contracts will be halted for two years 2020 and 2021.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Board of Directors for issuance on 29 Shawwal 1441H (corresponding to 21 June 2020).

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2019
together with
Independent Auditor's Report

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 March 2019

KPMG Al Fozan & Partners
Certified Public Accountants
KPMG Tower
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Kingdom of Saudi Arabia

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License No. 46/11/323 issued 11/3/1992

Independent Auditor's Report

To the Shareholders of Arabian Centres Company

Opinion

We have audited the consolidated financial statements of Arabian Centres Company ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for 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 Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 6 March 2019.

Key Audit Matters

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Revenue recognition

See Note 5 and 26 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2019, the Group has recognized total revenue of SAR 2.18 billion (31 March 2018: SAR 2.16 billion). The Group revenue mainly consists of rental income from lease contract. Revenue recognition is considered a key audit matter since revenue is a key measure of the Group's performance and there is a risk that revenue may be overstated resulting from the pressure management may feel to achieve performance targets and may early recognize revenue through unauthorized amendments to key terms of lease contracts or accelerate recognition of revenue through accrual in incorrect period.	Our audit procedures in relation to revenue included, among others,: - Evaluating the Group's accounting policies in light of the requirements of relevant accounting standards; - Assessing the design and implementation, and testing the operating effectiveness of controls over: o Recognizing revenue accurately over the term of the lease contracts; and o Making amendments to critical terms of the lease contracts without tenant's acknowledgement - Evaluating key contractual arrangements including rental discounts by considering relevant documentations and contracts with the tenants; - Testing revenue recognized during the year from a sample of lease contracts to assess whether revenue recognized under these contracts complies with Group's accounting policy for revenue recognition and terms of lease contracts; - Obtaining, on a sample basis, accounts receivable balance confirmations from the Group's tenants and investigating any discrepancies indicating any incorrect recognition of revenue; - Testing manual journal entries posted to revenue account to identify any unusual items; - Performing cut off procedures to assess that revenue is recognised in the correct period; and - Assessing the disclosures included in the consolidated financial statements.

KPMG

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

<table>
<tr><th colspan="2">Impairment of investment properties</th></tr>
<tr><td colspan="2">See Note 5 & 14 to the consolidated financial statements.</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>As at 31 March 2019, the Group owns investment properties with a carrying amount of SR 10.98 billion which are used for earning rentals and to gain from appreciation in value.

Considering the fluctuation in real estate prices and possible impact on rentals, the Group assesses at each reporting date whether there is an indication that an investment property may be impaired.

If any indication exists, the Group estimates recoverable amount of investment properties using external real estate valuation experts who consider expected future rentals, discount rates and other assumptions in determining the value of these investment properties.

We considered this as the key audit matter due to the significant judgment and the key assumptions involved in determining the recoverable amount of the investment properties.</td><td>Our audit procedures in this area, included among others:

- Evaluating the experience and qualification of the real estate valuation experts appointed by management and considering the expert's suitability for the valuation of investment properties;
- Involving our specialist to assess the reasonableness of the key assumptions used by the real estate valuation experts in determining the value of the investment properties;
- Agreeing the specific details (area, location etc.) of the investment properties as per the valuation reports with Company's records and title deeds of the investment properties;
- Comparing the recoverable amount of the investment properties as per the Valuation Report with their carrying values to check whether any impairment is required; and
- Evaluating the adequacy of the disclosures included in the consolidated financial statements.</td></tr>
</table>

Other Information

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

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

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

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

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

To the Shareholders of Arabian Centres Company (continued)

Auditor's 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 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

Al Riyadh, 22 Shawwal 1440 H
Corresponding to: 25 June 2019

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Profit or Loss
For the year ended 31 March 2019

	Note	**31 March 2019**	31 March 2018
		SR	SR
Assets			
Current assets			
Cash and cash equivalents	*7*	**457,670,983**	80,350,968
Accounts receivable	*8*	**299,245,146**	246,733,176
Amounts due from related parties	*9*	**567,558,035**	238,579,401
Advances to a contractor, related party	*9 &10*	**499,595,478**	274,507,859
Prepayments and other current assets	*11*	**96,244,969**	119,091,960
Accrued revenue (rentals)		**30,191,211**	32,984,696
Total current assets		**1,950,505,822**	992,248,060
Non-current assets			
Amounts due from related parties	*9*	**--**	200,322,570
Advances to a contractor, related party – non-current portion	*9 & 10*	**105,318,598**	80,692,116
Prepaid rent – non-current portion		**--**	48,517,542
Accrued revenue (rentals) – non-current portion		**60,382,421**	65,969,394
Investment in an equity-accounted investee	*12*	**42,238,721**	39,669,322
Other investments	*13*	**108,708,763**	128,476,217
Investment properties	*14*	**10,983,848,465**	10,781,869,500
Property and equipment	*15*	**114,773,889**	136,827,578
Total non-current assets		**11,415,270,857**	11,482,344,239
Total assets		**13,365,776,679**	12,474,592,299
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	*16*	**501,875,532**	433,000,000
Accounts payable	*17*	**217,760,402**	276,725,098
Amounts due to related parties	*9*	**22,499,022**	221,619,546
Unearned revenue	*18*	**305,506,061**	277,252,240
Accrued lease rentals	*19*	**11,480,894**	11,301,470
Accruals and other current liabilities	*20*	**326,082,270**	162,539,755
Zakat payable	*21*	**82,457,716**	146,559,970
Total current liabilities		**1,467,661,897**	1,528,998,079
Non-current liabilities			
Long-term loans	*16*	**6,239,159,152**	5,395,029,126
Accrued lease rentals – non-current portion	*19*	**515,366,044**	560,359,883
Employees' end-of-service benefits	*22*	**31,744,170**	30,338,170
Other non-current liabilities	*20*	**47,085,296**	54,914,387
Total non-current liabilities		**6,833,354,662**	6,040,641,566
Total liabilities		**8,301,016,559**	7,569,639,645
Equity			
Share capital	*23*	**4,450,000,000**	4,450,000,000
Statutory reserve	*24*	**449,699,309**	370,739,315
Other reserves		**(18,272,000)**	2,759,217
Retained earnings		**183,241,759**	77,572,310
Equity attributable to the owners of the Company		**5,064,669,068**	4,901,070,842
Non-controlling interests		**91,052**	3,881,812
Total equity		**5,064,760,120**	4,904,952,654
Total liabilities and equity		**13,365,776,679**	12,474,592,299

Mr. Olivier Nougarou
Chief Executive Officer

Mr. Jabri Maali
Chief Financial Officer

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Profit or Loss
For the year ended 31 March 2019

	Note	**31 March 2019 SR**	31 March 2018 SR
Revenue	26	**2,176,399,680**	2,160,507,418
Cost of revenue	27	**(521,177,627)**	(527,034,783)
Depreciation of investment properties	14	**(256,916,024)**	(268,366,279)
Write-off of investment properties	14	**(4,397,441)**	--
Gross profit		**1,393,908,588**	1,365,106,356
Other income	28	**10,697,190**	31,757,095
Other expense	29	**(6,821,779)**	(9,751,949)
Advertisement and promotion expenses	30	**(5,642,340)**	(13,444,488)
Impairment loss on accounts receivable	8	**(43,524,466)**	(94,814,498)
General and administration expenses	31	**(171,821,914)**	(174,050,094)
Operating profit		**1,176,795,279**	1,104,802,422
Share of profit of equity-accounted investee	12	**11,569,399**	9,650,928
Finance cost	32	**(439,540,747)**	(295,358,031)
Profit before zakat		**748,823,931**	819,095,319
Zakat	21	**55,276,825**	(32,684,346)
Profit for the year		**804,100,756**	786,410,973
Profit for the year attributable to:			
Owners of the Company		**789,599,943**	774,568,050
Non-controlling interests		**14,500,813**	11,842,923
		804,100,756	786,410,973
Earnings per share:			
Basic and diluted earnings per share	33	**1.77**	1.74

The accompanying notes from 1 to 38 form an integral part of the consolidated financial statements.

Jabri Maali
Chief Financial Officer

Olivier Nougarou
Chief Executive Officer

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	Note	31 March 2019 SR	31 March 2018 SR
Profit for the year		**804,100,756**	786,410,973
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability	*22*	**(1,555,000)**	2,196,000
Other investment at FVOCI – net change in fair value		**1,900,000**	--
Items that are or may be reclassified subsequently to profit or loss			
Change in fair value of available for sale investments, net of zakat		--	(359,100)
Other comprehensive income for the year		**345,000**	1,836,900
Total comprehensive income for the year		**804,445,756**	788,247,873
Total comprehensive income for the year attributable to:			
Owners of the Company		**789,944,943**	776,404,950
Non-controlling interests		**14,500,813**	11,842,923
		804,445,756	788,247,873

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Mr. Olivier Nougarou
Chief Executive Officer

Mr. Jabri Maali
Chief Financial Officer

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 March 2019

	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
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 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 for the year	--	--	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 (note 9 and note 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**
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 year	--	--	--	789,599,943	789,599,943	14,500,813	804,100,756
Other comprehensive income for the year	--	--	345,000	--	345,000	--	345,000
Total comprehensive income for the year	--	--	345,000	789,599,943	789,944,943	14,500,813	804,445,756
Transfer to statutory reserve	--	78,959,994	--	(78,959,994)	--	--	--
Dividends (note 9 and note 25)	--	--	--	(640,000,000)	(640,000,000)	(20,000,000)	(660,000,000)
Balance at 31 March 2019	**4,450,000,000**	**449,699,309**	**(18,272,000)**	**183,241,759**	**5,064,669,068**	**91,052**	**5,064,760,120**

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Mr. Olivier Nougarou
Chief Executive Officer

Mr. Jabri Maali
Chief Financial Officer

Arabian Centres Company and its Subsidiaries
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 March 2019

	Note	31 March 2019 SR	31 March 2018 SR
Cash flows from Operating activities			
Profit before Zakat		**748,823,931**	819,095,319
Adjustments for:			
Depreciation of investment properties	*14*	**256,916,024**	268,366,279
Depreciation of property and equipment	*15*	**35,407,948**	30,823,363
Share of profit of equity accounted investee	*12*	**(11,569,399)**	(9,650,928)
Finance cost	*32*	**439,540,747**	295,358,031
Provision for employees' end-of-services benefits	*22*	**6,471,000**	7,399,000
Impairment loss on accounts receivable	*8*	**43,524,466**	94,814,498
Impairment on advances to suppliers	*29*	**6,069,287**	7,835,354
Write-off of investment properties	*14*	**4,397,441**	--
Loss on sale of land		--	1,631,586
Reversal of liabilities no longer payable		--	(16,093,228)
Change in fair value of other investments (FVTPL)		**267,454**	--
Accounts receivable written-off		--	1,562,261
Reversal of accrued lease rentals		--	(9,032,522)
		1,529,848,899	1,492,109,013
Changes in:			
Accounts receivable		**(59,274,726)**	(109,331,270)
Amounts due from related parties, net		**(879,121,000)**	(199,993,892)
Prepayments and other current assets		**(23,502,552)**	10,156,388
Accounts payable		**(49,107,067)**	32,447,238
Accrued revenue		**8,380,458**	(1,097,223)
Accrued lease rentals		**11,646,965**	(3,235,480)
Unearned revenue		**28,253,821**	(33,587,443)
Accruals and other current liabilities		**(63,179,614)**	66,974,986
Cash generated from operating activities		**503,945,184**	1,254,442,317
Employees' end-of-service benefits paid	*22*	**(6,620,000)**	(6,717,000)
Zakat paid	*21*	--	(3,478,217)
Net cash from operating activities		**497,325,184**	1,244,247,100
Cash flows from investing activities			
Additions to investment properties	*14*	**(444,931,448)**	(332,456,377)
Purchase of property and equipment	*15*	**(13,450,541)**	(45,604,385)
Dividend received from an associate	*12*	**9,000,000**	5,000,003
Advances to a contractor, related party		**(249,714,101)**	(162,549,352)
Net cash used in investing activities		**(699,096,090)**	(535,610,111)
Cash flows from financing activities			
Payment of financial charges		**(168,360,882)**	(346,503,609)
Dividends paid		--	(374,000,000)
Proceeds from long-term loans	*16*	**7,086,318,069**	--
Payment of transaction costs	*16*	**(91,692,960)**	--
Repayment of long-term loans	*16*	**(6,227,173,306)**	(66,000,000)
Dividend paid by subsidiary to non-controlling interest shareholders		**(20,000,000)**	--
Net cash from / (used in) financing activities		**579,090,921**	(786,503,609)
Net increase / (decrease) in cash and cash equivalents		**377,320,015**	(77,866,620)
Cash and cash equivalents at the beginning of the year	*7*	**80,350,968**	158,217,588
Cash and cash equivalents at end of the year	*7*	**457,670,983**	80,350,968

Non-cash transactions:			
Dividends settled through Ultimate Parent Company's account	*9 & 25*	**640,000,000**	372,000,000
Investment property transferred to related parties	*9 & 14*	**(107,242,364)**	(20,342,134)
Zakat payable transferred to the Ultimate Parent Company	*9 & 21*	**8,825,429**	--
Unrealized loss on revaluation of available for sale investments	*13*	**(162,220)**	(359,100)
Amounts due to the Ultimate Parent Company settled through related parties' account	*11*	**--**	77,657,872
Capitalized rent- investment properties	*19*	**142,545,087**	167,941,111
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		**50,144,855**	--
Dividend settled through related party's account	*10*	**--**	10,750,000
Impact of adoption IFRS opening		**36,761,710**	--
Rent free period - Investment properties		**(90,461,596)**	--
Accounts payable transferred to the Ultimate Parent Company		**9,857,629**	--
Amounts due from related parties settled through the Ultimate Parent Company account		**(20,500,000)**	--
Property, plant and equipment transferred to the Ultimate Parent Company account		**(96,282)**	--

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Mr. Olivier Nougarou
Chief Executive Officer

Mr. Jabri Maali
Chief Financial Officer

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).

On 22 May 2019, The Group became listed on Saudi Stock Exchange (Tadawul) and the legal status of the Group changed from Closed Joint Stock Company to Saudi Joint Stock Company.

The Company and its subsidiaries mentioned below (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 of 31 March 2019 and 31 March 2018:

	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 (ii)	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

Statement of compliance

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

Up to and including the year ended 31 March 2018, the Group prepared and presented its statutory financial statements in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA and the requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in so far as they relate to the preparation and presentation of the consolidated financial statements. For the financial year ended 31 March 2019, the Group prepared its statutory consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia instead of SOCPA. In these consolidated financial statements, the term "Previous GAAP" refers to SOCPA GAAP before the adoption of IFRS.

Previously, the Group prepared consolidated financial statements for the year ended 31 March 2018 in accordance with IFRS for inclusion in the Offering Circular prepared for the IPO purposes and accordingly, have already adopted IFRS in those financial statements. Therefore, these financial statements are not the first IFRS financial statements of the Group. However, as these are first statutory financial statements of the Company prepared under IFRS, an explanation describing how the transition to IFRS in the preparation of statutory financial statements for the year ended 31 March 2018 has affected the reported financial position, financial performance and cash flows of the Group from previous GAAP is provided in note 6.

Basis of measurement, functional and presentation currency

These consolidated 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 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.

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 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.

3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Estimates and assumptions (continued)

Measurement of Expected Credit Loss (ECL) allowance for accounts receivable: key assumptions in determining the weighted average loss rate

The Group's exposure to credit risk is influenced mainly by the individual characteristics of the customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with other social-economic factors. Such estimates are based on assumptions relating to those factors and actual results may differ, resulting in future changes to the impairment.

Economic useful lives of investment properties and property and equipment

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

Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated 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 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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16: Leases

IFRS 16 was issued in January 2016 and replace the current IAS 17 "Leases', IFRIC 4 "Determining whether an Arrangement contains a Lease', SIC-15'OperatingLeases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard will affect primarily the accounting for the Group's operating leases.

IFRS 16 details the principles for the recognition, measurement, presentation and disclosures of leases. IFRS 16 requires lessees to recognize almost all leases on the balance sheet, as the distinction between operating and finance leases as under IAS 17 is no longer applicable. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, similar to the accounting for finance lease under IAS17. IFRS16 sets out two recognition exceptions for short-term leases and low-value leases.

Subsequently, lessees will also require to re-measure the lease liability upon the occurrence of certain events (e.g. change in lease terms). Under IFRS16, such changes to the lease liability re-measurement will be recognised as an adjustment to the Right of use asset.

Lessor accounting under IFRS 16 is substantially unchanged from that of IAS 17. However, the impact of IFRS 16 is significant for lessee and requires the Group to make more extensive disclosures than under IAS 17.

IFRS 16 sets out two transition approaches for companies to adopt the standard as of 1 January 2019. The Group has elected to assess the IFRS 16 impact on their financial statements using the Simplified Modified Approach.

The Simplified Modified Approach is prospective looking and will require the management to assess the impact of the existing leases as of 1 April 2019 to recognise lease liability and right of use asset equal to discounted future lease commitments

The Group has performed an initial assessment of IFRS 16 on their current lease environment. In summary, the impact of IFRS 16 adoption on the Company as at 1 April 2019 is estimated to be as follows:

Statement of financial position	**SAR**
Assets	
Right of use assets	3,685,554,416
Accrued revenue (rentals)	808,475
Prepayments	(108,239,236)
	3,578,123,655
Liabilities	
Lease Liabilities	4,105,047,274
Accrued lease rentals	(526,923,619)
	3,578,123,655

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 financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

A list of subsidiaries is provided in note (1). This note also discloses the country of incorporation, and percentages of ownership.

Change in ownership interest

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

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

When the Group ceases to consolidate for an investment in 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 Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the consolidated statement of profit or loss.

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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 profit or loss, and the Group's share of movements in OCI of the investee in consolidated statement of comprehensive income, if any.

Dividends received or receivable from an associate 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 profit or loss outside operating income.

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Foreign currencies

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

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

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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.

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 would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 statement of profit or loss when the right to receive them arises.

Turnover rent
The Group recognizes income from turnover rent on the basis of 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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 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 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 (26) 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.

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment (continued)

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.

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 Group accounts for such property in accordance with the policy stated under property and equipment up to date the date of change in use.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (continued)

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 statement of profit or loss in those expense categories consistent with the function of the impaired asset.

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

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 statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of accounts receivables in general and administrative expenses. Consequently, the Group reclassified impairment losses amounting to SR 87,682,749 recognized under IAS 39.

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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 accounts 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)

Classification and measurement of financial assets and financial liabilities (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 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 accounts receivable with or without significant financing component are measured at an amount equal to lifetime ECL.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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

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

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

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

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

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

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

– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 720 days past due;
– it is probable that the borrower will enter bankruptcy or other financial 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 35 to the consolidated 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.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 Group's policy.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

As explained in note (2), the Group has prepared general purpose consolidated financial statements in accordance with the IFRS for IPO purpose for the year ended 31 March 2018 with date of transition as at 1 April 2016. Accordingly, these consolidated financial statements for the year ended 31 March 2019 are not the first IFRS financial statements. However, for the purpose of user of financial statements the effect of transition from SOCPA to IFRS in the preparation of statutory financial statements are disclosed below.

6 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6.1 Reconciliation of the consolidated statement of financial position as at 31 March 2018

	Note	As previously reported (SOCPA GAAP) SR	Adjustments SR	Reclassification 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	--	65,191,047	119,091,960
Accrued revenue (rentals)	6.3.1	--	32,984,696	--	32,984,696
Total current assets		**894,072,317**	**32,984,696**	**65,191,047**	**992,248,060**
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	--	(127,481,458)	48,517,542
Accrued revenue (rentals) – non-current portion	6.3.1	--	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	6.3.2 to 6.3.4	10,225,699,238	556,170,262	--	10,781,869,500
Property and equipment	6.3.3	135,826,234	1,001,344	--	136,827,578
Total non-current assets		**10,986,684,697**	**623,141,000**	(127,481,458)	**11,482,344,239**
Total assets		**11,880,757,014**	**656,125,696**	**(62,290,411)**	**12,474,592,299**
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	6.3.3	--	11,301,470	--	11,301,470
Accruals and other current liabilities		215,415,786	--	(52,876,031)	162,539,755
Zakat payable		146,559,970	--	--	146,559,970
Total current liabilities		**1,570,572,640**	**11,301,470**	(52,876,031)	**1,528,998,079**
Non-current liabilities					
Long-term loans	6.3.4	5,377,626,194	17,402,932	--	5,395,029,126
Accrued lease rentals – non-current portion	6.3.3	--	624,688,650	(9,414,380)	615,274,270
Employees' end-of-service benefits	6.3.5	25,158,488	5,179,682	--	30,338,170
Total non-current liabilities		**5,402,784,682**	**647,271,264**	(9,414,380)	**6,040,641,566**
Total liabilities		**6,973,357,322**	**658,572,734**	(62,290,411)	**7,569,639,645**
Equity					
Share capital		4,450,000,000	--	--	4,450,000,000
Statutory reserve		370,739,315	--	--	370,739,315
Other reserves	6.3.5	(23,783)	2,783,000	--	2,759,217
Retained earnings	6.3.1 to 6.3.5	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	6.3.1 to 6.3.3	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**	**(62,290,411)**	**12,474,592,299**

6 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6.2 Reconciliation of the consolidated statements of profit or loss 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	6.3.1	2,159,410,194	1,097,224	2,160,507,418
Cost of revenue	6.3.3	(530,729,147)	3,694,364	(527,034,783)
Depreciation of investment properties	6.3.2 & 6.3.3	(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	6.3.3 & 6.3.5	(265,740,756)	(3,123,836)	(268,864,592)
Operating profit		**1,082,001,436**	**795,840**	**1,082,797,276**
Share in earnings of an associate		9,650,928	--	9,650,928
Finance cost	6.3.4	(288,660,580)	(6,697,451)	(295,358,031)
Other income	6.3.2, 6.3.3 & 6.3.6	12,454,274	19,302,821	31,757,095
Other expense	6.3.6	--	(9,751,949)	(9,751,949)
Profit before zakat		**815,446,058**	**3,649,261**	**819,095,319**
Zakat		(32,684,346)	--	(32,684,346)
Net profit for the year		**782,761,712**	**3,649,261**	**786,410,973**
Net profit for the year attributable to:				
Shareholders of the Parent Company		770,873,444	3,694,606	774,568,050
Non-controlling interests	6.3.1 to 6.3.3	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	6.3.5	--	2,196,000	2,196,000
Other comprehensive income for the year, net of zakat		**--**	**1,836,900**	**1,836,900**
Total comprehensive income for the year		**782,761,712**	**5,486,161**	**788,247,873**

6 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6.3 Explanation of significant transitional and other adjustments and reclassifications

6.3.1 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 amortized on straight-line basis). 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	31 March 2018 Debit / (Credit) SR
Increase in accrued revenue	**1,097,224**
Increase in retained earnings	**(1,352,740)**
Decrease in non-controlling interests	**255,516**

Accrued revenue has been appropriately presented in the current portion and non-current portion based on their maturity profile.

Consolidated statement of profit or loss line items	2018 Debit / (Credit) SR
Decrease in non-controlling interests	**255,516**
Increase in revenue	**(1,097,224)**

6.3.2 Impact due to componentization of investment properties

Under IFRSs as endorsed in KSA, each significant component of investment properties should be recognised separately and the useful lives for each significant component are required to be identified separately. 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	31 March 2018 Debit / (Credit) SR
Increase in investment properties	**13,150,259**
Increase in retained earnings	**(13,180,923)**
Decrease in non-controlling interests	**30,664**

Consolidated statement of profit or loss line items	2018 Debit / (Credit) SR
Decrease in depreciation of investment properties	**(12,631,909)**
Decrease in non-controlling interests	**30,664**
Increase in other income (*)	**(518,350)**

(*) Other income increased based on adjusted carrying value of components of investment properties sold during the year after taking the impact of higher depreciation on these components.

6 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6.3 Explanation of significant transitional adjustments and reclassifications

6.3.3 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 amortized on a straight line basis). 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.

The impact on the consolidated financial statements was as follows:

Consolidated statement of financial position line items	31 March 2018 Debit / (Credit) SR
Increase in accrued lease rentals	(155,673,109)
Decrease in retained earnings	1,775,398
Increase in investment properties	154,437,289
Increase in non-controlling interests	(240,835)
Decrease in property and equipment	(298,743)

Consolidated statement of profit or loss line items	2018 Debit / (Credit) SR
Decrease in cost of revenue	(3,694,364)
Increase in depreciation of investment properties	13,503,821
Increase in general and administration expenses	757,628
Increase in non-controlling interests	(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 21 & 31)

Accrued lease rentals have been appropriately presented in the current and non-current liabilities in the reconciliations as presented earlier.

6.3.4 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	31 March 2018 Debit / (Credit) SR
Increase in employees' end-of-service benefits	(170,208)
Decrease in retained earnings	2,366,208
Increase in other reserves	(2,196,000)

6 EFFECT OF ADOPTION OF IFRSs AS ENDORSED IN KSA ON THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

6.3 Explanation of significant transitional adjustments and reclassifications (continued)

6.3.5 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 profit or loss line item	2018 Debit / (Credit) SR
Increase in general and administration expenses	**2,366,208**

Consolidated statement of comprehensive income line item	2018 Debit / (Credit) SR
Increase in other reserves	**(2,196,000)**

6.3.6 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 profit or loss line items	2018 SR
Increase in other expense	**9,751,949**
Increase in other income	**(9,751,949)**

6.4 Effect on statement of cash flows

There have been no significant impact on cash flows for the years ended 31 March 2018 after the transition to IFRSs as endorsed in KSA.

7 CASH AND CASH EQUIVALENTS

	31 March 2019 SR	31 March 2018 SR
Cash at banks	**456,560,279**	79,509,242
Cash in hand	**1,110,704**	841,726
Total	**457,670,983**	80,350,968

8 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.

The effect of initial application of IFRS 9 is described in note 36. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirement.

	31 March 2019 SR	31 March 2018 SR
Gross accounts receivable	**443,788,053**	385,349,999
Less: Impairment loss on accounts receivable	**(144,542,907)**	(138,616,823)
	299,245,146	246,733,176

Movement in the impairment loss allowance was as follows:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
At the beginning of the year	**138,616,823**	48,416,479
Impact of adoption IFRS 9 as at beginning of the year	**(36,761,710)**	--
Impairment charge for the year	**43,524,466**	94,814,498
Write-off	**(836,672)**	(4,614,154)
At the end of the year	**144,542,907**	138,616,823

The ageing of unimpaired accounts receivable was given in Note 36.

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, 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.

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

9.1 Parent entity and shareholders

The Group is owned by the following entities as of 31 March 2019 and 31 March 2018:

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.

9.2 Subsidiaries

Interest in subsidiaries are set out in note (1).

9.3 Key management personnel compensation

The remuneration of directors and other key management personnel are as follow:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
End-of-service benefits	**847,664**	1,049,423
Salaries and short-term benefits	**14,434,766**	18,720,260
Total key management compensation	**15,282,430**	19,769,683

9.4 Related party transactions

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

	31 March 2019 SR	31 March 2018 SR
Ultimate Parent Company		
Transfer of project under construction along with prepaid rent and accrued lease rentals to Ultimate parent company (note 14)	**107,242,362**	--
Transfer of Zakat Payable to Ultimate parent company	**(8,825,429)**	--
Dividends settled through adjusting amounts due to related parties	**(640,000,000)**	372,000,000
Dividends paid	**--**	374,000,000
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	**26,994,896**	19,934,275
Transfer of investment properties (note 14)	**(83,867,364)**	20,342,134
Sale of land settled through adjusting balance due to Ultimate Parent Company	--	115,763,625
Accounts payable transferred to the Ultimate Parent Company	9,857,629	--
Property , plant and equipment transferred to the Ultimate Parent Company account	(96,282)	--

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

9.4 Related party transactions (continued)

	31 March 2019 SR	31 March 2018 SR
Fellow subsidiaries and other related parties		
Dividend settled through adjusting amount due to related party	**20,000,000**	10,750,000
Construction work included in projects under construction	**430,764,063**	255,140,377
Rental revenue, net	**550,966,351**	558,120,319
Service expenses	**96,142,925**	88,509,292
Board of Directors remuneration and compensation	**2,570,000**	--

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 10). 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:

	31 March 2019 SR	31 March 2018 SR
Current		
Fellow subsidiaries of Hokair Group		
FAS Holding Company for Hotels	**350,322,579**	150,000,000
Food and Entertainment Trading Company Limited (a)	**73,076,057**	34,041,953
FAS for Trading (a)	**--**	20,500,000
Coffee Centers Company Limited (a)	**2,704,437**	1,252,761
Nesk Trading Project Company Limited (b)	**31,792,316**	73,722
Other related parties		
Abdul Mohsin Al Hokair Group for Tourism and Development(a)	**23,017,193**	22,909,203
Billy Games Company Limited (a)	**26,342,675**	8,046,667
Kids Space Company Limited (a)	**4,058,996**	509,797
Skill Innovative Games Co. (a)	**2,527,781**	359,945
Tadaris Najd Security Company	**18,612,907**	--
FAS Technologist Trading Co	**9,732,700**	--
Food Gate Co	**14,727,580**	--
Next Generation Co	**2,121,140**	--
Azal Restaurant Co	**7,202,288**	--
Others	**1,319,386**	885,353
	567,558,035	238,579,401
Non-current		
Fellow subsidiary		
FAS Holding Company for Hotels	**--**	200,322,570
	--	200,322,570

9 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

9.5 Related party balances (continued)

ii) Amounts due to related parties:

	31 March 2019 SR	31 March 2018 SR
Current		
Ultimate Parent Company		
Saudi FAS Holding Company	**4,067,636**	15,627,387
Other related parties		
Fawaz Abdulaziz Al Hokair & Co. (b)	**3,758,106**	200,287,692
Tadaris Najd Security Company	**--**	4,455,858
Etqan Facilities Management	**14,673,280**	1,248,609
	22,499,022	221,619,546

iii) Advances to a contractor (note 10):

	31 March 2019 SR	31 March 2018 SR
Other related party		
Fawaz Abdulaziz Al Hokair & Partners Real Estate Company		
Current portion	**499,595,478**	274,507,859
Non-current portion	**105,318,598**	80,692,116
	604,914,076	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.

9.6 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).

10 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 9).

11 PREPAYMENTS AND OTHER CURRENT ASSETS

	31 March 2019 SR	31 March 2018 SR
Advances to suppliers	**30,172,398**	34,374,172
Prepaid expenses	**14,766,420**	7,529,635
Employees' receivables	**3,896,050**	3,230,144
Prepaid rent	**46,400,060**	67,382,853
Margin money deposits	**500,000**	5,900,000
Others	**510,041**	675,156
Total	**96,244,969**	119,091,960

12 INVESTMENT IN AN 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.

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**
As at 31 December 2018	**25%**	**39,669,322**	**11,569,399**	**(9,000,000)**	**42,238,721**
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 2018 to 31 March 2019.

Summarized statement of financial position:

	31 December 2018 SR	31 December 2017 SR
Total current assets	**16,006,428**	15,867,699
Total non-current assets	**217,233,169**	236,993,943
Total current liabilities	**(63,872,776)**	(74,536,822)
Total non-current liabilities	**(411,937)**	(19,647,532)
Net assets	**168,954,884**	158,677,288

12 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE (CONTINUED)

Share of profit for the year ended	**Year ended 31 December 2018 SR**	Year ended 31 December 2017 SR
Revenue	**118,942,170**	112,111,427
Finance cost	**(6,498,386)**	(10,468,203)
Zakat	**(1,360,981)**	(882,409)
Net profit for the year	**46,277,596**	38,603,712
Reconciliation to carrying amounts:		
Opening net assets	**158,677,288**	140,073,588
Dividends	**(36,000,000)**	(20,000,012)
Net profit for the year	**46,277,596**	38,603,712
Closing net assets	**168,954,884**	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.

13 OTHER INVESTMENTS

The effect of initial application of IFRS 9 in the group's financial instruments is described in Note 35. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirement.

	31 March 2019 SR	31 March 2018 SR
Investments in real estate companies at FVOCI - unquoted (i)	**102,000,000**	--
Investments in real estate companies at AFS - unquoted (i)	**--**	121,500,000
Investment in a real estate fund at FVTPL– unquoted (ii)	**6,708,763**	--
Investments in real estate fund at AFS - unquoted (ii)	**--**	6,976,217
Total	**108,708,763**	128,476,217

(i) Investments in real estate companies - unquoted:

	31 March 2019 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.

13 OTHER INVESTMENTS (CONTINUED)

(ii) Investment in a real estate fund - unquoted:

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 realized loss amounting to SR 0.3 million has been recognized in the consolidated statement of profit or loss (31 March 2018: SR 0.4 million has been recognized in the other comprehensive income)

The movement in investments in real estate fund was as follows:

	31 March 2019 SR	31 March 2018 SR
Opening balance	**6,976,217**	7,335,317
Cost:		
At the beginning and end of the year	**7,000,000**	7,000,000
Revaluation adjustments:		
At the beginning of the year	**(23,783)**	335,317
Unrealized loss during the year	**(267,454)**	(359,100)
At the end of the year	**(291,237)**	(23,783)
Net carrying amount	**6,708,763**	6,976,217

14 INVESTMENT PROPERTIES

		Buildings on freehold land						Buildings on leasehold land (14.2)				
	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:												
Balance at 1 April 2017	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)
Transfers (note 9)	--	--	--	--	--	--	--	(37,850,996)	--	(37,850,996)	(15,961,407)	(53,812,403)
Transfer (note 9)	--	76,508	--	--	--	--	76,508	--	--	--	(76,508)	--
At the 31 March 2018	**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	--	562,787	652,838	--	562,554	180,000	1,958,179	4,469,612	79,523	4,549,135	631,114,077	637,621,391
Transfers (note 9), (14.3)	--	7,780,794	--	--	--	170,000	7,950,794	7,257,854	--	7,257,854	(189,537,609)	(174,328,961)
Disposal	--	(5,281,099)	(16,800)	(16,800)	--	--	(5,314,699)	(197,949)	--	(197,949)	--	(5,512,648)
Balance at 31 March 2019	**4,771,814,409**	**2,005,520,213**	**398,242,199**	**277,242,534**	**65,758,729**	**57,934,696**	**2,804,698,371**	**2,948,439,991**	**185,916,101**	**3,134,356,092**	**2,204,725,537**	**12,915,594,409**
Accumulated Depreciation:												
Balance at 1 April 2017	**--**	**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)
Balance at 31 March 2018	--	**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 year	--	45,794,795	15,987,263	18,730,837	2,211,963	2,917,805	85,642,663	159,013,621	12,259,740	171,273,361	--	256,916,024
Disposal	--	(958,729)	(7,112)	(11,853)	--	--	(977,694)	(137,513)	--	(137,513)	--	(1,115,207)
Balance at 31 March 2019	**--**	**343,890,435**	**131,109,737**	**169,654,838**	**22,965,321**	**28,327,941**	**695,948,272**	**1,139,645,632**	**96,152,040**	**1,235,797,672**	**--**	**1,931,745,944**
Net book values:												
At 31 March 2019	**4,771,814,409**	**1,661,629,778**	**267,132,462**	**107,587,696**	**42,793,408**	**29,606,755**	**2,108,750,099**	**1,808,794,359**	**89,764,061**	**1,898,558,420**	**2,204,725,537**	**10,983,848,465**
At 31 March 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

14.1 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.

14.2 Includes SR 33.4 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.

14.3 During the year ended 31 March 2019, the Group transferred mall under construction with book value of SR 174 million (31 March 2018: SR 53.8 million) to its Ultimate Parent Company which was settled through Ultimate Parent Company's account.

14 INVESTMENT PROPERTIES (CONTINUED)

Fair value of investment property

Management has appointed independent valuers to determine the fair value of the investment properties as of 31 March 2019. According to the valuers, the fair value of the investment properties as at 31 March 2019 is SR 21,941,866,711. The valuers have appropriate qualifications and experience in the valuation of properties at the relevant locations. The effective date of the valuation was 31 March 2019 and prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Global Standards 2017 which comply with the international valuation standards.

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

As mentioned in the accounting policies (note 5) the Company recognizes the Amounts recognized in the consolidated investment properties at cost. The amounts recognized in the statement of profit or loss for investment properties during the years are as follows:

	31 March 2019	31 March 2018
	SR	SR
Revenue	**2,176,399,680**	2,160,507,418
Costs of revenue	**(521,177,627)**	(527,034,783)
Depreciation of investment properties	**(256,236,024)**	(268,366,279)
	1,398,986,029	1,365,106,356

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

	Owned by the Company	**Title deeds registered with the Company**	**31 March 2019**	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

The title deeds all plots of land are registered in the name of local banks against a long term loan (note 16).

15. PROPERTY AND EQUIPMENT

	Tools and equipment SR	Furniture and fixtures SR	Vehicles SR	Leasehold improvements SR	Capital Work in Progress SR	Total SR
Cost:						
Balance at 1 April 2017	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
Balance at 31 March 2018	138,573,305	85,402,873	3,885,902	32,288,471	--	260,150,551
Additions	4,832,177	6,973,743	87,500	167,325	1,389,796	13,450,541
Transfer to related parties	--	--	(339,500)	--	--	(339,500)
Balance at 31 March 2019	143,405,482	92,376,616	3,633,902	32,455,796	1,389,796	273,261,592
Accumulated depreciation:						
Balance at 1 April 2017	52,088,093	35,487,910	3,495,634	1,427,973	--	92,499,610
Charge for the year (note 31)	14,468,955	9,448,495	205,075	6,700,838	--	30,823,363
Balance at 31 March 2018	66,557,048	44,936,405	3,700,709	8,128,811	--	123,322,973
Charge for the year (note 31)	16,751,778	10,984,962	171,103	7,500,105	--	35,407,948
Transfer to related parties	--	--	(243,218)	--	--	(243,218)
Balance at 31 March 2019	83,308,826	55,921,367	3,628,594	15,628,916	--	158,487,703
Net book values:						
At 31 March 2019	**60,096,656**	**36,455,249**	**5,308**	**16,826,880**	**1,389,796**	**114,773,889**
At 31 March 2018	72,016,257	40,466,468	185,193	24,159,660	--	136,827,578

16. LONG TERM LOANS

Movement in the long term loans follows:

	31 March 2019 SR	31 March 2018 SR
Balance at the beginning of the year	**5,955,000,000**	6,021,000,000
Addition of a new facility	**7,086,318,069**	--
Repayments	**(6,227,173,306)**	(66,000,000)
	6,814,144,763	5,955,000,000
Less: un-amortized transaction costs	**(73,110,079)**	(126,970,874)
Balance at the end of the year	**6,741,034,684**	5,828,029,126
Less: current portion of long-term loans	**(501,875,532)**	(433,000,000)
Non-current portion of long-term loans	**6,239,159,152**	5,395,029,126

Un-amortized transaction costs movement is as follows:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Balance at the beginning of the year	**126,970,874**	152,162,665
Additions during the year	**91,692,960**	--
Write off during the year	**(125,171,285)**	--
Capitalized arrangement fees	**(2,197,021)**	--
Amortized transaction costs during the year	**(18,185,449)**	(25,191,791)
Balance at the end of the year	**73,110,079**	126,970,874

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

	31 March 2019 SR	31 March 2018 SR
Within one year	**501,875,532**	433,000,000
Between two to five years	**2,706,323,985**	4,054,500,000
More than five years	**3,605,945,246**	1,467,500,000
Total	**6,814,144,763**	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 year ended 31 March 2019, 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 1,410 million out of the total Murabaha facility amount and SR 5,676 million out of the total Ijara facility amount. Accordingly unamortised transaction cost SR 125 million on the existing loans has been written off (note 32).

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.

17. 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.

18. 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.

19. ACCRUED LEASE RENTALS

Movement in accrued lease rentals:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Balance at the beginning of the year	**571,661,353**	480,317,011
Additions due to capitalization of rent-free period	**34,000,216**	103,612,344
Net movement in accrued lease rentals due to recognition of lease expense on a straight-line basis	**11,646,967**	(3,235,480)
Transfer to the Ultimate Parent Company (note 9)	**(90,461,598)**	--
Reversal of accrued lease rentals	**--**	(9,032,522)
	526,846,938	571,661,353
Less: current portion of accrued lease rentals	**(11,480,894)**	(11,301,470)
Balance at the end of the year	**515,366,044**	560,359,883

20. ACCRUALS AND OTHER CURRENT LIABILITIES

	31 March 2019 SR	31 March 2018 SR
Tenants' security deposits (note 20.1)	**65,416,279**	47,990,681
Accrued financial charges	**153,561,227**	21,420,006
Accrued expenses	**33,622,945**	26,427,084
Output Value Added Tax, net	**56,612,256**	45,583,941
Employees' accruals	**16,869,563**	21,118,043
Total	**326,082,270**	162,539,755

20.1 Non-current portion of tenants' security deposits aggregating to SR 47 million (31 March 2018: SR 54.9 million) are disclosed as other non-current liabilities.

21. ZAKAT

Charge for the year

Zakat charge for year amounted to SR 19,865,318 (31 March 2018: SR 32,684,346).

The current year zakat provision is based on the following:

	31 March 2019 SR	31 March 2018 SR
Equity – beginning of the year	**4,904,952,654**	4,873,454,781
Profit before zakat	**748,823,931**	819,095,319
Opening provisions and other adjustments	**(279,817,670)**	1,174,593,491
Non-current liabilities	**6,833,354,662**	6,040,641,566
Non-current assets	**(11,415,270,857)**	(11,482,344,239)

Some of these amounts as reported above 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 is as follows:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Balance at beginning of the year	**146,559,970**	117,353,841
Excess provision reversed (a)	**(75,142,143)**	--
Provision for the year	**19,865,318**	32,684,346
	(55,276,825)	32,684,346
Transferred to ultimate parent company	**(8,825,429)**	--
Paid during the year	**--**	(3,478,217)
Balance at end of the year	**82,457,716**	146,559,970

a) During the year ended 31 March 2019, 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.

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.

22. EMPLOYEES' END-OF-SERVICE BENEFITS

	31 March 2019 SR	31 March 2018 SR
Defined Benefit Obligation (DBO)	**31,744,170**	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 statement of financial position in respect of defined benefit end-of-service plan is the present value of the DBO at the reporting date.

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

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

22 EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

The following table represents the movement of the DBO:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Opening balance	**30,338,170**	31,852,170
Current service cost	**5,081,000**	6,569,000
Interest cost	**1,390,000**	830,000
Total amount recognized in the consolidated statement of profit or loss	**6,471,000**	7,399,000
Re-measurements		
Gain / (loss) from change in financial assumptions	**--**	(394,000)
Experience gains / (losses)	**1,555,000**	(1,802,000)
Amount recognized in the consolidated statement of comprehensive income	**1,555,000**	(2,196,000)
Benefits paid during the year	**(6,620,000)**	(6,717,000)
Closing balance	**31,744,170**	30,338,170

Significant actuarial assumptions

The significant actuarial assumptions used in DBO computation:

	31 March 2019	31 March 2018
Discount rate	**4.75%**	4.9%
Salary growth rate	**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 March 2019:

			Impact on defined benefit obligation	
	Change in Assumption	Base value SR	Increase in assumption SR	Decrease in assumption SR
Discount rate	1%	31,744,170	27,752,000	36,559,000
Salary growth rate	1%	31,744,170	36,496,000	27,726,000
Withdrawal rate	20%	31,744,170	31,403,000	32,085,000

The Group expects to make contributions during the next three months reporting period to the benefit plan amounting to SR 1.224 million.

23. SHARE CAPITAL

The shareholders and their respective holdings as at 31 March 2019 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

24. 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 financial statements.

25. 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 adjusting amount due to Ultimate Parent Company.

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 adjusting amount due to Ultimate Parent Company.

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 adjusting amount due to Ultimate Parent Company.

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 adjusting amount due to Ultimate Parent Company

26. REVENUE

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Rental income (*)	**2,057,775,218**	2,050,409,695
Service and management charges income	**97,536,386**	93,956,388
Commission income on provisions for utilities for heavy users, net	**3,513,005**	3,555,711
Turnover rent	**17,575,071**	12,585,624
Total	**2,176,399,680**	2,160,507,418

(*) 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 5 years. Leases include a clause to enable upward revision of the rental charge depending on the lease agreements. Future minimum rentals receivable under non-cancellable operating leases as at the end of the reporting periods are, as follows:

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Within one year	**1,538,780,755**	2,200,422,752
After one year but not more than five years	**1,780,045,947**	3,384,391,140
More than five years	**300,332,373**	368,271,373
	3,619,159,075	5,953,085,265

27. COSTS OF REVENUE

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Rental expense	**224,498,516**	191,281,762
Utilities expense	**109,791,055**	108,568,959
Security expense	**56,082,002**	84,765,413
Cleaning expense	**56,899,719**	74,896,503
Repairs and maintenance	**43,171,770**	39,780,122
Employees' salaries and other benefits	**30,734,565**	27,742,024
Total	**521,177,627**	527,034,783

28. OTHER INCOME

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Reversal of liability no longer payable*	**3,777,398**	16,093,228
Reversal of accrued lease rentals (note 19)	**--**	9,032,522
Dividends	**5,737,500**	5,737,500
Other	**1,182,292**	893,845
Total	**10,697,190**	31,757,095

* Represents long aged deposits which are no longer payable.

29. OTHER EXPENSES

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Impairment loss on advances to suppliers	**6,069,287**	7,835,354
Loss on sale of land	**--**	1,631,586
Other	**752,492**	285,009
Total	**6,821,779**	9,751,949

30. ADVERTISEMENT AND PROMOTION EXPENSES

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Promotions	**2,048,417**	6,847,749
Advertisement	**3,593,923**	6,596,739
Total	**5,642,340**	13,444,488

31. GENERAL AND ADMINISTRATION EXPENSES

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Employees' salaries and other benefits	**66,132,681**	94,067,765
Depreciation (note 15)	**35,407,948**	30,823,363
Government expenses	**28,654,751**	6,681,815
Professional fees	**9,654,787**	10,420,979
Insurance expense	**8,325,811**	7,989,260
Rent expense	**3,862,277**	3,862,277
Communication and internet expense	**12,889,776**	11,808,676
Maintenance	**194,867**	382,312
Write-off of receivables	**--**	1,562,261
Others	**6,699,016**	6,451,387
Total	**171,821,914**	174,050,094

32. FINANCE COST

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Commission expense on long-term Murabaha facilities	**296,027,001**	269,951,229
Amortization of transaction costs (note 16)	**18,168,525**	25,191,791
Write-off of unamortized transaction cost (note 16)	**125,171,285**	--
Bank charges	**173,936**	215,011
Total	**439,540,747**	295,358,031

33. EARNINGS PER SHARE

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

	Year ended 31 March 2019 SR	Year ended 31 March 2018 SR
Profit for the year attributable to owner of the Company	**789,599,943**	774,568,050
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 profit for the year	**1.77**	1.74

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 statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

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

35. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial instruments have been categorised as follows:

Financial Assets	31 March 2019 SR	31 March 2018 SR
Cash and bank balances	**457,670,983**	80,350,968
Accounts receivable	**299,245,146**	246,733,176
Amounts due from related parties	**567,558,035**	438,901,971
Other investments	**108,708,763**	128,476,217
Total financial assets	**1,433,182,927**	894,462,332

Financial Liabilities	31 March 2019 SR	31 March 2018 SR
Accounts payable	**217,760,402**	276,725,098
Amounts due to related parties	**22,499,022**	221,619,546
Long-term loans	**6,741,034,684**	5,828,029,126
Tenants' security deposits	**112,501,575**	102,905,068
Total financial liabilities	**7,093,795,683**	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 March 2019 and 31 March 2018:

	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
31 March 2019				
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
Amlak International for Real Estate Finance Company	--	--	121,500,000	121,500,000

35 FINANCIAL INSTRUMENTS (CONTINUED)

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**

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**

36. 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 profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Commission rate risk
Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 31 March 2019 and 31 March 2018. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

	31 March 2019	31 March 2018
Gain/(loss) through the consolidated statement of profit or loss	**SR**	SR
Floating rate debt:		
SIBOR +100bps	**(68,141,448)**	(59,550,000)
SIBOR -100bps	**68,141,448**	59,550,000

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.

36. FINANCIAL 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 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.

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

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

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

Expected credit loss assessment as at 31 March 2019

The Group uses an allowance matrix to measure the ECLs of accounts receivable 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.

36 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 accounts receivable from customers as at 31 March 2019:

31 March 2019	**Gross carrying amount**	**Weighted-average loss**	**Loss Allowance (%)**
0–90 days past due	89,399,091	1,142,722	1.3%
91–180 days past due	79,325,089	7,940,545	10%
181–270 days past due	56,490,386	6,677,332	11.8%
271–360 days past due	50,495,514	9,181,092	18.2%
361 –450 days past due	21,255,365	7,298,774	34.3%
451 -540 days past due	30,135,207	12,093,786	40.1%
541 –630 days past due	17,715,623	8,051,242	45.4%
631 -720 days past due	14,907,559	8,093,193	54.3%
More than 720 days past due	84,064,219	84,064,221	100.0%
	443,788,053	**144,542,907**	

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.

36 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**
	SR	**SR**	**SR**	**SR**	**SR**	**SR**
31 March 2019						
Accounts payable	**217,760,402**	**--**	**--**	**--**	**--**	**217,760,402**
Amounts due to related parties	**22,499,022**	**--**	**--**	**--**	**--**	**22,499,022**
Tenants' security deposits	**49,478,185**	**15,938,094**	**23,955,667**	**20,600,837**	**2,528,792**	**112,501,575**
Long-term loans	**409,993,119**	**424,920,262**	**910,617,746**	**2,771,230,538**	**3,917,369,904**	**8,434,131,569**
Total	**699,730,728**	**440,858,356**	**934,573,413**	**2,791,831,375**	**3,919,898,696**	**8,786,892,568**

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
	SR	SR	SR	SR	SR	SR
31 March 2018						
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

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 March 2019 SR	31 March 2018 SR
Total liabilities	**8,301,016,559**	7,569,639,645
Less: cash and bank balances	**(457,670,983)**	(80,350,968)
Net debt	**7,843,345,576**	7,489,288,677
Total equity	**5,064,669,068**	4,904,952,654
Debt to adjusted capital ratio	**155%**	153%

37. COMMITMENTS AND CONTINGENCIES

Commitments

	31 March 2019 SR	31 March 2018 SR
Commitments for projects under construction	**2,226,873,326**	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 year which amounted to SR 171 million (31 March 2018: SR 144 million).

Future minimum rentals payable under non-cancellable operating leases as at the end of the reporting years are, as follows:

	31 March 2019 SR	31 March 2018 SR
Within one year	**394,149,510**	244,959,094
After one year but not more than five years	**1,674,625,368**	1,303,326,795
More than five years	**7,526,767,387**	4,770,208,231
	9,595,542,265	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.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period’s presentation.

TRUSTEE

Arabian Centres Sukuk II Limited
c/o MaplesFS Limited
P.O. Box 1093
Queensgate House
Grand Cayman KY1-1102
Cayman Islands

OBLIGOR

Arabian Centres Company
P.O. Box 341904
Riyadh 11333
Saudi Arabia

JOINT GLOBAL COORDINATORS

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

AlBilad Investment Company
King Fahad Rd
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

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