

ARABIAN CENTRES COMPANY

(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements

(Unaudited)

For the three-month and nine-month periods ended 30 September 2024

together with the

Independent Auditor's Review Report

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2024

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Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2024

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Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company

Introduction

We have reviewed the accompanying 30 September 2024 condensed consolidated interim financial statements of **Arabian Centres Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 September 2024;
- the condensed consolidated statement of profit or loss for the three-month and nine-month period ended 30 September 2024
- the condensed consolidated statement of comprehensive income for the three-month and nine-month period ended 30 September 2024;
- the condensed consolidated statement of changes in equity for the three-month and nine-month period ended 30 September 2024;
- the condensed consolidated statement of cash flows for the three-month and nine-month period ended 30 September 2024; 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 condensed consolidated interim financial statements 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.



Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Arabian Centres Company (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2024 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.

KPMG Professional Services



Fahad Mubarak Aldossari
License No: 469

Al Riyadh, 11 Jumada Al-Awwal 1446H
Corresponding to: 13 November 2024

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of financial position

As at 30 September 2024

| | Notes | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|-------|-----------------------------------|--------------------------------|
| Assets | | | |
| Investment properties | 8 | 26,971,977,027 | 25,333,791,089 |
| Property and equipment | | 51,293,579 | 56,647,114 |
| Accrued revenue – non-current portion | | 151,722,728 | 157,058,122 |
| Amounts due from related parties– non-current portion | 11 | 275,022,878 | -- |
| Investment in equity accounted investee | 9A | 79,955,457 | 78,634,195 |
| Investment at FVTPL | 9B | 58,266 | 81,576 |
| Other non-current assets | | 17,454,528 | 18,681,804 |
| Non-current assets | | 27,547,484,463 | 25,644,893,900 |
| Development properties | | 353,531,069 | 353,531,069 |
| Accrued revenue | | 75,861,364 | 78,529,061 |
| Accounts receivable and others | | 522,107,478 | 464,470,288 |
| Amounts due from related parties | 11 | 298,817,277 | 483,752,516 |
| Prepayments and other assets | | 371,306,250 | 128,104,372 |
| Other investments | 9C | 302,535,974 | 303,026,022 |
| Cash and cash equivalents | 10 | 183,428,472 | 84,995,834 |
| | | 2,107,587,884 | 1,896,409,162 |
| Asset held for sale | 8A | 209,924,358 | 209,924,358 |
| Current assets | | 2,317,512,242 | 2,106,333,520 |
| Total assets | | 29,864,996,705 | 27,751,227,420 |
| Equity | | | |
| Share capital | | 4,750,000,000 | 4,750,000,000 |
| Share premium | | 411,725,703 | 411,725,703 |
| Statutory reserve | | 873,992,101 | 873,992,101 |
| Other reserves | | 10,304,221 | 4,106,041 |
| Retained earnings | | 8,561,790,047 | 8,231,652,970 |
| Equity attributable to the shareholders of the Company | | 14,607,812,072 | 14,271,476,815 |
| Non-controlling interest | | 41,991,897 | 40,491,288 |
| Total equity | | 14,649,803,969 | 14,311,968,103 |
| Liabilities | | | |
| Loans and borrowings | 13 | 10,310,548,635 | 5,881,705,199 |
| Lease liabilities | | 2,694,930,608 | 2,839,886,903 |
| Employee benefits | | 33,584,179 | 35,809,551 |
| Other non-current liabilities | | 27,075,065 | 42,697,177 |
| Non-current liabilities | | 13,066,138,487 | 8,800,098,830 |
| Loans and borrowings – current portion | 13 | 749,999,921 | 3,104,998,958 |
| Lease liabilities – current portion | | 388,311,554 | 328,383,213 |
| Accounts payable and other liabilities | | 723,423,860 | 703,108,095 |
| Provision | | -- | 30,000,000 |
| Amount due to related parties | 11 | 7,772,217 | 102,087,353 |
| Unearned revenue | | 199,806,729 | 302,198,673 |
| Zakat liabilities | | 79,739,968 | 68,384,195 |
| Current liabilities | | 2,149,054,249 | 4,639,160,487 |
| Total liabilities | | 15,215,192,736 | 13,439,259,317 |
| Total equity and liabilities | | 29,864,996,705 | 27,751,227,420 |

The attached notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors, on behalf of the Shareholders, on 6 Jumada Al-Awwal 1446H (corresponding to 8 November 2024) and signed on its behalf by:


Jabri Maali
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)

Condensed consolidated statement of profit or loss

For the three-month and nine-month periods ended 30 September 2024

| | Notes | Three-month period ended | | Nine-month period ended | |
|---|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | | 30 September 2024 Unaudited | 30 September 2023 Unaudited | 30 September 2024 Unaudited | 30 September 2023 Unaudited |
| Revenue | 14 | 587,066,758 | 567,704,048 | 1,759,369,409 | 1,709,751,598 |
| Cost of revenue - Direct costs | | (100,619,411) | (104,947,339) | (300,390,970) | (297,812,687) |
| Gross profit | | 486,447,347 | 462,756,709 | 1,458,978,439 | 1,411,938,911 |
| Other operating income | 15 | 4,450,520 | 2,703,754 | 10,468,709 | 274,844,435 |
| Net fair value gain on investment properties | 8 | 253,926,761 | 60,293,744 | 429,945,862 | 81,457,111 |
| Advertisement and promotion expenses | | (4,140,119) | (17,519,222) | (16,266,927) | (36,478,597) |
| General and administrative expenses | | (63,349,215) | (77,367,664) | (190,330,079) | (247,197,554) |
| Impairment (loss) / reversal on accounts receivable and accrued revenue rentals | | (130,139,449) | (32,621,488) | (256,223,077) | (146,056,988) |
| Other operating expenses | | — | — | (102,609) | (18,113,705) |
| Operating profit | | 547,195,845 | 398,245,833 | 1,436,470,318 | 1,320,393,613 |
| Contract modification loss on related parties receivables | 11 | (53,571,680) | — | (53,571,680) | — |
| Finance income overdue from related parties | | 8,962,704 | — | 8,962,704 | 7,124,755 |
| Finance costs over loans and borrowings | | (129,393,040) | (64,434,900) | (385,818,038) | (184,398,912) |
| Finance costs over lease liabilities | | (32,686,379) | (26,881,904) | (100,781,035) | (79,258,398) |
| Net finance costs | | (206,688,395) | (91,316,804) | (531,208,049) | (256,532,555) |
| Share of loss of equity-accounted investee | 9A | (1,359,108) | (951,359) | (4,661,283) | (8,057,583) |
| Profit before zakat | | 339,148,342 | 305,977,670 | 900,600,986 | 1,055,803,475 |
| Zakat charge | | (11,000,000) | (12,367,571) | (33,000,000) | (37,105,654) |
| Profit for the period | | 328,148,342 | 293,610,099 | 867,600,986 | 1,018,697,821 |
| Profit for the period is attributable to: | | | | | |
| - Shareholders of the Company | | 334,649,223 | 286,542,132 | 866,100,377 | 1,008,540,603 |
| - Non-controlling interest | | (6,500,881) | 7,067,967 | 1,500,609 | 10,157,218 |
| | | 328,148,342 | 293,610,099 | 867,600,986 | 1,018,697,821 |
| Earnings per share | | | | | |
| Basic and diluted earnings per share | 16 | 0.70 | 0.60 | 1.82 | 2.12 |

The attached notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Jabri Maali
Chief Financial Officer



Alison Rehill-Erguven
Chief Executive Officer



Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of comprehensive income

For the three-month and nine-month periods ended 30 September 2024

| | Three-month period ended | | Nine-month period ended | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | 30 September 2024 Unaudited | 30 September 2023 Unaudited | 30 September 2024 Unaudited | 30 September 2023 Unaudited |
| Profit for the period | 328,148,342 | 293,610,099 | 867,600,986 | 1,018,697,821 |
| Other comprehensive income / (loss) | | | | |
| <i>Items that are or may be reclassified subsequently to condensed consolidated profit or loss:</i> | | | | |
| - Cash flow hedges – effective portion of change in fair value | -- | -- | -- | 80,794 |
| - Cash flow hedges – reclassified to profit or loss | -- | -- | -- | (7,124,755) |
| - Foreign currency translation difference of equity accounted investee | 470,908 | (302,993) | 644,043 | 17,199 |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| - Remeasurement of defined benefit liability | 4,738,598 | -- | 4,738,598 | (3,162,605) |
| Total other comprehensive income (loss) for the period | 5,209,506 | (302,993) | 5,382,641 | (10,189,367) |
| Total comprehensive income for the period | 333,357,848 | 293,307,106 | 872,983,627 | 1,008,508,454 |
| Total comprehensive income for the period attributable to: | | | | |
| - Shareholders of the Company | 339,858,729 | 286,239,139 | 871,483,018 | 998,351,236 |
| - Non-controlling interests | (6,500,881) | 7,067,967 | 1,500,609 | 10,157,218 |
| | 333,357,848 | 293,307,106 | 872,983,627 | 1,008,508,454 |

The attached notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Jabri Maali
Chief Financial Officer



Alison Rehill-Erguven
Chief Executive Officer



Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company) Condensed consolidated statement of changes in equity

For the nine-month period ended 30 September 2024

| | Attributable to shareholders of the Company | | | | | | | Non-Controlling interest | Total equity |
|---|---|---------------|---------------|-------------------|----------------|-------------------|-----------------|--------------------------|-----------------|
| | Notes | Share capital | Share premium | Statutory reserve | Other reserves | Retained earnings | Total | | |
| Balance at 1 January 2023 – Audited | | 4,750,000,000 | 411,725,703 | 722,492,544 | 16,511,299 | 8,118,388,376 | 14,019,117,922 | 49,482,783 | 14,068,600,705 |
| Total comprehensive income for the period | | – | – | – | – | 1,008,540,603 | 1,008,540,603 | 10,157,218 | 1,018,697,821 |
| Profit for the period | | – | – | – | (10,189,367) | – | (10,189,367) | – | (10,189,367) |
| Other comprehensive loss | | – | – | – | (10,189,367) | – | – | – | – |
| Total comprehensive income for the period | | – | – | – | (10,189,367) | 1,008,540,603 | 998,351,236 | 10,157,218 | 1,008,508,454 |
| Transfer from other reserve | | – | – | – | 105,121 | (105,121) | – | – | – |
| Transactions with shareholders of the company | | – | – | – | (2,697,371) | – | (2,697,371) | – | (2,697,371) |
| Treasury shares acquired | | – | – | – | – | (1,244,500,000) | (1,244,500,000) | – | (1,244,500,000) |
| Dividends | 12 | – | – | – | – | 7,882,323,858 | 13,770,271,787 | 59,640,001 | 13,829,911,788 |
| Balance at 30 September 2023 – Unaudited | | 4,750,000,000 | 411,725,703 | 722,492,544 | 3,729,682 | 7,882,323,858 | 13,770,271,787 | 59,640,001 | 13,829,911,788 |
| Balance at 1 January 2024 – Audited | | 4,750,000,000 | 411,725,703 | 873,992,101 | 4,106,041 | 8,231,652,970 | 14,271,476,815 | 40,491,288 | 14,311,968,103 |
| Total comprehensive income for the period | | – | – | – | – | 866,100,377 | 866,100,377 | 1,500,609 | 867,600,986 |
| Profit for the period | | – | – | – | – | – | – | – | – |
| Other comprehensive income | | – | – | – | 5,382,641 | – | 5,382,641 | – | 5,382,641 |
| Total comprehensive income for the period | | – | – | – | 5,382,641 | 866,100,377 | 871,483,018 | 1,500,609 | 872,983,627 |
| Deficit on sale of treasury shares | | – | – | – | – | (1,588,300) | (1,588,300) | – | (1,588,300) |
| Transactions with shareholders of the company | | – | – | – | 815,539 | – | 815,539 | – | 815,539 |
| Treasury shares sold | | – | – | – | – | (534,375,000) | (534,375,000) | – | (534,375,000) |
| Dividends | 12 | – | – | – | – | 8,561,790,047 | 14,607,812,072 | 41,991,897 | 14,649,803,969 |
| Balance at 30 September 2024 – Unaudited | | 4,750,000,000 | 411,725,703 | 873,992,101 | 10,304,221 | 8,561,790,047 | 14,607,812,072 | 41,991,897 | 14,649,803,969 |

The attached notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.

Jabri Maali
Chief Financial Officer

Alison Rehill-Erguven
Chief Executive Officer

Board Member

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows

For the nine-month period ended 30 September 2024

| | Notes | Nine-month period ended 30 September 2024 Unaudited | Nine-month period ended 30 September 2023 Unaudited |
|--|-------|---|--|
| Cash flows from operating activities: | | | |
| Profit before Zakat | | 900,600,986 | 1,055,803,475 |
| <i>Adjustments for:</i> | | | |
| - Depreciation on property and equipment | | 12,421,921 | 13,182,811 |
| - Reclassification gain on cash flow hedge settlement | | -- | (7,124,755) |
| - Impairment loss on accounts receivable and accrued revenue rentals | | 256,223,077 | 146,056,988 |
| - Provision for employee benefits | | 6,827,027 | 6,283,746 |
| - Finance cost over loans and borrowings | | 385,818,038 | 184,398,912 |
| - Finance cost over lease liabilities | | 100,781,035 | 79,258,398 |
| - Finance cost over due from related parties | | 53,571,680 | -- |
| - Finance income over due from related parties | | (8,962,704) | -- |
| - Share of loss of equity-accounted investee | 9A | 4,661,283 | 8,057,583 |
| - Gain on disposal of investment property | 15 | -- | (238,668,127) |
| - Gain on lease termination | 15 | -- | (16,439,630) |
| - Fair value loss of other investments | 9 | 513,358 | 7,880 |
| - Lease rental concession | | (1,875,000) | (2,812,500) |
| - Net fair value (gain) on investment properties | 8 | (429,945,862) | (81,457,111) |
| | | 1,280,634,839 | 1,146,547,670 |
| <i>Changes in:</i> | | | |
| - Accounts receivable | | (184,958,683) | (74,295,001) |
| - Amounts due from related parties, net | | (350,092,709) | (152,553,144) |
| - Prepayments and other assets | | (32,015,685) | (38,543,948) |
| - Accounts payable and other liabilities | | (150,727,411) | 173,224,612 |
| - Accrued revenue | | (50,890,212) | (20,094,185) |
| - Unearned revenue | | (102,391,944) | 53,243,786 |
| Cash generated from operating activities | | 409,558,195 | 1,087,529,790 |
| Employee benefits paid | | (4,313,802) | (2,337,578) |
| Zakat paid | | (21,644,227) | (23,746,954) |
| Net cash from operating activities | | 383,600,166 | 1,061,445,258 |
| Cash flows from investing activities: | | | |
| Additions to development properties | | -- | (7,360,983) |
| Additions to investment properties, net | 8 | (937,192,918) | (836,628,535) |
| VAT payments for CAPEX Transactions | | (209,958,917) | -- |
| Additions to equity-accounted investee and others | 9A | (5,338,502) | (19,778,849) |
| Acquisition of property and equipment | | (7,068,386) | (7,120,719) |
| Proceeds from disposal of investment property | 8 | -- | 644,548,184 |
| Proceeds from disposal of derivatives | | -- | 7,124,755 |
| Proceeds from disposal of other investments | | -- | 769,782 |
| Net cash used in investing activities | | (1,159,558,723) | (218,446,365) |

All amounts are presented in Saudi Riyals unless otherwise stated.

Arabian Centres Company (A Saudi Joint Stock Company)
Condensed consolidated statement of cash flows (continued)

For the nine-month period ended 30 September 2024

| | <i>Notes</i> | Nine-month period ended 30 September 2024 Unaudited | Nine-month period ended 30 September 2023 Unaudited |
|---|--------------|---|---|
| Cash flows from financing activities: | | | |
| Proceeds from loans and borrowings | 13 | 7,676,846,476 | 722,498,192 |
| Repayments of loans and borrowings | 13 | (5,552,421,869) | (194,250,009) |
| Arrangement fees paid during the period | 13 | (110,093,990) | (10,500,000) |
| Payment of finance costs over loans and borrowings | | (445,004,218) | (330,242,922) |
| Payment of dividend to shareholders | | (480,754,578) | (1,064,350,000) |
| Repurchase of treasury shares | | (772,760) | (2,697,371) |
| Payments of lease liabilities | | (213,407,866) | (158,121,581) |
| Net cash from / (used in) financing activities | | 874,391,195 | (1,037,663,691) |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Net increase/(decrease) in cash and cash equivalents | | 98,432,638 | (194,664,798) |
| Cash and cash equivalents at the beginning of period | | 84,995,834 | 610,445,796 |
| Cash and cash equivalents at end of the period | | 183,428,472 | 415,780,998 |
| Significant non-cash transactions: | | | |
| - Capitalized finance costs for projects under construction | | 236,996,840 | 236,925,978 |
| - Capitalized arrangement fees for projects under construction | 13 | 4,576,432 | 6,030,760 |
| - Capitalized finance cost over lease liabilities for projects under construction | | 29,473,878 | 36,655,980 |
| - Addition of leased property | | -- | -- |
| - Dividend settled against due from related party balances | | -- | 180,150,000 |

The attached notes from 1 to 21 are an integral part of these condensed consolidated interim financial statements.


Jabri Maali
Chief Financial Officer


Alison Rehill-Erguven
Chief Executive Officer


Board Member

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the nine-month period ended 30 September 2024

1. REPORTING ENTITY

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

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

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

The Company and its subsidiaries’ (collectively referred to as “the Group”) principal business objectives are to purchase lands, build, develop and invest in buildings, sell or lease of buildings and the construction of commercial buildings including demolition, repair, excavation and maintenance works. It also includes maintenance and operation of commercial centres, tourist resorts, hotels and restaurants, managing and operating temporary and permanent exhibitions, compounds and hospitals. The company has WAFI certificate No. 757, issued on 17 November 2021.

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

At 30 September 2024 the Group has net current assets of SR 0.7 billion (31 December 2023: net current liabilities SR 2.5 billion) The Group’s liquidity position improved during the current period on account of restructuring of financing facilities. Refer note 13 and 18.b(i) for details.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

1. REPORTING ENTITY (CONTINUED)

Following is the list of subsidiaries included in these consolidated financial statements as at 30 September 2024 and 31 December 2023:

| No | Subsidiaries | Country of incorporation | Direct ownership interest held by the Group as at: | | Indirect ownership interest held by the Group as at: | | Share Capital (SR) | Number of shares issued |
|----|--|--------------------------|--|------------------|--|------------------|--------------------|-------------------------|
| | | | 30 September 2024 | 31 December 2023 | 30 September 2024 | 31 December 2023 | | |
| 1 | Al Bawarjij International for Development & Real Estate Investment Company | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 500,000 | 500 |
| 2 | Al Makarem International for Real Estate Development Company | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 500,000 | 500 |
| 3 | Oyoun Al Raed Mall Trading | Kingdom of Saudi Arabia | 95% | 95% | 5% | 5% | 100,000 | 100 |
| 4 | Oyoun Al Basateen Company for Trading | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 100,000 | 100 |
| 5 | Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin AlHokair and Company | Kingdom of Saudi Arabia | 50% | 50% | -- | -- | 500,000 | 500 |
| 6 | Yarmouk Mall Company Limited | Kingdom of Saudi Arabia | 95% | 95% | 5% | 5% | 500,000 | 500 |
| 7 | Mall of Arabia Company Limited | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 500,000 | 500 |
| 8 | Dhahran Mall Trading Company Limited | Kingdom of Saudi Arabia | 95% | 95% | 5% | 5% | 500,000 | 500 |
| 9 | Al Noor Mall Trading Company Limited | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 500,000 | 500 |
| 10 | Al Yasmeen Mall Trading Company Limited | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 100,000 | 100 |
| 11 | Al Hamra Mall Trading Company Limited | Kingdom of Saudi Arabia | 95% | 95% | -- | -- | 100,000 | 100 |
| 12 | Al Erth Al Rasekh Trading Company Limited | Kingdom of Saudi Arabia | 95% | 95% | 5% | 5% | 100,000 | 100 |
| 13 | Derayah Destination Arabia Diversified Fund | Kingdom of Saudi Arabia | 100% | 100% | -- | -- | -- | -- |
| 14 | Riyad Real Estate Development Fund – Jawharat AlRiyadh (i) | Kingdom of Saudi Arabia | 100% | 100% | -- | -- | -- | -- |
| 15 | Riyad Real Estate Development Fund – Jawharat Jeddah (ii) | Kingdom of Saudi Arabia | 100% | 100% | -- | -- | -- | -- |

- i) The Group invested in private real estate fund named Riyad Real Estate Development Fund – Jawharat AlRiyadh. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 2,796 million**.
- ii) The Group invested in a private real estate fund named Riyad Real Estate Development Fund – Jawharat Jeddah. The Group signed an agreement with Riyad Capital Company to manage the fund. The units were subscribed by transfer of a parcel of land, construction work in progress and advances to contractor to the fund with a carrying value of **SR 1,568 million**.

Arabian Centres Company (A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for the nine months period ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants and Company's by-laws, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements

3. BASIS OF MEASUREMENT

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

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of 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.

6. MATERIAL 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 December 2023. A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on 1 January 2024, however, they did not have any impact on the condensed consolidated interim financial statements.

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2024. These amendments' do not have significant impact in the Group's condensed consolidated interim financial statements.

- Amendments to IFRS 16 – Lease Liability in a sale and leaseback
- Amendments to IAS 1 - Non-current liabilities with covenants and Classification of Liabilities as Current or Non-current Amendments
- Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

7. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing these condensed consolidated interim financial statements. These amendments are not expected to have significant impact in the Group's condensed consolidated interim financial statements.

- Amendments to IAS 21 - Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

8. INVESTMENT PROPERTIES

| | | 30 September 2024 | 31 December 2023 |
|---|--------------|------------------------------|---------------------|
| | <i>Notes</i> | Unaudited | Audited |
| Investment properties | 8A | 26,026,726,049 | 24,427,232,699 |
| Advance payment for projects under construction | 8B | 945,250,978 | 906,558,390 |
| | | 26,971,977,027 | 25,333,791,089 |

A. Investment properties

| | | 30 September 2024 | 31 December 2023 |
|---|--------------|------------------------------|---------------------|
| | <i>Notes</i> | Unaudited | Audited |
| Balance at the beginning of the period / year | | 24,637,157,057 | 22,751,694,378 |
| Additions during the period / year | | 1,169,547,488 | 1,305,400,862 |
| Lease addition during the period / year | | -- | 534,208,206 |
| Disposal during the period / year | (i) | -- | (405,880,057) |
| Impact of reassessment of lease | | -- | 81,804,409 |
| Net fair value gain on investment properties | (ii) | 429,945,862 | 369,929,259 |
| Balance at the end of the period / year | (vii) | 26,236,650,407 | 24,637,157,057 |

Presented in condensed consolidated statement of financial position as:

| | | | |
|-----------------------|-------|-----------------------|----------------|
| Investment properties | | 26,026,726,049 | 24,427,232,699 |
| Assets held for sale | (iii) | 209,924,358 | 209,924,358 |
| | | 26,236,650,407 | 24,637,157,057 |

- i. During the year ended 31 December 2023, the Group disposed of a portion of the Jawharat Riyadh land, as part of strategic non-core land bank sale program, for net proceeds of **SR 644.5 million** resulting in a gain of **SR 238.6 million** which has been recorded under other operating income in the consolidated statement of profit or loss.
- ii. During the year ended 31 December 2023, the Group terminated a project under development and related land operating lease agreement. Net fair value gain for the year ended 31 December 2023 includes a loss of **SR 142.6 million** relating to termination of the project under development.
- iii. During the year ended 31 December 2023, the Group entered into an agreement to sell a land and is in the process of completing the pre-conditions to execute the sale. The Group is also committed to sell an owned mall and is in the process of completing the pre-conditions to execute the sale. The sales are considered highly probable and accordingly, the carrying values of the land and the mall have been classified as assets held for sale under current assets. During the period ended 30 September 2024, Group has split the title deed of the land in Riyadh between Mall and the Land. The Mall is operational, but Group has committed to sell the land. The fair value of the land has been carried out during the period and record the land at fair value.
- iv. On 15 May 2022, there was partial fire outbreak at the Mall of Dhahran in the Eastern Province of Saudi Arabia. The mall was closed for a short period and reopened its doors on 7 June 2022, with an exception to some damaged area that is currently under restoration. The impact of the fire outbreak has been factored in by the valuers in the fair value of the mall. Surveyors are in the process of assessing the extent of loss, following which the Group will file a claim for reimbursement with the insurers.
- v. All leasehold interests meet the definition of an investment property and, accordingly, the Group has accounted for the right-of-use assets as part of investment property as allowed by IFRS 16. The lands are restricted to be used for commercial purposes in relation to the Group's businesses and the right to renew the lease is based on mutual agreements between the parties. If the respective leases are not renewed the land and buildings will be transferred to the lessors at the end of the lease term.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

8. INVESTMENT PROPERTIES (CONTINUED)

A. Investment properties (continued)

vi. Projects under construction pertain to expenditure relating to malls which are in the course of construction as at the end of 30 September 2024 and these are expected to be completed within 2 to 5 years. During the period ended 30 September 2024, the Group capitalized finance costs amounting to SR 29.4 million (30 September 2023: SR 36.6 million).

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

| | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|--|--------------------------------|
| Shopping malls on owned lands | 12,425,267,351 | 11,929,917,260 |
| Shopping malls on leasehold lands | 7,277,507,509 | 6,644,698,513 |
| Owned lands/buildings held as investment properties | 357,385,098 | 335,776,375 |
| Projects under construction – Fair value | 6,176,490,449 | 5,726,764,909 |
| | 26,236,650,407 | 24,637,157,057 |

viii. Fair value of investment properties

a) *Fair value hierarchy*

The fair value measurement for investment property of SR 26,237 million as at 30 September 2024 (31 December 2023: SR 24,637 million) has been categorized as a level 3 fair value based on the significant unobservable inputs adopted by the valuer in the valuation technique used which are future retail rental payment terms; discount rates; capitalization rate (yields); forecasted occupancy; and cost to complete projects.

The fair value of investment properties as at the reporting dates for all properties, whether owned or leased, is determined by independent external valuers with appropriate qualifications and experience in the valuation of properties. Effective dates of the valuations are 31 December 2023 and 30 September 2024 and are prepared in accordance with Royal Institution of Chartered Surveyors (“RICS”) Global Standards 2020 which comply with the international valuation standards and the RICS Professional Standards. The valuations have been performed by Colliers Saudi Arabia, ValuStart and NATA Real Estate Appraisal Company. As per the CMA regulations for annual reporting, the Group has opted for the lower of the two valuations for the properties performed by the independent and competent valuers.

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

30 September 2024

| Property | Fair value SR million | Valuation technique | Significant unobservable input | Range |
|-------------------------------|----------------------------------|--------------------------------|---|--------------------|
| Shopping Malls | 19,703 | Discounted cash flows | Occupancy (%) | 51% - 98% |
| | | | Future rent growth (%) | 2.5%-3.5% |
| | | | Discount rate (%) | 8.5% - 18% |
| Properties under construction | 6,176 | Discounted cash flows | Occupancy (%) | 90%-95% |
| | | | Future rent growth (%) | 5% |
| | | | Discount rate (%) | 12% - 15% |
| Owned land | 357 | Comparable transaction | Average price (SR /sqm) | 220 – 8,943 |

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

8. INVESTMENT PROPERTIES (CONTINUED)

A. Investment properties (continued)

viii. Fair value of investment properties (continued)

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

31 December 2023

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

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

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

| | 30 September 2024 | 31 December 2023 |
|---|------------------------------|---------------------|
| Fair value of land and buildings as per fair valuer | 23,624,385,096 | 21,896,776,377 |
| Less: Adjustment for accrued operating lease income | (234,062,500) | (235,587,183) |
| Add: carrying amount of lease liabilities | 2,846,327,811 | 2,975,967,863 |
| Total carrying amount of investment properties | 26,236,650,407 | 24,637,157,057 |

ix. Amounts recognized in profit or loss for investment property that generated income.

| | Nine-month period ended | |
|--|--------------------------------|----------------------|
| | 30 September 2024 | 30 September 2023 |
| | Unaudited | Unaudited |
| Revenue from investment property | 1,759,369,409 | 1,709,751,598 |
| Direct operating expenses on properties that generated rental income | (300,390,970) | (297,812,687) |

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

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

8. INVESTMENT PROPERTIES (CONTINUED)

B. Advance payments for projects under construction

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

| Name of related party | Business status | Relationship | Construction work services received | | Balances | |
|--------------------------|-------------------|-------------------|---|---|-----------------------------|--------------------------|
| | | | Nine-month period ended 30 September 2024 | Nine-month period ended 30 September 2023 | 30 September 2024 Unaudited | 31 December 2023 Audited |
| Lynx Contracting Company | Limited Liability | Fellow Subsidiary | 956,378,454 | 415,805,405 | 944,018,637 | 905,103,726 |
| Others | | | | | 1,232,341 | 1,454,664 |
| | | | | | 945,250,978 | 906,558,390 |

Lynx Contracting Company is a related party being controlled by the controlling shareholders of the Group. With the consent of the Shareholders, Group has signed a framework agreement with Lynx Contracting Company for the construction of projects and has engaged the company for design and construction services for all of its current Projects under Construction. Business relationships with Lynx are only entered with Lynx after due tendering processes and cost verifications from third parties. As is market practice, advance payments are required by the contractor from time to time in relation with design work, mobilization, advance procurement of long lease items. Advances paid are commensurate with the associated contract values and repayment mechanisms are in place against progress billing.

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEE AND OTHERS

| | Note | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|------|-----------------------------|--------------------------|
| Investment in joint venture and associate | 9A | 79,955,457 | 78,634,195 |
| Investments at FVTPL | 9B | 58,266 | 81,576 |
| Other investment | 9C | 302,535,974 | 303,026,022 |
| | | 382,549,697 | 381,741,793 |

A. Investment in Joint venture and associate

| Name of an entity | Note | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|------|-----------------------------|--------------------------|
| FAS Lab Holding Company (Joint Venture) | (i) | 79,705,457 | 78,384,195 |
| Khozam Mall Real Estate Development Company (Joint venture) | (ii) | 250,000 | 250,000 |
| | | 79,955,457 | 78,634,195 |

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

Reconciliation of carrying amount

| | Opening balance | Additions | Share in losses | Other Comprehensive income | Ending Balance |
|-------------------|-------------------|------------------|--------------------|----------------------------|-------------------|
| 30 September 2024 | 78,384,195 | 5,338,502 | (4,661,283) | 644,043 | 79,705,457 |
| 31 December 2023 | 63,714,723 | 24,978,845 | (10,870,750) | 561,377 | 78,384,195 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEE AND OTHERS (CONTINUED)

A. Investment in Joint venture and associate (continued)

Summarized financial statements – FAS Lab Holding Company

| | 30 September 2024 | 31 December 2023 |
|--|------------------------------|---------------------|
| | Unaudited | Audited |
| Assets | 301,226,592 | 309,698,148 |
| Liabilities | (119,674,047) | (129,448,843) |
| Net Assets | 181,552,545 | 180,249,305 |
| Net assets attributable to owners of investee | 143,421,291 | 142,735,591 |
| Share of net assets (50%) | 71,710,645 | 71,367,796 |
| Adjustments – Due to additional contribution | 7,994,812 | 7,016,399 |
| Carrying amount of investee | 79,705,457 | 78,384,195 |

| | 30 September 2024 | 30 September 2023 |
|---|------------------------------|----------------------|
| Revenue | 311,763,620 | 299,330,600 |
| Loss from continuing operations | (8,229,685) | (13,092,862) |
| Total comprehensive loss | (9,060,214) | (12,055,083) |
| Loss for the period attributable to shareholders of the Company | (8,440,177) | (14,078,859) |
| Share of loss for the period | (4,220,089) | (7,039,430) |

- ii. This represents a 50% equity investment in the share capital of Khozam Mall Real Estate Development Company, a closed joint stock Company incorporated in the Kingdom of Saudi Arabia, which is engaged primarily in the construction of real estate projects. The Company was established during the 2023 and is yet to commence commercial operations.

B. Investment at FVTPL

| | 30 September 2024 | 31 December 2023 |
|-------------------------------------|------------------------------|---------------------|
| Name of the real estate fund | Unaudited | Audited |
| Al Jawhara Real Estate Fund (i) | 58,266 | 81,576 |

- i. This represents 0.03% equity investment in Al Jawhara Real Estate Fund (formerly known as Digital City Fund) purchased for 6.8 million. As at 30 September 2024, the net asset value (NAV) of the investment amounted to SR 0.058 million (31 December 2023: SR 0.08 million) and no unrealized fair value loss is recognized in the condensed consolidated statement of profit or loss (30 September 2023: 7880 SR). During the year ended 31 December 2023, the fund has divested its investment portfolio of SR 0.77 million.

C. Other investment

At 30 September 2024, a Group's subsidiary Riyadh Real Estate Development Fund held 166,699 units (31 December 2023: 166,699 units) of Riyadh SR Diversified Trade Fund at a unit price of SR 1,814.86 (31 December 2023: SR 1,817.8) for trading purposes.

| | 30 September 2024 | 31 December 2023 |
|--|------------------------------|---------------------|
| | Unaudited | Audited |
| Balance at beginning of the period / year | 303,026,022 | -- |
| Additions | -- | 322,274,093 |
| Disposals | -- | (26,196,322) |
| Fair value change | (490,048) | 6,948,251 |
| Balance at end of the period / year | 302,535,974 | 303,026,022 |

| | 30 September 2024 | 31 December 2023 |
|------------------|------------------------------|---------------------|
| | Unaudited | Audited |
| Proceed | -- | 26,600,000 |
| Carrying amount | -- | (26,196,322) |
| Gain on disposal | -- | 403,678 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

10. CASH AND CASH EQUIVALENTS

| | 30 September 2024 Unaudited | 31 December 2023 Audited |
|----------------------------------|--|--------------------------------|
| Bank balances – current accounts | 182,485,012 | 84,125,834 |
| Cash in hand | 943,460 | 870,000 |
| | 183,428,472 | 84,995,834 |

11. 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. Related parties may be individuals or entities. Balances and transactions between the Company and its subsidiaries, which are related parties within the Group, have been eliminated on consolidation.

A. Key management personnel compensation

The remunerations of directors and other key management personnel ('KMP') during the Nine-month period ended 30 September are as follows:

| | 30 September 2024 Unaudited | 30 September 2023 Unaudited |
|-----------------------------------|--|-----------------------------------|
| End of service benefits | 6,165,617 | 4,424,081 |
| Salaries and short-term benefits | 23,010,586 | 16,741,622 |
| Total key management compensation | 29,176,203 | 21,165,703 |

B. Related party transactions and balances

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

| | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|--|--------------------------------|
| Amounts due from related parties – current portion | 298,817,277 | 483,752,516 |
| Amounts due from related parties – non-current portion | 275,022,878 | -- |
| Amount due from related parties (i) | 573,840,155 | 483,752,516 |
| Amount due to related parties | (7,772,217) | (102,087,353) |
| (i) Amount due from related parties | 688,457,413 | 483,752,516 |
| Contract modification loss on related parties receivables- Net(ii) | (44,608,976) | -- |
| Expected credit losses (Refer note 18C) | (70,008,282) | -- |
| | 573,840,155 | 483,752,516 |

(ii) During the period ended September 30, 2024, the Group has restructured the balances due from related parties, as per the restructure agreement the amounts are receivable over a period of three years. Hence, the balances are measured at the present value of the contractual amounts by using the average incremental borrowing rate of 7.5%. Consequently, the Group has recorded the contract modification loss of SR 54.6 million and finance income of SR 1.8 million recognized in statement of profit or loss during the period ended September 30, 2024.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

11. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

B. Related party transactions and balances (continued)

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

| Name of related party | Business status | Transactions for period | | | Balance as at | | |
|---|-----------------------------|---|-------------------|------------|---------------|-------------|---------------|
| | | Rental income and other fees / services | Services received | Others | Total | Due from | Due to |
| 30 September 2024 | | | | | | | |
| Transactions with ultimate parent | | | | | | | |
| Saudi FAS Holding Company | Closed Joint Stock Company | 1,947,547 | -- | -- | 1,947,547 | 6,256,317 | -- |
| Transactions with fellow subsidiaries | | | | | | | |
| Fawaz Abdulaziz Al Hokair Company and its subsidiaries | Joint Stock Company | 211,471,691 | -- | -- | 211,471,691 | 424,410,303 | -- |
| Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries | Joint Stock Company | 21,302,975 | -- | -- | 21,302,975 | 31,677,440 | -- |
| Salman & Sons Holding Co and its associates | Limited Liability Company | 32,758,430 | -- | -- | 32,758,430 | 58,037,698 | -- |
| Majd Al Amal Co. Limited and its associates | Limited Liability Company | 12,956,845 | -- | -- | 12,956,845 | 22,762,391 | -- |
| Tadaris Alnajd Security Company | Limited Liability Company | -- | (45,683,403) | -- | (45,683,403) | 8,005,500 | -- |
| Ezdihar Holding Co and its subsidiaries | Limited Liability Company | 39,468,641 | -- | -- | 39,468,641 | 111,768,952 | -- |
| Others, net | Limited Liability Companies | 7,469,808 | (11,127,809) | -- | (3,658,001) | 25,538,812 | (7,772,217) |
| | | 327,375,937 | (56,811,212) | -- | 270,564,725 | 688,457,413 | (7,772,217) |
| 31 December 2023 | | | | | | | |
| Transactions with ultimate parent | | | | | | | |
| Saudi FAS Holding Company | Closed Joint Stock Company | 2,471,669 | -- | 3,372,160 | 5,843,829 | 8,401,207 | -- |
| Transactions with fellow subsidiaries | | | | | | | |
| Fawaz Abdulaziz Al Hokair Company and its subsidiaries | Joint Stock Company | 265,532,160 | -- | 65,048,000 | 330,580,160 | 246,035,225 | -- |
| Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries | Joint Stock Company | 18,294,436 | -- | -- | 18,294,436 | 24,116,051 | -- |
| Salman & Sons Holding Co and its associates | Limited Liability Company | 42,383,906 | -- | -- | 42,383,906 | 71,048,857 | -- |
| Majd Al Amal Co. Limited and its associates | Limited Liability Company | 17,095,256 | -- | -- | 17,095,256 | 5,244,635 | -- |
| Tadaris Alnajd Security Company | Limited Liability Company | -- | (48,405,958) | -- | (48,405,958) | 8,164,179 | -- |
| Ezdihar Holding Co and its subsidiaries | Limited Liability Company | 42,943,246 | -- | -- | 42,943,246 | 92,784,508 | -- |
| Lynx Contracting Company | Limited Liability Company | -- | -- | -- | -- | -- | (94,791,180) |
| Others, net | Limited Liability Companies | 5,251,810 | (8,104,703) | 7,947,905 | 5,095,012 | 27,957,854 | (7,296,173) |
| | | 393,972,483 | (56,510,661) | 76,368,065 | 413,829,887 | 483,752,516 | (102,087,353) |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

12. DIVIDENDS DISTRIBUTION

30 September 2024

- i. On 26 March 2024, the Board of Directors resolved to distribute an interim dividend for the second half of the year ended 31 December 2023 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 16 April 2024.
- ii. On 16 May 2024, the Board of Directors resolved to distribute dividends for the first quarter of the year ending 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000. The dividend was paid on 18 July 2024.

30 September 2023

- i. On 2 January 2023, the Board of Directors resolved to distribute an interim dividend for the first half of year ended 31 December 2022 amounting to SR 0.75 per share aggregating to SR 356,250,000. The dividend was paid on 12 February 2023.
- ii. On 2 April 2023, the Board of Directors resolved to distribute dividends for the second half of the period ended 31 December 2022 amounting to SR 1 per share aggregating to SR 475,000,000. The dividend was paid on 25 April 2023.
- iii. On 16 July 2023, the Board of Directors resolved to distribute dividends for the first half of the period ended 31 December 2023 amounting to SR .87 per share aggregating to SR 413,250,000. The dividend was paid on 13 August 2023.

13. LOANS AND BORROWINGS

| | <i>Note</i> | 30 September 2024 Unaudited | 31 December 2023 Audited |
|--|--------------|--|--------------------------------|
| Islamic facilities with banks | | | |
| - Facility 1 | <i>(i)</i> | 4,972,548,068 | 3,286,561,312 |
| - Facility 2 | <i>(ii)</i> | 586,142,124 | 558,058,069 |
| Sukuk | <i>(iii)</i> | 5,501,858,364 | 5,142,084,776 |
| | <i>13 B</i> | 11,060,548,556 | 8,986,704,157 |
| Loans and Borrowings - Current liabilities | | 749,999,921 | 3,104,998,958 |
| Loans and Borrowings - Noncurrent liabilities | | 10,310,548,635 | 5,881,705,199 |
| | | 11,060,548,556 | 8,986,704,157 |

Refer to Note 18 for information about the Group's exposure to interest rate, foreign currency and liquidity risks.

A. Terms and repayment

(i) Facility 1

During the period ended 30 September 2024, The Group has entered into various long-term Islamic facilities amounting to SR 4.2 billion (equivalent USD 1,120 million), with an additional accordion for SR 1.05 billion, with a syndicate of banks (local and international banks). The facilities include two term Murabha tranches (maturing in 12 years) and revolving Murabha facility (maturing in 4 years). These term Murabaha facilities are fully utilized and Revolving Murabaha facility is fully utilized as at reporting date. The Group has early repaid the existing long-term Islamic facilities outstanding as of 31 December 2023.

The long-term loan is repayable in unequal quarterly instalments and is subject to commission rates based on SIBOR/SOFR plus an agreed commission rate. The pricing applicable to the facilities are linked to sustainability targets i.e. reducing carbon emissions, increasing grid connectivity, and enhancing female representation in leadership roles.

The facilities are secured by pledges of insurance policies and proceeds of rental income as well as security over land and buildings of several malls with carrying amount of **SR 7.5 billion**.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

13. LOANS AND BORROWINGS (CONTINUED)

(ii) Facility 2

During the period ended 30 September 2024, the Group has drawn-down SR 26.8 million (period ended 31 December 2023: SR 508 million) from the facilities. The facility is non-recourse to the Company. During the period ended 30 September 2024, a subsidiary of the Group has entered into a long-term facility arrangement amounting to SR 350 million from the National Development Fund. The facility is non-recourse to the Company.

During the year ended 31 December 2023, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 1,000 million with a local bank. The facility is non-recourse to the Company. During the period ended 31 December 2022, a subsidiary of the Group has entered into a long-term Islamic facility arrangement amounting to SR 800 million with a local bank. The long-term loan is repayable in unequal semi-annual instalments and is subject to commission rates based on SIBOR plus an agreed commission rate. The facilities are secured by Lands.

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

(iii) Sukuk

During the period ended 30 September 2024, the Company issued Shari'ah compliant Sukuk amounting to **USD 600 million** (equivalent SR 2,250 million), maturing in 2029 with annual yield of 9.5% payable semi-annually. The proceeds from the issuance have been used to refinance the Company's 2019 Sukuk. Sukuk Certificates are subject to early redemption at the option of the Company as per specified conditions mentioned in the Sukuk Certificate. During the period ended 30 September 2024, the Sukuk issued in 2019 has been early redeemed.

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

On 20 November 2019, Arabian Centres Sukuk Limited (a special purpose company established for the purpose of issuing Sukuk) issued an International USD denominated Shari'ah compliant Sukuk "Sukuk Certificates" amounting to USD 500 million (equivalent SR 1,875 million), at a par value of USD 0.2 million each, annual yield of 5.375% payable semi-annually and a maturity of five years. Sukuk Certificates may be subject to early redemption at the option of the Company as per certain specified conditions mentioned in the Sukuk Certificate. This Sukuk has been fully redeemed during the period ended 30 September 2024.

B. Reconciliation of carrying amount

| | Islamic facility with banks | | Sukuk | Total |
|---------------------------------------|-----------------------------|--------------|---------------|---------------|
| | Facility 1 | Facility 2 | | |
| Balance at 1 January 2023 | 3,195,852,084 | 63,308,995 | 5,156,200,000 | 8,415,361,079 |
| Proceeds received during the year | 200,000,000 | 508,350,701 | -- | 708,350,701 |
| Repayments made during the year | (68,380,208) | -- | -- | (68,380,208) |
| | (i) 3,327,471,876 | 571,659,696 | 5,156,200,000 | 9,055,331,572 |
| Un-amortized transaction costs | (ii) (40,910,564) | (13,601,627) | (34,263,790) | (88,775,981) |
| Deferred Sukuk premium | (iii) -- | -- | 20,148,566 | 20,148,566 |
| Balance at 31 December 2023 - Audited | 3,286,561,312 | 558,058,069 | 5,142,084,776 | 8,986,704,157 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

13. LOANS AND BORROWINGS (CONTINUED)

B. Reconciliation of carrying amount (continued)

| | | | | | |
|---|-------|----------------------|--------------------|----------------------|-----------------------|
| Balance at 1 January 2024 | | 3,327,471,876 | 571,659,696 | 5,156,200,000 | 9,055,331,572 |
| Proceeds received during the period | | 5,399,999,921 | 26,846,555 | 2,250,000,000 | 7,676,846,476 |
| Repayments made during the period | | (3,677,471,869) | -- | (1,874,950,000) | (5,552,421,869) |
| | (i) | 5,049,999,928 | 598,506,251 | 5,531,250,000 | 11,179,756,179 |
| Un-amortized transaction costs | (ii) | (77,451,860) | (12,364,127) | (44,084,958) | (133,900,945) |
| Deferred Sukuk premium | (iii) | -- | -- | 14,693,322 | 14,693,322 |
| Balance at 30 September 2024 (Unaudited) | | 4,972,548,068 | 586,142,124 | 5,501,858,364 | 11,060,548,556 |

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

| | Islamic facility with banks | Sukuk | Total |
|-------------------------------------|--------------------------------|---------------|----------------|
| 31 December 2023 -Audited | | | |
| Within one year | 1,229,998,958 | 1,875,000,000 | 3,104,998,958 |
| Between two to five years | 1,823,377,412 | 3,281,200,000 | 5,104,577,412 |
| More than five years | 845,755,202 | -- | 845,755,202 |
| | 3,899,131,572 | 5,156,200,000 | 9,055,331,572 |
| 30 September 2024 -Unaudited | | | |
| Within one year | 749,999,921 | -- | 749,999,921 |
| Between two to five years | 1,466,195,046 | 5,531,250,000 | 6,997,445,046 |
| More than five years | 3,432,311,212 | -- | 3,432,311,212 |
| | 5,648,506,179 | 5,531,250,000 | 11,179,756,179 |

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

| | Islamic facilities with banks | | Sukuk | Total |
|---|-------------------------------|-------------------|-------------------|--------------------|
| | Facility 1 | Facility 2 | | |
| Balance at 1 Jan 2023 | 47,199,402 | 5,118,750 | 53,478,788 | 105,796,940 |
| Arrangement fees paid | 500,000 | 10,000,000 | -- | 10,500,000 |
| Amortization for the year | (3,456,220) | -- | (16,017,443) | (19,473,663) |
| Capitalized arrangement fees | (3,332,618) | (1,517,123) | (3,197,555) | (8,047,296) |
| Balance at 31 December 2023 (Audited) | 40,910,564 | 13,601,627 | 34,263,790 | 88,775,981 |
| Balance at 1 Jan 2024 | 40,910,564 | 13,601,627 | 34,263,790 | 88,775,981 |
| Arrangement fees paid | 81,090,177 | -- | 29,003,813 | 110,093,990 |
| Amortization for the period | (42,869,650) | -- | (17,522,944) | (60,392,594) |
| Capitalized arrangement fees | (1,679,231) | (1,237,500) | (1,659,701) | (4,576,432) |
| Balance at 30 September 2024 (Unaudited) | 77,451,860 | 12,364,127 | 44,084,958 | 133,900,945 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

13. LOANS AND BORROWINGS (CONTINUED)

iii. Deferred Sukuk premium

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

| | Sukuk | Total |
|---|-------------------|-------------------|
| Balance at 1 Jan 2023 | 27,426,090 | 27,426,090 |
| Amortization for the year | (7,277,524) | (7,277,524) |
| Balance at 31 December 2023 – Audited | 20,148,566 | 20,148,566 |
| Balance at 1 Jan 2024 | 20,148,566 | 20,148,566 |
| Amortization for the period | (5,455,244) | (5,455,244) |
| Balance at 30 September 2024 - Unaudited | 14,693,322 | 14,693,322 |

14. REVENUE

| | <i>Note</i> | Nine-month period ended 30 September 2024 Unaudited | Nine-month period ended 30 September 2023 Unaudited |
|--|-------------|---|---|
| Income from leases | | | |
| Rental income | (i) | 1,605,601,771 | 1,587,226,395 |
| Turnover rent | | 50,521,483 | 48,883,687 |
| Rental income from contracts with customers | (i) | | |
| Service and management fee income | | 99,751,595 | 70,537,296 |
| Commission income on provisions for utilities, net | | 3,494,560 | 3,104,220 |
| | | 1,759,369,409 | 1,709,751,598 |

- i. Rental income includes fixed service and management charges income related to utilities, maintenance, cleaning and security charges of Malls' premises as a part of rent for each of the tenants for the period ended 30 September 2024 amount to SR 185.2 million (30 September 2023: SR 182.2 million)

Group as a lessor:

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

| | Nine-month period ended 30 September 2024 Unaudited | Nine-month period ended 30 September 2023 Unaudited |
|---|---|---|
| Within one year | 1,651,962,458 | 1,465,700,258 |
| After one year but not more than five years | 1,785,717,362 | 1,801,380,719 |
| More than five years | 265,905,877 | 222,958,143 |
| | 3,703,585,697 | 3,490,039,120 |

Arabian Centres Company (A Saudi Joint Stock Company)
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For the nine-month period ended 30 September 2024

15. OTHER OPERATING INCOME

| | Nine-month period ended 30 September 2024 Unaudited | Nine-month period ended 30 September 2023 Unaudited |
|--|--|---|
| Gain on sale of investment property (Note 8A(i)) | -- | 238,668,127 |
| Gain on termination of lease | -- | 16,439,630 |
| Recovery of written off receivables | 2,398,580 | 11,244,000 |
| Compensation from landlord | 6,920,899 | 2,812,500 |
| Others | 1,149,230 | 5,680,178 |
| | 10,468,709 | 274,844,435 |

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the 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 | | Nine-month period ended | |
|--|--|-----------------------------------|--|-----------------------------------|
| | 30 September 2024 Unaudited | 30 September 2023 Unaudited | 30 September 2024 Unaudited | 30 September 2023 Unaudited |
| Profit attributable to ordinary shareholders | 334,649,223 | 286,542,132 | 866,100,377 | 1,008,540,603 |
| Weighted average number of ordinary shares | 474,941,661 | 474,872,304 | 474,941,661 | 474,956,967 |
| Basic and diluted earnings per share | 0.70 | 0.60 | 1.82 | 2.12 |

17. OPERATING SEGMENTS

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

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

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

A. Accounting classification and fair values

Financial instruments have been categorized as follows:

| Financial Assets | <i>Notes</i> | 30 September | 31 December |
|----------------------------------|--------------|-----------------------|--------------------|
| | | 2024 | 2023 |
| | | Unaudited | Audited |
| Other investments | 9 | 302,535,974 | 303,026,022 |
| Other financial receivables | | 106,504,248 | 25,630,126 |
| Amounts due from related parties | 11 | 573,840,155 | 483,752,516 |
| Accounts receivable | | 522,107,478 | 464,470,288 |
| Accrued revenue | | 67,866,290 | 73,079,157 |
| Cash and cash equivalents | 10 | 183,428,472 | 84,995,834 |
| | | 1,756,282,617 | 1,434,953,943 |
| Financial Liabilities | | | |
| Loans and borrowings | 13 | 11,060,548,556 | 8,986,704,157 |
| Lease liabilities | | 3,083,242,162 | 3,168,270,116 |
| Accounts payable | | 254,443,696 | 311,470,025 |
| Other liabilities | | 345,327,088 | 253,333,655 |
| Amount due to related party | 11 | 7,772,217 | 102,087,353 |
| Tenants' security deposits | | 140,074,025 | 167,062,790 |
| | | 14,891,407,744 | 12,988,928,096 |

The following table presents the Group's financial instruments measured at fair value at 30 September 2024 and 31 December 2023:

| | Carrying amount | 30 September 2024- Unaudited | | | Total |
|----------------------------------|------------------------|-------------------------------------|----------------|----------------|--------------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Investment at FVTPL | | | | | |
| Al Jawhara Real Estate Fund | 58,266 | -- | -- | 58,266 | 58,266 |
| Other Investments | | | | | |
| Riyadh SR Diversified Trade Fund | 302,535,974 | 302,535,974 | -- | -- | 302,535,974 |
| 31 December 2023-Audited | | | | | |
| | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Investment at FVTPL | | | | | |
| Al Jawhara Real Estate Fund | 81,576 | -- | -- | 81,576 | 81,576 |
| Other Investments | | | | | |
| Riyadh SR Diversified Trade Fund | 303,026,022 | 303,026,022 | -- | -- | 303,026,022 |

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

B. Financial risk management

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

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

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

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, lease liability, accounts payable and cash and bank balances that arise directly from its operations.

i. Credit risk

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

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

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

Accounts Receivable

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

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

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

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

The following table provides information about the exposure to credit risk and ECLs for accounts receivable from customers after adjusting with Loss given Default (LGD) ratio as at 30 September 2024 and 31 December 2023.

| | 30 September 2024-Unaudited | | |
|--------------------|------------------------------------|-----------------------------------|-------------------------------|
| | Gross Carrying amount | Weighted- average loss | Loss Allowance (%) |
| 0-90 days | 112,027,847 | 14,685,441 | 13.1% |
| 91-180 days | 116,465,229 | 21,816,208 | 18.7% |
| 181-270 days | 93,598,739 | 24,184,833 | 25.8% |
| 271-360 days | 68,323,087 | 22,319,972 | 32.7% |
| More than 360 days | 551,277,014 | 319,123,456 | 57.9% |
| | 941,691,916 | 402,129,910 | |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(continued)

For the nine-month period ended 30 September 2024

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

i. Credit risk (continued)

Accounts Receivable (continued)

| | 31 December 2023-Audited | | |
|--------------------|--------------------------|-----------------------|--------------------|
| | Gross Carrying amount | Weighted-average loss | Loss Allowance (%) |
| 0-90 days | 83,039,100 | 9,923,114 | 11.9% |
| 91-180 days | 96,459,059 | 21,261,842 | 22.0% |
| 181-270 days | 77,277,912 | 23,971,570 | 31.0% |
| 271-360 days | 76,584,474 | 27,635,387 | 36.1% |
| More than 360 days | 327,703,347 | 202,719,438 | 61.9% |
| | 661,063,892 | 285,511,351 | |

During the Nine-month period ended 30 September 2024, the Group has written off receivables amounting to Nil (30 September 2023: Nil). In addition, the Group has directly charged to profit or loss an amount of **SR 65 million** (30 September 2023: SR 66.7 million) on account of impairment of accrued revenue.

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 security. The Group evaluates the risk with respect to due from related parties as low, as the majority of the related parties are owned by the same shareholders. The evaluation is based on actual historical credit loss history, and the ongoing support from Shareholder to collection activities, with retentions on dividend pay-out of SAR 180 million in 2023. Expected credit losses on receivables from related parties have been assessed and resulting impairment loss of SR 70 million has been recognized in respect of these receivables.

Financial instruments and cash deposit

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

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For the nine-month period ended 30 September 2024

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

ii. Liquidity risk

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

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

| Contractual maturities of financial liabilities: | Carrying amount | Less than 6 months | Between 6 and 12 months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total |
|---|------------------------|---------------------------|--------------------------------|------------------------------|------------------------------|----------------------|-----------------------|
| 30 September 2024-Unaudited | | | | | | | |
| Accounts payable | 254,443,696 | 254,443,696 | -- | -- | -- | -- | 254,443,696 |
| Tenants' security deposits | 140,074,025 | 105,600,910 | 7,398,047 | 19,890,134 | 7,184,934 | -- | 140,074,025 |
| Other liabilities | 345,327,088 | 345,327,088 | -- | -- | -- | -- | 345,327,088 |
| Due to related parties | 7,772,217 | 7,772,217 | -- | -- | -- | -- | 7,772,217 |
| Lease liabilities | 3,083,242,162 | 363,460,557 | 173,113,414 | 239,029,815 | 809,151,335 | 3,947,001,061 | 5,531,756,182 |
| Loans and borrowings | 11,060,548,556 | 179,755,545 | 799,429,953 | 505,195,313 | 7,356,283,351 | 3,432,311,206 | 12,272,975,368 |
| | 14,891,407,744 | 1,256,360,013 | 979,941,414 | 764,115,262 | 8,172,619,620 | 7,379,312,267 | 18,552,348,576 |
| 31 December 2023-Audited | | | | | | | |
| Accounts payable | 311,470,025 | 311,470,025 | -- | -- | -- | -- | 311,470,025 |
| Tenants' security deposits | 167,062,790 | 96,996,647 | 27,368,966 | 22,991,278 | 19,619,879 | 86,020 | 167,062,790 |
| Other liabilities | 253,333,655 | 253,333,655 | -- | -- | -- | -- | 253,333,655 |
| Due to related parties | 102,087,353 | 102,087,353 | -- | -- | -- | -- | 102,087,353 |
| Lease liabilities | 3,168,270,116 | 340,891,212 | 153,883,976 | 262,440,390 | 809,580,672 | 4,096,274,563 | 5,663,070,813 |
| Loans and borrowings | 8,986,704,157 | 1,254,349,593 | 2,185,961,624 | 5,002,159,747 | 1,169,005,133 | 874,832,506 | 10,486,308,603 |
| | 12,988,928,096 | 2,359,128,485 | 2,367,214,566 | 5,287,591,415 | 1,998,205,684 | 4,971,193,089 | 16,983,333,239 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

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18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

iii. Market risk

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

Commission rate risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market commission rates. The Group has no significant commission bearing long-term assets, but has commission bearing liabilities at 30 September 2024 and 31 December 2023. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.

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

| Gain/(loss) through the condensed consolidated statement of profit or loss | Nine-month period ended 30 September 2024 | Nine-month period ended 30 September 2023 |
|---|--|--|
| | Unaudited | Unaudited |
| Floating rate debt: | | |
| SIBOR +100bps | (37,874,999) | (28,405,569) |
| SIBOR -100bps | 37,874,999 | 28,405,569 |

Real estate risk

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

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

Currency risk

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

iv. Capital management risk

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

The Group's objectives when managing capital are:

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

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities less cash and cash equivalents and short-term investments held for trading. The Group's net debt to equity ratio at 30 June 2024 was as follows.

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

18. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

iv. Capital management risk (continued)

| | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---------------------------|-----------------------------------|--------------------------------|
| Total liabilities | 15,215,192,736 | 13,439,259,317 |
| Cash and cash equivalents | (183,428,472) | (84,995,834) |
| Other investments | (302,535,974) | (303,026,022) |
| Net debt | 14,729,228,290 | 13,051,237,461 |
| Total equity | 14,649,803,969 | 14,311,968,103 |
| Net debt to equity | 1.0 | 0.91 |

19. COMMITMENTS AND CONTINGENCIES

| | Note | 30 September 2024 Unaudited | 31 December 2023 Audited |
|---|------|-----------------------------------|--------------------------------|
| Commitments | | | |
| Commitments for projects under construction | (i) | 5,059,502,237 | 4,173,329,989 |
| Outstanding bank guarantees | | 10,000,000 | 10,000,000 |

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

20. SUMMARIZED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES

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

| | Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alhokair and Company | Riyadh Real Estate Development Funds Jawharat Jeddah | Riyadh Real Estate Development Funds Jawharat Riyadh | Derayah Destination Arabia Diversified Fund (i) |
|---------------------------------|---|---|---|---|
| 30 September 2024 | | | | |
| Assets | | | | |
| Investment properties | 147,986,172 | 2,256,025,317 | 3,246,532,924 | -- |
| Cash and cash equivalents | -- | 7,534,229 | 37,590,778 | 205,433 |
| Other assets | 19,963,498 | 94,906,177 | 462,535,523 | -- |
| | 167,949,670 | 2,358,465,723 | 3,746,659,225 | 205,433 |
| Liabilities | | | | |
| Loans and borrowings | -- | 127,542,995 | 458,599,130 | -- |
| Lease liabilities | 68,396,765 | -- | -- | -- |
| Other liabilities | 7,934,151 | 129,002 | 6,910,244 | 205,433 |
| Net assets | 91,618,754 | 2,230,793,726 | 3,281,149,851 | -- |
| 31 December 2023-Audited | | | | |
| Assets | | | | |
| Investment properties | 160,141,662 | 1,701,842,319 | 2,784,022,624 | -- |
| Cash and cash equivalents | -- | 7,686,796 | 39,106,855 | 11,693,456 |
| Other assets | 16,290,634 | 6,337,855 | 341,634,976 | -- |
| | 176,432,296 | 1,715,866,970 | 3,164,764,455 | 11,693,456 |

Arabian Centres Company (A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial statements (continued)

For the nine-month period ended 30 September 2024

20. SUMMARIZED FINANCIAL INFORMATION OF MATERIAL SUBSIDIARIES (CONTINUED)

| | Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Alhokair and Company | Riyadh Real Estate Development Funds Jawharat Jeddah | Riyadh Real Estate Development Funds Jawharat Riyadh | Derayah Destination Arabia Diversified Fund (i) |
|----------------------|---|---|---|--|
| Liabilities | | | | |
| Loans and borrowings | -- | 124,750,490 | 433,307,586 | -- |
| Lease liabilities | 65,979,516 | -- | -- | -- |
| Other liabilities | 8,007,260 | 6,898,538 | 14,139,402 | 10,335,250 |
| | 73,986,776 | 131,649,028 | 447,446,988 | 10,335,250 |
| Net assets | 102,445,520 | 1,584,217,942 | 2,717,317,467 | 1,358,206 |

Nine-month period ended 30 September 2024

Unaudited

Statement of profit or loss

| | | | | |
|--------------------------------|------------|-------------|--------------|---------|
| Revenue | 37,553,449 | -- | -- | -- |
| Gross profit | 26,826,636 | -- | -- | -- |
| Profit / (loss) for the period | 3,012,243 | (5,191,731) | (11,380,769) | (8,152) |

Nine-month period ended 30 September 2023

Unaudited

Statement of profit or loss

| | | | | |
|--------------------------------|------------|--------------|-------------|----|
| Revenue | 30,717,823 | -- | -- | -- |
| Gross profit | 22,429,794 | -- | -- | -- |
| Profit / (loss) for the period | 10,306,452 | (25,047,967) | 151,446,638 | -- |

(i) As of 30 September 2024, Derayah Destination Arabia Diversified Fund is under liquidation.

21. OTHER DISCLOSURES

A. Subsequent events

On 9 November 2024, the Board of Directors resolved to distribute dividends for the second quarter of the year ending 31 December 2024 amounting to SR 0.375 per share aggregating to SR 178,125,000. The dividends will be paid on 21 November 2024.

B. Approval of the condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors for issuance on 6 Jumada Al-Awwal 1446H (corresponding to 8 November 2024).