



المراكز العربية  
Arabian Centres

# Arabian Centres Company

**Board of Directors' Report – FY2022**



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## Vision

To remain the leading owner, developer, and operator of shopping malls throughout Saudi Arabia, while generating sustainable value for shareholders and providing service excellence to both tenants and shareholders.

## Mission

To create lifestyle destinations that enhance the quality of life of citizens and to become the leading strategic partner of tenants looking to expand their footprint across the Kingdom.

## Chairman's Message

It is my pleasure to present Arabian Centres' FY2022 Annual Report. I believe that in the years ahead, we will look back on FY2022 as a time of decisive advances. Not only has Arabian Centres impressively rebounded from the effects of the COVID-19 pandemic, reinforcing its position as a key leader of the Saudi retail industry, we have also made important progress in redefining ACC's business model for the new landscape and in opening new avenues for sustainable value creation. We continued our expansion through the year, delivering on our commitment to provide the people of Saudi Arabia with distinctive lifestyle experiences and a world-class brand offering.

Since 2002, we have been dedicated to timely delivery on our project pipeline; on average, the company has delivered more than one new centre per year. New locations contributed 11.6% of the company's total revenues during FY2022, up from 9.6% when compared to FY2021. In FY2022, we made two world-class additions to our portfolio: The View, located in Riyadh; and Jeddah Park.

Situated on a freehold plot, The View marks our eighth location in the capital, deepening our presence in a city that has been a focus for the Kingdom's multitrillion-riyal investments in housing, infrastructure, and entertainment. The View is strategically located opposite King Salman Park, a world-class integrated leisure, entertainment, and sports complex, and upon completion it will be a centrepiece of Riyadh's blooming cultural scene. In Riyadh and in cities throughout the Kingdom, leisure and entertainment remain integral to our efforts to provide visitors with diversified lifestyle experiences. This is illustrated by the continued momentum of cineplex rollouts across our portfolio: 15 of our centres included cineplexes at year-end FY2022, up from 10 in FY2021.

Meanwhile, Jeddah Park marks our first-ever property managed under an operational agreement. Under the deal signed with the centre's owners, we apply our locally unmatched knowhow and reach to lease, manage, operate, and carry out maintenance works at Jeddah Park. In addition, we prepare and implement marketing and leasing plans for the centre's gross leasable area (GLA). In return, ACC receives a share of the property's revenues. Operational agreements like these are a key component of our efforts to develop an asset-light business model fit for the post-COVID environment, a replicable plug-and-play model that enables us to expand our physical presence, particularly into underpenetrated areas, while optimizing our cost base and mitigating business risks.

Expansion of our digital presence was key in FY2022, and a major milestone in this regard was our receipt of preliminary approval from the Saudi Central Bank to establish our consumer microfinance platform, FAS Labs. This subsidiary will offer our visitors a broad range of microfinance solutions, enabling their lifestyle ambitions and changing the way they shop. FAS Labs will leverage the company's existing network of locations, spanning 11 cities nationwide and covering more than 60% of the Kingdom's population, to address a dynamic and rapidly expanding consumer finance market. We see this market continuing to grow as Saudi Arabia's young population expands and with great numbers approaching the age of household formation each year. As FAS Labs establishes a presence in the market, we are confident that it will profitably diversify Arabian Centres' sources of recurring income.

FY2022 was a year of many firsts. Yet another major milestone was reached when we broke ground on our maiden mixed-use development, the Jouri Project. Located on 1.2 million sqm of excess land at our Qassim Walk pipeline centre, development at the Jouri Project is being financed through off-plan sales of residential units at the project. The year saw Arabian Centres receive licensing to sell and rent units off-plan, a qualification that boosts our financial flexibility and allows us to optimally develop surplus plots in our land bank. We end FY2022 with a pipeline of seven world-class projects scheduled for delivery by 2025. These are projected to boost our total GLA by nearly 490 thousand sqm, or 63%, in the years ahead.

We are committed to long-term investments across the Kingdom and are confident in the vast opportunities of the Saudi market. Besides the market's strong fundamentals, we take confidence from the visionary economic and social policies promoted by the Government of Saudi Arabia. These policies have included efforts to create an investment and business climate that is truly conducive to the adoption of long-term growth strategies. We witnessed this commitment firsthand during the successful resolution of the dispute over the company's land plot at the site of its Jawharat Riyadh pipeline project, when the respected authorities reassured Arabian Centres that its purchase of the plot had been fully valid, adhering to all rules and regulations for commercial land transactions.

I would like to conclude by noting the Board of Directors' continued confidence in Arabian Centres' value proposition. We believe that the company and its management have an extensive depth of capability to build on the strong operational and financial results achieved in FY2022 and to leverage the new opportunities for long-term growth that we have identified and began to act upon during the year.

We are confident in the company's ability to meet all its strategic objectives and to continue growing profitably and sustainably for many years to come, creating value for shareholders. Looking forward, we are excited to be part of the unprecedented and dynamic changes happening in our market and in the Saudi economy as a whole and look forward to playing a constructive part in making Saudi Arabia a world-class destination for retail, leisure, entertainment, and culture.

**Fawaz Fahad Abdulaziz Alhokair**

Chairman of the Board of Directors



## Managing Director's Review

Arabian Centres delivered a resilient and robust performance in FY2022. Occupancy rates at our centres exceeded pre-COVID levels by year-end, putting us on a clear path to achieving our target long-term occupancy rate of 94-95%. Rental discounts were on a strong normalizing trend throughout FY2022, with the company having fully recognized the cash impact from nonrecurring pandemic-related discounts by the close of the previous year. Meanwhile, footfall strongly recovered during FY2022 as the government eased several pandemic-related measures and removed others, pushing nearly 81 million visitors through our doors and driving tenant sales. By the close of FY2022, annual footfall at our locations had attained three-fourths of the pre-COVID level.

These factors and others combined to yield impressive top-line growth of 9.8% for the year. Once nonrecurring items and one-off transactions are normalized for, ACC's net profit posts an impressive growth rate of 9.3% y-o-y to book SAR 729.6 million for FY2022. Our balance sheet also benefitted from an optimized capital structure during FY2022, with two successful international Sukuk issuances. These have expanded unsecured debt as a share of our funding and helped us maintain the strong liquidity position needed to ensure operational flexibility as we invest for growth.

Our operational reach and the scale of our network allowed us to continue attracting premium retail tenants in FY2022 even as we continued to optimize GLA at our centres to focus on new lifestyle categories, including food & beverage, gyms, spas, clinics, and other service providers. We onboarded a total of 233 new brands during FY2022, of which 15% were classified as international. Approximately 20% of new leases signed were for health and personal care brands, with F&B and service providers representing 31% and 8% of new leases, respectively. Non-retail tenants generated 30% of ACC's net rental revenue during FY2022, up from 28% one year previously and 24% in FY2019. This diversification allows the company to maximize the value generated from its existing assets while providing visitors with integrated lifestyle experiences they would be hard pressed to find elsewhere.

During FY2022, we continued to enhance our centres' position as the destination of choice for shoppers across the Kingdom and for global and local brands seeking to deepen or expand their presence in the dynamic Saudi market. The company successfully secured a new partnership with Alshaya, one of the globe's largest franchise retailers with an extensive portfolio of international brands, helping drive the sale of unoccupied GLA at our centres and driving additional footfall. Under the first phase of this agreement, Arabian Centres has rolled out household-name brands including Starbucks, Jo Malone, and M.A.C. Cosmetics throughout its portfolio. A further two phases will see us add brands including H&M, Bath & Body Works, and American Eagle.

On the digital front, VogaCloset, our UK-based online fashion subsidiary, completed its first full year of operations following its acquisition by Arabian Centres. Throughout FY2022, VogaCloset has focused on expanding the number of brands represented on its e-commerce platform. The subsidiary had onboarded 66 of Arabian Centres' tenant brands by year-end, allowing us to pioneer an omnichannel model that combines digital shopping with the in-store experience Saudi shoppers know and love. We aim to further enhance this experience by fully activating a click-and-collect feature by FY2023. In addition, we continued to pave the way for the introduction of a full-fledged loyalty programme that will help Arabian Centres reward and retain visitors while creating new value for the business.

Moving forward, we are optimistic that Arabian Centres will maintain the significant momentum gathered during FY2022 to continue delivering strong operational and financial growth. With commercial conditions continuing to normalize, we look forward to introducing ever more innovative lifestyle concepts and brands across our portfolio. We also aim to continue delivering on the company's digital strategy while creating new value for visitors and tenants across our portfolio. In FY2023, we will gain more than 60 thousand sqm in new GLA with the launch of City Walk Jeddah. By leveraging the strong economic and demographic fundamentals of the Saudi Arabian market, we are confident in our ability to continue achieving new milestones for years to come.

**Mohamed Rafic Mourad**

Managing Director



## Business Model

Arabian Centres Company (ACC) is Saudi Arabia's leading retail platform, enjoying unrivalled national scale, a world-class brand portfolio, and an unmatched competitive edge.

### Saudi Arabia's Leading Retail Platform

#### A World-Class Mall Operator

Arabian Centres is Saudi Arabia's leading owner, developer and operator of lifestyle shopping centres. The company launched its first location at Sahara Plaza in Riyadh in 2002, and its portfolio has since expanded to include 21 distinct properties in 11 cities across the Kingdom of Saudi Arabia. ACC has established a leading position as Saudi Arabia's premier provider of organized retail space, with a strong and expanding presence in each of the Kingdom's three main regions: Western, Central and Eastern. Today, ACC's portfolio comprises some of the most iconic shopping and leisure locations in Saudi Arabia, including Mall of Arabia in Jeddah, Mall of Dhahran, and Nakheel Mall in Riyadh. The company operates more than 1.3 million square meters of gross leasable area (GLA) covering more than 60% of the Kingdom's population, with its centres welcoming more than 80 million visitors in FY2022.

ACC's competitive advantages and dominant position have made it the go-to partner for local and international retail brands seeking to expand or deepen their footprint in the Saudi market. The company delivers an unrivalled collection of leading brands, including Zara, Sephora, Massimo Dutti, Michael Kors, Hugo Boss, Marks & Spencer, Nike, Lefties, Lego, Starbucks, Gold's Gym, and a host of global F&B offerings. Tenants benefit from ACC's unique ability to leverage scale effects, centres characterized by unique and appealing building designs, central locations that provide access to target demographics, a welcoming environment, and superior levels of tenant and visitor service. The company continually enhances its offering through the introduction of unique lifestyle concepts, optimized dining, entertainment and leisure offerings, as well as a continual rollout of cineplexes across its portfolio. Since FY2020, the company has introduced cineplexes at 15 of its locations, including the Kingdom's largest at the Mall of Dhahran.

#### Pioneering an Asset-Light Model

Arabian Centres has pioneered an asset-light model of mall management and operation. At the close of FY2022, ten of ACC's portfolio centres were located on lands leased by the company from landlords, with ten centres built on lands held by Arabian Centres in freehold, and one centre managed under operational agreements. Four of the company's seven pipeline projects are located on leasehold properties, with three under construction at freehold lands.

Leasehold arrangements enable Arabian Centres to optimize costs and mitigate risks associated with holding operating assets fully on the company's own balance sheet, enhancing its financial and operational flexibility to scale operations and roll out further locations in a rapid and efficient manner. The enhanced flexibility afforded by leasehold structures supports the company's ability to optimize leasing activity and facilitates innovation in the area of shopper loyalty programmes.

The company's asset-light model also enables it to optimize centre size, with the average GLA in ACC's portfolio standing at 52.8 thousand square meters at the close of FY2022. Approximately 76% of Arabian Centres' properties had a GLA of less than 70 thousand square meters as at FY2022. Smaller average GLAs reflect an easily replicable plug-and-play development model, which allows the company to deploy a larger number of overall locations compared to market peers, who tend to operate a smaller number of typically larger locations with GLAs exceeding 300 thousand square meters. ACC's largest revenue contribution from a single property came in at 14.4% for FY2022, displaying the nimbleness and resilience of the company's development model.

By year-end FY2022, one portfolio location, Jeddah Park, was managed under an operational agreement, with a further agreement signed during Q1-FY23 for Jubail Marina Mall. These arrangements represent Saudi Arabia's first fully-fledged mall lease-management-operation agreements. Under the terms of these arrangements, Arabian Centres leases, manages, operates and carries out maintenance works at the properties in accordance with generally accepted professional standards, in return for a percentage of the centres' annual net revenues.

### An Unmatched Value Proposition for Tenants

ACC offers its tenants the widest geographic coverage of any mall operator in the Kingdom of Saudi Arabia, combined pricing across various locations, consistently high footfall, and proximity to other leading brands. The quality of ACC's portfolio has driven the development of long-term, strategic partnerships with tenants and the company maintains strong relationships with more than 30 large key account tenants, each of which holds leases at several ACC locations.

Strategic partnerships with key account tenants allow Arabian Centres to successfully pre-lease a significant portion of new shopping malls prior to their official launch. The company typically pre-leases approximately 50% of GLA three to six months prior to the official launch of pipeline assets, allowing such malls to achieve an average first-year occupancy of 70% to 75%. This provides the company with a significant margin of flexibility to profitably expand its centre network, while mitigating certain risks associated with the introduction of new developments. Relative to the wider market, Arabian Centres achieves the quickest occupancy ramp-up of new developments, driving rapid increases in footfall.

Arabian Centres charges its tenants a base rental fee and an additional turnover charge calculated as a percentage of tenant sales, with lease terms subject to periodic renegotiation. ACC's competitive advantages, scale, and network effects allow the company to negotiate favourable price points and tenancy terms, as evidenced by positive progression in the company's weighted average discount rate for all tenants and its weighted average lease term. Arabian Centres consistently maintains like-for-like occupancy rates at levels above 90% and positive leasing spreads, rapidly and efficiently completing lease renewals at profitable terms. Management targets a long-term overall GLA occupancy rate of between 94% and 95%.

### A Dynamic Related Parties Ecosystem

Arabian Centres is a member of the Fawaz Abdulaziz Alhokair Group of companies. The company derives significant synergistic benefits from its relationship with other organizations in the Alhokair ecosystem.

Downstream, ACC benefits substantially from its relationship with Fawaz Abdulaziz Alhokair & Co. (Alhokair Fashion Retail), a publicly listed company and a leading franchise retailer with approximately 1,700 retail units in 11 countries. As at year-end FY2022, Alhokair Fashion Retail had 795 retail units across ACC's 21 shopping centres, accounting for 19.6% of the company's total occupied GLA. Alhokair Fashion Retail typically pre-leases around 20% of the GLA at each new pipeline asset launched by Arabian Centres, locking in demand and serving as a major attraction for other prospective tenants while enhancing footfall. Key Alhokair Fashion Retail brands operating in the ACC portfolio include Zara, Massimo Dutti, Aldo, Gap, New Yorker and Banana Republic, among other leading brands.

The food and beverage franchises held by Alhokair Fashion Retail, in addition to those under the Food and Entertainment company, provide Arabian Centres with a differentiated ability to create integrated shopping, entertainment and dining experiences at its locations. ACC has further differentiated its offering through an exclusive agreement with Muvi Cinemas, Saudi Arabia's first domestic cineplex brand, to roll out cineplexes throughout the company's portfolio over the medium term.

Arabian Centres also enjoys access to a reliable construction partner in Lynx Contracting (formerly known as FARE Construction), another Alhokair company. A provider of specialist mall design and construction services, Lynx brings nearly 20 years of engineering, procurement, project management experience. The company has developed and constructed 18 of ACC's 21 existing shopping centres. As at year-end FY2022, ACC has contracted Lynx to develop 6 new centres.

### Innovative Design and Development Practices

Arabian Centres' Design and Development Department leverages its in-house capabilities and longstanding partnerships with global firms to design and plan ACC's innovative shopping centre offerings. Nearly two decades of experience in design and development have given Arabian Centres an unmatched ability to rapidly and efficiently move projects from design to development.

The Design and Development Department is responsible for monitoring and supervising construction works at the ACC's shopping centres, which is typically executed by ACC's sister company, Lynx. ACC also enjoys a longstanding strategic partnership with ECHO Architecture, which offers a full range of architecture and interior design services.

ACC's expertise and capabilities in the mall development space enable it to introduce innovative and unique lifestyle centre concepts with differentiated designs and brand offerings, further driving footfall. Arabian Centres pioneered the outdoor lifestyle centre concept in Saudi Arabia with its U-Walk centre in Riyadh, launched in FY2020. The centre combines a unique spatial configuration and tenant mix to provide visitors with a distinctive shopping and dining experience. The company is replicating this innovative concept with similarly branded pipeline projects in the cities of Jeddah and Madinah.

### Peerless Leasing Activities

Arabian Centres' Leasing Department is responsible for ensuring that each of the company's retail units is leased as promptly and profitably as possible while maintaining certain lease quality standards. Its operations are at the heart of ACC's business. The department works to maintain a target occupancy rate set by the company's management, implements various marketing and promotion efforts to attract new tenants where needed, ensures prompt and consistent collection, and regularly inspects the company's properties while responding to tenant queries and requests. ACC's Leasing Department constantly re-evaluates practices and outlays to engender further efficiencies, identifying optimal arrangements with third-party service providers and ensuring that expenditures remain within budget.

### A Diversified and Expanding Brand Portfolio

More than 1,000 global, regional, and local brands are represented in ACC's portfolio, which houses more than 4,300 commercial units. GLA at the company's centres is apportioned between five tenant categories: retail, grocery, entertainment, F&B, and others. Arabian Centres works to optimize the distribution of GLA by tenant category, in keeping with the company's strategic objective of providing integrated lifestyle experiences that drive sustainable footfall growth across all target demographics and geographies.

Since adopting a strategy in FY2019 to profitably diversify the company's tenant mix, the share of ACC's net rental revenue derived from pure retail operations has steadily declined from 76% to 70% while net rental revenue derived from other segments has increased from 24% to 30% by year-end FY2022. Arabian Centres continuously works to optimize its GLA through the addition of new lifestyle categories, including F&B, gyms, spas, clinics, and other service providers. Arabian Centres onboarded 233 new brands in FY2022, of which 15% were classified as international including well-known labels such as Hugo Boss, Gold's Gym, and Magnolia Bakery. Approximately 20% of brands onboarded in FY2022 fell into the health & personal care category, with 31% falling under F&B and 8% falling under service provision, reflecting the company's commitment to the progressive diversification of its brand portfolio.

### Focus on Operational Excellence

The Operations Department is responsible for the onsite operational management of every shopping centre in ACC's portfolio. To ensure the smooth running of each asset, the department coordinates all teams on-site (internal and third party) in tackling all related issues. It monitors the roll-out of marketing action plans, the execution of events and activities within each shopping centre and the activation of specialty leasing. Operations also leads the introduction and exit of all tenants who take a lease at ACC's shopping centres, while collecting all individual tenant rental dues on a regular basis. Ultimately, the Operations team is responsible for the safety of all visitors and tenants. Compliance with health & safety rules and regulations is maintained 24/7. Customer service is provided throughout all shopping centres to meet all visitor needs. As a team, Operations builds positive and long-lasting relations with ACC's tenants and external stakeholders, including local authorities, to promote and develop each shopping centre within a given community.

### An Expanding Omnichannel Capability

Arabian Centres is developing an integrated digital platform that provides visitors with a fully connected lifestyle experience, while offering tenants with a more holistic value proposition. The company is pioneering an omnichannel retail model that combines digital shopping with in-store experiences, partnering with tenants to enable click-and-collect and other digitized features. ACC's subsidiary, VogaCloset, is the owner and operator of the online fashion platform [www.vogacloset.com](http://www.vogacloset.com). Based in the UK, VogaCloset offers the latest women's, men's, and children's fashions to consumers across Saudi Arabia and the Middle East. The platform served 300 thousand customers in 2021G, providing more than 650 thousand items from over 920 fashion brands.

Through VogaCloset, Arabian Centres enjoys access to a leading regional e-commerce platform, with strong recognition and operational presence in the company's market. Arabian Centres will leverage the acquisition to profitably service Saudi consumers' growing demand for

omnichannel retail experiences and to provide visitors at its centres with specialized and advanced customer loyalty programmes, in addition to a simplified and innovative range of consumer finance solutions. By year-end FY2022, its first full year of operations as a subsidiary of ACC, VogaCloset had onboarded 66 ACC retail tenants to its platform. Integration with the VogaCloset platform will provide ACC's tenants with an improved online presence for their brands, further bolstering the company's value proposition.

Meanwhile, Arabian Centres continues to develop a full-fledged loyalty programme aimed at boosting tenant sales, increasing visitor satisfaction and retention, and driving additional footfall at all locations. Additionally, FY2022 saw ACC and its sister company Alhokair Fashion Retail receive preliminary approval from the Saudi Central Bank to jointly establish a consumer microfinance platform, FAS Labs. This digital platform will offer Saudi consumers a wide range of easily accessible microfinance solutions, further integrating in-store shopping with the digital sphere. FAS Labs will leverage ACC's nationwide mall network to address a dynamic and rapidly expanding consumer finance market, which continues to grow as Saudi Arabia's young population expands, profitably diversifying Arabian Centres' sources of recurring income.



## Our Portfolio

ACC's shopping centre portfolio includes Super-Regional (GLA  $\geq$  74,000 sqm), Regional (37,000  $\leq$  GLA < 74,000 sqm) Community Malls (GLA < 37,000 sqm), where each development is uniquely positioned in terms of location, size, design and offering. ACC maintains a broad and varied retail unit mix within its shopping malls, optimizing for each mall's target demographic. As at FY2022, Arabian Centres maintains a leading market position across Saudi Arabia's major urban geographies. Its combined GLA of 1.335 million square meters leaves ACC the largest shopping mall owner-operator in the Kingdom by area.

Arabian Centres has pioneered an asset-light model of mall management and operations, allowing to effectively mitigate a range of business and other risks. Of ACC's 21 shopping centres, 10 operate on leased lands, 10 operate on lands owned directly by the company, and one is operated under an operational agreement. Meanwhile, four of Arabian Centres' seven pipeline projects are held in leasehold. ACC maintains an ongoing dialogue with its landlords with a view to extending or renewing leases on terms favorable to the company, boosting efforts at cost optimization. Management engages in active negotiations with landlords and typically commences leasehold extension negotiations approximately 8-10 years prior to expiry of a lease. Lease renewal agreements are structured such that the enhanced revenue streams from long-term leases offset the effects of any rental rate increase.

### GLA Distribution by Geography:

Region	Distribution (%)
Central	30%
Eastern	24%
Western	46%

### GLA Distribution by Category:

Category	Distribution (%)
Retail	60%
Grocery	9%
Entertainment	17%
Food & Beverage	11%
Others	4%

Region	City	Shopping Centre	Type	Year Opened	GLA SQM (FY2022)	Occupancy (FY2022)	% Of Rev. (FY2022)	Lease Expiry
Central	Riyadh	Nakheel Mall	Super Regional	2014	76,645	70.7%	11.5%	2034
		Hamra Mall	Regional	2016	55,985	95.7%	4.9%	Freehold
		Salaam Mall	Regional	2005	50,778	98.4%	3.1%	Freehold
		U-Walk	Regional	2019	54,257	91.1%	3.7%	2046
		The View	Regional	2021	56,254	87.0%	1.0%	Freehold
		Tala Mall	Community	2014	20,761	81.6%	1.2%	2029
		Sahara Plaza	Community	2002	14,722	100.0%	0.3%	Freehold
	Buraidah	Nakheel Plaza	Community	2004	40,208	93.0%	1.9%	2029
Western	Jeddah	Salam Mall	Super Regional	2012	122,281	88.2%	6.9%	2032
		Mall of Arabia	Super Regional	2008	111,623	96.4%	11.3%	Freehold
		Jeddah Park	Super Regional	2021	123,315	77.9%	0.7%	O&M
		Aziz Mall	Regional	2005	73,014	96.1%	5.3%	2046
		Yasmin Mall	Regional	2016	59,748	93.4%	5.9%	2034
		Haifa Mall	Community	2011	33,672	79.0%	1.6%	2032
	Makkah	Makkah Mall	Regional	2011	37,449	97.3%	6.0%	Freehold
	Taif	Jouri Mall	Regional	2015	48,212	97.9%	4.8%	2035
	Madinah	Noor Mall	Regional	2008	67,394	95.0%	5.4%	Freehold
Eastern	Dhahran	Mall of Dharan	Super Regional	2005	162,830	96.3%	14.4%	2025
	Dammam	Nakheel Mall Dammam	Regional	2019	60,507	91.9%	6.4%	Freehold
	Hufuf	Ahsa Mall	Regional	2010	47,212	79.4%	1.8%	Freehold
	Jubail	Jubail Mall	Community	2015	21,507	86.7%	0.8%	Freehold

## Growth Strategy

Arabian Centres implements a four-pillar growth strategy that leverages existing strengths and capabilities to pioneer innovative retail and lifestyle experiences across physical and digital channels while covering a continuously expanding geographic base.

### A Four-Pillar Approach

Arabian Centres' vision is to remain the leading owner, developer and operator of shopping centres throughout Saudi Arabia, while generating sustainable value for shareholders and providing service excellence to both tenants and visitors. To this end, Arabian Centres has adopted a four-pillar strategy that allows the company to effectively and quickly identify and make the most of opportunities in the Kingdom's dynamic retail and leisure spaces, successfully surmount challenges, and maintain its competitive advantage.

The company's key strategic focus areas include: (1) the development of innovative and integrated lifestyle experiences, (2) efforts to unlock significant value from ACC's existing operating portfolio, (3) the establishment of a leading omnichannel retail model that caters to evolving preferences, and (4) profitable expansion of the company's geographic footprint.

#### 1. Portfolio Optimization

Arabian Centres works to optimize the offerings available across its portfolio through the introduction of innovative lifestyle and F&B destinations at existing and pipeline centres. The company is committed to pioneering the lifestyle centre paradigm in the Kingdom of Saudi Arabia. Lifestyle centres are not purely retail-focused, offering instead a unique mix of retail, dining, and entertainment options attractive to a wide range of target demographics. ACC targets the profitable adjustment of its tenant mix towards a greater focus on lifestyle categories, including entertainment, F&B, gyms, spas, clinics, and other service providers.

Arabian Centres demonstrates a proven track record in introducing new concepts to the Saudi market. The Company introduced its first fully-fledged lifestyle destination in 2015 at Nakheel Mall in Riyadh. Over the coming years, ACC aims to introduce several different types of lifestyle destination to the Kingdom. Most recently, the company pioneered the open-air boulevard concept in Riyadh with U-Walk. ACC is currently replicating this innovation with pipeline projects in Jeddah and Madinah, while ensuring that the offering at each location is specifically tailored to suit the surrounding area and demographics. Arabian Centres is also working to introduce a new, hybrid concept at Jawharat Riyadh, a pipeline project scheduled for launch in H2-FY2024.

Meanwhile, management recognizes the important opportunities posed by Saudi Arabia's growing investment in the Kingdom's leisure and entertainment spaces under the Vision 2030 Programme. These efforts aim to redirect a portion of the USD 20 billion recreation expenditure spent annually by Saudi tourists to the domestic leisure industry. Arabian Centres is working to place itself at the epicentre of the dynamic movement in Saudi Arabia's leisure and

entertainment industries, including by hosting recreational events at its locations, locating pipeline assets in close proximity to entertainment centres, and rolling out cinemas across the company's portfolio. Management is confident that such measures will materially support Arabian Centres' efforts to generate increasing footfall and ensure sustainable growth.

A key objective of ACC's strategy is to cement the company's position as the strategic partner of choice for retail tenants looking to expand their commercial footprints across the Kingdom of Saudi Arabia. A vibrant and diversified portfolio boosts the attractiveness of ACC locations to existing and prospective key account clients. On this front, the company remains active in securing additional partnerships with franchise retailers and works to attract large key accounts which profitably expand the brand representation at ACC's portfolio.

### Delivering on Portfolio Optimization

Arabian Centres onboarded 233 new brands in FY2022, expanding the range of offerings and brand categories represented at its locations. FY2022 further saw ACC begin the rollout of brands managed by Alshaya Group, one of the world's leading brand franchise operators. Alshaya brands introduced at ACC centres during FY2022 included Starbucks, Jo Malone, and M.A.C. Cosmetics, with further household names in F&B, lifestyle, and retail categories to be launched over following phases. Big-box labels set to join ACC's portfolio include H&M, American Eagle, West Elm, and Victoria's Secret.

Meanwhile, the company continued to profitably shift its tenant mix during the year, with the share of total GLA devoted to entertainment facilities climbing by 2% year-on-year in FY2022. In partnership with Muvi Cinemas, ACC had introduced cineplexes at 15 of its 21 locations by the close of FY2022, with five cineplexes rolled out in FY2022. Additionally, the year saw ACC expand the representation of gyms, spas, clinics, and other service providers in its portfolio, with 47 health & personal care leases and 19 service provider leases signed during FY2022. The Company also expanded the F&B offering at its locations, adding 73 new F&B providers to its tenant mix during the year.

## 2. GLA Optimization

Management recognizes the importance of fostering efficiencies and continuously enhancing yields from ACC's existing developments. To maximize returns from its existing portfolio, the Company focuses on active asset management. Under a rubric of space and yield optimization, ACC works to enhance GLA occupancy and efficiency rates. In the near term, Arabian Centres is working to accelerate the sale of unoccupied GLA across all its portfolio locations. ACC periodically refreshes its stock of temporarily unleaseable spaces. Such spaces typically undergo renovation for future allocation to cineplexes and entertainment facilities. The company has set a long-term target for GLA occupancy of 94-95%, an optimal range which leaves ACC with a strategic GLA reserve, facilitates efforts to optimize its cost base, and is in line with the highest standards of shopping centre operation and management.

To further boost efficiencies, Arabian Centres works to optimize lease rates and increase non-GLA revenues from media sales, kiosks and other services, while curtailing the growth of its operating costs by negotiating favourable terms with third-party service providers. Besides engendering efficiencies and enhancing yields from the company's key properties, such efforts are core to Arabian Centres' plans to turn around relatively underperforming assets, including Haifa, Jubail, Al Ahsa, and Salam Malls, a process which will be aided by targeted shifts in the tenant mix and the ongoing diversification of the brand portfolio.

ACC places particular focus on renewing tenant leases in an optimal manner that preserves the mutual benefit to the company and its tenants. Prior to the onset of the COVID-19 pandemic, Arabian Centres had seen a long-term downward trend in the weighted average discount rates agreed with its tenants, a trend which began in FY2018. Besides base rent, since FY2018 Arabian Centres has charged tenants an additional turnover charge calculated as a percentage of sales, with lease terms subject to periodic renegotiation.

### Delivering on GLA Optimization

ACC's GLA optimization strategy yielded significant benefits in FY2022. ACC's weighted average lease terms recorded 5.5 years in FY2022 against 5.7 one year previously, illustrating consistently positive lease spreads and management's proactive approach to asset management. More than 90% of leases due to expire in FY2022 were successfully renewed during the year.

Like-for-like (LFL) occupancy rates stood at 94.1% at the close of FY2022, up from the 92.9% registered one year previously and exceeding the occupancy rates posted prior to the onset of the COVID-19 pandemic. Meanwhile, excluding COVID-related discounts, ACC's weighted average discount rate across internal and external tenants maintained the downward trajectory observed since FY2018.

### 3. Digitization

Management at Arabian Centres views the growing penetration of e-commerce in Saudi Arabia and the region as a major opportunity. Arabian Centres believes that e-commerce and shopping centres will grow and evolve side-by-side in the post-COVID environment. In the longer term, shopping centres could eventually become full e-commerce participants, with the proliferation sophisticated websites, in-store digital interfaces with consumers, and mobile communications to shoppers within the shopping centre and beyond its boundaries.

The new model will also combine traditional retail options with physical distribution points designed to fulfil both in-store and e-commerce orders. Shopping centres will merge physical retail with e-commerce while transitioning from simple retail properties into shopping, dining, and entertainment centres that are central to, and fully integrated with, the communities that surround them, with a focus on engaging younger customers.

To leverage these developments, Arabian Centres is pioneering an omnichannel model that combines digital shopping with the in-store experience, working with tenants to enable click-and-collect and other digitized features. Arabian Centres' digitization efforts include the rollout of an e-Mall where ACC tenants will be able to sell products online, a smartphone app, a tenant portal, increased social media engagement and the introduction of loyalty programmes.

Furthermore, Arabian Centres is committed to building an unrivalled connectivity infrastructure across its portfolio, installing digital interactive screens, WiFi beacons, Internet of Things (IoT) functionality, footfall counters, and 5G and fibre optic connections. Coupled with the insights provided by the digital platform, these efforts will ensure the safe collection of critical consumer data, allowing the company to take an ever-more data-driven approach to analysing and anticipating changes in customer demand and acting accordingly and rapidly. This data-driven approach will also enable the provision of personalized marketing services to ACC tenants.

Arabian Centres expects its omnichannel model to generate increases in footfall by further enriching the visitor experience, improving engagement, and generating additional revenue channels. Such revenues will be generated with minimum cost, thanks to ACC's ability to tap into omnichannel streams with minimal initial investments or overheads.

### Delivering on Digitization

Arabian Centres acquired VogaCloset in FY2021, with FY2022 marking the online fashion platform's first full year of operations post-acquisition. The owner and operator of the online fashion platform [www.vogacloset.com](http://www.vogacloset.com), VogaCloset offers the latest women's, men's, and children's fashions to consumers across Saudi Arabia and the Middle East, serving more than 12 million customers in 2020 and providing more than 80,000 items from over 400 fashion brands. Throughout FY2022, VogaCloset expanded the number of brands represented on its e-commerce platform, onboarding 66 of ACC's tenant brands by year-end and allowing the company to pioneer an omnichannel model that combines digital shopping with a frictionless in-store experience. Meanwhile, Arabian Centres is leveraging its expanded digital footprint to provide visitors at its centres with specialized and advanced customer loyalty programmes, in addition to a simplified and innovative range of consumer finance solutions.

In another milestone for the implementation of ACC's digital strategy, FY2022 saw the company receive preliminary approval from the Saudi Central Bank to establish a consumer microfinance platform, FAS Labs. This subsidiary will offer ACC's visitors a broad range of microfinance solutions, enabling their lifestyle ambitions, changing the way they shop, and profitably diversifying Arabian Centres' sources of recurring income. FAS Labs will leverage ACC's already existing network of locations, which covers 11 cities nationwide and more than 60% of the Kingdom's population, to address a dynamic and rapidly expanding consumer finance market which continues to grow as Saudi Arabia's young population continues to grow and many approach the age of household formation each year.



#### 4. Geographic Expansion

Expanding the company's centre portfolio widens ACC's retail footprint, providing exposure to untapped demographic catchments, with insights from the company's database on the Kingdom's urban areas informing expansion decisions, helping consolidate ACC's leading position in the Saudi retail sections. On average, the company has delivered more than one new centre per year since launch. ACC leverages its expertise in the development and operation of shopping centres and its strategic relationship with Lynx (formerly known as "FARE Construction"), a specialized shopping centre developer, to continuously add to the GLA in its portfolio.

Management at ACC is committed to achieving maximum efficiency in all aspects of the company's CAPEX programme. To ensure the financial flexibility required to invest in long-term growth, Arabian Centres has prioritized the preservation of its strong liquidity position and is committed to phasing its CAPEX programme in a manner that reflects evolving market dynamics. Arabian Centres further seeks to expand its portfolio using innovative management and operation agreements, which allow the company to generate revenues through the management of centres under the control of external landlords. Such agreements enable ACC to expand its geographic footprint rapidly in an asset-light manner, boosting the company's financial flexibility as it seeks to expand operations.

##### Delivering on Geographic Expansion

Arabian Centres made two additions to its portfolio during FY2022: The View, located in Riyadh, and Jeddah Park. Combined, these additions increased the company's nationwide GLA by a net 10.5% y-o-y to 1.335 million sqm by the close of FY2022.

The View marks ACC's eighth location in the Saudi capital of Riyadh, bringing online 56.3 thousand sqm of new GLA. The centre occupies a strategic location on freehold land in Riyadh's downtown district, housing 170 commercial units and a wide range of international and local brands in areas including fashion, cosmetics, and F&B, in addition to a large cineplex.

Jeddah Park marks the company's first-ever property managed under an operational agreement. Under the deal signed with the centres' owners, ACC applies its locally unmatched knowhow and reach to lease, manage, operate, and carry out maintenance works at the property, in addition to preparing and implementing marketing and leasing plans for the centre's GLA. In return for services rendered, Arabian Centres receives a share of the property's revenues. Jeddah Park brought online 120.0 thousand sqm of new GLA during FY2022, with the centre housing 350 commercial units.

Arabian Centres recorded a total CAPEX spend of SAR 880.9 million for FY2022. In the near term, the company aims to continue its successful track record of shopping centre expansion in FY2023 through the introduction of one new shopping centre, City Walk Jeddah, scheduled for

launch by Q3-2022G with a total GLA of 161.2 thousand sqm, deepening ACC's exposure to one of the Kingdom's key urban markets. Meanwhile the company has signed an operational agreement with the owners of Jubail Marina Mall. This property, which is scheduled to open during H2-FY23, will bring online a further 30 thousand sqm of GLA and marks ACC's second location managed under an operational agreement, furthering the company's aim of developing an asset-light business model.

ACC is also implementing a medium-term project pipeline, which includes seven additional developments that will add c.489.6 thousand sqm of GLA and nearly 1,200 new commercial units. Besides deepening the company's dominance in traditionally key geographies such as Riyadh and Jeddah, the medium-term pipeline will see ACC add its second locations in both Madinah and Qassim, two rapidly growing markets. ACC's project pipeline carries a total development cost of SAR 4.3 billion, and the company expects to have launched all pipeline projects by 2025G.

### Pipeline Projects:

Centre	Location	Ownership	Land Area (000 sqm)	Land Cost (SAR mn)	GLA (000 sqm)	Retail Units	Budget (SAR mn)	Launch
<b>2022G</b>								
City Walk Jeddah	Jeddah	Leasehold	161.5	Leasehold	61.2	180+	407.7	Q3
<b>2023G</b>								
City Walk Qassim	Qassim	Freehold	399.0	91.8	62.1	135+	515.9	Q3
<b>2024G</b>								
Jawharat Jeddah	Jeddah	Freehold	170.8	1,100.0	87.6	190+	1,090.0	Q1
U-Walk Madinah	Madinah	Leasehold	221.9	Leasehold	50.0	95+	223.7	Q4
<b>2025G</b>								
Jawharat Riyadh	Riyadh	Freehold	524.5	1,500.0	148.4	370+	1,610.0	Q1
Najd Mall*	Riyadh	Leasehold	103.1	Leasehold	35.3	80+	170.0	Q2
Murcia Mall	Riyadh	Leasehold	179.5	Leasehold	45.0	150+	258.9	Q3

\* Lease negotiations for Najd Mall have been finalized, with the opening date likely to be postponed to 2025G.

## Management Discussion & Analysis

Summary Income Statement (SAR Mn)	FY2022	FY2021	% Change
<b>Total Revenue</b>	<b>2,037.5</b>	<b>1,856.4</b>	<b>9.8%</b>
<b>Gross Profit</b>	<b>1,152.6</b>	<b>1,023.1</b>	<b>12.7%</b>
<i>Gross Profit Margin</i>	56.6%	55.1%	1.5 pts
<b>Net Profit</b>	<b>433.8</b>	<b>486.7</b>	<b>-10.9%</b>
<i>Net Profit Margin</i>	21.3%	26.2%	-4.9 pts
<b>Key Profitability Metrics</b>			
<b>Recurring Net Profit<sup>1</sup></b>	<b>729.6</b>	<b>667.7</b>	<b>9.3%</b>
<i>Recurring Net Profit Margin</i>	35.8%	36.0%	-0.2 pts
<b>Recurring EBITDA<sup>2</sup></b>	<b>1,661.6</b>	<b>1,586.4</b>	<b>4.7%</b>
<i>Recurring EBITDA Margin</i>	81.6%	85.5%	-3.9 pts
<b>EBITDA</b>	<b>1,365.9</b>	<b>1,366.8</b>	<b>-0.1%</b>
<i>EBITDA Margin</i>	67.0%	73.6%	-6.6 pts
<b>FFO<sup>3</sup></b>	<b>796.6</b>	<b>825.2</b>	<b>-3.5%</b>
<i>FFO margin</i>	39.1%	44.5%	-5.4 pts
<b>Key Operational Metrics</b>			
<b>Total GLA (Mn SQM)</b>	<b>1.335</b>	<b>1.208</b>	<b>10.5%</b>
<b>Period-end Occupancy Rate (LFL)</b>	<b>94.1%</b>	<b>92.9%</b>	<b>1.2 pts</b>
<b>Footfall (Mn)</b>	<b>80.8</b>	<b>63.2</b>	<b>27.9%</b>

## Income Statement

### Revenues

Total revenues climbed by 9.8% y-o-y in FY2022, reaching SAR 2,037.5 million. Strong growth was driven by an increase of 7.4% in net rental revenue<sup>4</sup>, which came in at SAR 1,845.4 million in FY2022 versus SAR 1,718.1 million in FY2021. Net rental revenue growth was supported by a sustained decrease in the company's weighted average rental discount rate, as well as an increase in occupancy rates. Consolidated top-line growth was also driven by a strong increase in media sales, which rose to SAR 74.0 million in FY2022 from SAR 26.7 million in FY2021.<sup>5</sup> Meanwhile, revenue from utilities increased by 5.8% y-o-y to post SAR 118.1 million for FY2022. Arabian Centres is pursuing a variety of means for accelerating top-line growth, including the ramping up of operations at newly launched locations, controlling prices on lease renewals, pursuing new tenants, and expanding income from turnover rent as commercial

<sup>1</sup> Recurring net profit normalizes for the effects nonrecurring items and all one-off transactions. Nonrecurring items include one-time landlord discounts classified as other income, COVID-related discounts granted to tenants, COVID-related impairments on accounts receivable, one-time provisions for doubtful debts, and income from the disposal of noncore investments.

<sup>2</sup> Recurring EBITDA normalizes for the effects nonrecurring items and all one-off transactions. See footnote 1 for more information on nonrecurring items.

<sup>3</sup> Funds from operations: net profit for the year plus depreciation of investment properties and PP&E minus write-off of investment properties, if applicable.

<sup>4</sup> Net rental revenue is calculated as gross rental revenue plus turnover revenue less conventional discounts and amortized COVID-19 related discounts.

<sup>5</sup> Figures from the comparable year (FY2021) reflect significant restrictions placed on activity at the company's centres as part of government-mandated efforts to contain the spread of COVID-19.

conditions continue to normalize. **On a like-for-like (LFL) basis**, ACC's revenues grew by 5.2% y-o-y during FY2022, driven primarily by the growth in occupancy rates and the decrease in weighted average discount rates.

**ACC's weighted average discount rate recorded 9.8% (SAR 201.0 million) in FY2022, down from the 13.6% (SAR 271.1 million) recorded for FY2021.** The y-o-y decrease in ACC's weighted average discount rate maintains the downward trend observed since the company's rationalization of discount policies in FY2018. Nonrecurring, COVID-related discounts accounted for 86.7% of total discounts recognized during the year. The company amortized SAR 174.3 million in nonrecurring, COVID-19-related discounts during FY2022, a decrease of 27.7% y-o-y from the SAR 241.2 million amortized in FY2021. The company had fully recognized the cash impact from all COVID-19-related discounts by the close of FY2021.

### Gross Profit

**Gross profit posted SAR 1,152.6 million for FY2022, up by 12.7% y-o-y** to yield a gross profit margin (GPM) of 56.6%, an increase from the 55.1% booked in FY2021. Growth in gross profit during FY2022 came despite an increase of 8.7% y-o-y in direct costs, reflecting the normalization of the company's operating costs compared to FY2021, during which ACC incurred large, nonrecurring savings on variable costs due to COVID-related centre shutdowns and mobility restrictions. The increase in direct costs during FY2022 was led by utilities expense and driven secondarily by increased maintenance and cleaning expenses, reflecting the period's operational normalization. Growth of gross profit during FY2022 also came despite an increase of 10.1% y-o-y in depreciation expenses on investment properties, reflecting the ramp-up of recently launched properties.

### EBITDA

**Arabian Centres recorded an EBITDA of SAR 1,365.9 million for FY2022, stable against the SAR 1,366.8 million booked one year previously** and yielding an EBITDA margin of 67.0% against the 73.6% recorded for FY2021. ACC's EBITDA for FY2022 was affected a base effect in other income, which for the comparable year was composed mostly of nonrecurring discounts secured from the company's landlords to mitigate the impact of COVID-related centre closures, with additional income from the disposal of a non-core investment in Aswaq Almustaqbal for Trading. Other income decreased by 81.2% y-o-y during FY2022. The decline in EBITDA during the year was further driven by a normalization in G&A expenses, which climbed by 29.7% y-o-y to book SAR 248.3 million in FY2022, largely reflecting a rise in employee salaries and benefits, noting that FY2021 saw the Saudi government extend salary support to employees registered with the SANED insurance program in light of the COVID-19 pandemic. EBITDA was additionally affected by an increase in other expenses, driven by a real estate tax on the purchase of an investment property transferred to a fund.

**ACC booked SAR 56.3 million in impairment losses on accounts receivable during FY2022, a decrease of 59.3% y-o-y** from the SAR 138.4 million recorded for FY2021. The decline in impairment losses reflects the success of the company's efforts to improve total collections by leveraging the recovery of operations at its centres.

**The company's recurring EBITDA, which normalizes for the impacts of nonrecurring and one-off items, rose by 4.7% y-o-y to register SAR 1,661.6 million for FY2022 against SAR 1,586.4 million for FY2021.** ACC's recurring EBITDA margin stood at 81.6% in FY2022 against 85.5% for FY2021. The absolute increase in recurring EBITDA during FY2022 came despite the normalization of operating costs in FY2022, with Arabian Centres leveraging the recovery in commercial conditions and the normalization of the operating environment to drive profitability from its core operations. The recurring EBITDA margin of 81.6% recorded in FY2022 exceeds the EBITDA margin of 77.3% recorded for FY2020, prior to the onset of the COVID-19 pandemic.

### Net Profit

**ACC recorded a net profit of SAR 433.8 million in FY2022, down by 10.9% y-o-y from the SAR 486.7 million booked in FY2021.** The company recorded a net profit margin (NPM) of 21.3% for FY2022, down from the margin of 26.2% booked one year previously. The decrease in the bottom line was driven primarily by a decline in other income, which for the comparable year was composed mostly of nonrecurring discounts secured from the company's landlords to mitigate the impact of COVID-related centre closures, as well as income from the disposal of a noncore investment in Aswaq Almustaqbal for Trading. Net profit was further impacted by an increase in G&A expenses as ACC ramped up operations during the year, as well as an increase in zakat charges, where for the comparable year the company had reversed an excess provision for zakat, yielding positive zakat income in FY2021. Net profit for FY2022 was additionally impacted by the recognition of SAR 15.0 million in losses from an equity-accounted investee.

**Recurring net profit, which normalizes for the effects of nonrecurring items, booked SAR 729.6 million for FY2022, up by 9.3% y-o-y** against the SAR 667.7 million booked in FY2021. The company reported a recurring NPM of 35.8% for the year, slightly down from 36.0% in FY2021. Absolute growth in the company's recurring bottom line came despite growth in operating costs during the year and was helped a significant reduction in impairment losses on accounts receivable, in addition to a decrease in financial charges reflecting heightened capitalization of borrowing costs, and a reduction in interest expenses on lease liabilities during the year.

## Funds from Operations

**Funds from operations (FFO) decreased by 3.5% y-o-y to SAR 796.6 million** in FY2022. ACC's FFO margin declined to 39.1% in FY2022 from 44.5% in FY2021, mainly due to the decline in net profit.

## Balance Sheet

**Total CAPEX outlays came in at SAR 880.9 million for FY2022.** Investments during the period included outlays on shopping centres in ACC's project pipeline and maintenance CAPEX and refurbishment outlays at existing shopping centres. ACC continues to phase its geographic expansion to reflect prevailing market conditions, while maintaining solid progress on its investment plan. Total maintenance CAPEX booked on existing shopping centres recorded SAR 145.1 million for FY2022, with the associated works occurring largely at Salaam Mall in Jeddah, Al Ahsa Mall, and Al Noor Mall, where a new cineplex is under construction, as well as Yasmeen Mall, where a cineplex was opened in January 2022.

**The company completed two Sukuk issuances during FY2022, the first falling in Q1-FY22 and yielding USD 650 million in proceeds, with a second, re-tap issuance finalized in Q2-FY22 and yielding proceeds of USD 225 million.** Funds from ACC's first USD 650-million issuance were used to optimize the company's capital structure in a manner which allows it to flexibly invest in geographic expansion while maintaining the efficiency of its operations as conditions continue to normalize. The Sukuk hold a maturity of 5.5 years, and proceeds from the issuance were used during Q1-FY22 to settle an amount of USD 200 million (SAR 750 million) on the company's revolving credit facility and an amount of USD 272 million (SAR 1,020 million) on its existing Murabaha/Ijara facility. A further USD 28 million (SAR 105 million) on the Murabaha/Ijara facility was settled in FY2022 using Sukuk proceeds, in accordance with the facility repayment plan. The issuance received ratings of Ba2 and BB+ (EXP) from Moody's and Fitch, respectively, and was two times oversubscribed, with non-GCC international investors accounting for 65% of the total transaction allocation. In Q2-FY22, ACC issued USD 225 million in international Sukuk, consolidating this latter offering under the outstanding USD 650 million issued in Q1-FY22, with the proceeds similarly used to settle amounts under the existing Murabaha/Ijara facility. Pricing on these bonds provided savings of approximately 1 percent over the Q1-FY22 issuance. The re-tap issuance was three times oversubscribed, with the initial issuance size growing from USD 150 million to USD 225 million as a result. The Sukuk hold a maturity of 5.5 years, and in accordance with ACC's financial strategy of transitioning from a fully secured capital structure towards unsecured financing.



Arabian Centres recorded net debt<sup>6</sup> of SAR 7,235.0 million at the close of FY2022 on 31 March 2022, up from SAR 6,345.0 million at the close of FY2021. The company held SAR 556.1 million in cash and cash equivalents<sup>7</sup> as at 31 March 2022, down from the SAR 635.7 million booked at year-end FY2021. Arabian Centres made SAR 2,978.5 million in principal and interest payments on its outstanding debt during FY2022, in accordance with its facility and Sukuk repayment plans.

Amounts due from related parties recorded SAR 325.3 million as at 31 March 2022, down from the SAR 379.4 million booked at year-end FY2021. This amount includes SAR 259.3 million in rental receivables, up from SAR 151.5 million booked for FY2021, reflecting FY2022 billings, with the balance of SAR 66.0 million being representing non-trading receivables. As of 31 March 2022, ACC had fully received all outstanding dues from its sister company FAS Hotels, amounting to SAR 350.3 million.

## Operational Review

### Occupancy

Like-for-like period-end occupancy recorded 94.1% at year-end FY2022, up from the rate of 92.9% reported for FY2021. The growth in occupancy rates during the year marks a full recovery exceeding pre-COVID levels, with the FY2022 rate of 94.1% surpassing the figures of 93.1% booked for FY2020. Sustained expansion in occupancy rates reflects a solid recovery in commercial activity during the period and marks significant progress towards management's strategic objective of attaining an occupancy rate of 94-95% by FY2023.

### Footfall

Visitor footfall came in at 80.8 million for FY2022, a strong increase of 27.9% y-o-y from 63.2 million visitors in FY2021. This rapid recovery in footfall indicates a sharp recovery in activity following the closure of ACC's centres for periods of FY2021 in compliance with efforts to halt the spread of COVID-19. Footfall continues to recover towards its pre-COVID trend, with the figure for FY2022 attaining 74% of the FY2019 level. Visitor footfall continued to recover sharply into Q1-FY2023, with footfall for April 2022G (coinciding with the holy month of Ramadan and the associated peak in retail activity) attaining pre-pandemic levels.

### Lease Renewals

ACC renewed 868 leases during FY2022, representing more than 90% of leases due to expire during the year and sustaining the company's leasing momentum as commercial conditions

<sup>6</sup> Net debt: financial debts minus cash and cash equivalents (including short-term bank deposits).

<sup>7</sup> Cash and cash equivalents include short-term bank deposits.

**continue to recover.** However, slight pressure on rental rates resulted in a decrease in the rental rates applied to contracts renewed during the year, particularly at C- category shopping centres.

### Portfolio and Gross Leasable Area

The company's portfolio held 21 shopping centres at year-end FY2022, with ACC's total gross leasable area (GLA) recording 1.335 million sqm for FY2022 against 1.208 million sqm in FY2021. The year saw Arabian Centres add two new centres to its portfolio: Jeddah Park and The View.

**Jeddah Park marks the company's first-ever property managed under an operational agreement.** Under the agreement signed with the centres' owners, ACC applies its locally unmatched knowhow and reach to lease, manage, operate, and carry out maintenance works at the property, in addition to preparing and implementing marketing and leasing plans for the centre's GLA. In return for services rendered, Arabian Centres receives a share of Jeddah Park's revenues. Jeddah Park brought online 120.0 thousand sqm of new GLA during FY2022, with the centre housing 350 commercial units.

**Meanwhile, The View marks ACC's seventh location in the Saudi capital of Riyadh,** bringing online 56.3 thousand sqm of new GLA. The centre occupies a strategic location on freehold land in Riyadh's downtown district, housing 170 commercial units and a wide range of international and local brands in areas including fashion, cosmetics, and F&B, in addition to a large cineplex. Occupancy rates at Jeddah Park and The View stood at 73% and 85%, respectively, by year-end FY2022.

### Closed-End Real Estate Funds

**Arabian Centres has finalized agreements with Riyadh Capital for the establishment of two closed-end real estate funds.** Valued at SAR 6.2 billion, the funds have been established for the purpose of developing **Jawharat Riyadh** and **Jawharat Jeddah**, two major properties in ACC's investment pipeline. The properties are located at the cities of Riyadh and Jeddah, respectively. It is worth noting that Arabian Centres retains the full rights of ownership to the properties under development by the two funds, while Riyadh Capital has been mandated to manage the funds, which have received licensing from the Saudi Capital Market Authority. ACC intends to retain its rights to manage and operate Jawharat Riyadh and Jawharat Jeddah upon the completion of development works. Moving forward, Arabian Centres will consider offering the two newly established funds for public subscription, in whole or in part, in the form of a real estate investment trust (REIT). The impact from ACC's contribution to the two funds will appear in the company's financial statements from Q1-FY2023.

### **Jawharat Riyadh Title Deed Reinstatement**

**Arabian Centres' title deed at its Jawharat Riyadh land parcel was fully reinstated in February 2022.** Saudi Arabia's Judicial Authority certified that the company had met all required criteria to prove the authenticity of the deed, and the company's case received strong backing from the Ministry of Investment. The case was followed up on by high officials in the Saudi government.

### **Digitization**

**The company's e-commerce subsidiary VogaCloset completed its first full year of operations following its acquisition by ACC.** By year-end FY2022, VogaCloset had onboarded 66 distinct ACC retail tenants onto its online platform, providing tenants with an improved online presence for their brands and bolstering the company's value proposition.

### **Cineplex Rollout**

**Arabian Centres had inaugurated cineplexes at 15 of its 21 portfolio locations by the close of FY2022,** including the Kingdom's largest such facility, located at the company's Mall of Dhahran property. ACC expects to launch cineplexes at a further four centres, of which three are scheduled for launch by December 2022 and a fourth scheduled for launch in the next fiscal year.

## Environment, Sustainability, and Governance (ESG)

Informed, responsible and sustainable approaches to business operations have become an inherent part of ACC's strategy for long-term business growth. The Company is an advocate of the undeniable role that private sector companies play in boosting sustainability agendas and their implementations. It is constantly improving operational frameworks across its facilities to maintain its provision of high-quality services while increasing positive contributions and reducing negative impact.

Next to addressing the environmental concerns that usually accompany wide-scale operations, ACC remains mindful of its duty towards Saudi communities, and heavily invests in the rising generation of young Saudi nationals. It is committed to providing equitable access to well-paying and fulfilling employment across its operations, and enhancing workplace environments for safe, productive, and satisfying results.

These commitments are in line with the vision put forward by the Green Saudi Initiative (GSI), which aims to reduce the Kingdom's carbon emissions by more than 278 million tons per annum (mtpa) by 2030, plant 10 billion trees across Saudi Arabia, and to raise the area allocated to environmentally protected areas to more than 30% of the Kingdom's total marine and terrestrial area.

As it continues to grow its frameworks and policies for sustainable business practices, ACC relies on a robust governance 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, maintain tight internal controls, ensure compliance with all relevant laws and regulations, and govern the company through a well designed and implemented corporate governance framework. The Company expects to publish its first Sustainability Report during FY2023.

## Enterprise Risk Management

Uncertainty gives rise to both risk and opportunity and may have either a negative or positive impact on any company. Enterprise Risk Management enables management to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to create and preserve value. ERM is also fundamental to effective corporate governance.

To further improve shareholder value and achieve company's strategic objectives, ACC has adopted an ERM framework that led to a more formal risk management process.

### ACC ERM Framework

ACC ERM framework encompasses:

- Aligning risk appetite and strategy: considering the entity's risk appetite in evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks.
- Enhancing risk response decisions: providing the rigor to identify and select among alternative risk responses (avoidance, reduction, sharing, and acceptance).
- Reducing operational surprises and losses: gaining enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.
- Seizing opportunities: By considering the full range of potential events, management is positioned to identify and proactively realize opportunities.

Arabian Centres has also adopted a Risk Management Policy to proactively identify and understand risks facing the company, evaluate the size of their impact on our performance, and take preventive measures to control them, allowing the company to manage risks effectively and efficiently and supporting the achievement of short-term and long-term objectives. The methodology has been developed and aligned with recognized international risk management standards, namely COSO and ISO 31000.

The risk management policy calls for proactively identifying and understanding the factors and events that may impact the achievement of strategic and operational objectives, then reporting, managing, and monitoring these risks, accepting some, transferring some, while mitigating others depending on the company's risk appetite set by the Board of Directors.

### Culture and Board Oversight:

The Board role in the ERM was crucial by establishing policies and guidelines to build a strong control environment and set the right tone at the top.

The Board risk appetite enabled a risk governance culture to be cascaded throughout the company promoting the identification and mitigation of material strategic, operational, compliance and financial risks. The Board has a major role in ensuring that robust ongoing and periodic monitoring functions are in place to provide accurate and timely risk reporting to relevant committees and the Board of Directors.

### **Risk Management Policy**

ACC Risk Management Policy objectives include:

- Ensuring the ongoing capacity of ACC to fulfil its mission, perform its key functions, meet its objectives, and serve its customers.
- Implementing and maintaining an effective, efficient, and transparent system of risk management.
- Ensuring ACC's risk management philosophy is communicated to all employees to promote a proper risk culture and for risk management to be integrated into the strategic and business planning processes.
- Defining risk in the context of ACC and its operations.
- Protecting ACC from adverse incidents and reducing its exposure to losses.

The responsibility of implementing the risk management policy rests with the Chief Executive Officer and his management team, assisted by the risk management department. The oversight responsibility is with the Board of Directors, supported by the Audit Committee which mandate includes monitoring reports on the risks facing the company submitted by internal audit and risk management teams and recommending to the Board of Directors on the efficiency of measures taken to limit the impact of these risks.

### **Risk Management Function**

ACC has also set up a Risk management function to provide ongoing monitoring of actual performance against agreed metrics and timely reporting to risk owners and those in charge of governance. The following are its main duties:

- Working with the Executive Management to implement the risk management policy in order to achieve ACC's objectives and strategy.
- Overseeing the risk management systems and mechanisms of identifying, measuring, and monitoring risks and assessing their effectiveness.
- Preparing reports containing risk-exposures and proposed steps to manage these risks while monitoring any deviation from company's risk appetite.
- Promoting a risk culture and increasing risk awareness among ACC employees.



- Contributing to the Business Continuity Management (BCM) and spearheading the development of a Business Continuity Plan (BCP).
- Ensuring corrective actions taken by the management are adequate to address the Internal Audit findings.

## Compliance Function

ACC has also set up a compliance function to ensure that the Company has taken appropriate measures to comply with the relevant laws, regulations, policies, and procedures. Compliance will review, identify, and report non-compliance violations, submit periodic reports detailing cases of non-compliance, and promote compliance awareness by providing compliance training to management and staff.

Scope of compliance functions covers:

- External compliance: Ensuring compliance with all Regulatory/Legal requirements including governance regulations issued by the Capital Market Authority and related Laws especially the Companies Law and any other regulations managed and supervised by CMA and the Ministry of Commerce.
- Internal compliance: Ensuring company policies, internal regulations, business model, processes, and Delegation of Authority matrix, are implemented.

## Risk Categories

Arabian Centres faces the conventional set of risks associated with the large-scale development and operation of modern retail spaces. The Company's strategy fully accounts for the presence of such risks and is calibrated to mitigate them as the business continues to expand.

Risks are either "strategic", affecting our ability to achieve our strategic objectives, "operational" resulting from the nature of our operations, or "financial" which affect our profitability. Below is a list of some of the major risks facing the Company:

Risk Category	Risk	Mitigating Factors and Controls
Strategic	Reliance on Key Account tenants	<ul style="list-style-type: none"> <li>• Continued development of shopper services to adapt to new customer expectations and shopper preferences.</li> <li>• Maintaining an optimal mix of internal and external tenants and continuously negotiating enhanced lease terms.</li> </ul>

Risk Category	Risk	Mitigating Factors and Controls
	Dependence on related party transactions	<ul style="list-style-type: none"> <li>Continue building a network of national and international brands.</li> <li>Develop sales team skills to attract additional companies.</li> <li>Adoption of a Related Party Transactions Policy to regulate Contracts and transactions with related parties and comply with relevant Saudi laws. Transactions are also subject to review by the Audit Committee.</li> </ul>
	Concentration of the Company's revenues among its largest malls	<ul style="list-style-type: none"> <li>Dedicated redevelopment plan for malls including development of event spaces, digital infrastructure, and modular tenant spaces.</li> <li>Leveraging proprietary retail database to optimize the balance of Super-Regional, Regional and Community offerings across our portfolio.</li> </ul>
	Risks associated with expansion plans	<ul style="list-style-type: none"> <li>Third-party specialist advisors and consultants are employed throughout the pre-development phase to assist in identifying potential hurdles and developing action plans to successfully navigate the issue.</li> <li>Cost and quality control by internal team and external consultants to ensure design specifications, control of construction and renovation costs and comply with any regulations.</li> <li>Proper budgeting and project financing through internal and external funding sources.</li> </ul>
<b>Financial</b>	Impact of visitor traffic and spending on the Company's business	<ul style="list-style-type: none"> <li>Maintaining and driving continuous increases in visitors' footfall through continued development of shopper services to adapt to new customer expectations and shopper preferences.</li> <li>Rolling out of cinema complexes across all our malls, introducing lifestyle concepts, continuous improvement in the quality of services offered to visitors, and hosting of cultural and entertainment events at ACC destinations to improve customer journey and enhance customer shopping experience.</li> <li>Expansion of leasing into new types of tenants, including more Food &amp; Beverage, Entertainment, Health &amp; Wellness, and Luxury stores.</li> </ul>

Risk Category	Risk	Mitigating Factors and Controls
	Impact of delays in rent collection on the Company's working capital	<ul style="list-style-type: none"> <li>Robust debt collection strategy with collection of rent in advance.</li> <li>Maintain good relationship with leading financial institutions enabling the company to acquire working capital financing at competitive rates.</li> <li>Selectively tap into global debt capital markets to meet our business needs and optimize our capital structure (e.g. Sukuk).</li> </ul>
	Risks associated with the Company's renewal of its existing leases and entry into new leases	<ul style="list-style-type: none"> <li>Leasing targets (e.g. prices, deadlines and prospective tenants) are defined within each mall.</li> <li>Pre-leasing 50% of GLA at its recently opened malls approximately three to six months prior to launch, giving it clarity and enabling it to maintain a positive lease spread.</li> </ul>
Operational	COVID-19 and its impact on the business	<ul style="list-style-type: none"> <li>Maintaining proper building and equipment maintenance protocols to minimize the risk.</li> <li>Regular inspections of technical facilities that could have an impact on personal safety, property and/or the environment.</li> <li>Acquired a stake in an online website company to redefine shopping experience.</li> </ul>
	Operational risks and unexpected interruptions to the Company's business	<ul style="list-style-type: none"> <li>Risk transferred to insurance with compensation periods depending on the asset.</li> <li>Business continuity standards established to maintain resiliency in responding rapidly to interruptions and to recover with minimum downtime.</li> </ul>
	Risks associated with litigation involving the Company	<ul style="list-style-type: none"> <li>ACC has in-house lawyers as well as a network of external counsel and experts as required to protect company interests.</li> <li>Deployment of a legal policy, a set of internal procedures and standards to secure contractual framework, reduce litigation exposure and ensure compliance with applicable regulations.</li> </ul>

Risk Category	Risk	Mitigating Factors and Controls
Health and Safety	Fire Hazard	<ul style="list-style-type: none"> <li>Risk Management Department review the measurable annual health and safety (H&amp;S) goals and objectives for ACC. The goals and objectives are to be focused on reducing harmful and or risky exposures e.g. fires, occupational injuries/illnesses in our workplace and malls.</li> <li>Action Plan for the year based on the specific identified H&amp;S Goals and Objective / Targets coordinated between Operations, Audit and Risk department to monitor implementation of H&amp;S Goals &amp; Objectives.</li> </ul>

### GRC Tools

The Internal Audit, Compliance and Risk Management Departments are exploring the adoption of a GRC solution software to integrate their governance, risk management, and compliance processes more effectively. A GRC IT solution will help audit, compliance and risk teams automate their activities and streamline their work, while benefiting from sharing knowledge and insights. The GRC solution will encompass managing operational risks, external compliance, internal policies adherence, as well as integrating risk and compliance reports for management and board.

## Governance & Disclosures

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# 1. Corporate Governance

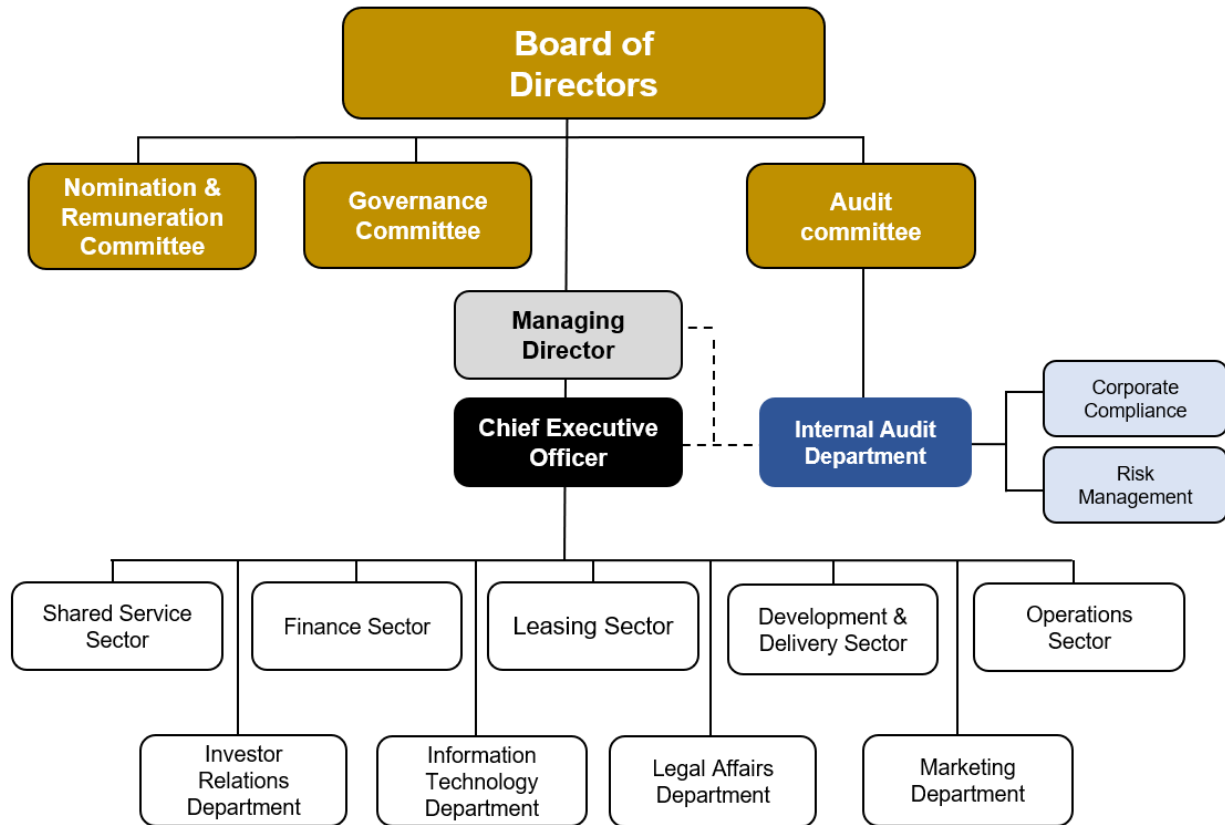
## Overview

The key sources of corporate governance for the Company are the corporate governance regulations issued by the Capital Market Authority (CMA), certain provisions of the Companies' Law and corporate governance best practices in the Kingdom.

The framework under the corporate governance regulations regulates the various relationships between the Board, executive directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision-making processes with the objective of protecting the rights of shareholders and other stakeholders, and promoting the values of credibility, fairness and transparency in the Company's conduct.

These regulations, which entail the implementation of a clear and transparent disclosure process ensure that the Board acts in the best interests of the shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

## Company's Organizational Structure



Note: Governance Committee was dissolved on February 23, 2022 (PLs refer to “Governance Committee” section).



## Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies and will comply with are set out in the CMA Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).

## Corporate Governance Manual and Internal Policies

The Board of Directors approved the Corporate Governance Manual of the Company on 29/12/1438H (corresponding to 20 September 2017).

The Company's Corporate Governance Manual was made to comply mainly with the CMA and Companies' Law requirements and includes the following internal policies and charters:

- Board of Directors policies and procedures;
- Board of Directors conflict of interest policy;
- Board of Directors committee principles and policies;
- Monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;
- Dividend distribution policy;
- Shareholder communication policies;
- Disclosure and transparency policies;
- Audit Committee charter;
- Nomination and Remuneration Committee charter; and
- Corporate social responsibility policy.

## Corporate Governance Compliance

The Company applies all the provisions contained in the Rules of Corporate Governance issued by the CMA, except what is highlighted in the next section below. As at 3 March 2022, the Company's Board of Directors consisted of nine (9) members, eight (8) of which are non-executive members, and the Board has four (4) independent directors, which is more than one third of the Board of Directors (Article 16). In addition, the shareholders adopted the cumulative

voting method in relation to the appointment of directors at the General Assembly meeting held on 03/01/1441H (corresponding to 30 September 2019). This method of voting gives each shareholder voting rights equivalent to the number of shares he or she holds. Each shareholder has the right to use all of his or her voting rights for one nominee, or to divide their voting rights between his or her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate (Article 8).

In addition, in compliance with the Corporate Governance Regulations:

- The Ordinary General Assembly of the Company formed the Audit Committee, consisting of three non-executive members (two of them independent), on 18/03/1439H (corresponding to 6 December 2017). The Board of Directors, at its meeting held on 21 June 2020, approved the renewal of the term of the current members of the Audit Committee for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020.
- The Board of Directors formed the Nomination and Remuneration Committee on 29/12/1438H (corresponding to 20 September 2017). The Board of Directors, at its meeting held on 21 June 2020, approved the renewal of the term of the current members of the Nomination and Remuneration Committee for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020.
- The Company prepared the Audit Committee charter and the Nomination and Remuneration Committee charter, which were approved by the Board in its session held on 29/12/1438H (corresponding to 20 September 2017) and ratified by the Ordinary General Assembly.
- The Ordinary General Assembly ratified the committee charters during its session held on 18/03/1439H (corresponding to 6 December 2017) (Articles 50 and 54). The minutes of all meetings were prepared, reviewed and approved by the Board of Directors (Article 53).
- In accordance with Article 94 of the CMA Corporate Governance Regulations, the board established governance rules for the Company in accordance with the provisions of these Regulations in the form of a Governance Manual (referred to in a separate section under "Corporate Governance Manual and Internal Policies").
- In addition, management has established a number of management committees to oversee certain functions within the Company and assist the Board in ensuring effective supervision and operation of the Company's different departments. The management committees are not formal committees of the Board and include the following: (i) Executive Management Committee; (ii) Development Committee; (iii) Asset Management Committee; (iv) IT & Technology Committee; and (v) Tendering Committee.
- Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the

Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company will comply with the requirements of these provisions when it seeks the approval of the General Assembly for Related Party Transactions.

- Pursuant to the Corporate Governance Regulations, each Board Member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies' Law sets out similar requirements to the effect that a director, without prior consent from the ordinary General Assembly, may not have any direct or indirect interest in transactions or contracts made for the account of the Company. The director also has an obligation to inform the Board of Directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the Board of Directors or shareholder assemblies. The Chairman of the Board of Directors must inform the General Assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the Company's external auditor (Article 71).
- In accordance with its Related Party Transactions Policy, the Company has interpreted the requirements of the Companies' Law broadly, such that approval of the General Assembly is required whenever any entity in which a Director has a direct or indirect form of ownership enters into a transaction with the Company. Likewise, the Company has interpreted the scope of the voting restrictions in both the Companies' Law and the Corporate Governance Regulations broadly, such that not only is the relevant Board Member restricted from voting on the resolution to approve the relevant transaction, but that any shareholder which is controlled by that director would also be restricted from voting at the relevant General Assembly. The Corporate Governance Regulations also provide that if a member of the Board wishes to engage in a business that may compete with the company or any of its activities, he or she must notify the Board of the competing businesses and abstain from voting on the related decision in the Board meeting and general assemblies. The Chairman of the Board must inform the ordinary General Assembly of the competing businesses that the member of the Board proposes to be engaged in, and the authorization of the Company's General Assembly must be obtained for the member to engage in the competing business (Article 46). The Companies' Law sets out similar requirements (Article 72).

## **What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications**

The Company applies all the provisions contained in the Rules of Corporate Governance issued by the CMA, except the provisions below:

Type	Article	Clause	Justification
Guiding	Article 32 Paragraph b)	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.	As per the Company bylaws the board should meet two times per year minimum. The Board met three times during the past financial year FY2022 but will contemplate increasing its meeting frequency in the future.
Guiding	Article 39	<b>Training:</b> The Company shall pay adequate attention to the training and preparation of the Board Members and the Executive Management and shall develop the necessary programmes.	The Company provides training programs for the executive management and plans to provide training to board members in the future noting that current board members possess the necessary capabilities and expertise.
Guiding	Article 70	<b>Composition of the Risk Management Committee:</b> The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". The Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The Board of Directors did not see the need to establish a Risk Management Committee. It should be noted that the Audit Committee is overseeing the Risk Management function in accordance with its charter.
Guiding	Article 87	<b>Social Responsibility:</b> The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Arabian Centres has participated in many activities during the year under the supervision of the executive management. We have already initiated the planning and implementation of establishing a sustainability committee to lead and govern

Type	Article	Clause	Justification
			our ESG strategy and direction within ACC, as well as a sustainability policy that caters to the requirements of the DJSI and ESG rating agencies and index providers.
Guiding	Article 88	<b>Social Initiatives:</b> The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company.	Pls refer to our justification on article 87 above.

## 2. Board of Directors

### a. Composition of the Board of Directors

Under the bylaws, the Board of Directors shall be comprised of nine (9) directors appointed by the General Assembly by means of cumulative voting. The Companies' Law, corporate governance regulations, the Company's bylaws and corporate governance manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors is for a period of five (5) years starting from the date of its formation on 19 June 2017 and ends on 18 June 2022.

Subsequently, the term of the Board of Directors will be of three (3) years. The Ordinary General Assembly "OGM" held on 16 June 2022 has elected the Board of Directors members "the new BoD" for its new term of (3) years starting from 19 June 2022 and ends on 18 June 2025 (*for more info on the new BoD, please refer to item "g" titled "Subsequent Events related to the Board of Directors and its committees" within this section*)

The Board of Directors as of 31 March 2022 comprised of the following members:

No.	Name	Position Title	Membership Type	Date of Appointment by General Assembly	Membership Expiry Date
1	Mr. Fawaz Abdulaziz Al Hokair	Chairman of the Board	Non-Executive	19 Jun 2017	18 Jun 2022
2	Eng. Salman Abdulaziz Al Hokair	Vice-Chairman	Non-Executive	19 Jun 2017	
3	Mr. Mohamad Rafic Mourad*	Managing Director	Executive	16 Jun 2022	
4	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Director	Independent	19 Jun 2017	
5	Eng. Mohamed Abdullah Al Khorayef	Director	Independent	19 Jun 2017	
6	Eng. Kamel Badih Al Qalam	Director	Non-Executive	19 Jun 2017	
7	Dr. Bernard Higgins	Director	Independent	06 Dec 2017	
8	Eng. Omar Abdulaziz Al Mohammady	Director	Non-Executive	30 Sep 2019	
9	Mr. Ahmed Demerdash Badrawi	Director	Non-Executive	30 Sep 2020	

\* Mr. Mourad has been appointed by the BoD on 01 January 2022 replacing the resigned member Mr. Omar Al-Farisi, then the OGM has approved this appointment on 16 June 2022.

The current Secretary of the Board of Directors is Mr. Turki Saleh Al-Zahrani.

## b. Board of Directors Biographies

### 1) Mr. Fawaz Abdulaziz Al Hokair (Chairman of the Board of Directors “Non-Executive”):

Current Executive Positions:	General Manager of Fawaz Abdulaziz Alhokair & Partners Holding Co., and the General Manager of many other Saudi and non-Saudi companies and establishments (Balad Al Riyadh Est.; Fawaz Abdulaziz Alhokair & Partners Real Estate; Al Farida Real Estate Co.; Fawaz Abdulaziz Alhokair & Co. Enterprises Co.; FAS Construction Co.; Al Farida Information Technology & Communications Co.; Al Bawarij International for Development & Real Estate Investment Co.; Fawaz Abdulaziz Alhokair and Sons Holding Co.; Al Farida Al Oula Real Estate Est.). He is also the Chairman of FAS Saudi Holding Co., in addition to his membership of many other Saudi and non-Saudi companies.
Previous Executive Positions:	Chairman of the Board of Fawaz Abdulaziz Alhokair and Partners Co.; General Manager of Advanced Retail International Co.; General Manager at International Fashion Concepts Co.; also he was the General Manager of many other Saudi companies that he either owns or established such as Al-Waheedah Equipment Co.; Wahba Trading Co.; Eqar Al Arab Global Co.; Eqar Al Watan Co.; Retail Group Egypt; Al-Waheedah Equipment General Trading Co.
Academic Qualifications:	<ul style="list-style-type: none"> <li>Bachelor's degree in Economics and Accounting from Loughborough University, United Kingdom, in 1989.</li> <li>Honorary Doctorate in Economics and Accounting from Loughborough University, United Kingdom, in 2008.</li> </ul>
Experience:	Over 30 years of business experience in investment management, fashion and real estate development. He also sits on several other boards and committees.

### 2) Eng. Salman Abdulaziz Al Hokair (Vice-Chairman of the Board of Directors “Non-Executive”):

Current Executive Positions:	General Manager of Salman Abdulaziz Alhokair & Sons Holding Co.; General Manager of Salman Alhokair Engineering Consulting Firm; General Manager of Kids Space Co.; General Manager of FAS Spain Est.; General Manager of Tadarees Najd for Trading Est. He also sits on several boards of other Saudi and non-Saudi companies such as Food and Entertainment Co.; Fawaz Abdulaziz Alhokair & Partners Holding Co.; Al Farida Real Estate Co.; FAS Construction Co.; Fawaz Abdulaziz Alhokair & Partners for Real Estate Projects Co.; Al Farida IT & Comms. Co.; FAS Holding for Hotels Co.; Al Bawarij International for Development & Real Estate Investment Co.; FAS Real Estate Co.; Billy Games Co.; Coffee Centres Trading Co.; Fantastic Bakery Co.
Previous Executive Positions:	Chairman of the Board of Fawaz Abdulaziz Al Hokair and Partners Co.; General Manager of Al-Jeel Clothing Trading Co. He also sat on several boards of other Saudi and non-Saudi companies like Al-Waheedah Equipment Co.; Wahba Trading Co.; Retail Group Egypt; Advanced Retail International Co.; Al-Waheedah Equipment General Trading Co.
Academic Qualifications:	Bachelor's degree in Architecture from King Saud University, KSA, in 1990.
Experience:	Over 28 years of business experience in investment management, fashion and real estate development. He also sits on several boards of almost 60 companies and sole proprietorships.

### 3) Mr. Mohamad Rafic Mourad (Managing Director “Executive”):

Current Executive Positions:	Acting CEO of Arabian Centres Company, MD & CEO of Saudi FAS Holding, MD & Acting CEO of Fawaz Abdulaziz Alhokair Co.
Previous Executive Positions:	Mr. Mourad has held various senior leadership roles at major tech companies, including nearly 10 years at Google, part of which he was Google's Managing Director for the Middle East and North Africa, before moving to take on a global role in their headquarters in Silicon Valley. More recently, Mr. Mourad served as a Vice



	President at Instacart, the leading on-demand e-commerce player in North America. Prior to that, Mr. Mourad was in management consulting at Booz & Company (Now Strategy&), focusing on M&A and Corporate Development. Mr. Mourad has an intimate knowledge of the Saudi Arabian market both through spending more than 10 years in the country and through serving the market during his various regional and global roles.
Academic Qualifications:	<ul style="list-style-type: none"> <li>Bachelor of Science with Honors at Lebanese American University, Lebanon, 1994.</li> <li>MBA at INSEAD, France, 2001.</li> </ul>
Experience:	Mr. Mourad brings along 28 years of global management experience in technology, retail, consumer goods and e-commerce.

#### 4) Dr. Abdulrahman Abdulaziz Al Tuwaijri (Member of the Board of Directors “Independent”):

Current Executive Positions:	Owner of Dr. Abdulrahman Al Tuwaijri Economic Consulting Firm.
Previous Executive Positions:	Chairman of the Board of Middle East Financial Investment Co.; Chairman of the Board of the Saudi Capital Market Authority (CMA); Member of the Board of Saudi Aramco Co.; General Secretary of the Supreme Economic Council; Managing Director and the representative of the Kingdom of Saudi Arabia in the International Monetary Fund (IMF); Economic Consultant at the Gulf Cooperation Council (GCC); Assistant Professor in the Department of Economics at King Saud University.
Academic Qualifications:	<ul style="list-style-type: none"> <li>Bachelor's degree in Economics from King Saud University, KSA, in 1978.</li> <li>Doctorate in Economics from Iowa State University, United States of America, in 1985.</li> </ul>
Experience:	Over 42 years of experience in business and economic consultancy. He also sits on several boards of Saudi companies.

#### 5) Eng. Mohamed Abdullah Al Khorayef (Member of the Board of Directors, and Chairman of the Nomination and Remuneration Committee “Independent”)

Current Executive Positions:	Chief Executive Officer at Al Khorayef Group Company.
Previous Executive Positions:	Chairman of Board of Directors at Al Khorayef Water and Power Technology Company (Saudi listed Company).
Academic Qualifications:	Bachelor's degree in Industrial Engineering from King Saud University, KSA, in 1988.
Experience:	Over 32 years of experience in the field of financial investments, industrial, water and energy and petroleum Sector. He also sits on several boards of Saudi companies.

#### 6) Eng. Kamel Badih Al Qalam (Member of the Board of Directors, and member of the Nomination and Remuneration Committee “Non-Executive”):

Current Executive Positions:	Consultant at Fawaz Abdulaziz Alhokair and Co. Real Estate.
Previous Executive Positions:	Architect at the Federal Highway Administration in the Department of Transportation, United States.
Academic Qualifications:	<ul style="list-style-type: none"> <li>Bachelor's degree in Architecture from the University of North Carolina, United States of America, in 1988.</li> </ul>

	<ul style="list-style-type: none"> <li>Master's degree in Architecture from the University of North Carolina, United States of America, in 1990.</li> </ul>
Experience:	Over 32 years of experience in the field of architectural engineering, real estate development and business development. He also sits on several boards of Saudi and non-Saudi companies.

## 7) Dr. Bernard Higgins (Member of the Board of Directors, and Chairman of the Audit Committee “Independent”):

Current Executive Positions:	Executive Chairman of Buccleuch Group; Strategic Adviser to First Minister Scotland on the building of the Scottish National Investment Bank; Chairman of Scottish Government’s Advisory Group on Economic Recovery post-COVID-19; Chairman of the National Galleries of Scotland. Chairman of Sistema Scotland; Chairman of Kyckr; Chairman of AAB Wealth (Anderson Anderson & Brown Wealth); Chairman of Forster Chase Advisory Limited; Chairman of The Fine Art Society (London and Edinburgh); Non-Executive Director at Glasgow Life; Trustee of Burrell Renaissance; Visiting Professor at University of Strathclyde; Honorary Professor at Edinburgh Business School and Heriot-Watt University; Honorary Professor at University of Edinburgh; Honorary Professor at University of Glasgow; Doctor of University at University of Glasgow; Court Member of Finance Committee at University of Glasgow; Commissioner of Infrastructure Commission of Scotland; Trustee of Edinburgh International Culture Summit.
Previous Executive Positions:	CEO of Tesco Bank and Group Strategy Director at Tesco; Executive Director at HBOS; Chairman at Sainsbury Bank; CEO of RBS Retail; Non-Executive Director at Citizens Group (USA); Non-Executive Director at RBS Insurance; General Manager (Sales) at Standard Life.
Academic Qualifications:	<ul style="list-style-type: none"> <li>First Class Honours Degree, Mathematics, University of Glasgow, United Kingdom.</li> <li>Fellow of the Faculty of Actuaries at the University of Glasgow, United Kingdom.</li> <li>Fellow of the Chartered Institute of Bankers in Scotland, United Kingdom.</li> <li>Fellow of the Royal Society of Edinburgh, United Kingdom.</li> <li>Doctor of the University, University of Glasgow, United Kingdom.</li> </ul>
Experience:	Banking, insurance, actuarial studies, investment and university academia.

## 8) Eng. Omar Al Mohammady (Member of the Board of Directors “Non-Executive”):

Current Executive Positions:	Group CEO at Fawaz Al Hokair Group Co.
Previous Executive Positions:	CEO at Batic Investments & Logistics; Head of Middle East for Dome Capital; Member of the Advisory Board of Alchemist Trading; CEO at Goldman Sachs Saudi Arabia; Head of KSA Investment Banking at Barclays Capital; Executive Director of Private Equity and Direct Investments at MerchantBridge.
Academic Qualifications:	Bachelor’s in Chemical Engineering and Economics from Vanderbilt University, United States, in 2002.
Experience:	Over 18 years of experience in investment banking, consultancy, logistics and oil and gas industries.

## 9) Mr. Ahmed Demerdash Badrawi (Member of the Board of Directors)

Current Executive Positions:	Vice-Chairman at Marakez Egypt, the Egyptian arm of the Saudi Arabian Fawaz Al Hokair Group; Board Member at Arqaam Egypt; Board Member at Goodsmart; Co-Founder at Cairo Angels.
Previous Executive Positions:	Chief Executive Officer at Marakez Egypt, Chief Executive Officer at SODIC.
Academic Qualifications:	<ul style="list-style-type: none"> <li>Law degree from Queen Mary and Westfield College, University of London, UK.</li> <li>Senior Executive Program for the Middle East from Harvard Business School, United States, in 2003.</li> </ul>
Experience:	Banking and finance, law, governance, risk management.

### c. Board of Directors Current and Previous Memberships in Other Companies:

#### 1) Mr. Fawaz Abdulaziz Al Hokair

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
FAS Saudi Holding Co.	Inside	Unlisted	Akar Al Watan Co.	Inside	LLC
Egyptian Centers for Real Estate Development.	Outside	Unlisted	Akar Al Arab Int'l Co.	Inside	LLC
Saudi Medical Co.	Inside	Unlisted	Al Faridah Information Technology and Communication	Inside	LLC
Marakez for Real Estate Investment, Egypt.	Outside	Unlisted	Wahbah Trading Co.	Inside	LLC
Arabian Falcon Limited, UK.	Outside	LLC	FAS for Construction Co.	Inside	LLC
Focus Hospitality, UAE.	Outside	LLC	Al Azizia Panda United Co.	Inside	Unlisted
FAS Holding, Italy.	Outside	Unlisted			
FAS Real Estate Development, UK	Outside	LLC			
Fawaz Abdulaziz Alhokair & Sons Holding Co.	Inside	LLC			
Najmat Al Taqa Co.	Inside	LLC			
Fawaz Alhokair & Co Real Estate ("FARE")	Inside	LLC			
Al-Farida First Real Estate	Inside	LLC			
Advanced International Retail	Inside	LLC			
Al-Bawarij Int'l for Development and Real Estate Investment	Inside	LLC			
Saudi FAS Holding Co.	Inside	Unlisted			
Marakez for Real Estate Investment Co.	Outside	Unlisted			

#### 2) Mr. Salman Abdulaziz Al Hokair

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
FAS Saudi Holding Company	Inside	Unlisted	FAS First Investment and Development of Real Estate	Inside	LLC

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Focus Hospitality Company	Outside	LLC	FAS Hotel 1- main CR	Inside	LLC
Egyptian Centers Real Estate Development Company	Outside	Unlisted	FAS Hotel 4	Inside	LLC
Marakez Real Estate Investment Company	Outside	Unlisted	FAS Hotel 5	Inside	LLC
Arabian Falcon Company, UK	Outside	LLC	Manzli Limited Liability company	Inside	LLC
FAS Renewable Energy Company	Outside	LLC	Ice cream express	Inside	LLC
FAS Holding Company, Italy	Outside	Unlisted	Cake Palace Company	Inside	LLC
FAS Real Estate Development Company, UK	Outside	LLC	Milk Taste Company	Inside	LLC
G&A International Consulting, UK	Outside	LLC	First Pie Company	Inside	LLC
FAS Energy Company, UK	Outside	LLC	Fashion Retail Company	Inside	LLC
Alarab trading	Inside	LLC	FAS Retail and Commercial Investment Co. Ltd.	Inside	LLC
FAS Company, Spain	Outside		Food and Entertainment Company	Inside	LLC
Skill of innovation Games company	Inside	LLC	Salman Al Hokair Engineering Consultancy Company (ECHO)	Inside	LLC
Al-Farida Two Real Estate	Inside	LLC	Dammam Center Company	Inside	LLC
Malaz Mall Trading Company	Inside	LLC	Generations clothing company	Inside	LLC
Al Yasmeen Mall Trading Company	Inside	LLC	Fawaz Al Hokair & Partners Trading Company	Inside	LLC
Al Hamra Mall Trading Company	Inside	LLC	Oyoun Al Basateen Trading Company	Inside	LLC
FAS 100 Real Estate Company	Inside	LCC	FAS Hotels Company (3)	Inside	LLC
Housing Company	Inside	LLC	ETQAN FACILITY MANAGEMENT COMPANY	Inside	LLC
Saudi Arabian Dalica Company	Inside	LLC	Innovation Renewable Energy Investment Company	Inside	LLC
Oyoun Al Raed Company	Inside	LLC	Fine Tastes	Inside	LLC
Erth Rasek Company	Inside	LLC	FAS Real Estate	Inside	LLC
Salman Abdul Aziz Al Hokair & Sons Holding Company	Inside	LLC	Kids Space Company	Inside	LLC
Saaf International Company	Inside	LLC	Arab Mall Company	Inside	LLC
FAS Real Estate Company	Inside	LLC	Luxurious taste	Inside	LLC
Fawaz Abdul Aziz Al Hokair & Partners Projects Co. Ltd.	Inside	LLC	Coffee Centers Company	Inside	LLC
Al Farida Real Estate Company	Inside	LLC	Riyadh Hotels Company	Inside	LLC
Fawaz Al Hokair & Partners Holding Company	Inside	LLC	Sala Entertainment Company	Inside	LLC
Arkan Salam Real Estate Company	Inside	LLC	FAS Energy Company	Inside	LLC
FAS Construction Company	Inside	LLC			
Arkan Al Salam Company	Inside	LLC			

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Al Noor Mall Trading Company	Inside	LLC			
Yarmouk Mall Trading Company	Inside	LLC			
Al Dhahran Mall Trading Company	Inside	LLC			
Aziz Mall Trading Company	Inside	LLC			
FAS First Company for Investment and Real Estate Development	Inside	LLC			
High Tastes Company	Inside	LLC			

### 3) Mr. Mohamad Mourad

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Fawaz Abdulaziz AlHokair and Co.	Inside	Listed	None		
Vogacloset	Outside	Unlisted			

### 4) Abdulrahman Abdulaziz Al Tuwaijri

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Al Hanaf United Trading Co.	Inside	LLC	Saudi Aramco	Inside	Listed
			MEFIC	Inside	Unlisted
			United Mining Investment Co.	Inside	LLC

### 5) Eng. Mohamed Abdullah Al Khorayef

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Abdullah Ibrahim Alkhorayef & Sons Co.	Inside	Unlisted	Saudi Paper Manufacturing Company	Inside	Listed
Alkhorayef Group Co.	Inside	Unlisted	Saudi Steel Pipe Company	Inside	Listed
Alkhorayef Water & Power Technologies Co.	Inside	Listed			
Alkhorayef Commercial Co.	Inside	LLC	The Water Transmission and Technologies Company (WTTCO)	Inside	Unlisted

Alkhorayef Industries Co.	Inside	LLC	
Alkhorayef Petroleum Co.	Inside	LLC	
RAKHA for Agricultural investment & Development Co.	Outside	Unlisted	
Arabian Agricultural Services Company	Inside	Unlisted	
Nama Alkhorayef Investment Company	Inside	unlisted	

## 6) Eng. Kamel Badih Al Qalam

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Egyptian Centers for Real Estate Development Co., Egypt.	Outside	LLC	None		
Echo Architecture Co., UK.	Outside	LLC			
Marakez for Real Estate Investment Co., Egypt.	Outside	Unlisted			

## 7) Dr. Bernard Higgins

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Kyckr Co., Australia.	Outside	Listed	Tesco Bank	Outside	listed
Sistema Scotland	Outside	Unlisted			
AAB Wealth (Anderson Anderson & Brown Wealth)	Outside	Unlisted			
Forster Chase Advisory Limited	Outside	Unlisted			
Buccleuch Group	Outside	Listed			

## 8) Eng. Omar Al Mohammady

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Fawaz Abdulaziz Alhokair and Company (PJSC)	Inside	Listed	Batic Investments & Logistics Company	Inside	Listed
Saudi FAS Holding	Inside	Unlisted			
Citi Bank Group	Inside	Unlisted	Al Reef Sugar Refinery Co. (JSC)	Inside	Unlisted

Diyala Advisors	Outside	LLC	Jazan Energy & Development Co. (PJSC)	Inside	Listed
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## 9) Mr. Ahmed Demerdash Badrawi

Current memberships	Inside/outside Kingdom	Legal entity	Previous memberships	Inside/outside Kingdom	Legal Entity
Marakez for Real Estate Investment, Egypt	Outside	Unlisted	None	None	
Marakez New Cairo for Real-estate Investment	Outside	Unlisted			
Marakez Delta for Real Estate Projects	Outside	Unlisted			
Marakez Salasel ElTogareya	Outside	Unlisted			
Marakez for Touristic and Entertainment Investment	Outside	Unlisted			
Marakez ElSokhna for Real Estate Projects	Outside	Unlisted			
Marakez for Real Estate Development	Outside	Unlisted			
FAS Construction	Outside	Unlisted			



#### d. Board of Directors Meetings

##### Meetings Procedures

The Board of Directors shall meet twice a year at least, upon an invitation from the Chairman. A Board meeting shall be quorate only if attended by a majority of the members.

Board meetings may be held by telephone or any other electronic method allowing all of the attending members to hear all other attendees, unless otherwise notified. Board resolutions shall be made by a majority of the presented or represented Board Members at the meeting. If votes were equal, the opinion adopted by the Chairman of the Board shall be accepted.

The Board may adopt resolutions by circulation to all Board Members, unless one Board Member submits a written request that a meeting be convened for deliberations. Such resolutions shall be adopted by a majority of Board Members, with the resolutions laid before the Board at its first subsequent meeting.

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the Directors present and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

##### Board Meetings Held During the Year

The Board held three meetings during the financial year 2022 (ended 31-Mar-2022) as follows:

No.	Name	27-Apr-2021	08-Sept-2021	28-Dec-2021	Total
1	Mr. Fawaz Abdulaziz Al Hokair	Present	Present	Present	3
2	Eng. Salman Abdulaziz Al Hokair	Present	Present	Present	3
3	Dr. Abdulrahman Abdulaziz Al Tuwajri	Present	Present	Present	3
4	Eng. Mohamed Abdullah Al Khorayef	Present	Present	Present	3
5	Eng. Kamel Badih Al Qalam	Present	Present	Present	3
6	Dr. Bernard Higgins	Present	Present	Present	3

7	Eng. Omar Abdulaziz Al Mohammady	Present	Present	Present	3
8	Dr. Omar Hadir Al Farisi*	Present	Present	Present	3
9	Mr. Ahmed Demerdash Badrawi	Present	Present	Present	3
-	Mr. Mohamad Rafic Mourad*	Wasn't appointed yet			-

**\* Mr. Mohamad Mourad has been appointed by the BoD on 01-Jan-2022 replacing the resigned member Dr. Omar Al-Farisi, where the OGM approved this appointment on 16-Jun-2022.**

### Directors' Attendance at Shareholders General Assembly Meetings

One Shareholders General Assembly meeting was held during the fiscal year ending 31 March 2022. Below is the attendance log of the Board of Directors at those meetings:

No.	Member Name	Meeting Date
		AGM 30 September 2021
1	Mr. Fawaz Abdulaziz Al Hokair	Absentee
2	Eng. Salman Abdulaziz Al Hokair	Present
3	Dr. Abdulrahman Abdulaziz Al Tuwaijri	Absentee
4	Eng. Mohamed Abdullah Al Khorayef	Present
5	Eng. Kamel Badih Al Qalam	Present
6	Dr. Bernard Higgins	Present
7	Eng. Omar Abdulaziz Al Mohammady	Present
8	Dr. Omar Hadir Al Farisi	Present
9	Mr. Ahmed Demerdash Badrawi	Absentee

### Major Decisions Taken by the Board During the Year:

#	Board Decision Date	Board Decision
1	27/04/2021	Approval of the distribution of a total amount of SAR 356.25 million to the Company's shareholders, amounting to 0.75 halalas per share, and on the basis of 475 million shares, for the 2nd half of the fiscal year 2020 and to set the eligibility date on Thursday dated 1/07/2021, and the distribution date on Sunday dated 11/07 /2021
2	21/06/2021	Approval of the recommendation of the Audit Committee to approve the financial statements and the auditor's report for the fiscal year of the company ending on March 31, 2021.
3	18/8/2021	Approval of the interim financial statements for the 1st quarter of the current fiscal year 2021-2022. for the three months period ended on 30 June 2021.
4	11/11/2021	Approving The interim consolidated financial statements for the second quarter of the current fiscal year 2021-2022, for the six-months period ended in 30st of September 2021

5	29/12/2021	Approval of the resignation of Mr. Omar Hadir Nasrat Alfarisi from the membership of the Board of Directors and from the membership and chairman of the Corporate Gov. Committee effect from 29 December 2021
6	1/1/2022	Approval of the appointment of Mr. Mohamad Rafik Mourad as a member of the Board of Directors effective from January 1, 2022,
7	11/01/2022	Approval of the appointment of Mr. Mohamad Rafik Mourad as a Managing Director instead of a member of the Board of Directors, Engr. Salman bin Abdulaziz Al Hokair, with Engr. Salman bin Abdulaziz Al Hokair remaining as Vice-Chairman and a member of the Board of Directors and amending the status of his membership in the Board to become (non-executive) as of January 11, 2022, until the end of the current term of the Board of Directors.
8	20/01/2022	Approval of the resignation of Mr. Faisal Abdullah Al-Jedaie from the position of the Chief Executive Officer, and assign Mr. Mohamad Rafic Mourad, the ACC Managing Director, to carry out the duties of the Chief Executive Officer, effective February 1, 2022
9	23/01/2022	Approval of distribution of cash dividends to the Company's shareholders in the amount of 356.25 million Saudi riyals, at the rate of 0.75 halalas per share, so that the number of outstanding shares is 475 million shares, for the first half of the financial year ending on 31 March 2022 AD, with the eligibility date being on Wednesday, 26/01/2022AD, and the distribution date should be on Monday 14/02/2022AD.
10	10/02/2022	Approving the interim consolidated financial statements for the third quarter of the current fiscal year 2021-2022, for nine months period ended on December 31, 2021.
11	2/3/2022	Approval of opening the Board of Directors nomination window for its upcoming term starting from 19 June 2022 until 18 June 2025, and that is through posting an announcement on "Saudi Exchange" website in accordance with the applicable laws and regulations issued by the respective authorities on this regard.

### e. Interests of Board Members and their Relatives in Shares or Debt Instruments of the Company

No.	Board Member	Number of Shares Beginning of Year	% Ownership Beginning of Year	Number of Shares End of Year	% Ownership End of Year	% Change During the Year
1	Mr. Fawaz Abdulaziz Al Hokair	38,000,000	8.00%	40,900,000	8.61%	7.63%
2	Eng. Salman Abdulaziz Al Hokair	38,000,000	8.00%	38,000,000	8.00%	-
3	Dr. Abdulrahman Abdulaziz Al Tuwajri	-	-	-	-	-
4	Eng. Mohamed Abdullah Al Khorayef	-	-	-	-	-
5	Eng. Kamel Badih Al Qalam	-	-	-	-	-
6	Dr. Bernard Higgins	-	-	-	-	-
7	Eng. Omar Abdulaziz Al Mohammady	-	-	-	-	-
8	Dr. Omar Hadier Al Farisi	-	-	Resigned before year end		
9	Mr. Ahmed Demerdash Badrawi	-	-	-	-	-
-	Mr. Mohamad Rafic Mourad	Not appointed yet				

Declarations:

- 1) There is no interest of the Board Members' relatives in the shares of the Company.
- 2) There is no interest of the Board Members and their relatives in the debt instruments of the Company.

### f. Procedures to Inform BoD with Shareholders' Suggestions

The Board of Directors shall make available to all its members, especially non-executives, legal documents, financial reports, follow-up reports, future expansion studies, Board of Directors' reports as well as internal rules, procedures, policies and regulations that enable them to carry out their duties adequately, additionally including knowledge of shareholders' proposals and their observations about the Company and its performance.

The Company has established an Investor Relations Department that meets all investors' requests and responds to their inquiries. The department then briefs the Chairman of any recommendations suggested by the shareholders and submits their comments and suggestions

to the Board of Directors of the Company. Several means are available and accessible to shareholders, including telephone and email correspondence.

#### **g. Subsequent Events related to the Board of Directors and its committees**

The Ordinary General Assembly “OGM” held its meeting on 16 June 2022 and elected the Board of Directors members “the new BoD” for its new term of (3) years starting from 19 June 2022 and ends on 18 June 2025; it also appointed the Audit Committee members. This report has been issued by the new BoD, and it also approved the financial statements of the financial year 2022.

The new BoD held its meeting on 22 June 2022 to appoint the BoD’s Chairman, Vice-Chairman, and Managing Director in addition to the formation of the Nomination and Remuneration Committee in accordance with the approved duties and responsibilities, and the appointment of the Board of Directors Secretary and Representatives of the Company in front of the Capital Market Authority and the Saudi Tadawul Group and its subsidiaries. Also, the Audit Committee has met on 22 June 2022 to appoint its chairman and its secretary. The following tables show the names, titles, and membership types of the new BoD and its committees.

##### **First: the new BoD:**

#	Name	Title	Membership Type
1	Mr. Fawaz bin Abdulaziz Al-Hokair	Chairman	Non-Executive
2	Eng. Salman bin Abdulaziz Al-Hokair	Vice-Chairman	Non-Executive
3	Mr. Mohamad Rafic Mourad	Managing Director	Non-Executive
4	Dr. Abdulrahman bin Abdulaziz Al-Tuwaijri	Member	Independent
5	Eng. Kamel Badih Al-Qalam	Member	Non-Executive
6	Mr. Abdulmajid bin Abdullah Al-Basri	Member	Non-Executive
7	Mr. Turki Saud Al-Dayel	Member	Independent
8	Mr. Khalid Abdullah Al-Suwailem	Member	Independent
9	Mr. Johan Henri Brand	Member	Independent

## Second: the new BoD Committees:

### 1) Audit Committee:

#	Name	Title	Membership Type
1	Fahad Ibrahim Al-Khorayef	Chairman	From outside the Board "Independent"
2	Turki Saud Al-Dayel	Member	BoD member "Independent"
3	Wissam Zouhair Mekahal	Member	From outside the Board "Independent"

### 2) Nomination and Remuneration Committee:

#	Name	Title	Membership Type
1	Mr. Johan Henri Brand	Chairman	BoD member "Independent"
2	Eng. Kamel Badih Al-Qalam	Member	BoD member "Non-Executive"
3	Mr. Abdulmajid bin Abdullah Al-Basri	Member	BoD member "Non-Executive"

## 3. Board Committees

The Board of Directors has established the committees to improve the management of the Company. Each committee is required to adopt a charter which sets out its role, powers, responsibilities, and meetings procedures for the purpose of discharging its duties.

The following is a summary of the structure, responsibilities, and current members of each committee:

### a. Audit Committee

The implementation of an effective internal control system is one of the responsibilities assigned to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system, and to make any recommendations to the Board of Directors that would improve 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 scope of the Committee's work shall include all actions that enable it to fulfill its functions, including:



- Oversee the Internal Audit Department.
- Review the internal control, financial and risk management systems of the company.
- Review the internal audit reports and follow up on the implementation of corrective measures for the recommendations contained therein.
- Recommend to the Board of Directors to appoint the Director of the internal audit department and propose his remuneration.
- Review and evaluate internal audit procedures and make recommendations for the improvement thereof.
- Make a recommendation to the Board of Directors to appoint, dismiss, determine the fees and ensure the independence of external auditors.
- Review the audit plan with the external auditors and make any observations thereon.
- Review the auditor's report and his observations on the financial statements and follow up on the actions taken in that respect.
- Review the Company's interim and annual financial statements before submitting them to the Board of Directors.
- Review accounting policies and submit recommendations to the Board of Directors.

### **Audit Committee Members Profile**

The Audit Committee consists of three (3) members appointed by the Board of Directors for a period of three (3) years. The Chairman and one of the members are independent.

The following members of the Audit Committee were appointed during the Ordinary General Assembly meeting held on 18/03/1439H (corresponding to 6 December 2017) and the Board of Directors, at its meeting held on 21 June 2020, approved the renewal of their committee membership for the remaining term of the Board. This decision was later approved by the General Assembly in its meeting held on 30 September 2020 to appoint the following Audit Committee members:

## Audit Committee Members

#	Name	Title
1	Dr. Bernard Higgins	Chairman (Independent)
2	Mr. Nadim Mustafa Shabsogh	Member
3	Mr. Fahad Ibrahim Al Khorayef	Member (Independent)

The following is a brief overview of the members of the Audit Committee:

Name	Education	Work Experience	Current Positions	Previous Positions
Dr. Bernard Higgins	Please refer to Dr. Higgins' biography in the "Board of Directors Biographies" section above.			
Mr. Nadim Mustafa Shabsogh	Bachelor's degree in Engineering from London University, United Kingdom  Master's in Business Administration from the University of Nottingham, United Kingdom	Business Investment and Advisory services	Managing Director at Mesk International LLC, a limited liability company established in the United Arab Emirates  Senior Advisor to Fawaz Alhokair Group  Managing Director at Broadview Strategic Partners JLT, a limited liability company established in the United Arab Emirates	Executive Director at Morgan Stanley International  Senior Managing Director at Bear Stearns International  Vice President at Credit Suisse First Boston
Mr. Fahad Ibrahim Al Khorayef	Bachelor's degree in Finance from King Saud University, KSA	Financial and Business Advisory Services	Member of the Board of Saudi Finance Company	Chief Risk Officer at Maceen Capital  Chief Risk Officer at Saudi Finance Company  Export Finance Manager at Al Khorayef Group  Manager at Samba Financial Group

## Audit Committee Meetings

During the year, the Committee held eight meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Dr. Bernard Higgins	Mr. Nadim Shabsogh	Mr. Fahad Al Khorayef
20 Apr 2021	Present	Present	Present
20 Jun 2021	Present	Present	Present
31 Aug 2021	Present	Present	Present
03 Nov 2021	Present	Present	Present
08 Nov 2021	Present	Present	Present
19 Dec 2021	Present	Present	Present
07 Feb 2022	Present	Present	Present
22 Mar 2022	Present	Present	Present

The main tasks accomplished during these meetings were as follows:

1. Reviewing the company's annual and quarterly financial statements and make recommendations to the Board of Directors for approval.
2. Following-up with management on the status of the preparation of financial statements in accordance with accounting and financial reporting standards.
3. Meeting with both the external and internal auditors of the company, and ensuring that the management has provided them with all the necessary data and information to perform their work.
4. Improving the corporate governance framework and internal control system.
5. Following-up with the Board of Directors and Executive Management to ensure the implementation of key issues such as:
  - a) Appointment of external auditors.
  - b) Key internal audit recommendations.
  - c) Company Risk Management System.
6. Encouraging management to promote compliance with policies, procedures, internal controls, risk management and governance.
7. Reviewing external auditor's reports and management letter.
8. Reviewing and approving the internal audit annual plan.
9. Monitoring and evaluating the performance of the internal audit function.
10. Reviewing internal audit reports and following up the implementation of major internal audit recommendations and risk management system.
11. Evaluation of tenders (including bid requests) for the selection of external auditors to review financial statements for fiscal year 2022 (from April 1, 2021 to March 31, 2022) in addition to the first quarter of fiscal year 2023, and the Board recommended the selection and approval of their remuneration.

In addition, the Audit Committee confirms that there is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, and the Board accepted the recommendations of the Committee on the appointment of the external auditors of the company.

## **b. Nomination and Remuneration Committee**

The main function of the Nomination and Remuneration Committee is to identify qualified candidates who are eligible for Board Membership. The Committee is also responsible for assisting the Board in establishing a proper governance system and drafting the necessary policies and procedures. The Committee's scope of work includes all duties designed to enable it to fulfill its functions, including:

- Identifying qualified candidates and nominating them to the Board of Directors.
- Conducting an annual review of Board Membership requirements, which shall include the candidates' capabilities, experience, and availability to fulfill their Board responsibilities.
- Reviewing the structure of the Board and proposing required changes to benefit the Company's interests.
- Determining the strengths and weaknesses of the Board and proposing required changes to benefit the Company's interests.
- Nominating candidates for the positions of Chief Executive Officer and Managing Director, as well as nominating committee members for approval by the Board of Directors or the General Assembly.
- Reviewing the approval policies and procedures for Board Membership prior to their adoption, through the General Assembly.
- Monitoring the independence of independent Board members and monitoring any conflicts of interest on an annual basis.
- Reviewing the preparatory materials and training courses destined to new Board Members.
- Establishing clear policies regarding the remuneration of managers and senior executives.
- Reviewing and proposing plans for the assumption of key executive functions.
- Reviewing and approving the Company's overall structure of rewards and privileges, which includes employment grades, structure of wages and privileges, as well as rewards and incentives associated with performance.
- Approving changes to the remuneration of the Chief Executive Officer and recommending changes to the remuneration of the Managing Director, as well as the directors and members of the various board committees.
- Approving extraordinary remuneration (signing or performance bonuses) for the Chief Executive Officer and senior executives.

The Nomination and Remuneration Committee consists of three (3) members appointed by the Company's Board of Directors for a period of three (3) years. During the year, the Committee held four meetings to which all members attended.

The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences, or other matters which the Committee deems necessary.

The following members were appointed to the Nomination and Remuneration Committee during the Board of Directors' meeting on 25/02/1439H (corresponding to 14 November 2017) and the Board of Directors, at its meeting held on 21 June 2020, approved the renewal of their committee membership for the remaining term of the Board:

### Nomination and Remuneration Committee Members

#	Name	Title
1	Eng. Mohamed Abdullah Al Khorayef	Chairman (Independent)
2	Mr. Nadim Mustafa Shabsogh	Member
3	Eng. Kamel Badih Al Qalam	Member

The following is a brief overview of the members of the Nomination and Remuneration Committee:

Name	Education	Work Experience	Current Positions	Previous Positions
Eng. Mohamed Abdullah Al Khorayef	Please refer to Eng. Al Khorayef's biography in the "Board of Directors Biographies" section above.			
Mr. Nadim Mustafa Shabsogh	Please refer to Mr. Shabsogh's biography in the "Audit Committee" section above.			
Eng. Kamel Badih Al Qalam	Please refer to Eng. Al Qalam's biography in the "Board of Directors Biographies" section above.			

### Nomination and Remuneration Meetings

During the year, the Committee held four meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Eng. Mohamed Al Khorayef	Mr. Nadim Shabsogh	Eng. Kamel Al Qalam
25 Apr 2021	Present	Present	Present
19 May 2021	Present	Present	Present
20 Dec 2021	Present	Present	Present
21 Dec 2021	Present	Present	Present

### **c. Governance Committee**

The Board of Directors of Arabian Centres has a steadfast commitment to best-in-class corporate governance. As part of this commitment, and in accordance with Article 94 of the CMA Corporate Governance Regulations, the Board established governance rules for the Company in accordance with the provisions of these regulations in the form of a Governance Manual (referred to in a separate section under “Corporate Governance Manual and Internal Policies”).

In addition, and as per Article 95 of these regulations, the Board also formed a Corporate Governance Committee, on 19 May 2019 and assigned to it the competencies stipulated in Article 94 of these regulations (the “Governance Committee”).

The Governance Committee’s responsibilities include:

- Overseeing any matters relating to the implementation of governance.
- Monitoring the implementation of governance rules established by the Board, verifying their effectiveness, and recommending amendments to them as necessary pursuant to statutory requirements and best practices.
- Reviewing and developing codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.
- Regularly informing the Board of developments in corporate governance and best practices.
- Providing the Board with its reports and recommendations at least annually.

### **Governance Committee Membership**

As per its charter, the Committee shall consist of at least three (3) members, a majority of whom should be independent board members.

The Governance Committee consists of three (3) members. The chairman and one member are independent Board members, and one member is external. As per the Committee charter, the term of the first appointed Governance Committee members shall end with the current board term.

The following members of the Governance Committee were appointed by the Board of Directors, at its meeting held on 19 May 2019:

### Governance Committee Members as at February 22 2022

#	Name	Title
1	Dr. Omar Al Farisi	Chairman (Independent)
2	Dr. Bernard Higgins	Member (Independent)
3	Dr. Najem Al Zayd	Member (Independent)

It should be noted that the Governance Committee was dissolved by the Board of Directors by a resolution dated February 23, 2022, and its functions were delegated to the Audit Committee, noting that the formation of the Governance Committee is not mandatory as per article 95 of the Corporate Governance Regulations (guiding article).



The following is a brief biography of the members of the Governance Committee:

Name	Education	Work Experience	Current Positions	Previous Positions
Dr. Omar Al Farisi	Please refer to Dr. Al Farisi's biography in the "Board of Directors Biographies" section above.			
Dr. Bernard Higgins	Please refer to Dr. Higgins' biography in the "Board of Directors Biographies" section above.			
Dr. Najem Al Zayd	<p>Doctor of Juridical Science degree from George Washington University Law School, Washington, D.C.</p> <p>Master of Laws from University of Minnesota Law School, Minneapolis, MN.</p> <p>B.A., Qada'a "Islamic Jurisprudence" from Umm Al-Qura University, KSA.</p>	Law, Audit, Risk Management and Governance.	<p>Vice Chairman of the Board of Saudi Electricity Company, KSA.</p> <p>Board Member and the Chairman of Risk, and Governance Committees of Gulf International Bank, Bahrain.</p> <p>Board Member and the Chairman of Risk Committee of Gulf International Bank, KSA.</p> <p>Member, Regulatory Policy &amp; Oversight Committee of the Saudi Stock Exchange (TADAWUL), KSA.</p> <p>Member, Audit &amp; Risk Committee, The Diriyah Development Authority, Saudi Arabia.</p>	<p>Vice Chairman of the Board, Chairman of Risk, and Governance Committees in Mediterranean &amp; Gulf Cooperative Insurance &amp; Reinsurance Co., KSA.</p> <p>Board Member &amp; Audit Committee member of National Privatization Centre, KSA.</p> <p>Chief Governance &amp; Legal Officer of Al Rajhi Bank, KSA.</p> <p>BoD Member of the Capital Market Authority (CMA), KSA.</p> <p>Director &amp; General Counsel, Legal Affairs Division, the Capital Market Authority (CMA), KSA.</p>

## Governance Committee Meetings

During the year, the Governance Committee held three meetings. The attendance of the committee members for these meetings was as follows:

Meeting Date	Dr. Omar Al Farisi	Dr. Bernard Higgins	Dr. Najem Al Zayd
30 Jun 2021	Present	Present	Present
02 Sep 2021	Present	Present	Present
23 Dec 2021	Present	Present	Present

The main tasks accomplished during these Governance Committee meetings were as follows:

- 1) Reviewing the existing governance structure and recommending improvements.
- 2) Overseeing the process of reviewing the status of corporate governance at ACC by an external consultant.
- 3) Reviewing and discussing in detail the governance process over related parties' transactions (RPT) and importance of ensuring compliance with internal governance policies and guidelines related thereto.
- 4) Following up the implementation status of PWC recommendations following Gap Analysis report.
- 5) Recommending the modification of the Governance Manual according to the Gap Analysis report issued by PWC.
- 6) Overseeing the board governance and information system platform (Convene) to enhance communications and information sharing at board and committees' levels and to optimize board and committee meetings.
- 7) Discussing other governance matters including enhancing processes and long-term scheduling for board and committee meetings.

## 4. Board of Directors and Committees

### Members Remuneration

#### a. Board Members Remuneration during the Fiscal Year ended on 31 March 2022 (In thousand Saudi Riyal):

	Fixed Benefits							Variable Benefits							Grand total	expenses allowance
	Certain amount	Attendance allowance for board Sessions	Total of Attendance allowance for board sessions	In-kind Benefits	Technical, administrative and consulting	reward of the chairman of the board, the managing	Grand total	percentage of profits	Periodic bonuses	Short – term incentive plans	Long – term incentive plans	Granted shares	Grand total	severance pay		
First: Independent Directors																
Dr. Abdulrahman Al Tuwajiri	300	75	-				375								375	
Eng. Mohammed Al Khorayef	300	75	60				435								435	
Dr. Bernard Higgins	300	75	165				500*								500*	
Dr. Omar Hadir Al Farisi**	225	75	45				345								345	
Second: Non-Executive Directors																
Mr. Fawaz Abdulaziz Al Hokair	300	75	-				375								375	
Eng. Salman Abdulaziz Al Hokair	300	75	-				375								375	
Eng. Kamel Badih Al Qalam	300	75	60				435								435	
Eng. Omar Abdulaziz Al Mohammady	300	75	-				375								375	
Mr. Ahmed Demerdash Badrawi	300	75	-				375								375	
Third: Executive Directors																
Mr. Mohamad Rafic Mourad**	75	-	-				75								75	

\* Total remuneration to Dr. Bernard Higgins has been capped at SAR 500,000 to comply with article 76 of the Companies Law, although his total due remuneration during FY2022 amounted to SAR 540,000.

\*\* Mr. Mohamad Mourad has been appointed by the BoD on 01-Jan-2022 replacing the resigned member Dr. Omar Al-Farisi, where the OGM approved this appointment on 16-Jun-2022.

**b. Board Committees Remuneration during the Fiscal Year ended on 31 March 2022  
(Saudi Riyal):**

Name	Fixed Remuneration (Except for the Allowance for Attending Board Meetings)	Allowance for Attending Committee Meetings	Total
<b>1) Audit Committee</b>			
Dr. Bernard Higgins (Chairman)	-	120,000	<b>120,000</b>
Mr. Nadim Shabsogh (Member)	130,000	120,000	<b>250,000</b>
Mr. Fahad Al Khorayef (Member)	130,000	120,000	<b>250,000</b>
<b>Total</b>	<b>260,000</b>	<b>360,000</b>	<b>620,000</b>
<b>2) Nomination and Remuneration Committee</b>			
Eng. Mohammed Al Khorayef (Chairman)	-	60,000	<b>60,000</b>
Mr. Nadim Shabsogh (Member)	100,000	60,000	<b>160,000</b>
Eng. Kamel Alqalam (Member)	-	60,000	<b>60,000</b>
<b>Total</b>	<b>100,000</b>	<b>180,000</b>	<b>280,000</b>
<b>3) Governance Committee*</b>			
Dr. Omar Al Farisi (Chairman)	-	45,000	<b>45,000</b>
Dr. Bernard Higgins (Member)	-	45,000	<b>45,000</b>
Dr. Najem Al Zayd (Member)	75,000	45,000	<b>120,000</b>
<b>Total</b>	<b>75,000</b>	<b>135,000</b>	<b>210,000</b>
<b>Grand Total</b>	<b>435,000</b>	<b>675,000</b>	<b>1,110,000</b>

\* It should be noted that the Governance Committee was dissolved by the Board of Directors by a resolution dated February 23, 2022, noting that the formation of the Governance Committee is not mandatory as per article 95 of the Corporate Governance Regulations (guiding article).

## 5. Senior Executives

### a. Senior Executive Team

*Arabian Centres enjoys a highly qualified management team with decades of experience in the commercial real estate and retail industries.*

#### Mr. Mohamad Mourad – Acting CEO

- **Previous positions:** Mr. Mourad has held various senior leadership roles at major tech companies, including nearly 10 years at Google, part of which he was Google's Managing Director for the Middle East and North Africa, before moving to take on a global role in their headquarters in Silicon Valley. More recently, Mr. Mourad served as a Vice President at Instacart, the leading on-demand e-commerce player in North America. Prior to that, Mr. Mourad was in management consulting at Booz & Company (Now Strategy&), focusing on M&A and Corporate Development. Mr. Mourad has an intimate knowledge of the Saudi Arabian market both through spending more than 10 years in the country and through serving the market during his various regional and global roles.
- **Qualifications:** Bachelor of Science with Honors at Lebanese American University, Lebanon, 1994. MBA at INSEAD, France, 2001.
- **Experience:** Mr. Mourad brings along 28 years of global management experience in technology, retail, consumer goods and e-commerce.

#### Mr. Walead Al Rebdi – Chief Financial officer

- **Previous experience:** Prior to joining ACC, Mr. Walead held the position of Chief Financial Officer at Gasco – a Saudi listed company, and prior to that he was Chief Financial Officer at Amnco. He also held several financial managerial positions at a number of organizations, including Daikin Air Conditioning, DISH Network, and the Saudi Central Bank (previously Saudi Arabian Monetary Agency "SAMA").
- **Qualifications:** MBA in 2006 and a master's degree in finance in 2007 from University of Colorado.
- **Experience:** Over 18 years of experience in the field of financial management.

#### Mr. Ghassan Abu Mutier – Chief Development & Delivery Officer

- **Previous experience:** From 2002 to 2015, Mr. Abu Mutier held the position of Supply Chain Group Manager at Fawaz Alhokair Real Estate Company. He had previously held positions at General Electric and at the Saudi Bin Laden Group.

- **Qualifications:** Bachelor's degree in Geology and Environmental Sciences, Yarmouk University, Jordan, 1997.
- **Experience:** Over 23 years of experience in Project Management and Architectural design fields.

#### Mr. Turki Saleh Al Zahrani - Chief Support Services Officer

- **Previous experience:** Mr. Al Zahrani joined the Company in 2009 as its Director of Human Resources. 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 Head of Human Resources and 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.
- **Qualifications:** Bachelor's degree in Business Administration, King Abdulaziz University, Saudi Arabia.
- **Experience:** Over 15 years of experience in Human Resources and Administrative Management fields.

#### Mr. Khalid Al Janahi – Chief Leasing officer

- **Previous positions:** Mr. Al Janahi held several positions in Real Estate Development and Financial advisory fields. Prior to joining Arabian Centres Company, he was Leasing Director at SHURROOQ (Investment and Development Authority of Sharjah), and prior to that he was employed by MERAAS Dubai as Manager of Retail Leasing. Additionally, Mr. Al Janahi worked as a consultant in the Financial Advisory arm of Ernst & Young Bahrain.
- **Qualifications:** Master's in Business Administration from University of Incarnate Word in 2011 and bachelor's in Business Finance from University of Texas in 2010.
- **Experience:** Over eight years of experience in Retail Leasing, Real Estate Development and Financial Advisory.

#### Mr. Naji Fayad - Internal Audit Director

- **Previous experience:** Prior to joining ACC, Mr. Fayad spent a decade at Arabia Insurance Company, a Lebanon-based joint-stock company where he served in many positions including Director of Internal Audit, Chief Financial Officer and acting Chief Risk Officer. Mr. Fayad was also Audit Director at Deloitte and Touche, Canada.
- **Qualifications:** Master's degree in Business Administration from the American University of Beirut; Postgraduate degree in Public Accounting from McGill University, Canada; he's

also a Chartered Accountant (CA), a Certified Internal Auditor, a Certified Information Systems Auditor and a Certified Risk Management Auditor.

- **Experience:** Over 20 years of experience in Internal Audit, Internal control and compliance management.

### Mr. Abdullah Al Harbi – Information Technology Director

- **Previous positions:** Mr. Al Harbi held many 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.
- **Qualifications:** Master of Science in Information Systems Management from De Montfort University in 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.
- **Experience:** Over 13 years of experience in IT, Business and Corporate Strategy. He has previous experience and strong knowledge in ERP Systems, Business Applications, Project & Portfolio Management Systems, Business Relationship Management, Business Analysis and IT-Business Strategy.

### Mr. Faris Al Gahtani – Head of Investor Relations

- **Previous positions:** Prior to joining Arabian Centres Company, Mr. Al Gahtani held the position of Investor Relations Manager in Dur Hospitality Company. And prior to that, Mr. Faris held the position of Investor Relations Team Leader at Zain Saudi Arabia. He also held couple of positions at KPMG Saudi Arabia over five years, where the last position was Senior Financial Analyst.
- **Qualifications:** Bachelor's in Finance from King Fahad University of Petroleum & Minerals, Dhahran, Saudi Arabia, in 2006.
- **Experience:** Over 14 years of experience in the fields of Investor Relations, Financial Advisory, Public Relations, Corporate Governance.

### b. Senior Executives Remuneration\*

the below table details the total remuneration paid to the top five senior executives (including the CEO and CFO), of which are not board members, during the financial year ended 31 March 2022:

(In thousand Saudi Riyals)

<b>Fixed</b>	Salaries	8,785
	Allowances	640
	In-kind Benefits	-
	<b>Total</b>	<b>9,425</b>
<b>Variable</b>	Periodic remuneration	9,096
	Profits	-
	Short-term incentive plans	-
	Long-term incentive plans	-
	Granted Shares (Value)	-
	<b>Total</b>	<b>9,096</b>
End of Service Benefits		2,345
Other Benefits		-
<b>Grand Total</b>		<b>20,866</b>

\* The Company is committed to disclose total remuneration of the Senior Executive Management in accordance with the requirements of Article 93 (4-b) of the Corporate Governance Rules. To protect the interests of the Company, its shareholders, and its employees, and to avoid any damage that may result from the disclosure in details as per job titles and positions, hence description of remuneration is not presented pursuant to Appendix (1) Remuneration Schedule of Corporate Governance Rules related to Senior Executives.

### c. Description of Any Interest of the Senior Executives and their Relatives in Shares or Debt Instruments of the Company:

No.	Name	Shares at Beginning of Year	Shares at End of Year	Change	% Change
1	Mr. Mohamad Mourad (Acting CEO)	-	-	-	-
2	Mr. Waleed Al-Rebdi (Chief Financial Officer)	-	-	-	-
3	Mr. Ghassan Abu Mutair (Chief Development & Delivery Officer)	-	-	-	-
4	Mr. Turki Al Zahrani (Chief Support Services Officer)	-	-	-	-



5	Mr. Khalid Al Janahi (Chief Leasing Officer)				
6	Mr. Naji Fayad (Director of Internal Audit)	-	-	-	-
7	Mr. Abdullah Al Harbi (IT Director)	-	-	-	-
8	Mr. Faris Al Gahtani (Head of Investor Relation)	-	-	-	-

Declarations:

- 1) There is no interest of the senior executives' relatives in the shares of the Company.
- 2) There is no interest of the senior executives and their relatives in the debt instruments of the Company.

## 6. Waived Remuneration and Compliance

- a. The company did not receive any notification that any of the Company directors, senior executives or shareholders have waived any remuneration/dividends.
- b. The remuneration is paid to the members of the Board of Directors, the members of the board committees and senior executives, that is shown in the related tables in this report, in accordance with the “Remuneration Policy for Board of Directors, Committees and Executive Management” approved by the Shareholders General Assembly on 30 September 2020 and based on the recommendation of the Nomination and Remuneration Committee. Knowing that there was no deviation in the remuneration payment from the

## 7. Annual Review of Internal Controls Effectiveness

The internal control system has an important role to play in the success of any organization. Arabian Centres is committed to ensuring an effective internal control system to achieve regulatory objectives, asset protection, accurate internal and external reporting, risk reduction and adherence to regulatory requirements.

The Internal Audit Department carries out its functions according to the audit regulations adopted by the Company's Board of Directors. The Internal Audit Department provides independent objective services to assist the Board of Directors, the Audit Committee, and the Executive Management in discharging their responsibilities. The Internal Audit Department is not subject to any influence by the Executive Management and has full powers and unrestricted access to all documents and personnel required for the performance of its work. In carrying out its work, the Internal Audit Department adopted a systematic approach to evaluate and improve internal control effectiveness to achieve the Company's objectives and protect its assets.

The scope of work of the Internal Audit Department included examining the adequacy and effectiveness of the internal control system of the Company to verify whether the Company's internal systems, in particular the financial and administrative regulations and policies and the Corporate Governance frameworks approved by the Board of Directors, General Assembly and legislative and regulatory controls, ensure the achievement of the objectives of the Company.

The scope of internal audit management included:

- Audit and periodic examination of the majority of the Company's departments, giving priority to internal activities and jobs depending on the degree of risk.
- Informing officials in the various departments whose work has been examined of the observations revealed during the examination process as well as recommendations raised to management to address these observations.
- Evaluation of the procedures provided by executives in different departments to address the observations and implement the recommendations contained in the audit reports. In case of insufficient procedures, the matter was discussed with the executives to ascertain the efficiency and adequacy of the measures taken.

The Audit Committee studied and followed up with the implementation of the approved audit plan with the Internal Audit Department as well as following up with the implementation of the recommendations contained in the internal audit reports. The Company has taken positive steps to strengthen its internal control system, maintain the Company's assets and provide reasonable assurance about the integrity of financial reports prepared from accounting records. The Internal Audit Department of the company examines the internal control system on an ongoing basis to ensure its efficiency and effectiveness and carry out financial and operational reviews to evaluate the company's business.

The internal control system of the Company includes those policies and procedures which:

- Relate to maintaining records in such a way as to ensure the availability of detailed and accurate information and reflect substantially the fact of transactions and disposals in the assets of the company.
- Provide reasonable assurance that the registration of transactions allows the preparation of financial statements in accordance with the accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.
- Provide reasonable assurance as to the timely prevention or disclosure of unauthorized purchase, use or disposition of the Company's assets that could have a material impact on the financial statements.

The Audit Committee oversees the Internal Audit work, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the External Auditor's reports and management letter, which might include any lack of internal control noted by the External Auditor as part of its internal controls' assessment. This comes within the objectives of the Board of Directors to obtain reasonable assurance about the soundness of the design and effectiveness of the performance of the Company's internal control system.

Based on the above, the Audit Committee believes that the internal control system within the Company is appropriately designed and effectively serves organizational objectives, operational efficiency, financial reporting reliability and regulatory compliance. No material deficiency or material weakness was found, although some improvements are needed and were communicated to the management, which is actively working on enhancing the controls based on audit recommendations.

*It is worth noting that all Audit Committee recommendations are consistent with the decisions of the Board of Directors.*

## 8. Subsidiaries and Affiliates

Name of Subsidiary*	Capital (SAR)	Nature of Business	Ownership %	
			Direct	Indirect
Riyadh Centres Company Limited	500,000	Real Estate	95%	5%
Al Bawarij International for Development & Real Estate Investment Company	500,000	Real Estate	95%	5%
Al Makarem International for Real Estate Development Company	500,000	Real Estate	95%	5%
Oyoun Al Raed Mall Trading	100,000	Real Estate	95%	5%
Oyoun Al Basateen Company for Trading	100,000	Real Estate	95%	5%
Al-Qasseem Company for Entertainment and Commercial Projects Owned by Abdulmohsin Al Hokair and Company	500,000	Real Estate	50%	-
Yarmouk Mall Company Limited	500,000	Real Estate	95%	5%
Al Erth Al Matin Trading Company (i)	100,000	Real Estate	-	-
Arkan Salam for Real Estate and Contracting Company Limited (i)	1,000,000	Real Estate	-	-
Mall of Arabia Company Limited	500,000	Real Estate	95%	5%
Aziz Mall Trading Company Limited (i)	500,000	Real Estate	-	-
Dhahran Mall Trading Company Limited	500,000	Real Estate	95%	5%
Al Noor Mall Trading Company Limited	500,000	Real Estate	95%	5%

Name of Subsidiary*	Capital (SAR)	Nature of Business	Ownership %	
			Direct	Indirect
Al Yasmeen Mall Trading Company	100,000	Real Estate	95%	5%
Al Dammam Mall Trading Company	100,000	Real Estate	95%	5%
Al Malaz Mall Trading Company (i)	100,000	Real Estate	-	-
Al Hamra Mall Trading Company	100,000	Real Estate	95%	5%
Al Erth Al Rasekh Trading Company	100,000	Real Estate	95%	5%
Derayah Destination Arabia Diversified Fund (ii)	-	Real Estate	100%	-

\* All subsidiaries are limited liability companies incorporated in KSA.

- (i) The Group has disposed these subsidiaries during the year. The sale was made at the net book value of the disposed subsidiaries for total consideration zero. Accordingly, loss of SR 18,194,017 recognized on the sale transaction. In addition, the liabilities appearing in the financial statements of those subsidiaries have been waived by the Ultimate shareholder of the subsidiaries. Consequently, the gain on disposal of subsidiaries amounted to SR 18,194,017 has been recognized in the consolidated statement of profit and loss.
- (ii) During the year ended March 31, 2022, The Group invested in a newly established private real estate fund called Derayah Destination Arabia Diversified Fund. The group signed an agreement with Derayah Financial Company to manage the fund. The group transferred one of its investment properties to the fund amounted to SAR 150.5 Million, As of March 31, 2022, the Group owns 100% unit of the fund.

## 9. Shares and Debt Instruments Issued by Subsidiaries

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million). On 28 July 2021, the Company has issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million). Both issuances carry a yield payable on semi-annual basis and maturity in a five and half year.

Proceed from the issuances were used to settle an amount of USD 200 million (SAR 750 million) outstanding on the Company's revolving credit facility and an amount of USD 497 million (SAR 1,864 million) on its existing Murabaha/Ijara facility. A further USD 28 million (SAR 105 million) on the Murabaha/Ijara facility was settled during the financial year 2022 using the proceeds from the Sukuk issuance, in accordance with the facility repayment plan.

Arabian Centres' second Sukuk issuance received ratings of Ba2 and BB+ (EXP) from Moody's and Fitch, respectively. The issuance was two times oversubscribed, with non-GCC international investors accounting for 65% of the total transaction allocation. The pricing of the additional issuance to Sukuk II certificates provided savings of approximately 1 percent over the Q1-FY22 issuance and was three times oversubscribed, with the initial issuance size growing from USD 150 million to USD 225 million as a result. Those issuances came in line with ACC's financial strategy of transitioning from a fully secured capital structure towards unsecured financing.

## 10. Interests and Contractual Rights for BoD Members, Executives and Relatives in Shares and Debt Instruments

There are no interests, contractual securities or rights issues with the Board Members, senior executives and their spouses and minor children on shares or debt instruments of the company or its affiliates (other than those mentioned in sections "Board of Directors" and "Senior Executives" in this report).

## 11. Related Parties Transactions

### Related Party Transactions Policy

The Company relies upon a number of important relationships with various related parties such as tenants and suppliers of construction and other services, which are material to conducting business. In view of the significance of these relationships and to reflect the conflict-of-interest provisions contained in the Corporate Governance Regulations and the Companies' Law, the Company adopted a Related Party Transactions Policy on 06/01/1440H (corresponding to 16/09/2018) to ensure that these relationships are conducted on an arm's length basis and on normal commercial terms. The Board believes that this policy will not only assist the Company in fully complying with its legal obligations with respect to related party transactions, but will promote best practices 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 directors who do not have an interest in the relevant transaction). This happens 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 through which no director has an interest in the relevant transaction. Pursuant to the Companies' Law and the Corporate Governance Regulations, shareholders through which a director has an interest in the relevant related party transaction are not permitted to vote on the resolution for the approval of such transaction.

The Related Party Transactions Policy contemplates that the Company will enter into "framework agreements" to govern relationships with certain related parties which are material to conducting Company business. The framework agreements are intended to set forth a broad framework for the related parties' relationship, to ensure that transactions entered into between the Company and the Related Party are conducted on an arm's length basis. Framework agreements will not be entered into with related parties, where the related party transactions involved are more likely to be less material, low value and/or conducted on an ad hoc basis. Nevertheless, all related party transactions, whether conducted pursuant to a framework agreement or not, will be subject to the review and approval procedures described above.



Related Party transactions are regulated by relevant Saudi laws and regulations regarding the entering into of such transactions.

### Summary of Transactions with Related Parties

A summary of the related parties with whom the Company conducts business together with a description of the relationship, and a confirmation of whether a framework agreement will be entered into, is set out below:

Entity	Nature of Transactions with the Company	Aggregate Value of Dealings as of 31 March 2022	Nature of Related Party Relationship
Fawaz Abdulaziz Al Hokair Company and its subsidiaries (i)	Fawaz Abdulaziz Al Hokair Company is one of the Group's Key Account Tenants and leases stores in various of the Company's malls.	375,391,063	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Saudi FAS Holding Company	Renting of office space and other business support activities.	38,210,733	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are direct controlling shareholders.
FAS Holding Company for Hotels and its subsidiaries (ii)	FAS Holding Company for Hotels is a subsidiary of the Company's parent Saudi FAS Holding Company. FAS Hotels settled SR 131.3 million by transferring lands and a building to the Company.	218,982,570	Fawaz Abdulaziz Alhokair and Salman Abdulaziz Alhokair, as directors of the Company, are indirect controlling shareholders.
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries (iii)	Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.	27,758,647	Owned by a relative of the controlling shareholders.
Lynx Contracting Company (formerly	Currently, the Company exclusively relies on FARE for	627,830,806	Fawaz Abdulaziz Alhokair and Salman Abdulaziz

known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company) (iv)	the construction of its shopping malls.		Alhokair, as directors of the Company, are indirect controlling shareholders.
Tadaris Al Najd Security Company (v)	TNS provides security services to all of the Company's shopping malls.	51,093,917	Salman Abdulaziz Alhokair, as a director of the Company, is the direct sole shareholder.
Majd Al Amal Co. Limited and its associates (vi)	Leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years.	22,887,263	Owned by relatives of the controlling shareholders.
Salman & Sons Holding Co and its associates (vii)	Leases spaces in several of the Company's shopping malls mainly for entertainment purposes.	52,646,187	Owned by relatives of the controlling shareholders.
Ezdihar Holding Co and its subsidiaries (viii)	Leases spaces in several of the Company's shopping malls mainly for trading purposes.	44,856,125	Owned by relatives of the controlling shareholders.
Others (ix)		5,196,892	

- (i) Fawaz Abdulaziz Al Hokair Company is one of the Group's Key Account Tenants and leases stores in various of the Company's malls. The Company is party to a framework agreement with Fawaz Abdulaziz Al Hokair Company which aims to ensure that all tenancy leases between the parties for all of the Company's malls are conducted on a basis which are approved by the management / Board of Directors.
- (ii) FAS Holding Company for Hotels is a subsidiary of the Company's parent Saudi FAS Holding Company where no framework agreement is signed with the Company. During the year, as per mutual agreement between Saudi FAS Holding Company (Ultimate Parent Company), FAS holding Company for Hotels and Arabian Centres Company, FAS Hotels settled SR 218.9 million (SR 131.3 million as of 31 March 2021) by cash and by transferring lands to the Group (Refer note 8). The titles of these lands are in the name of Saudi FAS Holding Company (Ultimate Parent Company) and transfer of title deeds are in the process.
- (iii) Abdul Mohsin Al Hokair Group for Tourism and Development leases space for indoor and outdoor family entertainment centres in the Group's shopping malls where no framework agreement is signed with the Company. These leases range from 5 to 10 years in length. Abdul Mohsin Al Hokair and Tourism and Development is owned by a relative of the Controlling Shareholders.

- (iv) With the consent of the shareholders of the Company, the Company has signed framework agreement for the construction of all projects are awarded to other related party Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company).
- (v) Tadaris Alnajd Security Company (TNS) currently provides security services to all of the Company's shopping malls. The Company entered into a civil security services agreement with TNS providing that TNS provides civil security services in the malls, which includes the provision of security guards and other security personnel and security vehicles. The agreement is automatically renewable by mutual consent. The Company is party to a framework agreement with TNS to ensure all contracts and services were concluded on a purely commercial basis.
- (vi) Majd Al Amal Co. Limited and its associates is a mix of entities which leases spaces in several of the Company's shopping malls. The term of the leases range from 3 to 7 years. The Company is owned by close family members of the Controlling Shareholders. Entities includes Majd Al Amal Co. limited (framework agreement in place), Wealth Company Limited, Almuzn Foods and Sarya Al Majd Co. where no framework agreements are signed between these companies and the Company.
- (vii) Salman & Sons Holding Co and its associates is a mix of entities which leases spaces in several of the Group's shopping malls mainly for entertainment purposes. These entities are owned by controlling shareholder (Salman Abdulaziz Alhokair) and their close family members. These are as follows:
  - a. Sala Entertainment Company leases space for an indoor soft play entertainment venue in the Company's shopping malls. The leases are for a term of 10 years. No framework agreement is signed with the Company.
  - b. 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. The Company is party to a framework agreement with Kids Space Company to ensure all lease contracts were concluded on a purely commercial basis.
  - c. Via Media, Vida first for beverages Est., Vida Trading Est. and Fashion District Co. leases spaces in several of the Group's shopping malls. The term of the leases range from 1 to 3 years. No framework agreements are signed between these companies and the Company.
  - d. Skills Innovative Games leases space for entertainment venues in Yasmeen Mall Jeddah. The term of the lease is approximately 10 years. The Company is party

to a framework agreement with Skills Innovative Games to ensure all lease contracts were concluded on a purely commercial basis.

- (viii) Ezdihar Holding Co and its subsidiaries is a mix of entities which leases spaces in several of the Company's shopping malls mainly for trading purposes. These entities are owned by close family members of the Controlling Shareholder (Fawaz Abdulaziz Alhokair) and their close family members. These are as follows:
- a. Next Generation Company Limited currently leases cinemas and space planned for cinemas in the Company's shopping malls. The Company is party to a framework agreement with Next Generation Company Limited to ensure all lease contracts were concluded on a purely commercial basis.
  - b. Ezdihar Sports Co. leases space for a fitness centre in U-Walk. The term of the lease range is approximately 10 years. The Company is party to a framework agreement with Ezdihar Sports Co. to ensure all lease contracts were concluded on a purely commercial basis.
- (ix) Others mainly include transactions with Etqan Facilities Management, FAS Technologist Trading Company, Coffee Centres Company Limited, Nail Place Trading Est and Food and Entertainment company Limited where framework agreements are in place with these companies. Others also include Echo Design Consultant and Fahad Abdulaziz Al Hokair Trading EST where no framework agreements are in place.

The following transactions took place with the board of director members (as disclosed in notes to F/S for the year ended on 31 March 2022):

Description	SAR
<b>Board of Directors</b>	
Board of Directors expenses	5,539,343

#### Summary of Account Balances with Related Parties:

Entity	Balances as of 31 March 2022
Saudi FAS Holding Company	47,146,009
Fawaz Abdulaziz Al Hokair Company and its subsidiaries	129,377,038
FAS Holding Company for Hotels and its subsidiaries	--
Abdul Mohsin Al Hokair Group for Tourism and Development and its subsidiaries	3,026,229
Lynx Contracting Company (formerly known as Fawaz Abdulaziz Al Hokair & Partners Real Estate Company)	595,352,020
Tadaris Al Najd Security Company	20,840,813
Majd Al Amal Co. Limited and its associates	33,248,863
Salman & Sons Holding Co and its associates	38,847,672
Ezdihar Holding Co and its subsidiaries	43,892,560
Others, net	8,891,344

## 12. Conflict of Interest

Neither the Company's bylaws nor any of the Company's internal regulations and policies grant any director the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies' Law which states that a Member of the Board of Directors should not have any interest, whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly.

Pursuant to Article 71 of the Companies' Law, a member must inform the Board of Directors of any interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies' Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All related party transactions will be made on an arm's length basis in accordance with the terms of the Related Party Transactions Policy.

As of the date hereof, none of the members of the Board of Directors, senior executives or current shareholders are party to any agreement, arrangement or understanding under which they are subject to any non-compete or similar obligation with respect to the business of the Company.

## 13. Borrowings

In November 2019, the Group entered into a long-term Islamic facility arrangement amounting to SR 5,250 million (equivalent to 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 except for the revolving Murabaha facility where only an amount of SAR 175 million is utilized. However, this new facility has been used to settle in full the previous facility completed in April 2018.

On 7 April 2021, Arabian Centres Sukuk II Limited (a special purpose company established for the purpose of issuing Sukuk) completed the issuance of International USD denominated Shari'ah compliant Sukuk "Sukuk II Certificates" amounting to USD 650 million (equivalent SR 2,437.5 million). On 28 July 2021, the Company has issued additional Sukuk II certificates amounting to USD 225 million (equivalent SR 843.75 million). Both issuances carry a yield payable on semi-annual basis and maturity in a five and half year.

Proceed from the issuances were used to settle an amount of USD 200 million (SAR 750 million) outstanding on the Company's revolving credit facility and an amount of USD 497 million (SAR 1,864 million) on its existing Murabaha/Ijara facility. A further USD 28 million (SAR 105 million) on the Murabaha/Ijara facility was settled during the financial year 2022 using the proceeds from the Sukuk issuance, in accordance with the facility repayment plan.

The below table details the borrowing details of the Company during FY2022:

Borrowing type	Balance at 01-Apr-2021	Period	Net drawdown / (repayments) during year	Balance at 31-Mar-2022	Maturity date
Long-term Islamic facility	5,204,993,272	3 to 12 years	(2,481,577,603)	2,723,415,669	2025-2034
Sukuk I	1,874,950,000	5 years	-	1,874,950,000	2024
Sukuk II	-	5.5 years	3,281,250,000	3,281,250,000	2026
<b>Total</b>	<b>7,079,943,272</b>		<b>3,456,250,000</b>	<b>7,879,615,669</b>	

\* The above long-term Islamic facility has been lent by number of local and international banks, led by Saudi National Bank (SNB).

## 14. Outstanding Statutory Payments

Government Party	Actual Payments for the Fiscal Year ended on 31 March		Accruals for the Fiscal Year ended on 31 March	
	2022	2021	2022	2021
Zakat and Value Added Tax (VAT)	174,202,827	68,669,930	60,102,099	33,234,312
GOSI	8,239,797	9,558,331	1,708,950	1,109,226
Passports and visas	1,508,805	3,125,563	-	-
Baldiya	1,021,663	2,054,174	-	-
Chamber of Commerce	238,335	760,832	-	-
<b>Total</b>	<b>185,211,427</b>	<b>84,168,830</b>	<b>61,811,049</b>	<b>34,343,538</b>



## 15. Zakat, Taxes and Fees

### Status of Zakat Assessments

The Group has submitted the zakat return up to the year ended 31 March 2021 and obtained the provisional zakat certificate. The zakat certificate is valid until 31 July 2022. Until the year ended 31 March 2019, the Ultimate Parent Company prepared and submitted combined zakat returns for the Ultimate Parent Company and its wholly owned subsidiaries, including Arabian Centres Company, to Zakat, Tax and Customs Authority as per Zakat, Tax and Customs Authority letter. The ultimate parent Company has received final assessment order for zakat until the year 31 March 2016.

The Ultimate parent company has allocated SR 38.6 million as Group's share of Zakat liability for the years 2017 to 2019. The group has Zakat provision of SR 77.3 million for the years 2017 to 2019. Accordingly, the Group has recorded the reversal of excess provisions in the consolidated statement of profit or loss for year ended 31 March 2021. Any additional settlements with Zakat, Tax and Customs Authority until the years 2019 will be borne by ultimate parent company.

### Movements in Zakat Provision During the Year

The movement in the provision for zakat is as follows:

Item	31 March 2022 (Saudi Riyal)	31 March 2021 (Saudi Riyal)
Balance at beginning of the year	24,278,533	78,524,952
Excess provision reversed	(2,222,215)	(38,641,266)
Provision for the year	41,992,138	25,000,000
	<b>39,769,923</b>	<b>(13,641,266)</b>
Transferred to Ultimate Parent Company	--	(20,319,528)
Paid during the year	(22,860,734)	(20,285,625)
<b>Balance at end of the year</b>	<b>41,187,722</b>	<b>24,278,533</b>

## 16. Dividends

### A) Dividends Distribution Policy

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 10% of the net profit shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.
- The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve, to be allocated towards one or more specific purposes.
- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. Said assembly may also deduct amounts from the net profits for the establishment of social institutions for the Company's employees, or to help existing institutions.
- Out of the balance of the net profits, shareholders shall be paid an initial payment amounting to 5% of the Company's paid-up capital.
- Without prejudice to the provisions of Article 21 hereof and Article 76 of the Companies' Law, no more than 5% of the remainder shall be allocated to remunerate the directors, provided that the remuneration is commensurate with the respective number of sessions attended by each member.
- The remainder shall then be distributed to shareholders as an additional share of profits or deferred to the following years as approved by the General Assembly.
- The Board of Directors may resolve to distribute periodic dividends deducted from the annual profits specified in paragraph (4) of this article in accordance with the rules governing said distribution as issued by the competent authorities.

## B) Dividends Distribution for the periods of the financial year 2022 (Ended 31 March 2022):

Distribution Period	Distribution Date	Amount Per Share (SAR)	Total Distribution Amount (SAR Mn)	Period Net Income (SAR Mn)	% Of Distribution to Net Income
1H-2022	14-Feb-2022	0.75	365.25	217.10	164%
2H-2022	Until the issuance of this report, Dividend distribution has not been decided for 2H-2022				

## 17. Investments and Reserves Made to the Benefit of Employees

There are no investments or reserves created for the benefit of employees other than those determined according to the labor system in the Kingdom.

## 18. Fines and Penalties

No penalties have been imposed on the Company by the Capital Market Authority during the fiscal year 2022 (financial period from 1 April 2021 to 31 March 2022).

## 19. Shareholders Register Applications

The below table summarizes the number and dates of Shareholders Register applications requested by the Company and the reasons for that during the fiscal year ended on 31 March 2022:

No.	Date	Reason
1	04-Apr-2021	Company's procedures
2	07-Apr-2021	Company's procedures
3	03-May-2021	Company's procedures
4	18-May-2021	Company's procedures
5	05-Jul-2021	Dividend Distribution related to 2 <sup>nd</sup> half of FY2021
6	02-Jun-2021	Company's procedures
7	14-Jul-2021	Company's procedures
8	27-Jul-2021	Company's procedures
9	12-Sep-2021	Company's procedures
10	30-Sep-2021	Shareholders General Assembly
11	11-Nov-2021	Company's procedures
12	17-Nov-2021	Company's procedures
13	03-Jan-2022	Company's procedures
14	26-Jan-2022	Company's procedures
15	30-Jan-2022	Dividend Distribution related to 1 <sup>st</sup> half of FY2022
16	31-Jan-2022	Company's procedures
17	20-Feb-2022	Company's procedures
18	02-Mar-2022	Company's procedures

## 20. Major Shareholders List

Below are the major shareholders list of the Company, and movements during the fiscal year 2022, and a description of any interest in a class of voting shares held by persons (other than the Company's directors, senior executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year:

No.	Name	Shares at Beginning of Year (Millions)	% Of Capital	Shares at the Year End	% Of Capital	Change (Millions)	% Change
1	FAS Real Estate Co.	197.4	41.6%	197.4	41.6%	-	-
2	Mr. Fawaz Al-Hokair	38.0	8.0%	40.9	8.6%	2.9	7.6%
3	Eng. Salman Al-Hokair	38.0	8.0%	38.0	8.0%	-	-
4	Dr. Abdulmajid Al-Hokair	38.0	8.0%	38.0	8.0%	-	-
5	Al Farida Al-Thaniah Co.	19.0	4.0%	19.0	4.0%	-	-
6	Al Farida Al-Thalitha Co.	19.0	4.0%	19.0	4.0%	-	-
7	Al Farida Al-Oula Co.	10.3	2.2%	5.3	1.1%	(5.0)	(48.5%)
8	SAAF Al-Alamiya Co.	11.4	2.4%	3.9	0.8%	(75)	(65.8)
<b>Total</b>		<b>371.1</b>	<b>78.1%</b>	<b>361.5</b>	<b>76.1%</b>	<b>(9.6)</b>	<b>(2.6%)</b>

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Company confirms that it has not received any written notification during the fiscal year ended on 31 March 2022 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 March 2022.

## 21. Board of Directors Declarations

- 1) No third party has carried out an assessment of the performance of the Board of Directors and performance of its committees. However, the Board of Directors conducted a self-evaluation of the board and committees' performance, and results were compiled, analyzed, shared, and discussed at the board level with areas of improvement prioritized for immediate action.
- 2) There is no conflict between the recommendations of the Audit Committee and the Board resolutions regarding appointing or dismissing the Company's External Auditor, or determining its remuneration, assessing its performance and independence or appointing the Internal Auditor.
- 3) There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year.
- 4) No convertible debt instruments, contractual securities, subscription right notes or similar rights were issued/ granted by the Company during the financial year.
- 5) No conversion or subscription rights under any convertible debt instruments, contractual securities, subscription right notes or similar rights were issued or granted by the Company.
- 6) There was no redemption, purchase or cancellation by the Company of any redeemable debt instruments.
- 7) No shareholder of the Company has waived any rights to dividends.
- 8) No investments or reserves were made or set up for the benefit of the employees of the Company.
- 9) The auditor's report does not contain any reservation about the approved annual financial statements.
- 10) The Board of Directors did not recommend replacing the external auditor before the end of their term.
- 11) There are no treasury shares retained by the Company.
- 12) There is no inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants.
- 13) The Board of Directors declares the following:
  - a) Proper books of accounts have been maintained.
  - b) The system of internal control is sound in design and has been effectively implemented.
  - c) There are no significant doubts concerning the Company's ability to continue as a going concern.