

**Saudi Real Estate Company**  
**"Al Akaria"**

Board of Directors Report for the year 2021

Al Akaria Company's Board of Directors is pleased to present to the esteemed shareholders the annual report that reviews the performance and achievements of the Company during the financial year ending on 12/31/2021.

It is prepared in accordance with the requirements of the Corporate Governance Regulations as well as the registration and listing rules issued by the Capital Market Authority, the Companies Law and the Company's Articles of Association.

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## Message of the chairman:

Dear Shareholders of the Saudi Real Estate Company,

Peace be upon you and God's mercy and blessings be upon you:

We are pleased to present to you the annual report of the "Real Estate" company and its financial statements for the year 2021.

Everyone knows the fundamental change in the Kingdom of Saudi Arabia

Starting from the launch of the Kingdom's Vision 2030 to the qualitative projects that have been launched,

This reality prompted us to adopt a new strategy to keep pace with these changes.

So we have endeavored to align the company's objectives with the rapid changes in the market, as

The board of directors and the executive management of the company worked diligently to change the strategic directions of the company and reconsider the objectives

And the priorities to ensure achieving the best results at all levels, so that we can continue to be entrepreneurial.

In conclusion, we can only express our deep gratitude to our wise leadership for their dedicated efforts.

Blessing that contributed to the sustainability of the wheel of economic activity under unprecedented circumstances,

To our valued partners and shareholders for their continuous support, and to the Al Akaria family and our qualified cadres, we say:

Thank you for your sincerity, commitment and dedication towards achieving our common goals

And to ensure our continuity and leadership in the real estate development sector.

And tomorrow, is better.

## Message of the Chief Executive Officer:

Dear Shareholders of the Saudi Real Estate Company,

Peace be upon you and God's mercy and blessings be upon you:

First of all, we thank God Almighty for the blessings and elements that the country has enjoyed, represented in giving, development and prosperity in all respects, thanks to the grace of God Almighty.

From God Almighty, then thanks to the wise leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz and his trusted Crown Prince, His Highness Royal Prince Mohammed bin Salman, may God protect them.

The Saudi Real Estate Company has qualified its cadres to strive to keep pace with the vision of the Kingdom of Saudi Arabia 2030 by changing

Directions in the company's strategy and reconsideration of goals and priorities to ensure the achievement of the best results at all levels, resulting in

By the grace of God, then with the support and supervision of the Board of Directors, the launch of the company's strategy in addition to the completion of the largest number of its projects to keep pace with the vision

The company is building a richer life experience.

In conclusion, I would like to take this opportunity to extend my sincere thanks to the Board of Directors for their continuous support and guidance, and to the success partners in the march

The company and the shareholders, and in particular, I thank the company's work team for their dedication and hard work in order to achieve the company's goals And his belief in the company's access to stability in the leadership of the development sector.

## Board Members:



Eng. Ayman bin Mohammed Al-Mudaifer  
(Chairman of the Board)



Mr. Bandar bin Abdul Rahman bin Muqrin  
(Vice Chairman of the Board)



Mr. Ibrahim bin Muhammed Al Elwan  
CEO & MD



Mr. Nayef bin Saleh Al-Hamdan  
Board Member



Mr. Muhammed bin Saad bin Daoud  
Board Member



Dr. Nasser bin Saeed bin Kadsa  
Board Member



Eng. Abdul-Ali bin Muhammed Al-Ajmi  
Board Member



Eng. Abdulaziz bin Saleh Al-Anbar  
Board Member



Mr. Abdel Fattah Khalil Abdel Fattah Kurdi  
Board Member

## About Al Akaria

- Main Activity
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### **Company Profile**

Saudi Real Estate Company “AL-AKARIA” is a Saudi joint-stock company established under the Royal Decree No. (M / 58) on 17/07/1396 corresponding to 15/07/1976, registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. (1010012539) on 17/06/1397 corresponding to 04/06/1997. The Public Investment Fund owns 64.57% of the Company’s shares, while the remaining shares, which represent 35.43%, are owned by other shareholders, each owns less than 5%.

## **Our Vision**

**To Build the Finest Living Experience in the Kingdom of Saudi Arabia**



## **Main Activity**

### **Description of the company's main activities:**

The objectives of the company, according to the articles of association, are as follows:

#### **1- Real estate development includes:**

A- Land projects: the development of basic infrastructure for undeveloped lands.

B - Residential and commercial projects: The development of residential and commercial projects and the sale of units in these projects.

#### **2- Property management and leasing: -**

Managing residential and commercial properties for its own or for the others. The number of residential units reached (1410) and the areas of leased commercial units reached (181,741 m2) during 2021 in Riyadh.

#### **3- Contracting works: -**

The purchase and production of materials and equipment needed for construction, selling and leasing them, carrying out contracting works for buildings and carrying out all the work related to achieving its purposes.

## **Strategic Orientation**

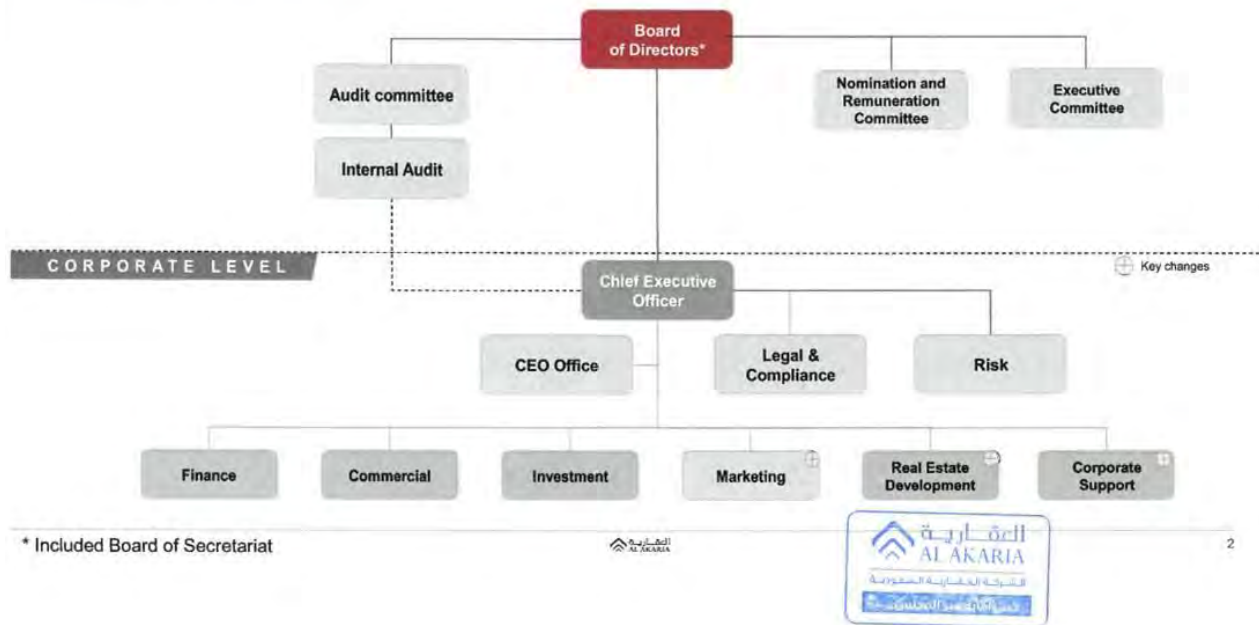
**The Saudi Real Estate Company is working on implementing its strategy 2021-2025, which was approved at the beginning of 2021, which includes:**

- Working on updating the business model, focusing on modern multi-use projects that keep pace with the current market requirements, in addition to activating the role of strategic partnerships
- Aligning the company's goals and business with the vision of the Kingdom of Saudi Arabia 2030 by working to implement quality projects that enhance the concept of quality of life.
- Restructuring debts and reducing costs by dispensing with unprofitable assets and partnerships.
- Expansion by developing 350,000 square meters and reviving previous projects by renewing 100,000 square meters by 2025.
- Improving the internal situation of the system and applying the best international practices, which enhances the performance of operations and develops experiences

## **Organizational Structure**

## Board, Sub-Committees, and Operations Structure

### GOVERNING BODIES



## **Important events of 2021**

Launching the company's strategy 2021 – 2025

- Launching the investment plan and strategy 2021 - 2025
- Completion of Al Dahya complex project in Al-Rimal neighborhood in Riyadh
- Completion and rehabilitation of Gate (9) of the residential complex in Olaya district in Riyadh
- Rehabilitation of Diplomatic Quarter villas (first and second phases) in Riyadh

Liquidation of the Real Estate Development Fund

### **Launching the company's strategy 2021- 2025**

The Saudi Real Estate Company ("Al-Aqaria", "The Real Estate Company" or "the Company") worked during 2021 to implement the company's strategy prepared by the executive management in cooperation with the global consultant Bain & Co, in order to ensure the application of the best international practices in the field of real estate development and investment, so that the company will have a promising strategic plan for the real estate development sector in the Kingdom of Saudi Arabia, and from it the real estate company's vision "To Build the Finest Living Experience in the Kingdom of Saudi Arabia."

### **Launching the investment plan and strategy 2021 - 2025**

In cooperation with the financial advisor, Al-Ahly Capital Company, the company has developed a future investment plan and strategy, the aim of which is to define the investment program for the company during the coming years, based on which the capital structure necessary for the company to implement the investment program has been determined, in addition to rescheduling the financial loans and the mechanism for repaying them in the coming years. We enclose the following the most important achievements during the 2021, which relate to real estate projects that are completed, under study or under implementation, in addition to the operational, leasing and sales performance of the real estate portfolio and direct cash investments.

### **Completion of Al-Dahiya Complex Project in Al Rimal District in Riyadh**

The Company has completed all the construction works for Al-Dahiya Residential Complex, located in the north-east of Riyadh, which is a semi-closed residential complex on a land area of (430,757 m<sup>2</sup>) and contains (557) housing units and a garden with an area of (20,000 m<sup>2</sup>), and is fully equipped with infrastructure services. All residential units have been sold, and the company is currently handing over all sold residential units.

#### **Completion of development and rehabilitation project of Gate (9) of the residential complex in Al Olaya district in Riyadh:**

The Company has completed the development and rehabilitation project of Gate 9 located in Olaya street, Riyadh. The rehabilitation and development work of buildings and accompanying services have been completed, including finishes, some electromechanical works, architectural facades of buildings, and fences surrounding the residential complex.

#### **Completion of rehabilitation of Diplomatic Quarter villas (first and second phases) in Riyadh:**

The rehabilitation of a selected group of 17 residential units of villas of the first and second phases, in terms of finishes and some electromechanical and plumbing works, has been completed, and they have been fully leased before the end of 2021.

#### **Liquidation of Real Estate Development Fund**

It is a special fund established in 2018 under an agreement with Alinma Investment Company (a subsidiary of Alinma Bank) and the Saudi Real Estate Company in accordance with Sharia standards and controls approved by the Shariah Supervisory Board of the Fund Manager. During the year 2020, the Company has reassessed the feasibility of the Fund's projects (the Courtyard Marriott Hotel project in Al Zahra District and the Westin Riyadh hotel project in Al-Aqiq District) and reviewed the project financing structure and the costs involved in the Fund and its projects, such as the fees of the Fund Manager, financial auditor, evaluation, custodian and development consultant. Accordingly, the Company's board of directors has approved the closure of the Real Estate Development Fund. An agreement was signed to close the Fund during the year 2020. Due to the process of closing the fund, Akaria Company has incurred an amount of SAR (10) million in return for the fees owed to service providers to the Fund.

## Business sectors:

- Company facilities and occupancy rates
- Projects Sector
- Operating, leasing and selling
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## Company facilities and occupancy rates

The Company's management followed up on the operational performance of the income-generating assets during the year 2021, and the following is a presentation of the occupancy rates for commercial centers (office and commercial centers) and residential (villas and apartments) compared to the occupancy rates during the year 2020.

| Complex Name           | Fiscal Year 2020 |                    | Fiscal Year 2021 |                    |
|------------------------|------------------|--------------------|------------------|--------------------|
| Al Akaria Plaza Center | 94% for offices  | 75% for commercial | 92% for offices  | 70% for commercial |
| Al Akaria 1 Center     | 80% for offices  | 71% for commercial | 71% for offices  | 50% for commercial |
| Al Akaria 2 Center     | 85% for offices  | 49% for commercial | 84% for offices  | 37% for commercial |

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Al Akaria 3 Center                              | 64% for offices    | 32% for commercial | 67% for offices    | 29% for commercial |
| Al-Sitteen Commercial Center                    | 59% for offices    | 75% for commercial | 58% for offices    | 41% for commercial |
| Residential Compounds in the Diplomatic Quarter | 89% for villas     | 91% for apartments | 90% for villas     | 98% for apartments |
| La Casa Residential Compound                    | 61% for villas     | 11% for apartments | 95% for villas     | 52% for apartments |
| Al Akaria Residences Compounds (upper)          | 95% for apartments |                    | 70% for apartments |                    |

## Projects Sector

The real estate development sector is the main and vital hub for the implementation of the company's projects, as it is responsible for planning, studies, designs and implementation. In addition to the development and modernization of existing projects and facilities, by taking advantage of the company's experience to keep pace with modern, local and international technical methods in the field of development and implementation.

Below is a breakdown of the projects that were completed during the year, in addition to the projects under development and implementation, as well as the projects that are still under study and design.

- **Completed Projects (3)**
- **Projects under development (4)**
- **Projects under study and design (5)**
- **Land development and division projects**

## Completed Projects:

### Completion of Al-Dahiya Complex Project in Al Rimal District in Riyadh:

The Company has completed all the construction works for Al-Dahiya Residential Complex, located in the north-east of Riyadh, which is a semi-closed residential complex on a land area of (430,757 m<sup>2</sup>) and contains (557) housing units and a garden with an area of (20,000 m<sup>2</sup>), and is fully equipped with infrastructure services at a total cost (794 Million SR). The project offers an integrated lifestyle in the city of Riyadh, including residential units, gardens, and green spaces. Dahiya Residential Complex project is located in Al Rimal District and contains full infrastructure services such as water, sewage, electricity, telephone, streets and pedestrian paths, lighting, and a rainwater drainage network. The project was completed at the end of September 2021. All residential units have been completely sold, and the company is currently handing over all sold residential units.

#### **Completion of development and rehabilitation project of Gate (9) of the residential complex in Al Olaya district in Riyadh:**

The project is located on Musa Bin Nusair Street at the intersection with Musaed Al Anqari Street in Al Olaya area in the center of Riyadh, on land owned by the company with an area of 17,536 m<sup>2</sup>. The project contains (138) apartments for rent. Due to the old age of the residential buildings within Gate (9), the Company has completed the rehabilitation and modernization works of the buildings and the accompanying services, including finishes, some electromechanical works, the architectural facades of the buildings and the fences surrounding the residential complex, at a total cost of (26,619,703 million SR), it was completely rented. In addition, a new building was created inside the complex to contain the gym and cafe. The complex also contains 24hrs services, including security, maintenance and cleaning.

#### **Completion Rehabilitation of Diplomatic Quarter villas (first and second phases) in Riyadh:**

The rehabilitation of a selected group of 17 residential units of villas of the first and second phases, in terms of finishes and some electromechanical and plumbing works, has been completed, and they have been fully leased before the end of 2021.

#### **Projects under development:**

##### **Al Akaria Park Scheme project in Al Qadisiyah District in Riyadh:**

The land of the Al Akaria Park project owned by the company is located in the city of Riyadh in the Al Qadisiyah District, north of Dammam Road, with a total area of (1,913,399 m<sup>2</sup>). The Board of Directors decided to purchase the land in December 2021, as raw land, with a preliminary plan approved by the regulatory authorities. The Company signed a contract for the design and implementation of the infrastructure with Mohammed Al-Ojaimi Contracting Establishment in February 2022, at a total value of SAR 119.80 million. The Company obtained a license to sell off-plan through Wafi Program (License No. 123). The project was officially announced at Restatex Riyadh Real Estate Exhibition in March



2022, and sales for the first phase have begun. In addition, the establishment and construction of the sales center located on the project land has been completed to streamline sales and after-sales services in one center serving all customers.

#### **Rehabilitation of Al Akaria Residential Complex (Gate 7) in Riyadh:**

The Company has also commenced the restoration and modernization operations of Al Olaya Complex No. (7), located along Musaed Al Anqari Street in Al Olaya region in the center of Riyadh, on a land owned by the Company with an area of (17,077 m<sup>2</sup>). The project contains 128 apartments for rent. Due to the old age of the residential buildings within Gate (7), the company has started rehabilitation and modernization works for buildings and accompanying services, including finishes, some electromechanical works, architectural facades of buildings and fences surrounding the residential complex. With an expected cost according to the estimated budget (26 million SR). The restoration work is expected to be completed in the second quarter of 2022.

#### **Development and rehabilitation project of (6) housing units located in the Diplomatic Quarter in Riyadh:**

In 2021, the rehabilitation of a selected group of 6 housing units of villas belonging to the first and second phases, in terms of finishes, and some electromechanical and plumbing works, was launched in order to re-introduce them in the market with a higher quality and competitive prices. It is expected that the restoration work will be completed in the first quarter of 2022

#### **Development and rehabilitation project of (24) villas in the Diplomatic Quarter in Riyadh:**

The company has conducted a comprehensive survey through its specialized teams from a group of sections affiliated to its departments of all housing units of the company that are located within the Diplomatic Quarter to know their engineering and rental status and to determine their general status. Then, a report and a detailed study was prepared, and the units included were sorted out according to the nature of their needs in terms of development "development and alteration of design, general maintenance and renovations, cleaning and light maintenance, marketing." Accordingly, the streams adopted have been identified and the new design plan has been implemented, which aim at developing designs through applying the principle of modern, flexible, and more open design, as previously applied in

some units, borne fruits in terms of development and the launch of the lease process at improved prices that achieved its objectives.

The Company has developed its comprehensive plan, and the launching phase of the development process for the selected units is underway, each according to their needs and depending on the study outputs.

### **Projects under study and development:**

The Company is studying and planning to implement several potential projects, as follows:

#### **L'avenir Complex Project in Al Aqiq District in Riyadh:**

The project is located in a vital location in Al Aqiq District along the northern ring road in Riyadh, west of King Abdullah Financial District, on a land area of (25,500 m<sup>2</sup>). The project is about development of a hotel tower (approximately 300 rooms and hotel apartments approximately, until detailed designs are completed) with a view of the northern ring road, around which an open commercial complex is centered that provides commercial services, restaurants, cinema, entertainment services and various other activities. In addition, the initial design idea for the project was completed and detailed designs started after the initial approval was obtained from the Ministry of Municipal and Rural Affairs and Housing. Communication is currently underway with international hotel operators and management companies to determine the operator of the hotel, which will have a 4-star rating.

#### **The Gateway Complex project in Jeddah:**

The project land is located in Al Nahda District on King Abdulaziz Road, Jeddah on an area of (49,800 m<sup>2</sup>) opposite the Red Sea Commercial Complex. The economic feasibility study was completed to determine the best and optimal uses of the project land, which included the idea of a mixed-use commercial project that contains a recreational complex, shops and restaurants, in addition to a hotel and hotel apartments. The initial design idea for the project, which was put forward through a competition won by Chapman Taylor Company, has been completed. The initial design idea was submitted to the Jeddah Municipality through accredited consultants. Currently, work is also underway on the detailed designs of the project, in addition to communicating with international hotel management and operating companies to determine the operator of the hotel, which will be rated 4 stars.

**Tilal Al Riyadh Compound Project in Al Malqa District (Tilal Al Riyadh) in Riyadh:**

The project land is located on land owned by the company in Al Malqa district, Riyadh, where the company's management started the initial engineering designs work based on the economic feasibility study which concluded that the best development idea for the project land is the idea of a commercial complex that provides various commercial spaces dedicated for restaurants, cafes, and retail services. The land area is (21,561m<sup>2</sup>), and the development team is currently finalizing the design idea for the project with Benoy International Company to obtain the necessary initial approvals to get permission to commence construction and building works.

**Al Yamamah Compound Project in Diplomatic Quarter in Riyadh:**

The project is located on a land owned by the Royal Commission for Riyadh city, within the Diplomatic Quarter in Riyadh, next to Al Yamama Park, on a total area of (39,000 m<sup>2</sup>). The Company applied for the opportunity to develop the project through the Commission by leasing the land and developing it as a residential and commercial project. The Company is currently working with the Commission to finish the final designs of the project, which will contain various residential units of villas and apartments for annual rent, in addition to a commercial area that includes shops and restaurants for rent. The initial project idea was presented to the Commission for final approval to conclude the final contract for renting the land and developing the project.

**Business Complex Project in Al Narjis District in Riyadh:**

The project land is located on land owned by the company in Riyadh along Al-Takhassusi Road with a total area of (40,000 m<sup>2</sup>), where the Company's management has completed market and economic feasibility studies and started engineering design work based on the outputs of the economic feasibility study, which concluded that the best development idea for the project land It is the idea of a mixed-use office complex that provides various office spaces that will be serviced by other components such as shops dedicated to restaurants and public services in order to provide a destination for multi-service and multi-use business centers.

**Land development and division projects:**

The Company intends to purchase and develop a number of undeveloped lands in the city of Riyadh due to the nature of the increasing demand for developed lands with full infrastructure requirements. The Company has conducted a comprehensive study of multiple undeveloped lands sites in the city of Riyadh. The results of all studies confirm the profitability of undeveloped lands development projects due to the lack of supply in the local markets (especially in the city of Riyadh) and the steady increase in developed lands with full infrastructure requirements, as most of the undeveloped lands covered by the study were located in the north and north-east of the city Riyadh

## **Operating, leasing, and selling:**

### **1- Leasing activity:**

The Company's management maintained relatively high rental rates during 2021, despite the intense competition because of the increase in commercial and office spaces for new complexes and the continuing impact of Corona pandemic.

The occupancy rate of the Company's residential complexes reached (95%), after excluding the units under development in both Al Olaya residential and Diplomatic District, while for commercial complexes, it reached (80%) at the end of 2021 of the rentable units.

Work is also underway to study the extent of the possibility of developing and improving trade fairs located on the ground and first floors (markets) for each of the second and third commercial centers, where a company specialized in the redevelopment of commercial centers has been appointed, in order to obtain a study and a comprehensive work plan aiming at improving the rental and operation performance of the two malls, to coincide with the upcoming opening of the Riyadh metro located along Al Olaya Street and the consequent availability of greater opportunities for the two malls, especially their location near Bank Albilad station.

### **Over the past years, Al Akaria has constructed and operated many residential and commercial buildings, as follows:**

- **Al Akaria Plaza Center:** The Plaza Center is located in Riyadh on Al Olaya Street between Kingdom Tower and Al Faisaliah Tower. The center's land area is 19,397 m<sup>2</sup>, enabling it to be a major address for business in Riyadh. The Plaza Center is the Kingdom's first commercial development fully integrated with SMART technology. It is also the first Cisco-certified smart building in the Kingdom of Saudi Arabia with an area of 145,547 m<sup>2</sup>. The Plaza Center has many advantages that support its reputation as one of the most distinguished business centers in Riyadh, including a car park that can accommodate 1,400 cars and retail markets spread over an area of 13,000 m<sup>2</sup>. Al Akaria owns and fully manages the Plaza Center.

- **Al Akaria First Center:**

The first and largest commercial complex in the Middle East, which was built during the seventies. The Center was built on an area of 19,000 m<sup>2</sup>, with a built-up area of about 63,300 m<sup>2</sup>. The ground and first floors were allocated to the commercial shops, which number about 160 stores. The second and third floors were allocated as office floors for institutions and companies. The

basement of the building was used as a car park, enough to accommodate 388 cars. An adjacent plot of land has also been allocated as car parks that can accommodate 403 cars. Al Akaria owns and fully manages the first real estate center.

• **Al Akaria Second Center:**

The project consists of a variety of shops and office space in the heart of the business center in the city of Riyadh, which is located on Al Olaya Road and Musa Bin Nusair Road. The Center is considered one of the finest urban projects in the Kingdom due to its offices and shops. The Center was built on a land area of 15,952 m<sup>2</sup>, with a total built-up area of about 121,150 m<sup>2</sup>. It consists of three floors dedicated to shops and exhibitions, and six floors for offices. Ample parking spaces were also provided, as the Center includes three floors under the building as parking spaces for 772 cars. The second real estate center is owned and operated entirely by Al Akaria.

• **Al Akaria Third Center:**

It consists of a commercial complex that includes offices and retail stores. Al Akaria Third Center is linked to Al Akaria First and Second Centers by air-conditioned bridges, giving customers an ideal shopping experience. The Center was designed by a group of highly qualified and experienced engineers of the company. The Center was built on an area of 13,711 m<sup>2</sup> and the total area of the building is 115,437 m<sup>2</sup>. The Center consists of three main parts that include car parks, shops and offices. In the middle of the center is a huge main foyer overlooking shops and offices. The ground, first and second floors have been allocated for shops. The floors from the third to the eighth were designed to overlook the eastern and western sides of the city of Riyadh, and the rest of the offices overlook luxurious interior spaces. Moreover, 654 parking spaces have been allocated in addition to supporting services such as the mosque, which can accommodate more than 900 prayer. Al Akaria owns and fully manages Al Akaria Third Center.

• **Al Akaria Center (Al-Malaz):**

The center consists of four unique towers, each containing eight floors, in the middle of these towers is a spacious lobby with a glass ceiling. The center was built on a land area of 9,307 m<sup>2</sup>, with a built-up area of about 62,830 m<sup>2</sup>. The ground floor is dedicated to trade fairs and restaurants, while the basement of the two-floor building is dedicated to parking, which can accommodate approximately 334 cars. Al Akaria owns and fully manages Al Akaria Center Palms.

• **Al Akaria Housing Compound in Al Olaya:**

It is the first closed residential complex in the Kingdom, providing all services and amenities for guests, such as parking lots, swimming pools, playgrounds, green spaces, children's games, fiber-optic technology for high-speed Internet, in addition to immediate maintenance service. The apartments' spaces range from 134 to 241 m<sup>2</sup>, spread over several closed complexes. The Compound also contains around-the-clock services that include security, maintenance and cleaning. Al Akaria owns and fully manages Al Akaria Housing Compound.

• **Al Akaria Residences in Diplomatic Quarter:**

The Diplomatic Quarter is home to foreign embassies, consulates, international organizations, apartment complexes and shopping centers and is an exemplary location due to its design, refined architecture and high operational standards. Al Akaria Residences project was divided into three phases, all of which were completed, to construct 21 buildings as apartments and residential units, ranging from luxury villas, spacious apartments, and double villas, to achieve the highest levels of beauty through an architectural design inspired by the Arab and Andalusian Islamic civilization. The total land area for all three phases is 287,959 m<sup>2</sup>. This investment is represented by the establishment of these units on lands leased from the Royal Commission for the City of Riyadh under two contracts for a period of 99 years and 50 years. The Company manages the project and rents out residential units.

• **La Casa Residential Project, in Al Narjis District:**

It is a closed residential complex and entertainment center project owned by Al Akaria on an area of 25,570 m<sup>2</sup>. The project consists of 162 furnished housing units, including 31 townhouses, 131 apartments of various sizes, in addition to a sports center, green spaces and infrastructure including roads, sidewalks, lighting poles, telephone and water network, in addition to a sewage treatment plant. Its construction work was carried out by Tameer Company, and Mumtalakat Company was contracted to take over maintenance and facilities management tasks for a period of two years. The project was completed in May of 2019 and the Company is currently renting the units to clients.

## **2- Selling activity (real estate portfolio)**

**Al-Dahiya Residential Project:** During 2021, the company completed the construction and development of Al-Dahiya residential project and the sale of all residential units (557) villas and duplexes. Thus, the company has completed all the stages of establishing the infrastructure and superstructure of the project, leaving only a small number of residential plots (12 ) with a total area of (6,390.1 m<sup>2</sup>) in addition to commercial plots with a total area of (43,315.97 m<sup>2</sup>).

**Tilal Al Riyadh Scheme in Al Malqa District:**

Also, on December 7, 2021, the Company sold a group of residential plots (10 plots with a total area of 9.156 m<sup>2</sup>) and residential / commercial lands (5 plots with a total area of 13,734 m<sup>2</sup>) located in Tilal Al Riyadh Scheme in Al Malqa District with a total value of SAR 137.34 million does not include the value of real estate tax, considering that the book value of these sold lands is SAR 15.48 million.

**Agreement for the establishment of a real estate fund - not established - made in June 2015:**

It was concluded in June 2015 and an amount of 50 million was paid as an advance payment for the establishment of the fund. As a result of the non-establishment in accordance with the agreement, the company recovered the full amount of the advance payment.

## **Human Resources**

Motivating employees and providing them with a suitable work environment encourages them to be creative and achieve the company's strategy and expansion plans.

## **Employment and Saudi Nationalization**

During 2021, the company focused its efforts on maintaining and developing national competencies by maintaining a nationalization rate of 75.56%

## **Training and development**

To enhance the competencies and skills of employees, several programs have been implemented aimed at raising the efficiency of employees through contracting with several companies, most notably the Arbinger International Institute, where 5 training programs were provided.

## **Information Technology**

Through the Information Technology Department, the company has made achievements in activating and launching important initiatives, most notably:

- Rationalizing IT operational expenses by re-reviewing technical programs and systems.
- Ensuring the effectiveness of the cyber security systems applied in the company through the work of preventive measures and tests from third parties to ensure the safety of technical systems.

- The development of internal systems to reflect the requirements of amending the electronic billing system, and the automation of many of the company's sectors has been completed.

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### Main activities impact on the Company's workload and contribution to the (consolidated) results:

| Activity type                            | Revenues (thousands of SR) |            |
|--|----------------------------|------------|
|  | Activity revenues          | Percentage |
| 1 Infrastructure revenue                 | 400,322                    | %38.91     |
| 2 Rental income                          | 263,417                    | %25.60     |
| 3 Revenue from the sale of housing units | 198,854                    | %19.33     |
| 4 Land sale revenue                      | 137,400                    | %13.35     |
| 5 Facility management revenue            | 25,210                     | %2.45      |
| 6 Construction revenue                   | 3,638                      | %0.35      |



|              |                  |             |
|--------------|------------------|-------------|
| <b>Total</b> | <b>1,028,841</b> | <b>%100</b> |
|--------------|------------------|-------------|

### Loan Restructuring:

The Company has signed an agreement with Samba Financial Company (the financial advisor) to restructure the existing loans, in line with the expected cash flows of the Company during the coming years. It included the following loans:

- Riyadh Bank loan
- National Commercial Bank loan

As on December 31, 2021, work has been done to negotiate with Riyadh Bank and the National Commercial Bank to reschedule, in cooperation with Samba Financial Company, in proportion to the Company's future cash flows. The rescheduling is expected to be completed during 2022, regarding the Saudi National Bank loan. As for Riyadh Bank loan, the contract will continue without rescheduling until the amount is paid from the sales of Dahiya Project and company's other resources.

### Subsidiaries' Information:

| Subsidiary Name                           | Capital<br>(million) | Ownership<br>percentage | Main business                                     | Headquarters<br>of Operations | Country of<br>incorporation |
|---|----------------------|-------------------------|---|-------------------------------|-----------------------------|
| Al Widyan Saudi Real Estate Co.           | 100                  | %100                    | Al Widyan Project<br>Development                  | KSA                           | KSA                         |
| Saudi Real Estate Construction<br>Company | 100                  | %100                    | Building<br>construction and<br>maintenance works | KSA                           | KSA                         |

|  |    |      |  |     |     |
|--|----|------|--|-----|-----|
| Saudi Real Estate Infrastructure Company                       | 50 | %60  | Execution of infrastructure works                | KSA | KSA |
| Saudi Korean Company for Maintenance and Properties Management | 20 | %60  | Maintenance, Operation and Properties Management | KSA | KSA |
| Al Enmaa Real Estate Fund *                                    | —  | %100 | real estate development                          | KSA | KSA |

\* During the year 2021, the company has signed an agreement to close and liquidate the Fund, the company management is working to finalize all the legal procedures to liquidate the Fund and transfer all of its assets to the company.

#### Details of shares and debt instruments of subsidiaries:

There are no debt instruments in the subsidiaries; and the details of the shares are attached in the following table:

| Company                                  | (million) |               |                      |
|--|-----------|---------------|----------------------|
|  | Capital   | No. of shares | Ownership percentage |
| Al Widyan Saudi Real Estate Co.          | 100       | 10            | %100                 |
| Saudi Real Estate Construction Company   | 100       | 10            | %100                 |
| Saudi Real Estate Infrastructure Company | 50        | 5             | %60                  |

|  |    |   |     |
|--|----|---|-----|
| Saudi Korean Company for Maintenance and Properties Management | 20 | 2 | %60 |
|--|----|---|-----|

## Subsidiaries:

### 1- Al Widyan Saudi Real Estate Company:

Al Widyan Saudi Real Estate Company, a one-person closed joint stock company, incorporated pursuant to Ministry of Commerce and Investment Resolution No. (Q/256) dated 28/10/1439, and registered in the city of Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. (1010455071) dated 16/11/1439. The Saudi Real Estate Company owns (%100). The Company's main activities are the general construction of residential and non-residential buildings including (schools, hospitals, hotels...etc.), restorations of residential and non-residential buildings, other electrical installations, management and leasing of owned or leased properties (residential and non-residential), management and operation of hotel apartments.

### 2- Saudi Real Estate Construction Company (Tameer):

The Saudi Real Estate Construction Company "Tameer" a one-person closed joint stock company incorporated in December 2016. The company owns (%100) of its capital of SAR 100,000,000 (one hundred million Saudi riyals)

| Activity type | Revenues (thousands of SR) |             |
|---------------|----------------------------|-------------|
|               | Revenue                    | Percentage  |
| 1 Contracting | 3,638                      | %100        |
| <b>Total</b>  | <b>3,638</b>               | <b>%100</b> |

### Description of the Company's main activities:

The Company's main activities are construction and maintenance of buildings, construction project management, setting detailed engineering designs, purchasing materials, and implementing the projects it manages under a license issued by the General Investment Authority No. (10206371070302) on Shawwal 6, 1437, corresponding to July 11, 2016.

### **3- Saudi Real Estate Infrastructure Company (Bunya):**

The Saudi Real Estate Infrastructure Company "Bunya" is a closed Saudi joint stock company incorporated in -March 2017, with a capital of SAR 50,000,000 (only fifty million Saudi riyals). The company owns (60%) while Mohammed Al Ali Al Suwailem Trading and Contracting Company (40%) of its capital.

#### **Description of the Company's main activities:**

The Company's main activities are the works of roads, streets and bridges, the construction and extension of the water, sewage and torrents network, its cleaning, maintenance and operation, and the construction and extension of distribution networks for electric power and gas and their stations.

**The following is a description of the main activities impact on the Company's business volume and contribution to the results:**

| Activity type                | Revenues (thousands of SR) |             |
|------------------------------|----------------------------|-------------|
|                              | Revenue                    | Percentage  |
| 1 Infrastructure Contracting | 400,322                    | %100        |
| <b>Total</b>                 | <b>400,322</b>             | <b>%100</b> |

### **4- Saudi Korean Company for Maintenance and Properties Management (Mumtalakat):**

The Saudi Korean Company for Maintenance and Properties Management "Mumtalakat" is a mixed limited liability company, incorporated in October 2017, with a capital of (SAR 20,000,000) twenty million Saudi riyals. The company owns (%60), the Saudi Arabian POSCO E & C Company (%21), and the Bosmet Limited Company (%19) of its capital.

#### **Description of the Company's main activities:**

The Company's main activities are the operation and maintenance of buildings under the license of the General Investment Authority No. (10214381076997) dated Shawwal 29, 1438, corresponding to August 21, 2017.

**The following is a description of the main activities impact on the Company's business volume and contribution to the results:**

| Activity type           | Revenues (in SAR thousands) |             |
|-------------------------|-----------------------------|-------------|
|                         | Revenue                     | Percentage  |
| 1 Facilities Management | 25,210                      | %100        |
| <b>Total</b>            | <b>25,210</b>               | <b>%100</b> |

#### **5- Real Estate Hanmi for Project Management Company (Edarah):**

Al Akaria Hanmi for Project Management "Edarah" is a mixed limited liability company incorporated in October 2017, with a capital of SAR 4,000,000 (four million SR). The company owns (%60), while Hanmi Global Limited owns (%40) of its capital.

#### **Description of the Company's main activities:**

The Company's main activities are to provide construction project management and related consulting services under the General Investment Authority License No: (10213381076825) dated Shawwal 29, 1438, corresponding to August 21, 2017.

**The following is a description of the main activities impact on the Company's business volume and contribution to the results:**

| Activity type        | Revenues (thousands of SR) |            |
|----------------------|----------------------------|------------|
|                      | Revenue                    | Percentage |
| 1 Project Management | -                          | %-         |

|              |   |    |
|--------------|---|----|
| <b>Total</b> | - | %- |
|--------------|---|----|

\*On March 22, 2021, the Company signed an agreement to sell its entire stake in the Real Estate Hanmi for Projects Management Company, which amounts to 60% of the Company's ownership, in favor of the Saudi Hanmi Global Company.

### **Results of the fiscal year ended on December 31, 2021:**

#### **Statement of Income:**

In the fiscal year 2021, the Company has realized profits of 80,5 million, compared to losses of (159,1) million in 2020, with an increase rate of %276. The profit is due to the following reasons:

- 1- Increase in rental income
- 2- Increase in land sales revenue
- 3- Improved performance and expansion of activity for subsidiaries
- 4- Collecting an amount of 50 million Saudi riyals due from the Limitless Company, and the provision was reversed with the same amount.

#### **The substantial differences in the operating results from the results of the previous year:**

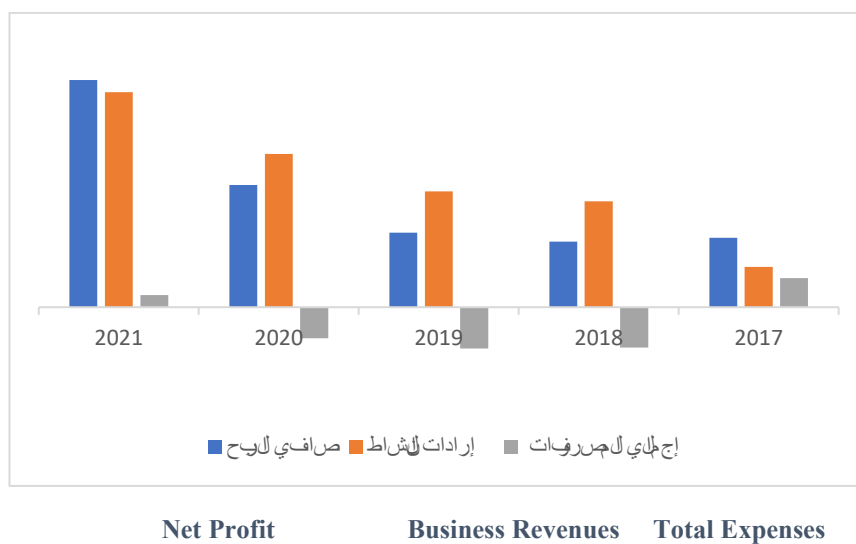
(thousands of SR)

| <b>Description</b>    | <b>2021</b> | <b>2020</b> | <b>Changes</b> | <b>Changes percentage</b> |
|-----------------------|-------------|-------------|----------------|---------------------------|
| Activity revenues     | 1,028,841   | 553,466     | 475,375        | 86 %                      |
| Activity costs        | (681,345)   | (368,012)   | (313,333)      | 85 %                      |
| Total activity income | 347,496     | 185,454     | 162,042        | 87 %                      |
| Operating profit      | 119,145     | (38,707)    | 157,042        | 75%                       |

### The statement of financial position (The Balance Sheet)

The Group's assets in 2021 amounted to (7,777 SR) million, compared to (7,538 SR) million in 2020, with an increase of (239 SR) million, at a rate of (%3). The reason for the increase is the increase in current assets. The following table shows a summary of the income and financial position balances in the last five years:

| Description  | (thousands of riyals) |           |           |           |           |
|--|-----------------------|-----------|-----------|-----------|-----------|
|  | 2021                  | 2020      | 2019      | 2018      | 2017      |
| Activity revenues  | 1,028,841             | 553,466   | 338,021   | 296,569   | 315,010   |
| Activity costs   | (681,345)             | (368,012) | (166,387) | (111,369) | (105,096) |
| Total activity income                                      | 347,496               | 185,454   | 171,634   | 185,200   | 209,914   |
| Administrative, general and marketing expenses             | (228,351)             | (224,161) | (256,284) | (146,164) | (65,927)  |
| net income and other expenses                              | 119,145               | (38,707)  | (86,790)  | (215,284) | 8,253     |
| Zakat  | (21,771)              | (25,304)  | (12,687)  | (21,028)  | (24,537)  |
| Net profit owned by the shareholders of the parent company | 90,523                | (159,093) | (186,351) | (183,069) | 132,484   |
| Current assets   | 1,081,877             | 779,108   | 386,435   | 601,547   | 480,563   |
| Non-current assets   | 6,695,565             | 6,753,585 | 6,812,619 | 6,739,888 | 6,437,001 |
| Current liabilities  | 3,058,591             | 2,784,525 | 3,488,891 | 2,827,767 | 339,830   |
| Non-current liabilities                                    | 1,710,304             | 1,914,745 | 743,874   | 1,342,809 | 3,086,130 |
| Shareholders' equity                                       | 3,008,547             | 2,839,268 | 2,966,289 | 3,170,859 | 3,491,604 |





**Geographical analysis of the Group's total revenue:**

| Year | A description of the geographical analysis of the Saudi Real Estate Company - unconsolidated (in SAR thousands) |         |   |         |
|------|---|---------|---|---------|
|      | Total revenue   | Riyadh  | - | Total   |
| 2021 | 599,671   | 599,671 |   | 599,671 |

**Geographical analysis of the subsidiaries' total revenue:**

| Year | Geographical analysis statement for the subsidiary company - Saudi Real Estate Construction Company (in SAR thousands) |        |       |
|------|--|--------|-------|
|      | Total revenue  | Riyadh | Total |
| 2021 | 3,638  | 3,638  | 3,638 |

| Year | Geographical analysis statement for the subsidiary company - Saudi Real Estate Infrastructure Company (in SAR thousands) |                      |         |         |
|------|--|----------------------|---------|---------|
|      | Total revenue  | Umluj - Tabuk Region | Riyadh  | Total   |
| 2021 | 400,485  | 103,235              | 297,250 | 400,485 |

| Geographical analysis statement for the subsidiary company - Saudi Korean Company for Maintenance and Properties Management (in SAR thousands) |               |        |        |
|--|---------------|--------|--------|
| Year   | Total revenue | Riyadh | Total  |
| 2021   | 25,210        | 25,210 | 25,210 |

**Paid and outstanding regular payments to pay any zakat, taxes, fees or any other entitlements and have not been paid until the end of the financial period on 31/12/2021, along with description and reasons:**

| Description | 2021 (thousands of SR) |  | Brief description of it   | Reasons   |
|-------------|------------------------|--|---|---|
|             | Paid amount            | Amount payable at the end of the period and not paid |   |   |
| Zakat       | 11,431                 | 25,389   | The amount due based on the zakat base for the fiscal year 2021 | According to the instructions of the General Authority for Zakat and Income Tax |

#### **Inalienable lands: -**

##### **A) lands not available for use:**

Some plots of lands owned by the company are not currently available for disposal or development for various reasons, some of which are related to the areas in which these lands are located, and some are under study by the competent committees to address them. The administration is currently working with the concerned government agencies to address these reasons to allow the disposal of these lands. The impact of this matter on the recoverable value of these lands is still uncertain and depends on the final results of the work of the committees and the competent authorities.

##### **B) Al-Widyan Project**

During 2021, the management was informed by the concerned government agencies that the company's land that was allocated for the Al-Widyan project is located within an area under study with the aim of developing it by those

government agencies, which may lead to a fundamental change in the project's master plan and the recoverable value of that land, The impact of this matter is still uncertain and depends on the completion of the study by government agencies and future developments in the region.

#### **White Land Fee Claims (Cases Regarding Fee Objection):**

The decisions of white land fees received by the real estate company from the Ministry of Housing since the implementation of the white land fees amounted to 209.9 million Saudi riyals until the end of the fiscal year 2021, and during the year ending on December 31, 2021. the company continued its objection procedures to the decisions of land fees that were issued. The company was issued either before the Ministry of Housing or the judicial authorities. The fees and fines that were canceled according to final rulings or decisions in favor of the company since the beginning of the application of the white land fees amounted to 188.2 million Saudi riyals.

On one of the fees issued in the previous year pursuant to a lawsuit with the Board of Grievances, which ended with a final ruling canceling the fee in favor of the company.

#### **Legal cases:**

In 2014, the Company purchased a land from the Saudi Limitless Real Estate Development Company under a land sale contract made between the two parties, on which Al Widyan Project is located. The Saudi Limitless Real Estate Development Company conveyed to the group the title registration of an area less than the contract area and the amount paid for the purchase of the land. The Company filed a case at the General Court demanding compensation from Saudi Limitless Real Estate Development Company in relation to differences in area, as the area transferred to its ownership is less than the agreed upon sold area. The total amount of the claim is (SAR 19,141,007). This case is still pending, and no financial provision has been made for it.

In 2015, Al Akaria Company entered into an agreement with two companies, the Saudi Limitless Real Estate Development Company and Alinma Investment Company to establish a real estate fund. According to the agreement, the Company must pay an amount of SAR 50 million. The Company has paid its contribution obligations in the amount of SAR 50 million. The proposed fund was not established as stipulated in the agreement. During the previous year, Saudi Limitless Real Estate Development Company filed a case against the Company and other parties for the value of the land to implement the agreement. An interlocutory judgment was issued in favor of Al Akaria Company to recover the contribution amount of 50 million Saudi riyals for the failure to establish the fund. The Saudi Arabian Real Estate Development Company Limited objected to the ruling. A final ruling was issued by the Court of Appeal upholding the

interlocutory judgment. The judgment issued by the Court of Execution was implemented, and Limitless Company paid an amount of SAR 50 million, subject of the judgment, according to the request for execution submitted against it.

After obtaining a final judgment in favor of the Company against Saudi Limitless Real Estate Development Company regarding a dispute between the two parties related to the Company's investment in a real estate fund described above by refunding the amount of the paid investment amounting to SAR 50 million, the Company filed a case to collect attorney's fees in the amount of approximately (73,2 million SR) against Saudi Limitless Real Estate Development Company. This issue is still pending, and no financial provision has been made for it.

On a date later to the date of this report, the court issued an interlocutory judgment dismissing the case, and the Company objected to the ruling.

In 2016, the Company entered into an agreement with Al Bayan Group Holding Company to invest in Sukuk of Al Bayan Group Holding Company for an amount of (50) million US dollars, at an interest rate of %4.5 annually, due in June of 2018. Al Bayan Group Holding Company failed to fulfill its obligations, so in 2017, the two parties concluded an amendment supplement to the agreement to reschedule the due date. Al Akaria Company demanded that Al Bayan Group pay its financial obligations, but the latter did not respond. Accordingly, it filed a case against Al Bayan Group Holding Company with the Commercial Court, and a final judgment was issued to reject the lawsuit. Al Akaria Company submitted a request to reverse the appeal judgment with the Supreme Court, but the Supreme Court rejected the request.

(At a date subsequent to this report, a petition for reconsideration of the case was submitted. The application was rejected by the competent court, and an application to set aside the judgment rejecting the petition was submitted to the Supreme Court; the case is still pending)

There are also some cases filed against the Company during the normal business cycle and are currently being litigated. These issues do not have a material impact on the consolidated financial statements.

#### **Reserves:**

### **Statutory reserve**

According to the Saudi Companies Law and the Company's articles of association, the Company shall transfer 10% of its net income each year (after covering accumulated losses), until the sum of this reserve reaches 30% of the capital. The Company has decided to stop making such a transfer, since the reserve balance has reached the specified amount knowing that this reserve is not distributable.

### **Conventional reserve**

In accordance with the Company's Articles of Association, the company shall transfer 10% of the net income for the year to the statutory reserve until the total of this reserve equals 50% of the share capital. Due to the existence of losses, no transfer was made during the year.

### **Information related to the loans and debts of the company and its subsidiaries:**

The Saudi Real Estate Company signed a long-term loan agreement with the Public Investment Fund in the amount of 1.5 billion Saudi riyals during the year 2015 for the purposes of financing the establishment of real estate projects. In May 2020, the company rescheduled the loan. Under that rescheduling, the value of the new facilities is 1.3 billion Saudi riyals. The loan is repaid in 16 unequal semi-annual installments. This loan is subject to commission according to the prevailing interbank rates in the Kingdom of Saudi Arabia (SIBOR) in addition to a profit margin. The first installment is due on January 1, 2022, and the last installment is due in July 2029.

During 2021, the Saudi Real Estate Company received a letter from the Public Investment Fund (a major shareholder) indicating that the loan would be transferred to the Ministry of Finance without any changes in the terms and conditions of the original loan agreement, and the requested loan was confirmed by the Ministry of Finance. The long-term loan granted to the company is secured by real estate investments pledged by the company to the lender.

During 2016, the company obtained a long-term Islamic loan from the Saudi National Bank of 2.12 billion Saudi riyals, this loan is subject to commission according to the prevailing rates between Saudi banks (SIBOR) plus a profit margin, and it was due for payment in one payment at the end of the agreement term in May 2019. The company paid an amount of 50 million Saudi riyals during 2019. During the year 2020, the company rescheduled the loan, according

to that rescheduling, an amount of 450 million Saudi riyals is due in May 2020, and the rest of the loan 1.6 billion Saudi riyals will be repaid in semi-annual installments during the five years after a grace period of two years. The first installment is due to be paid in November 2021, and the Bank has agreed to extend the payment of the full amounts due until May 2022, The loan facilities are subject to financial covenants in relation to the debt-to-equity ratio, liquidity ratio and commission coverage, which the Company was not committed to. As of December 31, 2021, SAR 2,070 million was classified as current liabilities. The company's management is in an advanced stage of negotiations with the lending bank to reschedule the loan. The long-term loan granted to the company is secured by real estate investments pledged by the company to the bank.

During 2018, the company obtained another long-term Islamic loan from Riyadh Bank in the amount of 650 million Saudi riyals. This loan is subject to commission according to the prevailing rates between Saudi banks (SIBOR) plus a profit margin. The loan is repaid in annual installments for five years after a two-year grace period. The first installment was paid on June 2021, amounting to 130 million Saudi riyals. The second installment due in June 2022 amounting to SR 130 million of the original amount has been classified as a current part. The long-term loan granted to the group is secured by land mortgaged by the company to the bank.

During the year 2020, the company obtained another short-term Islamic loan from the Saudi British Bank (SABB) in the amount of 100 million Saudi riyals. Payment is made in equal semi-annual installments. The company pledged to deposit at least 50% of the company's revenues in its accounts with the lending bank. The loan balance amounted to 85 million Saudi riyals as of December 31, 2020, and the balance was paid in full as in 2021.

(Million riyal)

| Serial No. | Source of loan      | Loan Principal Amount | Term of the loan | Amounts paid in repayment of the loan | The remaining amount of the loan | Total debt of subsidiaries | The total debt of the Group and its subsidiaries |
|------------|---------------------|-----------------------|------------------|---------------------------------------|----------------------------------|----------------------------|--|
| 1          | Ministry of Finance | 1,307                 | 10               |                                       | 1,307                            | -                          | 1,307  |

|              |                                       |              |   |     |              |   |              |
|--------------|---------------------------------------|--------------|---|-----|--------------|---|--------------|
| 2            | National Commercial Bank              | 2,068        | 7 | -   | 2,068        | - | 2,068        |
| 3            | Riyad Bank                            | 650          | 7 | 130 | 520          | - | 520          |
| 4            | SABB Bank (Working Capital Financing) | 100          | 1 | 85  | 100          | - | 0            |
| <b>Total</b> |                                       | <b>4,125</b> |   |     | <b>3,995</b> |   | <b>3,895</b> |

### Risks Facing the company's Business:

The company is exposed to the following risks arising from financial instruments:

- Market risk
- Commission rate risk
- foreign exchange risk
- Stock price risk
- credit risk
- Liquidity risk

The company's comprehensive risk management program focuses on managing liquidity, in addition to monitoring various changes in the relevant market, and therefore constantly seeks to reduce the potential negative effects on the company's financial performance. The Board of Directors has reviews and approves policies for managing each of these risks, which can be summarized as follows:

### Market risk:

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. Market rates involve three types of risk: commission rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk may include loans, deposits, financial assets available for sale and derivative financial instruments.

The sensitivity analyzes in the following sections relate to the situation as of December 31, 2021, 2020.

Sensitivity analyzes have been prepared on the basis that the net debt value, fixed-to-floating debt commission rate ratio, derivatives and the ratio of financial instruments in foreign currencies are all fixed and based on the hedge allocations identified on December 31, 2021.

The analyzes exclude the effect of market changes on the carrying amount of pensions and other post-retirement liabilities, provisions and non-financial assets and liabilities of foreign operations.

**The following assumptions have been used when calculating sensitivity analyses:**

- The sensitivity of the items related to the respective consolidated income statement is the effect of assumed changes in the relevant market risk. This depends on the financial assets and financial liabilities acquired as of December 31, 2021 and 2020.

**Commission Rate Risk:**

Commission rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commission rates prevailing in the market. The company's exposure to the risk of changes in market commission rates relates primarily to loans. The company's floating interest rate loans are exposed to the risk of fluctuations in cash flows due to changes in commission rates. The company enters into commission rate swaps to hedge its risks. The potential increase (decrease) by 20 basis points in the commission rate at the date of preparing the consolidated financial statements, with all other variables held constant, would increase the company's loss by SAR 3.3 million.

**Foreign exchange risk:**



Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The functional and presentation currency of the group is the Saudi Riyal. The company's transactions are made in Saudi Riyals and US Dollars. Management monitors fluctuations in foreign exchange rates and believes that the currency risk is immaterial. The majority of the exposure is in US dollars and the Saudi riyal is fixed at 3.75 SAR: US\$1. Accordingly, the company is not exposed to any risk from financial instruments denominated in US dollars.

**Equity price risk:**

The company's listed and unlisted shares are exposed to market price risk resulting from uncertainty in the future value of the investment securities. The company manages equity price risk through diversification of the investment portfolio and setting limits for each financial instrument individually and in aggregate. The equity portfolio is reported to the company's senior management on a regular basis. Senior management reviews and approves all decisions related to equity investments.

**Credit Risk:**

Credit risk represents the risks resulting from the failure of the other party to fulfill its obligations towards a financial instrument or customer contract, which leads to incurring a financial loss. The company is exposed to credit risk from its operating activities (principally trade receivables) and its financing activities, including deposits with banks and financial institutions, foreign currency transactions and other financial instruments.

To reduce exposure to credit risk, the company has approval procedures in place through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets a provision against expected credit losses based on the customer's situation and repayment history. Existing customer receivables are also monitored on a regular basis

### **Financial Instruments and Cash Deposits:**

Credit risk arising from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made with approved third parties only and within the credit limits specified for each party. Credit limits for third parties are reviewed by the company's Board of Directors on an annual basis and may be updated during the year, subject to approval by the company's Finance Committee. These limits are set to reduce the concentration of risks and thus limit the occurrence of financial loss through the potential failure of the other party in the payment process.

### **Liquidity Risk:**

Liquidity risk represents the difficulty that the company will encounter in raising funds to meet commitments associated with financial instruments. Liquidity risk arises from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity is managed by periodically ensuring the availability of sufficient funds through the credit facilities pledged to meet any future obligations.

The company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. For this purpose, the company has maintained credit lines with commercial banks in order to meet its liquidity requirements.

As on December 31, 2021, the consolidated statement of financial position showed an increase in current liabilities over current assets by SAR 1.98 billion. Management is confident that the company will be able to settle all of its obligations in a timely manner and liquidity will be managed as follows:

- Sale of land and real estate investments under construction
- Sale of investments in equity instruments carried at fair value through other comprehensive income.  
Investments carried at value through profit or loss.
- Use of cash and current bank balances available with the company.

The company's current liabilities exceeded current assets by SAR 1.98 billion, due to the reclassification of a long-term loan amounting to SAR 2,208 billion to current liabilities which must be paid in full to a local bank during May 2019. The Group's management is currently studying the available options to arrange the loan repayment process or reschedule the installments to later periods.

### **Excessive concentration of risks**

Concentrations of risks arise when a number of other parties engage in similar activities or activities in the same geographical area, or have economic characteristics that may limit their ability to meet their contractual obligations as a result of changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

### **General risks associated with the real estate market**

The Company's performance is subject to all risks associated with investing in the Saudi real estate sector, including negative changes in economic conditions at the regional or global level, local market conditions, the financial situation of real estate tenants, buyers and sellers, excessive supply in the commercial sector, lack of demand and competition, and changes in the relative demand for real estate types, locations, and other events, contingency conditions, and other factors beyond our control. Any of these factors, or a number of them if they occur together, may lead to tangible risks that negatively affect the Company's revenues.

The Company faced special circumstances during 2020 and 2021 due to the negative changes that occurred with the entry of Covid 19 pandemic, which negatively affected the Company's leasing activity, whether by declining rental rates or delays and shortages in collection and income rates. The Company dealt with these circumstances professionally, as the Company's flexible systems helped to quickly adapt to remote work, and restore the wheel of operation as soon as possible.

### **Risks associated with real estate development**

The Company works in the field of real estate development, which exposes it to the general risks associated with construction and development projects. These risks may include:

- Unavailability of financing on appropriate terms.
- Costs exceed estimates due to increased material, labor or other costs, making completion of the project uneconomical.
- Delays in completing business.
- Lack or lack of manpower at an appropriate cost.
- Inability to complete the construction of any real estate or sell it on time, which results in an increase in debt servicing expenditure and construction costs.

Any of the factors mentioned above can negatively affect the project. The Company has developed the following strategies to reduce the risk of cost overrun and project failure:

- Allocate reserves to cover some unforeseen expenses within the budgets of the projects. The technical team responsible for managing the projects as well as the contractor will make every effort to control costs so that the project is completed within the limits of the allocated estimated costs, the established time frame and the expected quality standards.
- Follow up and closely monitor the performance of each contractor by the project management team and the company on an ongoing basis to ensure the timely completion of each phase of the project.
- Assign some project work, whether primary or ancillary, to third parties in order to transfer part of the risks to these parties

#### **Risks related to the nature of the liquidation or disposal of real estate assets**

Real estate is a very difficult asset class to monetize. Therefore, the Company may not be able to sell its projects that are being established or liquidate one of its real estate assets in a timely manner and at the ideal price. Consequently, the delay or difficulty of the Company's action may significantly affect the desired return of the project or liquidated asset, which is reflected in the company's cash flows. The Company has taken the following measures to reduce these risks:

- The Company's investment department manages and monitors the risks related to the company's investments under the direct supervision of the company's executive management and the board of directors.

- All investment decisions are made based on an investment strategy in which strategic plans have been developed to liquidate and dispose of the Company's real estate assets.

### **Risks of changing real estate market conditions**

Real estate investment depends largely on changes in the supply and demand conditions in the real estate sector in general, which are affected by economic, political, regional, local, seasonal and competition conditions, which may lead to a decrease in real estate and its rents. The Company adopts several strategies to reduce the risks of changes in real estate market conditions, as follows:

- The Company's investment department monitors market conditions directly and periodically reviews the latest reports of specialists in this field.
- The Company adopts a policy of diversification within the real estate services it provides from real estate investment, administrative services, real estate services, property management and real estate development, which reduces the expected impact in the event of a decline in the performance of any part of the market.
- The Company's real estate portfolio is characterized by the different uses of its real estate assets (residential assets - commercial assets - financial assets).

### **Risks of decline in the valuation of real estate assets**

The valuation of real estate investments depends on various factors that can be difficult to determine. The market value of real estate may decrease as a result of deterioration in economic, regulatory and market conditions. No guarantee can be given that real estate valuations will accurately reflect the price that any investment will make on actual sale. Real estate asset values may not be realized at the prices indicated by the valuations. Accordingly, any decrease in the values of real estate assets may affect the investors.

The Company's strategy to reduce this type of risk depends on the diversification strategy in the uses, sizes and geographical locations of the Company's real estate assets. The Company's investment plan also includes a strategy for the optimal combination of real estate assets owned by the Company.

### **Risks associated with changes in real estate, tax and zakat regulations**

The Company's activities are subject to the real estate, tax and zakat regulations in force in the Kingdom. Accordingly, any significant changes in these laws or interpretations thereof to the detriment of the Company,

particularly with regard to transfer of ownership, taxes and zakat, may have a significant negative impact on the Company's financial performance. The Company is keen to maintain effective communication with the various executive and legislative bodies, in order to be aware of the latest developments in this field.

### **Disclosure and Transparency**

- Direct cash investments
- Statement of the company's properties
- Transactions between the company and Relevant Party
- Business or contracts in which the company is a party of
- Categories and numbers of any convertible debt instruments and any contractual securities or memoranda of subscription right or similar rights issued or granted by the company during the fiscal year 2021
- Any penalty and fine imposed on the company
- Number of the Company's requests for the shareholders' register, the dates of those requests and their reasons
- The provisions of the Corporate Governance Regulations that have not been applied and the reasons therefore
- Assessment of the Company's compliance to the principles of corporate governance
- Board of Directors
- Executive Management
- Board and Executive Management Remunerations
- Sub-Committees
- Dividend's Policy

- Acknowledgments of the board's members

#### Direct cash investments:

The company invests in the capital of a number of companies, which are shown in the following table:

| Company  | Book value (year 2021)<br>(Numbers are in thousands<br>of riyals) | Legal Entity                  | Percentage of<br>ownership |
|--|---|-------------------------------|----------------------------|
| Riyadh Holding Company                           | 277,235   | Closed joint stock<br>company | 16.7%                      |
| Knowledge Economic City Developers<br>Company    | 127,099   | Closed joint stock<br>company | 9.5%                       |
| Umm Al Qura for Development &<br>Construction Co | 92,864  | Closed joint stock<br>company | 0.8%                       |
| Dar Al Tamleek Company                           | 50,519  | Closed joint stock<br>company | 9.2%                       |
| Kinan Real Estate Development Co                 | 46,085  | Closed joint stock<br>company | 2.1%                       |
| United Glass Company                             | 10,833  | Closed joint stock<br>company | 4.4%                       |
| Taiba Holding Company                            | 38  | Listed joint stock            | 0.0%                       |
| Jadwa Health Fund 3                              | 17,540  | Closed joint stock<br>company | 1.3%                       |

**A statement of the company's property of residential and commercial lands:**

| <b>Serial No.</b> | <b>Location</b>   | <b>Area (m<sup>2</sup>)</b> | <b>Status</b>                           |
|-------------------|---|-----------------------------|---|
| 1                 | Al Waseel Land, northwest of Riyadh   | 6,988,106                   | Investment                              |
| 2                 | Land west of the industrial area - Dammam   | 5,675,630                   | Investment                              |
| 3                 | Land of King Fahd Airport Road - Dammam   | 3,941,966                   | Investment                              |
| 4                 | South Benban Land No. (13) - Riyadh   | 871,598                     | Investment                              |
| 5                 | Land of Salbukh Benban Road - Riyadh  | 648,189                     | Investment                              |
| 6                 | Land of Qassim Road, Riyadh - workers housing   | 596,700                     | Investment                              |
| 7                 | South Benban Land No. (15) - Riyadh   | 519,059                     | Investment                              |
| 8                 | The land of Al-Takhassusi Al-Thumama Road in Riyadh - Al-Dahiya project                   | 430,726                     | A residential compound is built thereon |
| 9                 | Land of Al Olaya Scheme - Riyadh  | 192,864                     | Buildings are built thereon             |
| 10                | Land of King Khalid Road - Medina   | 157,280                     | Investment                              |
| 11                | The land of Al Qassim – Al Madinah Al Munawwarah Road                                     | 85,572                      | Investment                              |
| 12                | Land on the third ring road - Medina  | 63,493                      | Investment                              |
| 13                | Land of King Abdulaziz Road - Jeddah  | 49,800                      | Investment                              |
| 14                | Land scheme hills Riyadh Al Malqa District  | 21,575                      | Investment                              |
| 15                | Land plot No. 4 of Al Narjis District scheme  | 40,000                      | Investment                              |
| 16                | King Fahd Land, Al Arid Road - Riyadh   | 30,000                      | Investment                              |
| 17                | Land of Narjis District Scheme in Riyadh - a closed residential complex project - La Casa | 25,570                      | A residential compound is built thereon |



|                    |  |                   |                             |
|--------------------|--|-------------------|-----------------------------|
| 18                 | Land in the southern Al Aqiq District, Riyadh                    | 25,500            | Investment                  |
| 19                 | Cordoba land, plots from No. (10-12) of the scheme 3115 - Riyadh | 10,510            | Investment                  |
| 20                 | Al-Sitteen Land, Riyadh  | 9,857             | Investment                  |
| 21                 | Al-Sitteen Second Commercial Land - Riyadh                       | 9,325             | Buildings are built thereon |
| 22                 | Al-Sitteen Land - Riyadh   | 2,241             | Investment                  |
| 23                 | Al Qassim Road Land - Al Madinah Al Munawwarah                   | 1,578             | Investment                  |
| <b>Total areas</b> |  | <b>20,397,139</b> |                             |

#### **Description of Any Transaction between the company and Relevant Party:**

The company signed a long-term loan agreement with the Public Investment Fund with an amount of 1.5 billion SR during the 2015 for the purposes of financing of construction of real estate projects. In May 2020, the company rescheduled loans and under this schedule the new facilities value amount SAR 1.3 billion, by decreasing the original facility with sum SAR 200 million. During 2021, the Saudi Real Estate Company received a letter from the Public Investment Fund (a major shareholder) indicating that the loan would be transferred to the Ministry of Finance without any changes in the terms and conditions of the original loan agreement, and the requested loan had been confirmed by the Ministry of Finance.

#### **Information related to any business or contracts in which the company is a party, or in which there is an interest for a member of the Board of Directors of the company, for its senior executives or for any person related to any of them:**

There are neither works nor contracts in which the company is a party, or in which there is an interest for a member of the Board of Directors of the company, or for its senior executives, or for any person related to any of them.

**Categories and numbers of any convertible debt instruments and any contractual securities or memoranda of subscription right or similar rights issued or granted by the company during the fiscal year 2021, or a compensation obtained by the company in exchange for that:**

The company has submitted a request to increase the Company's paid-up capital of SAR 1,593,000,000 by issuing shares of preemptive rights; and the company is awaiting the response of the Capital Market Authority in this regard.

**Transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company:**

There are no transfer or subscription rights under convertible debt instruments or contractual securities, or subscription right memoranda, or similar rights issued or granted by the company.

**Recovery, purchase or cancellation by the company of any redeemable debt instruments, and the value of the remaining securities:**

There is no refund, purchase or cancellation by the company of any redeemable debt instruments.

**The means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members:**

The Board evaluates its performance through active participation in the Board of Directors and evaluates its committees and their members through periodic follow-up reports and reports submitted to the Board.

**Actions taken by the Board of Directors to inform its members - especially non-executives - of the shareholders' proposals and comments regarding the company and its performance:**

All shareholders' suggestions presented during the previous general assembly meeting were discussed in the assembly.

**Arrangements or agreement under which a member of the Company's board of directors or a senior executive has waived any remuneration:**

There are no arrangements or agreements whereby a member of the Board of Directors or a senior executive has waived any salary, compensation or share of profits.

**An arrangement or agreement under which the Company shareholder has waived any rights to profits:**

There are no arrangements or agreements under which a shareholder has waived any rights to dividends.

**Investments or reserves created for the benefit of the company's employees:**

There are no investments or reserves created for the benefit of the company's employees.

**Clarification for any difference from accounting standards:**

There are no differences from the international accounting standards approved by the Saudi Organization for Certified Public Accountants.

**Any penalty, fine, precautionary measure or precautionary attachment imposed on the company by the Authority or any supervisory, regulatory or judicial authority, along with indicating the reasons for the violation, the entity that imposes it, and the ways to remedy and avoid it in the future:**

The total penalties and fines imposed on the Saudi Real Estate Company in the year 2021 amounted to (SAR 306,000), as follows:

| Penalty             | Reasons for the Penalty   | Amount<br>In SAR | The entity<br>that imposes<br>the penalty | Ways for treatment and avoiding occurrence in<br>the future  |
|---------------------|---|------------------|---|--|
| fines / penalties   | The use of roads and spaces + the presence of waste + the establishment of boxes and kiosks + the presence of a warehouse + the establishment of a government land building | 157,000          | Riyadh Region<br>Municipality             | Not to use roads and spaces and not to set up boxes, kiosks and warehouses on lands not owned by the company, taking into account the necessary licenses |
| fines / penalties   | The use of roads and spaces + the presence of waste + the establishment of boxes and kiosks + the presence of a warehouse + the establishment of a government land building | 144,000          | Riyadh Region<br>Municipality             | Not to use roads and spaces and not to set up boxes, kiosks and warehouses on lands not owned by the company, taking into account the necessary licenses |
| building violations | Throwing waste outside the boundaries of the project site   | 5,000            | Riyadh Region<br>Municipality             | Throwing waste in designated places  |

**The number of the Company's requests for the shareholders' register, the dates of those requests and their reasons:**

| No | Property file date | Reason for Request   | Request time        |
|----|--------------------|----------------------|---------------------|
| 1  | 08/03/2021         | Company's procedures | 08/03/2021<br>11:02 |
| 2  | 31/03/2021         | Company's procedures | 31/03/2021<br>15:42 |
| 3  | 04/04/2021         | General Assembly     | 04/04/2021<br>12:52 |
| 4  | 20/06/2021         | General Assembly     | 20/06/2021<br>15:44 |
| 5  | 30/06/2021         | Company's procedures | 30/06/2021<br>13:54 |
| 6  | 30/09/2021         | Company's procedures | 30/09/2021<br>16:03 |
| 7  | 17/11/2021         | Company's procedures | 17/11/2021<br>10:42 |
| 8  | 12/12/2021         | Company's procedures | 12/12/2021<br>17:27 |

**The provisions of the Corporate Governance Regulations that have not been applied and the reasons therefore:**

| Article | Paragraph | Description of the article according to the Corporate Governance Regulations   | Committed | Partially committed | Not committed | Reason for non-commitment  |
|---------|-----------|--|-----------|---------------------|---------------|--|
| 39      | 2         | Develop the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in areas related to the Company's activities   |           |                     | √             | The article is indicative  |
| 70      | -         | Establishment of the Risk Committee  |           |                     | √             | The article is indicative  |
| 71      | -         | Functions of the Risk Management Committee   |           |                     | √             | The article is indicative  |
| 72      | -         | Risk Management Committee's Meetings   |           |                     | √             | The article is indicative  |
| 85      | 3.1       | <p>The Company sets programs to develop and motivate the participation and performance of the company's employees, provided that they include - in particular - the following:</p> <ul style="list-style-type: none"> <li>• Form committees or holding specialized workshops to listen to the opinions of the Company's employees and discuss with them the issues and topics that represent the subject of important decisions.</li> <li>• Programs to grant employees their shares in the company or a share of the profits they achieve, retirement programs, and the establishment of an independent fund to spend on those programs.</li> </ul> |           | √                   |               | <p>The article is indicative.</p> <p>However, the company has an internal grievance committee for its employees.</p> |

|    |   |  |  |  |   |                           |
|----|---|--|--|--|---|---------------------------|
|    |   | • Establish social institutions for the company's employees. |  |  |   |                           |
| 95 | - | Formation of the Corporate Governance Committee              |  |  | √ | The article is indicative |

### Assessment of the Company's compliance to the principles of corporate governance:

| Compliance principle                                      | Complied | Partially complied | Not complied | Reason for non-complied |
|---|----------|--------------------|--------------|-------------------------|
| Shareholders' public equity                               | √        |                    |              |                         |
| Rights associated the General Assembly's meeting          | √        |                    |              |                         |
| The board of directors formation                          | √        |                    |              |                         |
| The board's functions and responsibilities                | √        |                    |              |                         |
| Responsibilities of the Chairman and members of the Board | √        |                    |              |                         |
| Board of Directors work procedures                        | √        |                    |              |                         |
| Training, Support and Evaluation                          |          | √                  |              | Indicative article      |
| Conflict of interest                                      | √        |                    |              |                         |
| The Company's Committees                                  | √        |                    |              |                         |
| Internal Control  | √        |                    |              |                         |
| Company's auditor   | √        |                    |              |                         |
| Stakeholders  | √        |                    |              |                         |
| Ethical and professional standards                        | √        |                    |              |                         |
| Disclosure and transparency                               | √        |                    |              |                         |
| Application of Corporate governance                       | √        |                    |              |                         |

|                        |   |  |  |  |
|------------------------|---|--|--|--|
| Retention of documents | √ |  |  |  |
|------------------------|---|--|--|--|

### Board of Directors:

Names of the members of the Board, members of the committees, and the executive management, and their current and previous jobs, qualifications and experience:

### Board of Directors

| Name   | Current jobs   | Previous jobs  | Qualifications   | Experience   |
|--|--|--|--|--|
| Eng. Ayman bin Mohammed Al-Mudaifer<br><br>(Representative of the Public Investment Fund)<br><br>(Chairman of the Board) | Head of the General Administration of Local Real Estate Investments - Public Investment Fund | Credit advisor - Saudi Industrial Development Fund.<br><br>Director of the Inspection Department - Capital Market Authority<br><br>Chief Executive Officer – Al Andalus Company.<br><br>Chief Executive Officer - Shomoul Holding Company. | Bachelor of Systems Engineering<br><br>credit training program<br><br>Certified assessor | Diversified experiences in real estate investments, infrastructure and major projects. A member of several boards.   |
| Mr. Bandar bin Abdul Rahman bin Muqrin<br><br>(Vice Chairman of the Board)   | CEO of Shared Services Department - Public Investment Fund                                   | Member of the Human Resources Team - Saudi Telecom Company.<br><br>Head of Human Resources Department - Jadwa Investment.<br><br>Head of the General Administration of Human Resources and Support Services - Al Ahly Capital.             | Bachelor's degree in Human Resources and Business Administration                         | Diversified experiences in the field of human resources, real estate development, investment, and finance. A member of several boards and committees.                        |
| Mr. Ibrahim bin Muhammed Al Alwan  | CEO and Managing Director - Saudi Real Estate Company  | Head of Research and Financial Analysis - Osoul and Bakheet Investment Company.<br><br>Chief Executive Officer - Earn Finance.<br><br>CEO - The First Real Estate Development Company.   | Bachelor of Accounting<br><br>Cooperative Program (credit)                               | Diversified experiences in financial analysis, investment, budgets, financial reports, financial advisory and strategic planning. A member of several boards and committees. |

|   |  |   |   |  |
|---|--|---|---|--|
| Mr. Nayef bin Saleh Al-Hamdan*  | Co-Manager of Real Estate Projects Portfolio - Public Investment Fund  | Executive Vice President<br><br>For Investments and Business Development - Al Rajhi Investment Company.<br><br>Director of the Investment Banking Services Group - Global Investment House.   | Master of Business Administration   | Diversified experience in real estate investment portfolios, business development, investment banking services and real estate deals. A member of several boards and committees. |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi<br><br>(Representative of the Public Pension Agency) | Director of Real Estate Investment Department - Leading Investment Company   | Financial Advisory - Riyad Bank<br><br>Financial advice related to financing capital projects - The Saudi Investment Bank<br><br>Team Manager, Advising on Syndications for Energy, Generation, Mining, Projects and Real Estate Funds - Banque Saudi Fransi.   | Bachelor of Financial Sciences  | Diversified experiences in financial analysis, investment, budgets, financial reports, financial advisory and strategic planning.  |
| Dr. Nasser bin Saeed bin Kadsa  | Founding Partner - Addafat Industrial Company<br><br>Owner of Nasser Bin Kadsa Trading Est<br><br>Head of the Audit Committee - Real Estate Company<br><br>Member of the Audit Committee - Al-Balad Al-Amin Company for Development and Urban Development<br><br>Member of the Audit Committee - Middle East Optical Cable Manufacturing Company<br><br>Member of the Saudi Management Association<br><br>Member of the Saudi Economic Association | Senior Project Manager - Industrial Development Fund.<br><br>Establishment and development of many real estate, industrial and health projects since 2007 until 2021<br><br>Member of the Saudi American Business Council<br><br>Member of the Saudi British Business Council<br><br>Member of the Saudi-French Business Council<br><br>Member of the Saudi Australian Business Council<br><br>Member of the Saudi-Turkish Business Council | Bachelor of Mechanical Engineering<br><br><br>Master of Engineering Sciences<br><br><br>Master of Business Administration<br><br>PhD in international trade | Diverse experiences in the development of several real estate, industrial and health projects.   |



|                                      |   |   |  |  |
|--------------------------------------|---|---|--|--|
|                                      | <p>Member of the Saudi Council of Engineers</p> <p>Member of the Saudi-Italian Business Council</p> <p>Member of the Saudi Irish Business Council</p> |   |  |  |
| Eng. Abdul Aziz bin Saleh Al-Anbar   | Businessman   | <p>Assistant Director for Technical Affairs - Real Estate Development Fund</p> <p>Chief Executive Officer - Saudi Hotels Company (currently Dur Hospitality Company)</p>            | Bachelor of Civil Engineering  | Diversified experience in investments, real estate, project management, development, operation, marketing and finance. A member of several boards and committees.  |
| Mr. Muhammed bin Saad bin Daoud      | Entrepreneur  | Chief Executive Officer - Mohammed bin Abdulaziz Al-Rajhi & Sons Investment Company   | Bachelor of Accounting   | Diversified experiences in real estate investments, financial and management consultancy, and real estate financing. A member of several boards and committees.  |
| Eng. Abdul-Aali bin Muhammed Al-Ajmi | Director of Studies and Tenders Department - Abdul Ali Al-Ajmi Company  | <p>Roads design engineer, Golden Office for Engineering Consultancy.</p> <p>Site Engineer - Abdul Ali Al-Ajmi Company.</p> <p>Projects Coordinator - Abdul Ali Al-Ajmi Company.</p> | <p>Bachelor's degree Civil and Infrastructure Engineering</p> <p>Civil Technology Diploma</p> <p>Engineering Accreditation Certificate from the Saudi Council of Engineers</p> | Diversified experience in civil engineering, infrastructure, civil technology, architecture, construction, road design, project coordination and facilities management. A member of several boards and committees. |

\* Mr. Nayef Al-Hamdan was appointed on 21/01/2021 as an alternative member to the previous member, Mr. David Hand

### Committee members outside the board of directors:

| Name   | Committee           | Current jobs   | Previous jobs  | Qualifications   | Experience  |
|--|---------------------|--|--|--|---|
| Fahad Al Mojil                                     | executive committee | Founder and CEO - Saudi Tharwa Company   | CEO - Gulf Real Estate Development   | Bachelor's degree in Industrial Science Management and Marketing   | Diversified experiences in finance, credit, real estate and investment advisory. A member of several boards and committees.   |
| Faisal Dhaheer Al-Anzi                             | executive committee | Senior Vice President, Local Real Estate Portfolio<br><br>Public Investment Fund | Senior Manager in the Real Estate Finance Department - Investment Bank   | Bachelor of Business Administration<br><br>Diploma in Administrative Sciences<br><br>Finance Associate Degree                    | Diversified experience in asset management, financial markets, real estate fund management and real estate portfolio management. A member of the Executive Committee. |
| Adeeb bin Muhammed Abdulaziz Abanmi                | Audit Committee     | Executive Director - Abanmi Chartered Accountants                                | Continuous Disclosure Advisor - Capital Market Authority<br><br>Deputy Dean of Sharjah Community College   | MA Accounting - University of Miami  | Experience in the field of accounting and auditing  |
| Ahmed bin Abdul Karim bin Abdul Rahman Al Muhaimid | Audit Committee     | Professor at King Saud University  | Professor and a faculty member in the Department of Economics, Vice Dean of the College of Graduate Studies, and Vice Dean of the King Salman Institute for Entrepreneurship<br><br>Consultant for many private sector companies<br><br>Chapter member of the Competition Protection Council | PhD. in Philosophy in Macroeconomics Studying Economic Development Quantitative Analysis - University of Nebraska, United States | Diverse experience in the field of economics and teaching   |
| Muhammed Abdul Rahman Al Qassem                    | Audit Committee     | Managing Director of Riyadh Account Company Ltd.                                 | Internal Audit Manager - Centennial Fund<br><br>Director General of Audit - Communications and Information Technology Commission<br><br>Principal Internal Auditor - Advanced Electronics Company<br><br>Principal Auditor - KPMG Company  | Bachelor of Accounting - King Saud University  | Diversified experience in the field of auditing and internal auditing   |

|                                  |                 |   |   |  |  |
|----------------------------------|-----------------|---|---|--|--|
|                                  |                 |   | Consultant - Communications and Information Technology Commission   |  |  |
| Aziz Muhammed Mubarak Al-Qahtani | Audit Committee | Financial and administrative advisor at Takamol Holding Company | <p>Chief Internal Auditor - Saudi Company for Development and Technical Investment and its subsidiaries</p> <p>Vice President of Internal Audit - Petroleum, Chemical and Mining Company</p> <p>Executive Director of Internal Audit - NADEC Company</p> <p>Executive Director of Internal Audit - Saudi Research and Marketing Group</p> | <p>Master's degree in Accounting, King Fahd University of Petroleum and Minerals</p> <p>Bachelor of Accounting, King Fahd University of Petroleum and Minerals</p> | <p>Member of the Board of Directors and Chairman of the Audit Committee of (Al-Lujain Holding Company - Al Hammadi Company for Development and Investment - Al-Rashid Company for Industry)</p> <p>Head of the Audit Committee for: (Zamil Company for Industry, Trade and Transport - Thimar Development Holding Company)</p> <p>Member of the audit committee in: (Middle East Cable Company (MiSK) - Jazan Energy and Development Company - Mouwasat Medical Services Company - ArcelorMittal Iron and Steel Company - Care and Medical Sciences Company - Malaz Financial Company - Raya Finance Company - Mashari Al-Shathri Engineering Consultancy Company - Sadeer Pharmaceutical Company)</p> |

### Current Executive Management Positions:

| Senior executives                   | Current jobs   | Previous jobs  | Scientific Qualifications  | Scientific Experience   |
|-------------------------------------|--|--|--|---|
| Mr. Ibrahim bin Mohammed Al Elwan   | CEO and Managing Director - Saudi Real Estate Company    | Chief Executive Officer - Watheeq Financial Services                   | Chase Manhattan Bank Credit Program (New York)<br><br>Bachelor of Accounting - King Saud University  | Executive Partner and CEO - Watheeq Financial Services<br><br>CEO - First Real Estate Development Company   |
| *Mr. Fahd bin Ayed Al-Shamri        | Chief Financial Officer for Real Estate and Subsidiaries | Chief Financial Officer - National Housing Company                     | Bachelor's degree in Accounting<br><br>Imam bin Muhammed Saud Islamic University   | Financial Director - Saudi Pharmaceutical Industries and Medical Appliances - Spimaco Pharmaceutical<br><br>Accounting Department Manager - Ma'aden Aluminum Company<br><br>Accounting Services Manager - Starop Corporation<br><br>Project Manager and Accountant Finance Specialist - Accounting Communications Company |
| Mr. Mohamed Sari Anabtawi           | investment head  | Investment Manager - First Real Estate Development Company             | Bachelor of Accounting<br><br>Master's degree in financial management  | Investment Manager - First Real Estate Development Company<br><br>Director of Real Estate Investment Banking - Swicorp  |
| Eng. Moaz bin Abdulaziz Al-Makhdoub | Head of Development                                      | Head of Real Estate Development - Mask Investments                     | Bachelor's degree in Mechanical Engineering from King Saud University<br><br>Holder of an engineering inspector certificate from the British Engineering Council | Construction Manager - Environmental Program Managers - Ministry of Interior<br><br>Chief Engineer - BAE Systems<br><br>Project Manager - Saudi British Defense Cooperation Project<br><br>Member of the Board of Directors and Chairman of the Steering Committee - Al-Fadhili Housing                                   |
| Mr. Muhammed bin Saud Al-Ghazwani   | Head of Shared Services                                  | Consultant at the Real Estate Development Agency - Ministry of Housing | Bachelor of Business Development Management<br><br>Master of Business Administration   | Executive Director - Kingdom Dates Company<br><br>Director General of Financial and Administrative Affairs and Advisor to the Committee for Organization and Development Affairs - Ministry of Commerce and Investment<br><br>Treasury and Operation Supervisor - Samba Bank  |

|                                   |                  |  |                   |  |
|-----------------------------------|------------------|--|-------------------|--|
| *Mr. Khaled<br>Mohammed Al-Dubaie | Commercial chief | Chief Commercial Officer at<br>Arabian Centers Company | Bachelor of Media | Vice President of Leasing - Arabian Centers<br><br>Managing Director Advisor - Arabian Centers |
|-----------------------------------|------------------|--|-------------------|--|

\* Mr. Fahd bin Ayed Al-Shammari was appointed Chief Financial Officer of Real Estate and its subsidiaries on April 25, 2021.

\* Mr. Khalid bin Muhammed Al-Dubaie submitted his resignation from the position of Head of the Commercial Sector on January 31, 2022.

**Names of companies inside or outside the KSA for which a member of the Company's board is a member of its current and previous boards of directors or one of its managers:**

| Member Name                                | Names of the companies in which a member of the board is a member of their current boards of directors or from among their manager | Inside / Outside the KSA | Legal entity       | Names of the companies in which a member of the board is a member of their current boards of directors or from among their manager | Inside / Outside the KSA | Legal entity |
|--|--|--------------------------|--------------------|--|--------------------------|--------------|
| Engineer Ayman bin<br>Mohammed Al-Mudaifer | Al Khair Capital   | Inside KSA               | Closed joint stock | -  | -                        | -            |
|  | Al Widyah Real Estate Company  | Inside KSA               | Closed joint stock | -  | -                        | -            |
|  | Hotel Management Company   | Inside KSA               | Closed joint stock | -  | -                        | -            |
|  | Diplomatic Quarter Holding Company   | Inside KSA               | Closed joint stock | -  | -                        | -            |
|  | Jeddah Airports Company  | Inside KSA               | Limited liability  | -  | -                        | -            |
|  | Roa Development Company  | Inside KSA               | Closed joint stock | -  | -                        | -            |

|  |   |             |                    |   |   |   |
|--|---|-------------|--------------------|---|---|---|
|  | Soudah Development Company  | Inside KSA  | Closed joint stock | - | - | - |
|  | King Abdullah Financial District Management and Development Company | Inside KSA  | Closed joint stock | - | - | - |
| Mr. Bandar bin Abdul Rahman bin Muqrin     | King Abdullah Financial District Management and Development Company | Inside KSA  | Closed joint stock | - | - | - |
|  | Infrastructure Electronic Games Company                             | Inside KSA  | Closed joint stock | - | - | - |
|  | Gulf International Bank (Bahrain)                                   | Outside KSA | Listed joint stock | - | - | - |
|  | The Saudi Technology Development and Investment Company             | Inside KSA  | Closed joint stock | - | - | - |
|  | JASARA  | Inside KSA  | Closed joint stock | - | - | - |
|  | Gulf International Bank (Saudi Arabia)                              | Inside KSA  | Closed joint stock | - | - | - |
|  | Haweya Company  | Inside KSA  | Closed joint stock | - | - | - |
| Mr. Ibrahim bin Muhammed Al Elwan          |   |             |                    |   |   |   |
|  | Saudi Real Estate Infrastructure Company                            | Inside KSA  | Closed joint stock | - | - | - |
|  | Saudi Korean Company for Maintenance and Property Management        | Inside KSA  | Limited liability  | - | - | - |
|  | Al Widyan Real Estate Company                                       | Inside KSA  | Closed joint stock | - | - | - |
|  | Riyadh Holding Company  | Inside KSA  | Limited liability  | - | - | - |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi | Umm Al Qura Real Estate Company                                     | Inside KSA  | Closed joint stock | - | - | - |

|  |   |            |                    |   |   |   |
|--|---|------------|--------------------|---|---|---|
| Dr. Nasser bin Saeed bin Kadsa             | Al Widyen Real Estate Company               | Inside KSA | Closed joint stock | - | - | - |
| Eng. Abdul-Aali bin Muhammed Al-Ajmi       | -   | -          | -                  | - | - | - |
| Mr. Muhammed bin Saad bin Daoud            | -   | -          | -                  | - | - | - |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi | Mohammed Al-Rajhi & Sons Investment Company | Inside KSA | Closed joint stock | - | - | - |
|  | Abdullatif Alissa Group                     | Inside KSA | Closed joint stock | - | - | - |
|  | Medgulf Insurance Company                   | Inside KSA | Listed joint stock | - | - | - |
|  | Alpha Financial Corporation                 | Inside KSA | Closed joint stock | - | - | - |
|  | Dar Al Tamleek Company                      | Inside KSA | Closed joint stock | - | - | - |
|  | Abdullah Al Orthaim Holding Company         | Inside KSA | Listed joint stock | - | - | - |
|  | Aqalat Company                              | Inside KSA | Limited liability  | - | - | - |
|  | Saudi Chemical Co. Holding                  | Inside KSA | Listed joint stock | - | - | - |
|  | Investor Vision Company                     | Inside KSA | Limited liability  | - | - | - |
|  | Manafea Investment Company                  | Inside KSA | Limited liability  | - | - | - |
| Eng. Abdulaziz bin Saleh Al-Anbar          | Saudi Industrial Investment Group           | Inside KSA | Listed joint stock | - | - | - |
|  | Saudi Public Transport Company              | Inside KSA | Listed joint stock | - | - | - |
|  | Saudi Hotels Company (DUR)                  | Inside KSA | Listed joint stock | - | - | - |

|  |                         |            |                    |   |   |   |
|--|-------------------------|------------|--------------------|---|---|---|
|  | SAFCO Company           | Inside KSA | Listed joint stock | - | - | - |
|  | Southern Cement Company | Inside KSA | Listed joint stock | - | - | - |
|  | Aqalat Company          | Inside KSA | Limited liability  | - | - | - |

**A statement containing the dates of the shareholders general assemblies held during the fiscal year 2021 and the names of the attending members of the Board**

| Record of attending the general assemblies' meeting during the fiscal year 2021 |  |                                     |                                     |
|---|--|-------------------------------------|-------------------------------------|
| No.   | Name                                       | General Assembly (48)<br>04-04-2021 | General Assembly (49)<br>20-06-2021 |
| 1.  | Eng. Ayman bin Muhammed Al-Mudaifer        | Attended                            | Attended                            |
| 2.  | Mr. Bandar bin Abdul Rahman bin Muqrin     | Attended                            | Attended                            |
| 3.  | Mr. Ibrahim bin Muhammed Al Elwan          | Attended                            | Attended                            |
| 4.  | Mr. Nayef bin Saleh Al-Hamdan              | Attended                            | Didn't attend                       |
| 5.  | Mr. Abdel Fattah Khalil Abdel Fattah Kurdi | Attended                            | Attended                            |
| 6.  | Dr. Nasser bin Saeed bin Kadsa             | Attended                            | Attended                            |
| 7.  | Eng. Abdulaziz bin Saleh Al-Anbar          | Attended                            | Attended                            |
| 8.  | Mr. Muhammed bin Saad bin Daoud            | Attended                            | Attended                            |
| 9.  | Eng. Abdul-Ali bin Muhammed Al-Ajmi        | Attended                            | Attended                            |



**Board Formation and Members' Membership Classification:**

| Member Name                                |           | Membership classification |             |
|--|-----------|---------------------------|-------------|
|  | Executive | Non-                      | Independent |
| Eng. Ayman bin Mohammed Al-Mudaifer        |           | ✓                         |             |
| Mr. Bandar bin Abdul Rahman bin Muqrin     |           | ✓                         |             |
| Mr. Ibrahim bin Muhammed Al Elwan          | ✓         |                           |             |
| Mr. Nayef bin Saleh Al-Hamdan              |           | ✓                         |             |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi |           | ✓                         |             |
| Dr. Nasser bin Saeed bin Kadsa             |           |                           | ✓           |
| Mr. Muhammed bin Saad bin Daoud            |           | ✓                         |             |
| Eng. Abdul-Aali bin Muhammed Al-Ajmi       |           |                           | ✓           |
| Eng. Abdulaziz bin Saleh Al-Anbar          |           |                           | ✓           |

**The Board meetings during the fiscal year 2021:**

| No. of Meetings (4)                        |                      |                             |                              |                             |                              |
|--|----------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| Member Name                                | Nature of membership | First meeting<br>05/04/2021 | Second meeting<br>05/07/2021 | Third meeting<br>13/09/2021 | Fourth meeting<br>28/12/2021 |
| Eng. Ayman bin Mohammed Al-Mudaifer        | Chairman             | Attended                    | Attended                     | Attended                    | Attended                     |
| Mr. Bandar bin Abdul Rahman bin Muqrin     | Vice Chairman        | Attended                    | Attended                     | Attended                    | Attended                     |
| Mr. Ibrahim bin Muhammed Al Elwan          | Member               | Attended                    | Attended                     | Attended                    | Attended                     |
| Mr. Nayef bin Saleh Al-Hamdan              | Member               | Attended                    | Attended                     | Attended                    | Attended                     |
| Eng. Abdul Aziz bin Saleh Al-Anbar         | Member               | Attended                    | Attended                     | Attended                    | Attended                     |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi | Member               | Didn't attend               | Attended                     | Attended                    | Attended                     |
| Dr. Nasser bin Saeed bin Kadsa             | Member               | Attended                    | Attended                     | Attended                    | Attended                     |
| Mr. Muhammed bin Saad bin Daoud            | Member               | Attended                    | Attended                     | Attended                    | Attended                     |
| Eng. Abdul-Aali bin Muhammed Al-Ajmi       | Member               | Attended                    | Attended                     | Attended                    | Attended                     |

**Interests in the class of shares entitled to vote belonging to persons (other than members of the Board, senior executives and their relatives) who have informed the Company of these rights under Article 45 of the Registration and Listing rules, as well as any change in these rights during the fiscal year 2021.**

There are no interests in the class of voting shares belonging to persons (other than members of the Board, Senior Executives and their relatives) who have informed the Company of those rights under Article 45 of the Registration and Listing Rules.

**Transactions on the shares owned by members of the board, senior executives and their family members:**

The following tables include a description of any relevant interest owned by the members of the Board, their representatives and senior executives, including their wives and children (minors) in the shares or debt instruments of the Company:

**Ownership of the members of the Board, their representatives and members of their families:**

| Board member   | Beginning of the year |                  | End of the year   |                  | Net change | Change Ratio % |
|--|-----------------------|------------------|-------------------|------------------|------------|----------------|
|  | No. of his shares     | Debt instruments | No. of his shares | Debt instruments |            |                |
| The Public Investment Fund, represented by Eng. Ayman bin Muhammed Al-Mudaifer | 154983978             |                  | 154983978         | -                | -          | -              |
| Eng. Ayman bin Mohammed Al-Mudaifer  | -                     | -                | -                 | -                | -          | -              |
| Mr. Abdel Fattah Khalil Abdel Fattah Kurdi                                     | -                     | -                | -                 | -                | -          | -              |
| Mr. Bandar bin Abdul Rahman bin Muqrin   | -                     | -                | -                 | -                | -          | -              |
| Mr. Ibrahim bin Muhammed Al Alwan  | -                     | -                | -                 | -                | -          | -              |
| Mr. Naif bin Saleh AlHamdan  | -                     | -                | -                 | -                | -          | -              |
| Dr. Nasser bin Saeed bin Kadsa   | -                     | -                | -                 | -                | -          | -              |

|                                      |        |   |        |   |   |   |
|--------------------------------------|--------|---|--------|---|---|---|
| Mr. Muhammed bin Saad bin Daoud      | -      | - | -      | - | - | - |
| Eng. Abdul-Aali bin Muhammed Al-Ajmi | -      | - | -      | - | - | - |
| Eng. Abdulaziz bin Saleh Al-Anbar    | 100000 | - | 100000 | - | - | - |

#### Ownership of Senior Executives and their Family Members:

| Senior Executives                   | Beginning of the year |                  | End of the year   |                  | Net change | Change Ratio % |
|-------------------------------------|-----------------------|------------------|-------------------|------------------|------------|----------------|
|                                     | No. of his shares     | Debt instruments | No. of his shares | Debt instruments |            |                |
| Mr. Ibrahim bin Mohammed Al Elwan   | -                     | -                | -                 | -                | -          | -              |
| Mr. Fahad bin Ayed Al-Shamri        | -                     | -                | -                 | -                | -          | -              |
| Mr. Mohamed Sari                    | -                     | -                | -                 | -                | -          | -              |
| Eng. Moaz bin Abdulaziz Al-Makhdoub | -                     | -                | -                 | -                | -          | -              |
| Mr. Muhammed bin Saud Al-Ghazwani   | -                     | -                | -                 | -                | -          | -              |
| Mr. Khalid bin Mohammed Al-Dubaie   | -                     | -                | -                 | -                | -          | -              |

## Remuneration of Board Members and Senior Executives:

### Remuneration Policy and How to Determine Remuneration for Board Members and Executive Management:

The remuneration is determined based on the policy of remuneration for the members of the Board, the sub-committees and the executive management approved by the Ordinary General Assembly on 22-06-2020, in addition to the regulatory procedures issued by the Companies Law for Listed Joint Stock Companies and issued by the Capital Market Authority.

### Board members' remuneration and fees

|  | Fixed remuneration |  |  |                  |   |  |         | Variable remuneration |                 |                            |                           |       | End of service indemnity | Grand total | Allowance for expenses |
|--|--------------------|--|--|------------------|---|--|---------|-----------------------|-----------------|----------------------------|---------------------------|-------|--------------------------|-------------|------------------------|
|  | certain amount**   | Allowance for attending board sessions | Allowance for attending committee sessions | In-kind benefits | Rewarding technical, administrative and | Remuneration of the Chairman, Managing Director, or Secretary, if he is a member | Total   | Percentage of profits | Regular rewards | short term incentive plans | long term incentive plans | Total |                          |             |                        |
| First: Independent                         |                    |  |  |                  |   |  |         |                       |                 |                            |                           |       |                          |             |                        |
| 1. Eng. Abdulaziz bin Saleh Al-Anbar       | 200,000            | 20,000                                 | 27,000                                     |                  |   |  | 247,000 |                       |                 |                            |                           |       |                          | 247,000     |                        |
| 2. Dr. Nasser bin Saeed bin Kadsa          | 200,000            | 20,000                                 | 75,000                                     |                  |   |  | 295,000 |                       |                 |                            |                           |       |                          | 295,000     |                        |
| 3. Eng. Abdul Ali bin Muhammed Al-Ajmi     | 200,000            | 20,000                                 | 33,000                                     |                  |   |  | 253,000 |                       |                 |                            |                           |       |                          | 253,000     |                        |
| Total                                      | 600,000            | 60,000                                 | 135,00                                     |                  |   |  | 195,600 |                       |                 |                            |                           |       |                          | 195,600     |                        |
| Second: Non-executive members              |                    |  |  |                  |   |  |         |                       |                 |                            |                           |       |                          |             |                        |
| 1. Eng. Ayman bin Muhammed Al-             | 250,000            | 20,000                                 |  |                  |   |  | 270,000 |                       |                 |                            |                           |       |                          | 270,000     |                        |
| 2. Mr. Bandar bin Abdul Rahman bin Muqrin* | 200,000            | 20,000                                 | 27,000                                     |                  |   |  | 247,000 |                       |                 |                            |                           |       |                          | 247,000     |                        |
| 3. Mr. Nayef bin Saleh Al-Hamdan           | 200,000            | 20,000                                 | 48,000                                     |                  |   |  | 268,000 |                       |                 |                            |                           |       |                          | 268,000     |                        |
| 4. Mr. Abdul Fattah bin Khalil Kurdi       | 200,000            | 15,000                                 |  |                  |   |  | 165,000 |                       |                 |                            |                           |       |                          | 165,000     |                        |

|                                     |                                    |                |                |               |  |  |   |                 |  |  |  |  |  |                 |               |
|-------------------------------------|------------------------------------|----------------|----------------|---------------|--|--|---|-----------------|--|--|--|--|--|-----------------|---------------|
| 5.                                  | Mr. Mohammed bin Saad bin Daoud    | 200,000        | 20,000         | 48 ,000       |  |  |   | 268,000         |  |  |  |  |  | 268,000         |               |
| <b>Total</b>                        |                                    | <b>970,000</b> | <b>95 ,000</b> | <b>123,00</b> |  |  |   | <b>1,268,00</b> |  |  |  |  |  | <b>1,268,00</b> |               |
| <b>Third: the executive members</b> |                                    |                |                |               |  |  |   |                 |  |  |  |  |  |                 |               |
| 1.                                  | Mr. Ibrahim bin Mohammed Al Alwan* | 200,000        | 20,000         |               |  |  | - | 220,000         |  |  |  |  |  | -               | 16,000        |
| <b>Total</b>                        |                                    | <b>200,000</b> | <b>20,000</b>  |               |  |  | - | <b>220,000</b>  |  |  |  |  |  | -               | <b>16,000</b> |

- The full remuneration dues and allowances for attending the Board meetings by Eng. Ayman bin Muhammed Al-Mudaifer shall be transferred to the Public Investment Fund, according to the exchange regulations for the representatives of the Public Investment Fund.
- The full remuneration dues and allowances for attending the Board meetings by Mr. Bandar bin Abdul Rahman Al-Muqrin shall be transferred to the Public Investment Fund, according to the exchange regulations for the representatives of the Public Investment Fund.
- The full remuneration dues and allowances for attending the Board meetings by Mr. /Naif bin Saleh AlHamdan shall be transferred to the Public Investment Fund, according to the exchange regulations for the representatives of the Public Investment Fund.
- The full remuneration dues and allowances for attending the Board meetings by Mr. Ibrahim bin Muhammed Al Alwan shall be transferred to the Public Investment Fund, according to the exchange regulations for the representatives of the Public Investment Fund.

## Senior Executives Remunerations and Fees:

| Senior Executive Jobs     | Fixed remuneration |                  |                  |                     | Variable remuneration |         |                            |                           |                                   |                  | End of service indemnity | Total executive remuneration for the board, if any | Grand total         |
|---------------------------|--------------------|------------------|------------------|---------------------|-----------------------|---------|----------------------------|---------------------------|-----------------------------------|------------------|--------------------------|--|---------------------|
|                           | Salaries           | Allowances       | In-kind benefits | Total               | Regular rewards       | Profits | short term incentive plans | long term incentive plans | Granted Shares (Value is entered) | Total            |                          |  |                     |
| Chief Executive Officer   | 2,880,000          | 723,000          |                  | 3,603,000           | 0                     |         |                            |                           |                                   | 0                |                          |  | 3,603,000           |
| Chief Financial Officer   | 1,090,000          | 418,100          |                  | 1,508,100           | 0                     |         |                            |                           |                                   | 0                |                          |  | 1,508,100           |
| Chief Operational Officer | 1,164,000          | 407,400          |                  | 1,571,400           | 785,700               |         |                            |                           |                                   | 785,700          |                          |  | 2,357,100           |
| Chief Investment Officer  | 1,068,000          | 267,684          |                  | 1,335,461.95        | 0                     |         |                            |                           |                                   | 0                |                          |  | 1,335,461.95        |
| Chief Development Officer | 1,333,332          | 469,668          |                  | 1,803,000           | 900,000               |         |                            |                           |                                   | 900,000          |                          |  | 2,703,000           |
| <b>Total</b>              | <b>7,535,332</b>   | <b>2,285,852</b> |                  | <b>9,820,961.95</b> | <b>1,685,700</b>      |         |                            |                           |                                   | <b>1,685,700</b> |                          |  | <b>11,506,661.9</b> |

## Remuneration of Committee members:

|   | Fixed remuneration<br>(except for the<br>allowance for<br>attending sessions) | Allowance<br>for attending<br>sessions | Total          |
|---|---|--|----------------|
| <b>Member of the Audit Committee</b>                          |   |  |                |
| 1. Dr. Nasser bin Saeed bin Kadsa                             | 120,192   | 75,000                                 | 195,192        |
| 2. Mr. Mohammed bin Abdul Rahman Al                           | 96,154  | 75,000                                 | 171,154        |
| 3. Mr. Aziz bin Mohammed Al-Qahtani                           | 100,000   | 78,000                                 | 178,000        |
| 4. Mr. Adeeb bin Muhammed Abanmi                              | 100,000   | 78,000                                 | 178,000        |
| 5. Mr. Ahmed bin Abdul Karim Al Muhaimid                      | 100,000   | 78,000                                 | 178,000        |
| <b>Total</b>  | <b>516,346</b>  | <b>384,000</b>                         | <b>900,346</b> |
| <b>Members of the Nominations and Remunerations Committee</b> |   |  |                |
| 1. Eng. Abdul Ali bin Muhammed Al-Ajmi                        | 125,000   | 33,000                                 | 158,000        |
| 2. Mr. Bandar bin Abdul Rahman bin Muqrin*                    | 81,818  | 27,000                                 | 108,818        |
| 3. Eng. Abdulaziz bin Saleh Al-Anbar                          | 81,818  | 27,000                                 | 108,818        |
| <b>Total</b>  | <b>206,818</b>  | <b>87,000</b>                          | <b>375,636</b> |
| <b>Member of the Executive Committee</b>                      |   |  |                |
| 1. Mr. Nayef bin Saleh Al-Hamdan*                             | 125,000   | 48,000                                 | 173,000        |
| 2. Mr. Mohammed bin Saad bin Daoud                            | 100,000   | 48,000                                 | 148,000        |
| 3. Mr. Faisal bin Daher Al-Anzi*                              | 100,000   | 48,000                                 | 148,000        |
| 4. Mr. Fahd bin Abdulrahman Al-Mojil                          | 93,750  | 45,000                                 | 138,750        |
| <b>Total</b>  | <b>418,750</b>  | <b>189,000</b>                         | <b>607,750</b> |

• An amount of (SAR 81,818) that appears under the “Fixed Remuneration” item was transferred to Mr. Bandar bin Abdul Rahman bin Muqrin and paid to the Public Investment Fund according to the regulations of payment to the Public Investment Fund representatives, in addition to the amount of (SAR 27,000) shown under the “allowance for attending the committee’s sessions” item.

• An amount of (SAR 125,000) that appears under the “Fixed Remuneration” item was transferred to Mr. Nayef bin Saleh Al-Hamdan and paid to the Public Investment Fund according to the regulations of payment to the Public Investment Fund representatives, in addition to the amount of (SAR 48,000) that appears under the “allowance for attending the committee’s sessions” item.

• An amount of (SAR 100,000) that appears under the “Fixed Remuneration” item was transferred to Mr. Faisal Al-Enezi and paid to the Public Investment Fund according to the regulations of payment to the Public Investment Fund representatives, in addition to the amount of (SAR 48,000) that appears under the “allowance for attending the committee’s sessions” item.



## **Sub-Committees:**

### **Remuneration and Nomination Committee:**

The Nominations and Remunerations Committee works in conformity with the rules regulating the work of committees in joint stock companies and according to the tasks specified in the Saudi Corporate Governance Regulations issued by the Capital Market Authority. The Committee was formed under the chairmanship of Eng. Abdul-Aali bin Muhammed Al-Ajmi and the membership of Mr. Bandar bin Muqrin and Engineer Abdul Aziz bin Saleh Al-Anbar. The most prominent specializations and tasks undertaken by this Committee include, among other things, the following:

1. Provide recommendation to the Board of Directors to nominate for membership of the Board in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime against honor and honesty.
2. Provide advice and recommendation when selecting the executives who possess the qualities and qualifications that are appropriate for the Company's business.
3. Review the Board of Directors structure and make recommendations regarding the changes that can be made.
4. Determine the weaknesses and strengths of the Board of Directors and propose the methods for addressing them in line with the company's interest.
5. Ensure on an annual basis the independence of the independent members and the absence of any conflict of interest if the member is a member of another company board.
6. Establish clear policies for the compensation and remuneration of the members of the Board and senior executives.
7. Conduct a periodic review of the composition of the Board of Directors and senior executive management, including the required skills, knowledge, experience and independence, and provide recommendations to the Board of Directors regarding the changes that can be made.
8. Review and make recommendation regarding arrangements, requirements and compensation for executive officials, including the employment agreements, types and attachments.

The Committee held (11) meetings during 2021 as follows:

| Meeting No. | Meeting Date | Name   |  |  |
|-------------|--------------|--|--|--|
|             |              | Eng. Abdelali Al-Ajmi                                  | Mr. Bandar bin Muqrin                                | Engineer/ Abdulaziz Al-Anbar *                       |
|             |              | Chairman of the Remuneration and Nominations Committee | Member of the Remuneration and Nominations Committee | Member of the Remuneration and Nominations Committee |
| 1           | 1-12-2021    | Attended   | Attended   | -  |
| 2           | 7-02-2021    | Attended   | Attended   | Attended   |
| 3           | 23-02-2021   | Attended   | Attended   | Attended   |
| 4           | 4-04-2021    | Attended   | Attended   | Attended   |
| 5           | 20-04-2021   | Attended   | Attended   | Attended   |
| 6           | 06-24-2021   | Attended   | Attended   | Attended   |
| 7           | 5-08-2021    | Attended   | Attended   | Attended   |
| 8           | 28-09-2021   | Attended   | Attended   | -  |
| 9           | 31-10-2021   | Attended   | -  | Attended   |
| 10          | 2-12-2021    | Attended   | -  | Attended   |
| 11          | 16-12-2021   | Attended   | Attended   | Attended   |

\* Eng. Abdulaziz bin Saleh Al-Anbar was appointed as an alternative for Mr. David Hand on 21/01/2021

**Executive Committee:**

Al Akaria Company Executive Committee was formed under the chairmanship of Mr. Nayef bin Saleh Al-Hamdan, and the membership of Mr. Muhammed bin Daoud, Mr. Fahd Al-Mojil, and Mr. Faisal Al-Anzi. Among the most prominent competencies and tasks that it undertakes are the following:

The Committee exercises all the powers entrusted to it, submits its reports to the Board and maintains direct channels of communication with it.

1. Review Al Akaria Company's activities and business, internal regulations and policies and provide recommendations, views, and comments to the Board of Directors.
2. Review the activities and works of Al Akaria Company's subsidiaries with regard to following up their performance and regulating the relationship between them and Al Akaria Company in general, in a manner that does not conflict with the performance of the tasks performed by the boards of these companies.
3. Review the regulations of powers, responsibilities, contracts of all kinds, obligations, and payments pertaining to Al Akaria Company and its subsidiaries, and submit them to the Board for study and approval.
4. Supervise the preparation of the Company's estimated budget, review the proposals submitted by the executive management, and provide recommendations to the Board for approving the annual budget.
5. Follow up and study the current situation of cash and cash equivalents with the Saudi Real Estate Company and evaluate options for raising capital or borrowing to finance its activities and projects.
6. Work on evaluating and studying the contractual relationship (terms and conditions), and the method of awarding projects between Al Akaria Company and its subsidiaries, in order to re-control them and set up a tight mechanism to monitor and follow up on the activities and works entrusted to the subsidiaries.
7. Contract with audit offices specialized in auditing, scrutiny and detecting fraud cases to verify and examine all previous and subsequent activities and works, identify all abuses or violations, if any, and submit the results and recommendations to the Executive Committee.
8. Participate and supervise the development of the Company's strategic plan and assess the proposals submitted by the executive management concerned with the Company's vision and mission, strategic themes, objectives and strategic and financial initiatives, and submit recommendations and visions to the Board for approval, together with ensuring the implementation of the Company's general strategy and its effectiveness in achieving the desired objectives.
9. Ensure that the Committee has an appropriate time mechanism to review the work and reports with the executive management, in order to evaluate and follow up as the committee deems appropriate, and to serve its needs with regard to presenting reports to it, whether on a monthly or semi-annual basis or when each meeting is held.
10. Any other tasks assigned by the Board to the Executive Committee.

**The Committee held (16) meetings during 2021 as follows:**

| Meeting No. | Meeting Date | Name                                |                            |                            |                            |
|-------------|--------------|-------------------------------------|----------------------------|----------------------------|----------------------------|
|             |              | Mr. Nayef Al-Hamdan                 | Mr. Mohammed bin Daoud     | Mr. Faisal Al-Anzi         | Mr. Fahad Al Mojil         |
|             |              | Chairman of the Executive Committee | Executive Committee Member | Executive Committee Member | Executive Committee Member |
| 1           | 1/21/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 2           | 3/3/2021     | Attended                            | Attended                   | Attended                   | Attended                   |
| 3           | 3/22/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 4           | 3/25/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 5           | 3/30/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 6           | 04/18/2021   | Attended                            | Attended                   | Attended                   | Attended                   |
| 7           | 5/5/2021     | Attended                            | Attended                   | Attended                   | Attended                   |
| 8           | 5/10/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 9           | 6/14/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 10          | 8/10/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 11          | 9/1/2021     | Attended                            | Attended                   | Attended                   | Attended                   |
| 12          | 9/6/2021     | Attended                            | Attended                   | Attended                   | Attended                   |
| 13          | 9/11/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 14          | 12/8/2021    | Attended                            | Attended                   | Attended                   | Attended                   |
| 15          | 12/20/2021   | Attended                            | Attended                   | Attended                   | Attended                   |
| 16          | 12/26/2021   | Attended                            | Attended                   | Attended                   | Attended                   |

## Audit Committee:

The Audit Committee works in accordance with the requirements of Article One Hundred Four (104) of the Saudi Companies Law, Article Fifty Five (55) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, Article Forty Three (43) of the Company's Articles of Association, and Article Six (6) of the Company's Audit Committee regulation that has defined the Committee's tasks, functions, powers and responsibilities.

The Committee held (26) meetings during 2021, as follows:

| Meeting No. | Meeting Date | Name                            |                                  |                                       |                               |   |
|-------------|--------------|---------------------------------|----------------------------------|---------------------------------------|-------------------------------|---|
|             |              | Dr. Nasser bin Saeed bin Kadsa  | Mr. Aziz bin Muhammed Al-Qahtani | Dr. Ahmed bin Abdul Karim Al Muhaimid | Mr. Adeeb bin Muhammed Abanmi | Mr. Muhammed bin Abdul Rahman Al Qassem |
|             |              | Chairman of the audit committee | Member of the audit committee    | Member of the audit committee         | Member of the audit committee | Member of the audit committee           |
| 1           | 3/2/2021     | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 2           | 10/2/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 3           | 17/2/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 4           | 3/3/2021     | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 5           | 10/3/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 6           | 15/3/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 7           | 16/3/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
|             |              | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 8           | 21/4/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 9           | 28/4/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 10          | 5/5/2021     | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 11          | 20/5/2021    | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 12          | 2/6/2021     | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |
| 13          | 9/6/2021     | Attended                        | Attended                         | Attended                              | Attended                      | Attended                                |

|    |            |          |          |          |          |          |
|----|------------|----------|----------|----------|----------|----------|
| 14 | 16/6/2021  | Attended | Attended | Attended | Attended | Attended |
| 15 | 23/6/2021  | Attended | Attended | Attended | Attended | Attended |
| 16 | 28/7/2012  | Attended | Attended | Attended | Attended | Attended |
| 17 | 5/8/2021   | Attended | Attended | Attended | Attended | Attended |
| 18 | 10/8/2021  | Attended | Attended | Attended | Attended | Attended |
| 19 | 19/8/2021  | Attended | Attended | Attended | Attended | Attended |
| 20 | 8/9/2021   | Attended | Attended | Attended | Attended | Attended |
| 21 | 13/10/2021 | Attended | Attended | Attended | Attended | Attended |
| 22 | 27/10/2021 | Attended | Attended | Attended | Attended | Attended |
| 23 | 3/11/2021  | Attended | Attended | Attended | Attended | Attended |
| 24 | 10/11/2021 | Attended | Attended | Attended | Attended | Attended |
| 25 | 22/12/2021 | Attended | Attended | Attended | Attended | Attended |
| 26 | 29/12/2021 | Attended | Attended | Attended | Attended | Attended |

\* On 04/04/2021, the General Assembly approved the appointment of Dr. Nasser bin Saeed bin Kadsa, Dr. Ahmed bin Abdul Karim Al Muhaimid and Mr.

Adib bin Muhammed Abanmi

**The Committee has performed the following duties and responsibilities:**

**a) Financial Reports:**

1. Study the Company's initial and annual financial statements before submitting them to the Board of Directors and provide its opinion and recommendation in this regard to ensure its integrity, fairness and transparency.
2. Carefully research any issues raised by the Company's financial manager, or whoever undertakes his duties, the Company's compliance officer, or the external auditor.
3. Verify the accounting estimates in the material issues contained in the financial reports.
4. Review the accounting and financial issues related to the preparation of financial reports, and submit the necessary recommendation in this regard to the Board of Directors.
5. Study the relevant accounting policies, bylaws and regulations adopted in the Company, and provide the opinion and recommendation to the Board of Directors in this regard.

**b) Internal audit:**

1. Study and review the Company's internal control and risk management system.
2. Study the internal audit reports and following up the implementation of the corrective procedures for the observations contained therein.
3. Monitor and supervise the performance and activities of the Company's internal audit department to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted to it, including compliance with the international standards for practicing the profession of internal audit issued by the Association of Internal Auditors.
4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit Department and proposing his remuneration.
5. Review the work charter, plans and activities of the Internal Audit Department, its staff recruitment process and its organizational structure.
6. Ensure the independence of the Director of the Internal Audit Department.

**c) External reference:**

1. Recommend the Board of Directors to nominate the external auditor, determine his fees, and review the scope of his work and the terms of contracting with him.
2. Review the external auditor's action plan and verify his independence.

3. Study the external auditor's report and his notes on the financial statements and following up on what was taken in their regard.

4. Ensure that the external auditor's comments and recommendations are received, discussed and responded to by management in a timely manner.

**d) Ensure Compliance:**

1. Review the results of the reports of the supervisory authorities and verify that the Company has taken the necessary measures in this regard.

2. Submit the issues it deems necessary to take action on to the Board of Directors, and make recommendations for the actions to be taken.

**The Audit Committee's opinion on the adequacy of the Company's internal control regulation:**

A. Proceeding from the Audit Committee's keenness to activate the role assigned to it and carry out its responsibilities contained in the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Capital Market Authority, the Company's Audit Committee's work regulations, and The IIA standards during 2021, the Committee reviewed the following:

- Reports issued by the Internal Audit Department for the year 2021.
- The internal control regulation evaluation report issued by the Company's internal audit department according to the COSO methodology.
- The report issued by the external advisory office for the implementation of the internal audit work in the Company.
- Management letter issued by the Company's external auditor regarding the evaluation of the Saudi Real Estate Company internal control regulation for the year 2020, and the executive management's responses to all observations.
- The follow-up report of the Internal Audit Department regarding the executive management's handling of the observations contained in the report of the General Audit Bureau for the year 2019.

B. Through the work of the Supervisory Committee for the year 2021, and in consideration of the Committee's review of the above reports, the Committee would like to emphasize the following matters related to the Company's internal control regulation procedures:

1. There is an inactive risk management in the Company, which has led to an increase in the Company's exposure to operational, financial and other risks that lead to weakness in the Company's internal control regulation.



2. There is a list of powers not approved by the authorized person, as well as the incomplete project of developing and updating policies, which are important components for building a good control environment in the Company and an adequate internal control regulation.

3. The Audit Committee has not been able to date to ascertain the extent of application and effectiveness of the proposed procedures contained in the letter sent by the Company's executive management to the Board of Directors in the fourth quarter of 2021 regarding addressing the shortcomings in the Company's internal control regulation raised by the Audit Committee in its annual report for the year 2020.

**Opinion:**

Except for what is stated in paragraph (b) above, the Audit Committee considers that the internal control regulation in the Saudi Real Estate Company for the year 2021 does not have a fundamental deviation, and it still needs to be developed and diligently followed up by the Company's executive management

The Audit Committee's recommendations which conflict with the decisions of the Board of Directors, or which the Board refused to accept regarding the appointment and dismissal of the Company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the justifications for those recommendations, and the reasons for not taking them into account.

There is no conflict between the Audit Committee's recommendations and the Board of Directors decisions

### Dividend's Policy:

The Group applies a balanced policy in distributing annual profits to shareholders based on the financial position, levels of actual annual profits achieved, the Group's balance of retained earnings, financing needs for its business and future projects, and financial market conditions. This is done taking into account what was stipulated in the Group's articles of association, which is that the Group's annual net profits are distributed after deducting all public expenses and other costs, including the legally imposed zakat, as follows:-

1. (%10) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may stop this deduction whenever the said retention reaches half of the capital.
2. Also, (10%) of the net profits shall be set aside to form a consensual reserve to be allocated for the purposes determined by the General Assembly. This retention shall be ceased if the said reserve reaches half of the capital.
3. From the rest, a down payment equal to (5%) of the paid-up capital shall be distributed to the shareholders.
4. After the foregoing, (5%) of the remainder is allocated as a maximum for the remuneration of the members of the Board of Directors, and the remainder is then distributed to the shareholders as an additional share in the profits.

| Year | Capital | Net profit<br>(loss) | The share profit<br>(loss) (in SAR) | Dividends<br>(millions) | Ratio against<br>paid up<br>capital |
|------|---------|----------------------|-------------------------------------|-------------------------|-------------------------------------|
| 2016 | 1,200   | 86,4                 | 0,72                                | 120                     | 10%                                 |
| 2017 | 1,200   | 132,5                | 1,1                                 | 120                     | 10%                                 |
| 2018 | 2,400   | (183,069)            | (0.76)                              | 0                       | 0                                   |
| 2019 | 2,400   | (186,351)            | (0.74)                              | 0                       | 0                                   |
| 2020 | 2,400   | (140,741)            | (0,57)                              | 0                       | 0                                   |
| 2021 | 2,400   | 54,909               | 0.23                                | 0                       | 0                                   |

## **Acknowledgments of the members of the board:**

### **The Company's board of directors acknowledges:**

1. The Company's account records were prepared as of 31/12/2021, in the correct form and in accordance with the accounting standards approved by the Saudi Organization for Certified Public Accountants, and show the fairness of the financial position in all material respects.
2. The internal control regulation was prepared on sound foundations and implemented effectively.
3. There is no doubt about the Company's ability to continue its activity and that the Company has the ability and resources to continue its activity and future business.
4. That there are no other works or contracts of the Group in which it is a party, or in which there is an interest for a member of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, or any person related to any of them.
5. The Company or its subsidiary has not issued any debt or financial instruments such as stock options and stock rights that can be converted into shares.
6. There are no treasury shares held by the Company during the year.
7. The Company has not entered any transactions related to its shares.