

EEC Business Update

30/06/21

IR Deck Q2 2021

1. EEC Introduction
2. KAEC Introduction
3. City Update
4. IV Update
5. Port Update
6. EEC Stock Overview
7. Financial Update
8. FAQs

01

EEC Introduction



هيئة المدن والمناطق الاقتصادية الخاصة
Economic Cities and Special Zones Authority

A Tadawul-listed real estate development and management company, **Emaar, the Economic City** - EEC's primary focus is the planning and development of **King Abdullah Economic City** (KAEC). When it launched its successful IPO in July 2006, EEC made history: more than half of the Saudi population subscribed. EEC is headed by Emaar Properties PJSC and a number of high-profile investors from Saudi Arabia.

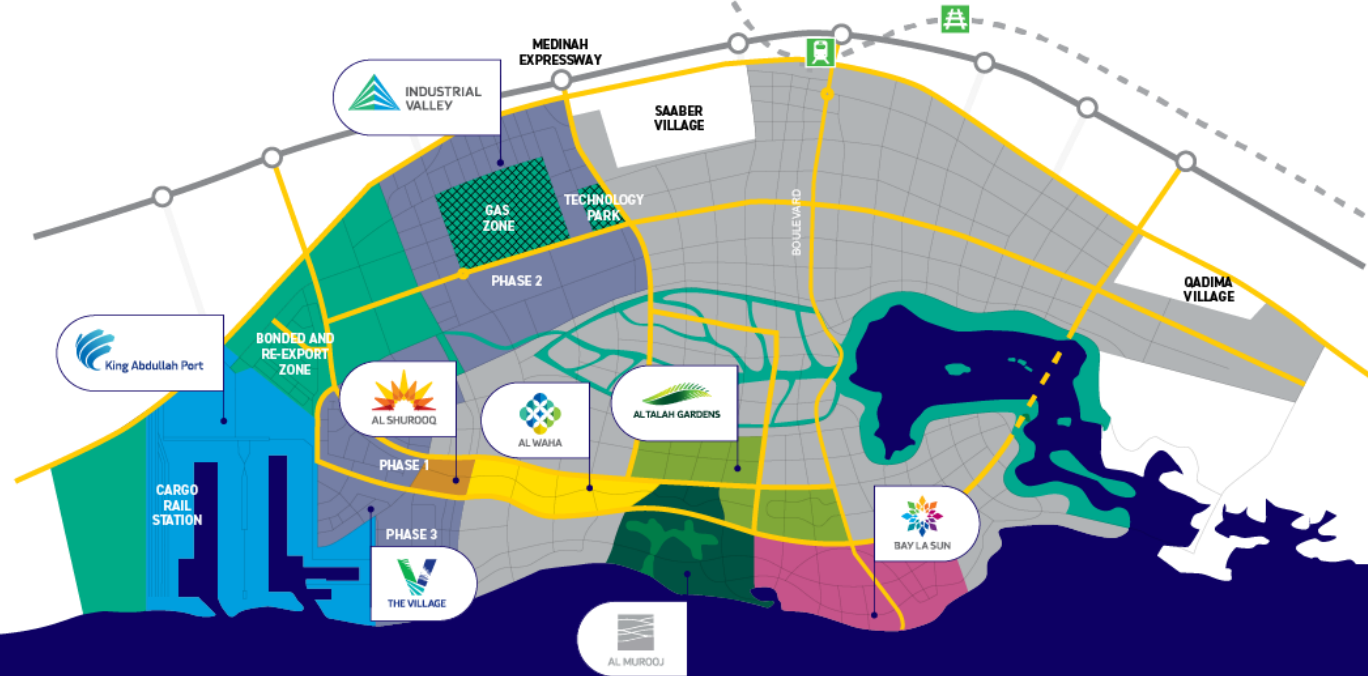
Aimed at being a major contributor to achieving the Kingdom's Vision 2030, KAEC is a uniquely successful example of Public-Private Partnership, as it is governed by a single regulator - the **Economic Cities and Special Zones Authority (ECZA)** - that governs the city with a wide and comprehensive spectrum of incentives. It offers pro-business regulations and services, and ease and speed of issuance of permits and licenses. While, EEC represents the private sector part, it is responsible of the development, operation and financing the city.

<p>4220 Emaar The Economic City</p> <p>Trading name: EMAAR EC</p> <p>Sector: Real Estate Industry Group: Real Estate Mgmt & Dev't</p> <p>Main Market</p>	<p>EQUITY PROFILE</p>		
	<p>AUTHORIZED CAPITAL (SAR)</p> <p>8,500,000,000</p>	<p>ISSUED SHARES</p> <p>850,000,000</p>	<p>PAID CAPITAL (SAR)</p> <p>8,500,000,000</p>
<p>PAR VALUE/SHARE</p> <p>10</p>	<p>PAID UP VALUE/SHARE</p> <p>10</p>		

02

KAEC Introduction

Where we are
today KAEC in
2021



Total area:

185 million m²

Emaar, The Economic City (EEC) land

Developed area: **37,287,068 m²**
 Built roads: **252 km**
 Industrial: **113 Companies**
 Residential: **+9,000 Units**

Education: **5 establishments**
 Healthcare: **2 facilities**
 Religion: **9 mosques**
 Hospitality: **491 rooms/units**

Brief Introduction to KAEC



World-class city living like no other in KSA

Award winning living communities that enhances the quality of life for all income segments



The largest integrated leisure & hospitality district in KSA on the Red Sea

30 leisure assets connected with lavish landscaping and walkways, overlooking the beautiful Red Sea



A comprehensive logistics & industrial hub on the Red Sea

The largest container port on the Red Sea & the largest pharmaceutical cluster in GCC



World Class Education

The only Babson affiliated college outside USA, an award winning primary school and a wide range of vocational education tailored to KSA's future needs



Unparalleled Connectivity

High speed train to the two holy cities and Jeddah airport. In addition to a direct connection to national highways grid



A premium destination for new sports inline with vision 2030

One of the finest luxury golf experiences in the region

Strategically Located

Centered at the shoreline of the Red Sea, KAEC is the optimum location for serving all of the Kingdom's tourism projects on the Red Sea, from north to south, Neom to Jazan

90km from busiest airport in KSA



King Abdulaziz International Airport

One of 4 Cities Connected to HHR



25min to Jeddah Airport

55min to Makkah

60min to Madinah

2nd Largest Port on the Red Sea



36% Growth, largest globally in 2018

Connected Population

31m Saudi Arabia



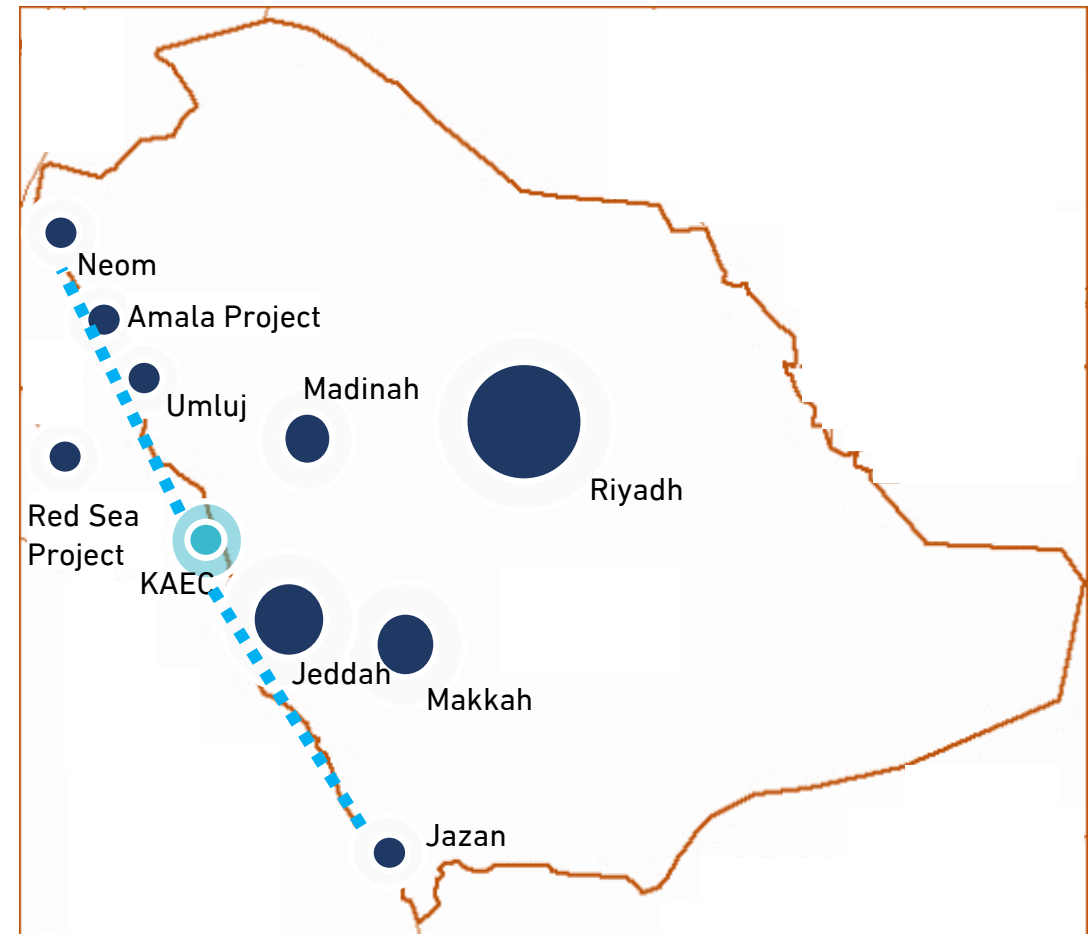
8.5m Regional Population

Central Location

North to South

830KM to Jazan Airport

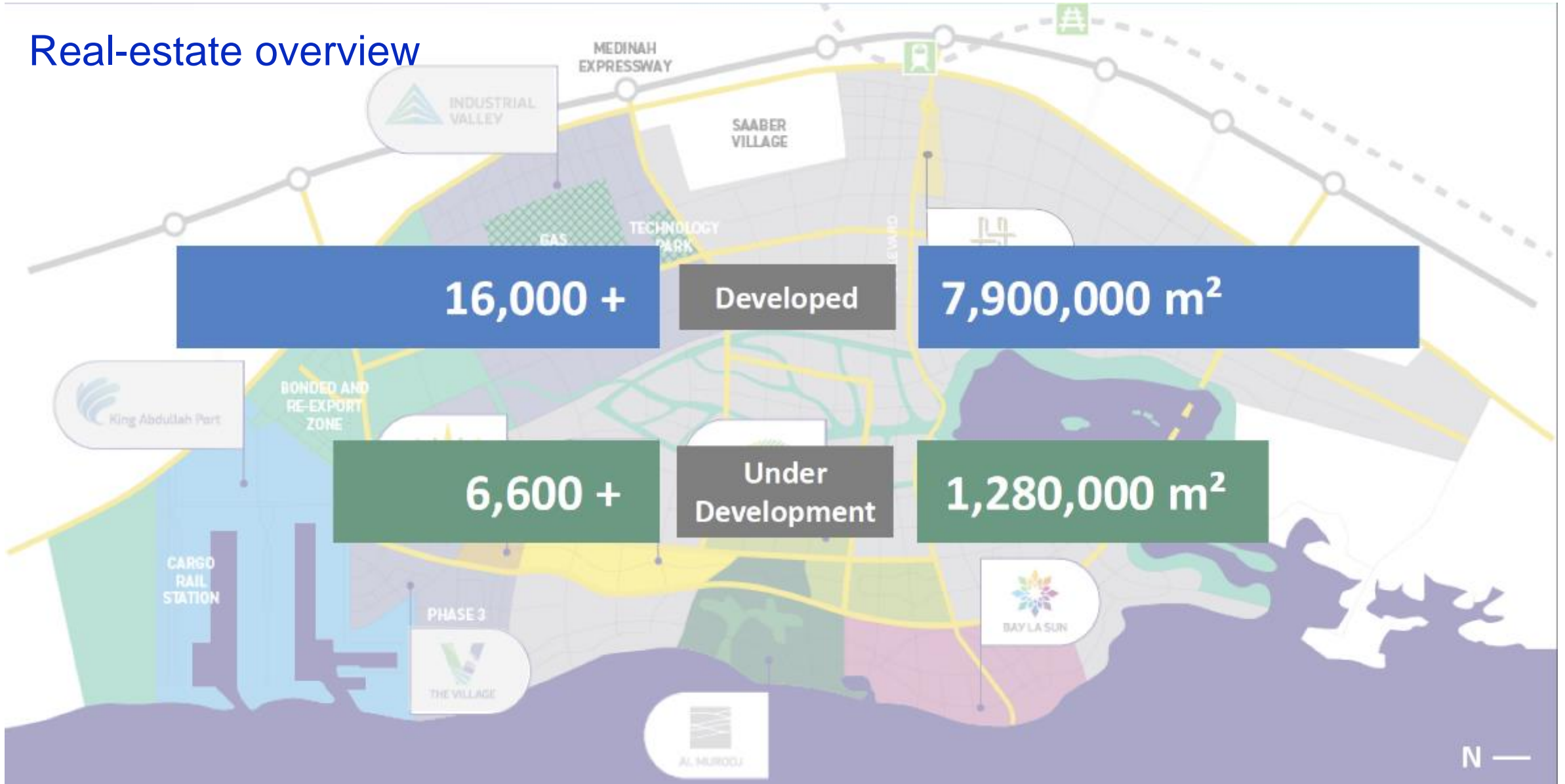
786KM to Neom Airport



03

City Update

Real-estate overview



Residential Product Mix



Low Income



Apartments

Villas**

**Planned projects



Mid Income



Apartments

Townhouses

Paired Homes

Villas



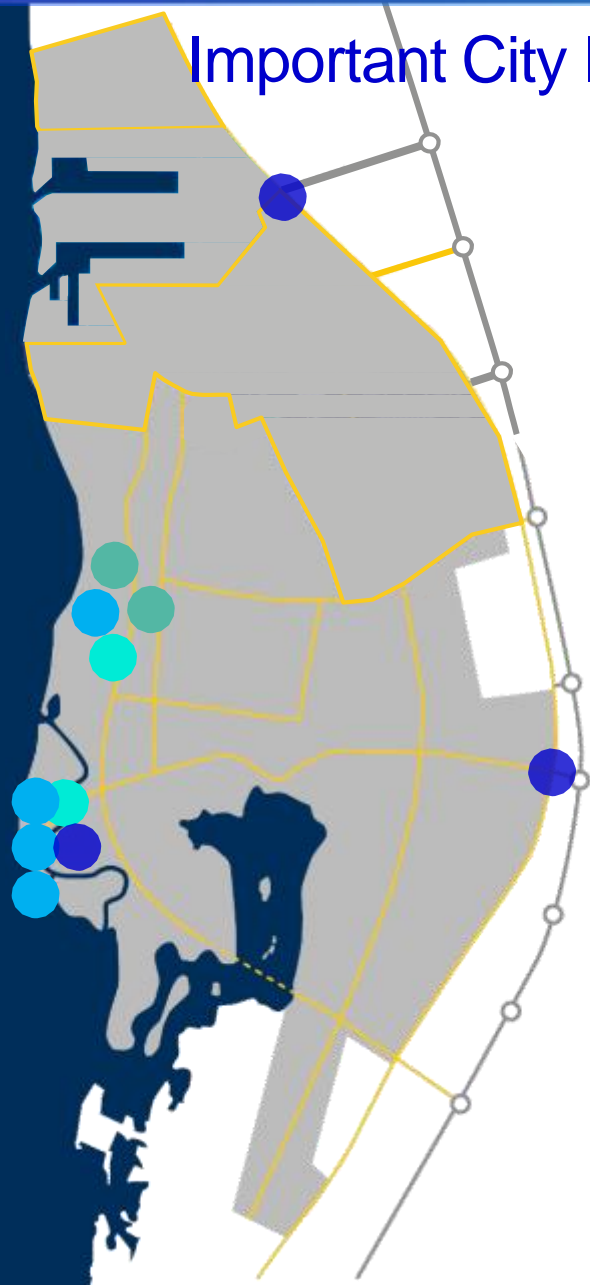
High Income



Apartments

Villas

Important City Level Amenities & Services



Healthcare & Retail



Education



Hospitality & Leisure



Safety & Security



Planned Tourism Projects



04

Industrial Valley (IV) Update

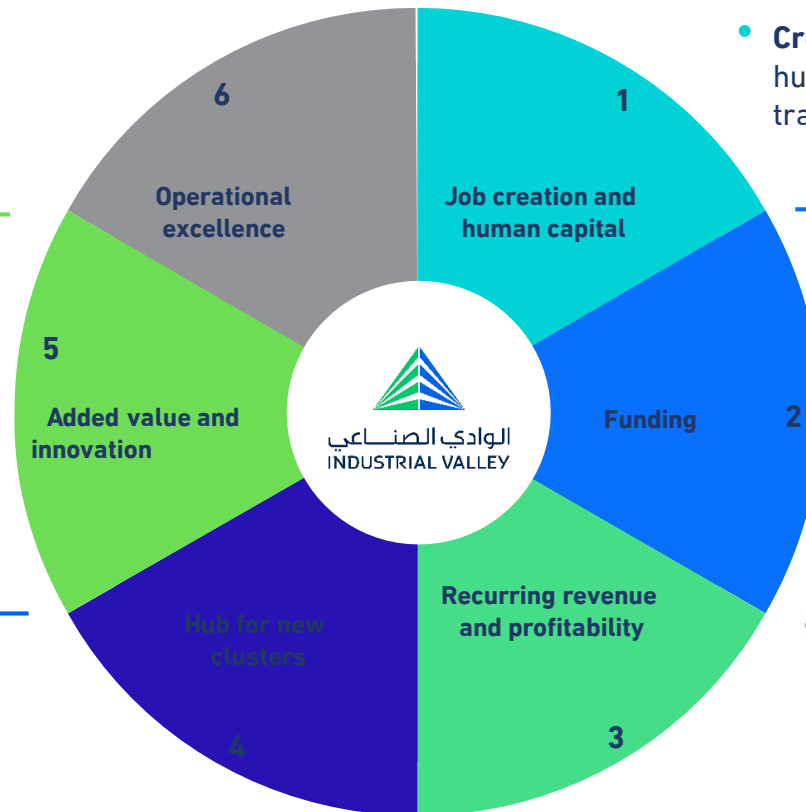
Vision

To be among the top preferred regional hubs for manufacturing industries and value-added logistics.

Mission

To become the hub for job creation in King Abdullah Economic City and provide holistic solutions to industrial and logistics tenants; while establishing an integrated customer-centric industrial and logistics community focused on efficiency and excellence in operation.

Strategic objectives



- Create **integrated operational platforms** to enhance customer experience and drive efficiency

- **Creation of jobs into the city** and developing human capital to support IV tenants through training and development programs

Offer **value-added value products and services** that will:

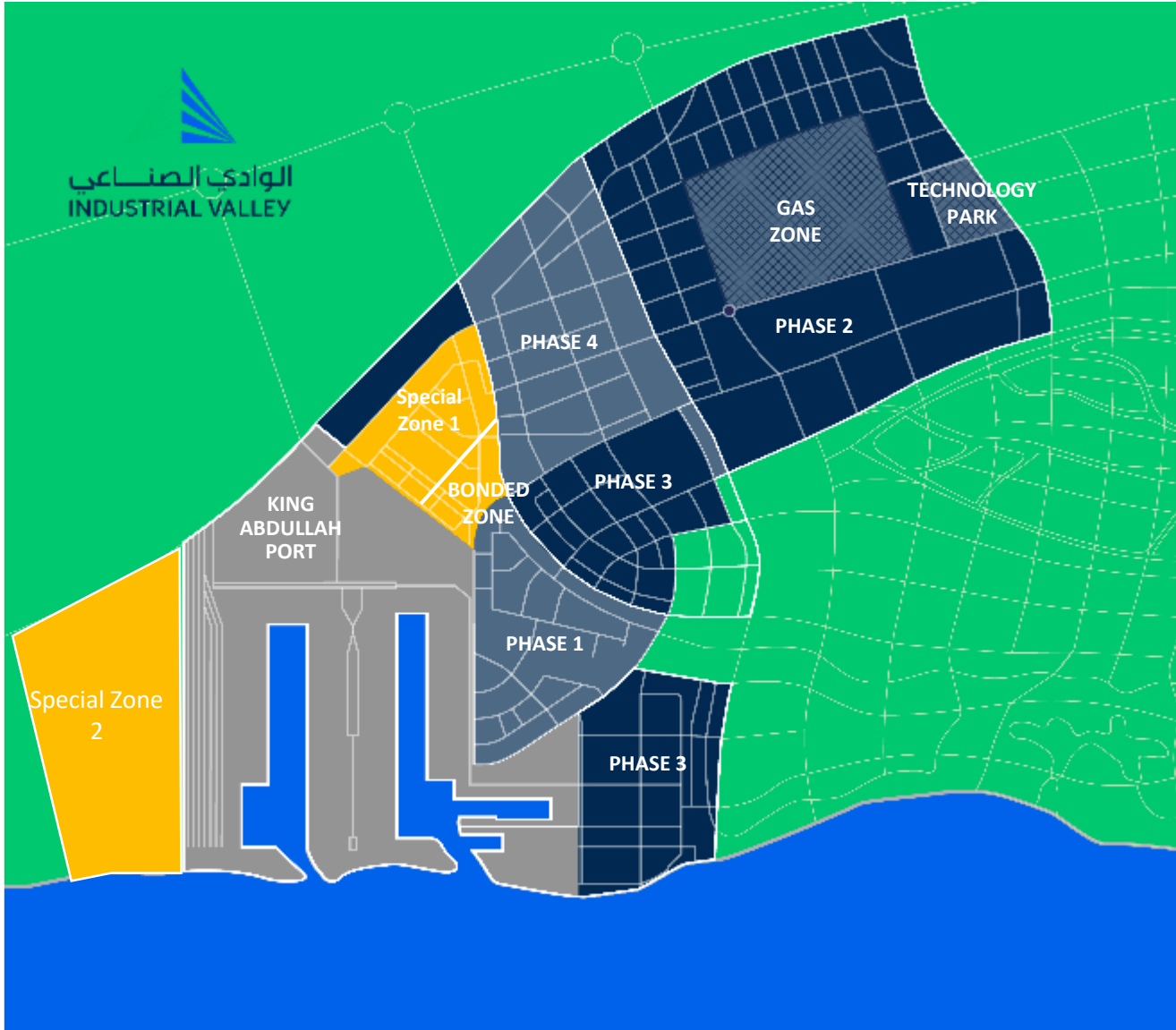
- Ensure the long term sustainability of IV business model
- Differentiate IV from other local, regional and international competitors

- Drive land sales to secure both EEC and IV **funding requirements**

- Bonded Zone, Technology Park, and Renewable Energy Cluster

- **Grow** leasing and other sources of profitable recurring revenue

Global Logistics & Light Industry Hub



Industrial Valley Facts and Products

INDUSTRIAL VALLEY FACTS



Master plan covers
50 million m2



Situated next to
King Abdullah Port

Development Status (Area in Sqm)

Developed /Under Development & Design: ~35 SQM

Current Progress

113 Tenants
5,135 Jobs created
Total investment of
SR 11.8 Billion

Full Utilization & Development



Targeting ~700 Tenants



Targeting ~56,000 Jobs



**Targeting investment of
~30 Billion SAR**



Pre Built Light Manufacturing
and Warehousing Units



Offices & Retail
Spaces for Lease



Serviced Lands for Sale

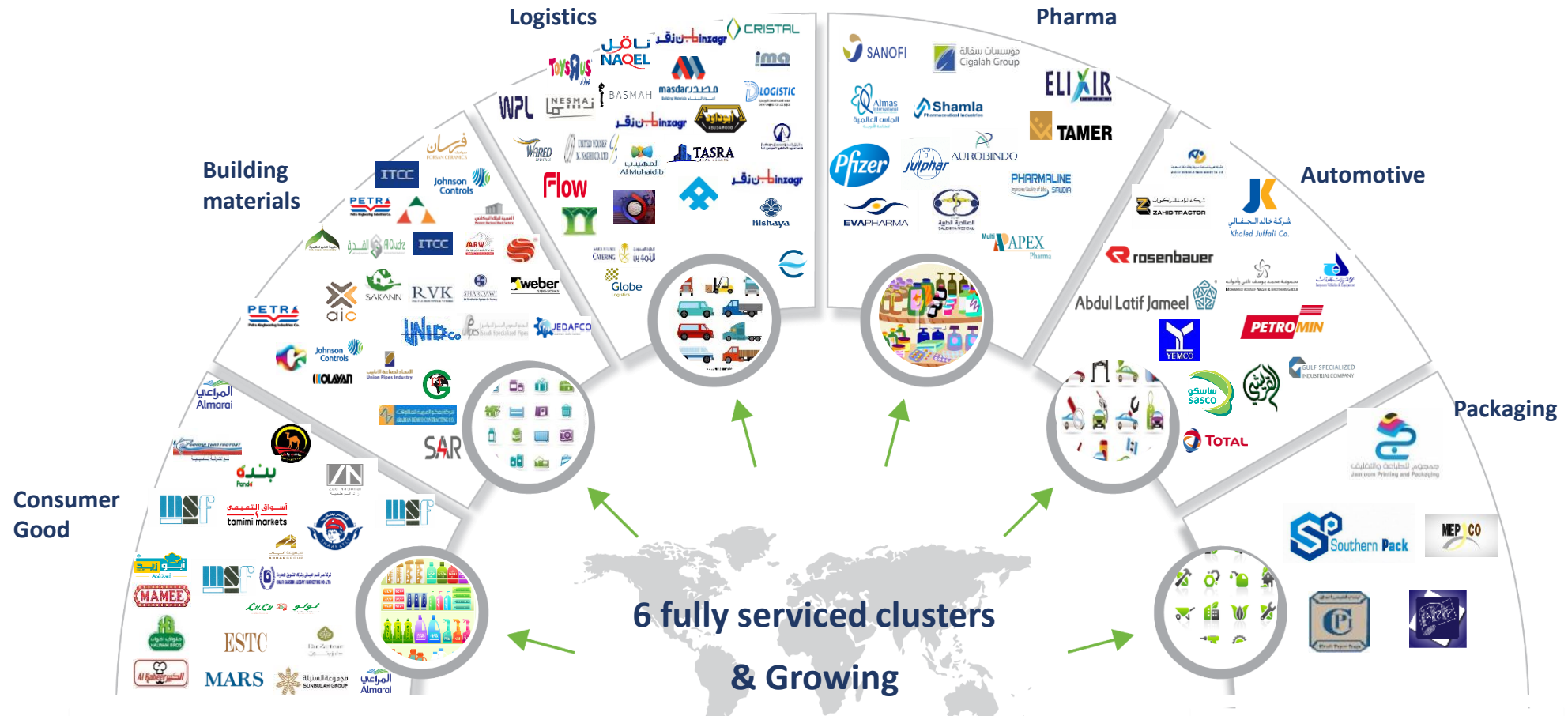


Serviced Lands for Lease



Cold Storage Warehouses (Under Assessment-subject to demand)

Business segments at IV



IV Bonded & Re-Export Zone Overview

Description

“A designated securely controlled area, within customs territory in KSA, offering diverse products & solutions for storage, value added services, and assembly of imported and local goods with custom duty deferred.”

Gross Land Area

3,238,670 SQM

Net Land Area

2,476,964 SQM

Product Mix

1) Land allocated for Value Added Logistics & Supply chain management

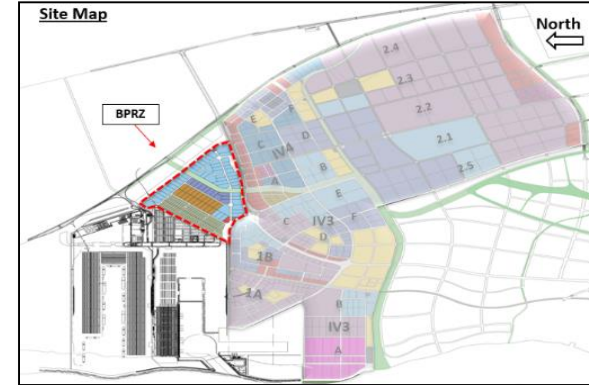
The area will be allocated for the construction of High Quality buildings for use as complex logistics operations.

2) Land allocated for Light Industrial units

The area will be allocated for the construction of High Quality buildings for use as light manufacturing operations.

3) Commercial and retail Space, offices & Showrooms

The area is dedicated for commercial services including retail, food outlets / court, showrooms, and limited office space for lease.



BRZ Competitive Advantage

Prime Site Location

- Adjacent to King Abdullah Port container terminal designed with a total capacity of 20m TEU's
- On the Red Seas with direct access to global shipping routes
- Next to North South KSA highway with direct links to Jeddah & Madinah (major markets in KSA)
- Direct Road and passenger rail links to Jeddah, Mecca & Madinah
- Terminal for proposed **KSA Land bridge Project** providing East West cargo rail transport

Streamlined Customs Procedures

- Duty free importation of intermediate goods for storage and processing prior to subsequent re-export or supply to KSA
- Ability to import otherwise restricted products (non-compliant products) for storage and processing prior re-export

Advanced Buildings & Services

- General Warehousing & Light Industrial units in a range of sizes
- Specialized logistics solutions
- Commercial space for offices and supply chain providers in addition to regulatory organizations

Proximity to Large & Growing Geographical Markets

- Direct Access to KSA – largest market in the GCC
- Proximity to the MEA Region and ability to serve the emerging markets in Africa

KAEC Value Added Services

 <p>SMEs & New Ventures</p> <ul style="list-style-type: none"> • Access to Ecosystem & Partners • Platform for Red Sea Activations 	 <p>مدينة الملك عبدالله الاقتصادية Another World</p> <p>Marketing</p> <p>Marketing Support and Access to KAEC Marketing Channels</p>	 <p>Human Capital Development</p> <ul style="list-style-type: none"> • Higher/Executive Edu. • Tech Training and Dev.
 <p>مدينة الملك عبدالله الاقتصادية</p> <p>Smart City Digital Factory</p> <p>Access to KAEC's IT & Digital Services</p>	 <p>مدينة الملك عبدالله الاقتصادية</p> <p>EEC Corporate Shared Services</p> <ul style="list-style-type: none"> • Free Transportation for 1 Year • Access to HR and Procurement 	

05

King Abdullah Port Update

KAP Q2 2021 Highlights



Complementing the Industrial valley with unmatched progress

Recognized as the 2nd Best Port Globally in the Container Port Performance Index for 2020

Recognized as region's fastest growing port during the 1st Quarter of 2021

Currently ranked at 84 worldwide amongst the top ports in the world in terms of volume

45% growth in total Container volume over YTD June 2020

77% growth in Export Full Container volume over YTD June 2020

63% growth in T/S volume over YTD June 2020

83% growth in Bulk volume over YTD June 2020

21% increase in Vessel calls over YTD June 2020

Total container handling capacity is 6.6 Mn TEU based on current efficiency levels

Competitive advantage of higher productivity- 43 moves per crane hour and 33,000 MT of bulk/day

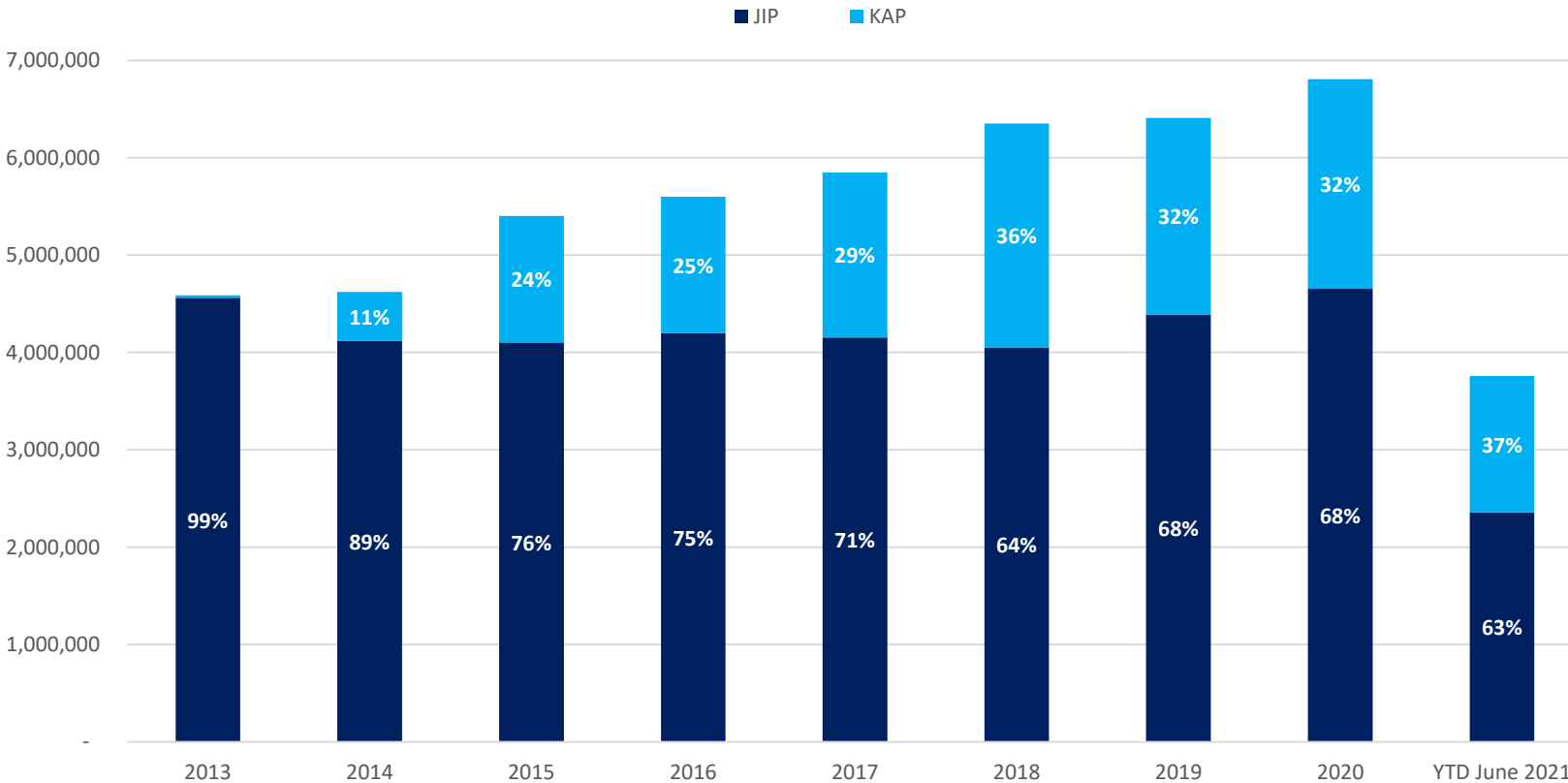
Main hub for MSC and the MSC/ Maersk 2M alliance

World's largest vessels with a capacity exceeding 23.5k TEU's are being regularly handled at the port

KAP – Market Share Evolution

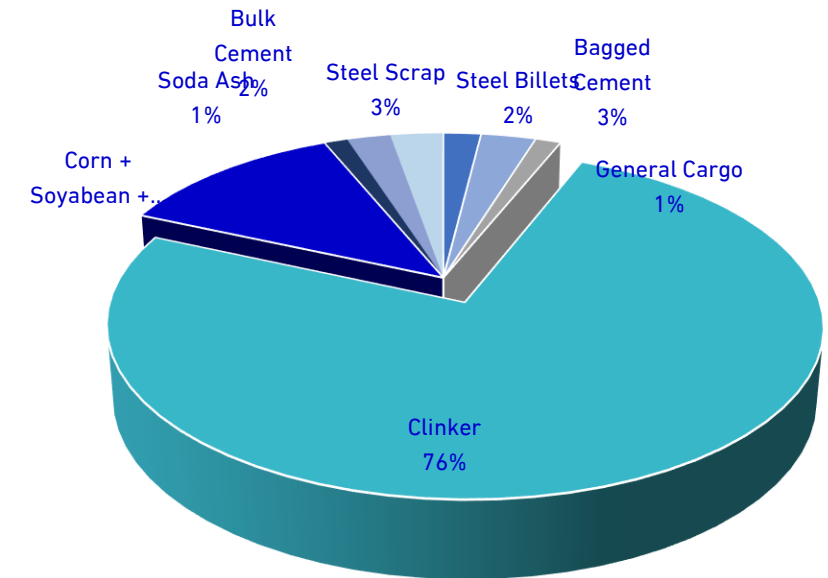
KAP has grown consistently over the years handling over a third of the Kingdoms Western Regions container volumes

Western Region Market Share (in TEUs)



Non-Containerized Cargo

Total Volume handled in KAP in YTD June 2021 was 2.66 million MT



KAP – Growth Potential

Various initiatives, programs, strategies and plans are catalysts of promising growth.



Alignment with Vision 2030 & National Industrial Development and Logistics Program (NIDLP) : KAP aspires to be a vital contributor to fulfilling Vision 2030's objective of having the Kingdom be a trading hub for Asia, Africa and Europe. NIDLP focuses on transforming Saudi Arabia into an Industrial Powerhouse and a global logistics hub

Almarai Facility: Almarai have made significant investment in building their own facility for cargo handling and storage and the project is almost ready. It demonstrates that from a Supply Chain perspective, serving KSA hinterland from KAP is efficient and cost-saving.



Saudi Land Bridge Project: KAP is expecting to be connected with the Saudi Land Bridge (via rail), which would secure fast and cost-effective connectivity with Yanbu, Petro Rabigh and Riyadh.

KAP expansion potential: KAP has adequate surplus capacity to meet any market demands as against other ports that have almost reached saturation levels



MSC/TIL Vision: MSC, the world's second largest shipping line and the majority owner of TIL Group (which in turn is the majority owner of NCT), has informed PDC that it aspires to make its terminals at KAP a major MSC global hub, with throughput of 10-12 million TEU's.

Logistics business: Developing a logistics business including a bonded zone, provides a unique growth opportunity for KAP (see next slide)



Port Community System: PCS-as-a-service adds to operational efficiency and cost saving for customers and it acts as a single platform to capture all activities of the port and act as the central system for integrating all operators in KAP

Land Availability: KAP has ample empty land, available for use by leading industrial and logistics companies



KAP – Key Advantages

- **Location:** on the Red Sea, access to the highways, proximity to the export market, time & cost saving road transportation, provision for rail network
- **Land:** availability of adequate land area inside and outside port
- **Infrastructure:** deepest draft at the basin and entry channel, more than enough terminal yard area, strong pavement capable of stacking 5+1 containers, fully equipped customs inspection facility, over 3,000 reefer plugs, self-sustainable utility network and power plant
- **Equipment:** terminals equipped with most modern cranes and top class marine service boats
- **Offering of logistics facilities:** bonded / non-bonded logistics facilities
- **Multi facility port:** dedicated independent facilities for handling containers, bulk/general cargo and RORO
- **Sophisticated system:** port community system / smart gates to add to efficiency and cost savings
- **Ease of doing business:** faster response to customer needs

06

EEC Stock Overview

EEC Stock Chart on Jun 30, 2021



Market Cap – Range 23 Bn (31 Oct 2006) – 5.4 Bn (31 Oct 2011) | Median : SAR 8.9 Bn

Date	Market Cap SAR	Date	Market Cap SAR	Date	Market Cap SAR	Date	Market Cap SAR	Date	Market Cap SAR
31-Oct-06	22,950,000,640	31-May-10	7,352,500,224	31-Dec-13	11,304,999,936	31-Jul-17	12,512,000,000	28-Feb-21	7,735,000,000
30-Nov-06	15,299,999,744	30-Jun-10	7,267,500,032	30-Jan-14	11,857,500,160	31-Aug-17	12,307,999,744	31-Mar-21	9,095,000,000
31-Dec-06	14,237,500,416	29-Jul-10	7,352,500,224	27-Feb-14	13,345,000,448	28-Sep-17	12,240,000,000	30-Apr-21	9,035,500,000
31-Jan-07	12,537,499,648	31-Aug-10	6,630,000,128	31-Mar-14	14,620,000,256	31-Oct-17	11,084,000,256	31-May-21	9,775,000,000
28-Feb-07	13,600,000,000	30-Sep-10	6,672,500,224	30-Apr-14	13,991,000,064	30-Nov-17	11,134,999,552	30-Jun-21	10,880,000,000
29-Mar-07	15,299,999,744	31-Oct-10	6,034,999,808	29-May-14	14,977,000,448	31-Dec-17	11,466,500,096		
30-Apr-07	14,662,500,352	30-Nov-10	5,907,500,032	30-Jun-14	12,860,499,968	31-Jan-18	11,559,999,488		
31-May-07	14,237,500,416	30-Dec-10	6,034,999,808	31-Jul-14	14,705,000,448	28-Feb-18	10,659,000,320		
28-Jun-07	12,750,000,128	31-Jan-11	5,609,999,872	31-Aug-14	15,818,500,096	29-Mar-18	11,628,000,256		
31-Jul-07	13,175,000,064	28-Feb-11	5,482,500,096	30-Sep-14	14,807,000,064	30-Apr-18	11,900,000,256		
30-Aug-07	13,387,499,520	31-Mar-11	5,864,999,936	30-Oct-14	14,908,999,680	31-May-18	11,610,999,808		
30-Sep-07	14,024,999,936	28-Apr-11	5,907,500,032	30-Nov-14	11,449,499,648	28-Jun-18	10,200,000,512		
31-Oct-07	15,512,500,224	31-May-11	6,544,999,936	31-Dec-14	10,106,500,096	31-Jul-18	9,333,000,192		
29-Nov-07	17,637,500,928	30-Jun-11	6,672,500,224	29-Jan-15	12,631,000,064	30-Aug-18	8,049,500,160		
31-Dec-07	19,337,500,672	31-Jul-11	6,077,499,904	26-Feb-15	12,273,999,872	30-Sep-18	8,074,999,808		
31-Jan-08	19,762,499,584	31-Aug-11	5,440,000,000	31-Mar-15	11,211,499,520	31-Oct-18	7,718,000,128		
28-Feb-08	19,762,499,584	29-Sep-11	5,482,500,096	30-Apr-15	13,914,500,096	29-Nov-18	7,012,499,968		
31-Mar-08	15,299,999,744	31-Oct-11	5,440,000,000	31-May-15	13,319,499,776	31-Dec-18	6,723,500,032		
30-Apr-08	18,912,499,712	30-Nov-11	5,695,000,064	30-Jun-15	12,656,499,712	31-Jan-19	7,947,500,032		
29-May-08	18,912,499,712	29-Dec-11	6,289,999,872	30-Jul-15	11,390,000,128	28-Feb-19	8,236,499,968		
30-Jun-08	19,125,000,192	31-Jan-12	7,182,499,840	31-Aug-15	9,188,500,480	31-Mar-19	8,499,999,744		
31-Jul-08	17,212,499,968	29-Feb-12	8,032,500,224	30-Sep-15	9,205,499,904	30-Apr-19	7,819,999,744		
31-Aug-08	16,362,500,096	29-Mar-12	11,177,499,648	29-Oct-15	8,160,000,000	30-May-19	7,692,499,968		
30-Sep-08	12,410,000,384	30-Apr-12	11,390,000,128	30-Nov-15	8,908,000,256	30-Jun-19	8,499,999,744		
30-Oct-08	9,817,499,648	31-May-12	9,009,999,872	31-Dec-15	10,999,000,064	31-Jul-19	8,823,000,064		
30-Nov-08	7,437,499,904	28-Jun-12	7,394,999,808	31-Jan-16	10,828,999,680	29-Aug-19	8,499,999,744		
31-Dec-08	7,607,499,776	31-Jul-12	7,862,499,840	29-Feb-16	11,304,999,936	30-Sep-19	8,432,000,000		
29-Jan-09	7,480,000,000	30-Aug-12	8,584,999,936	31-Mar-16	11,857,500,160	31-Oct-19	7,964,499,968		
26-Feb-09	7,310,000,128	30-Sep-12	7,649,999,872	28-Apr-16	12,673,500,160	28-Nov-19	7,735,000,064		
31-Mar-09	7,012,499,968	31-Oct-12	7,480,000,000	31-May-16	11,602,499,584	31-Dec-19	8,117,499,904		
30-Apr-09	7,735,000,064	29-Nov-12	6,544,999,936	30-Jun-16	12,282,500,096	30-Jan-20	8,517,000,192		
31-May-09	8,627,500,032	31-Dec-12	7,055,000,064	31-Jul-16	11,866,000,384	27-Feb-20	7,871,000,064		
30-Jun-09	8,882,499,584	31-Jan-13	8,372,499,968	31-Aug-16	11,203,000,320	31-Mar-20	5,814,000,128		
30-Jul-09	8,670,000,128	28-Feb-13	8,032,500,224	29-Sep-16	10,191,500,288	30-Apr-20	6,247,499,776		
31-Aug-09	8,202,500,096	31-Mar-13	8,074,999,808	31-Oct-16	11,491,999,744	31-May-20	5,975,499,776		
30-Sep-09	8,882,499,584	30-Apr-13	8,074,999,808	30-Nov-16	14,840,999,936	30-Jun-20	5,779,999,744		
29-Oct-09	9,095,000,064	30-May-13	8,117,499,904	29-Dec-16	14,586,000,384	30-Jul-20	6,034,999,808		
30-Nov-09	8,924,999,680	30-Jun-13	8,457,500,160	31-Jan-17	14,807,000,064	31-Aug-20	6,859,500,032		
31-Dec-09	8,160,000,000	31-Jul-13	9,902,499,840	28-Feb-17	16,728,000,512	30-Sep-20	8,551,000,064		
31-Jan-10	8,457,500,160	29-Aug-13	8,755,000,320	30-Mar-17	14,475,499,520	29-Oct-20	7,565,000,192		
28-Feb-10	8,457,500,160	30-Sep-13	9,859,999,744	30-Apr-17	13,982,499,840	30-Nov-20	8,364,000,256		
31-Mar-10	8,372,499,968	31-Oct-13	10,369,999,872	31-May-17	12,019,000,320	31-Dec-20	7,828,499,968		
29-Apr-10	7,819,999,744	28-Nov-13	10,497,500,160	29-Jun-17	13,361,999,872	31-Jan-21	7,582,000,000		

Market Cap (SAR Bn)

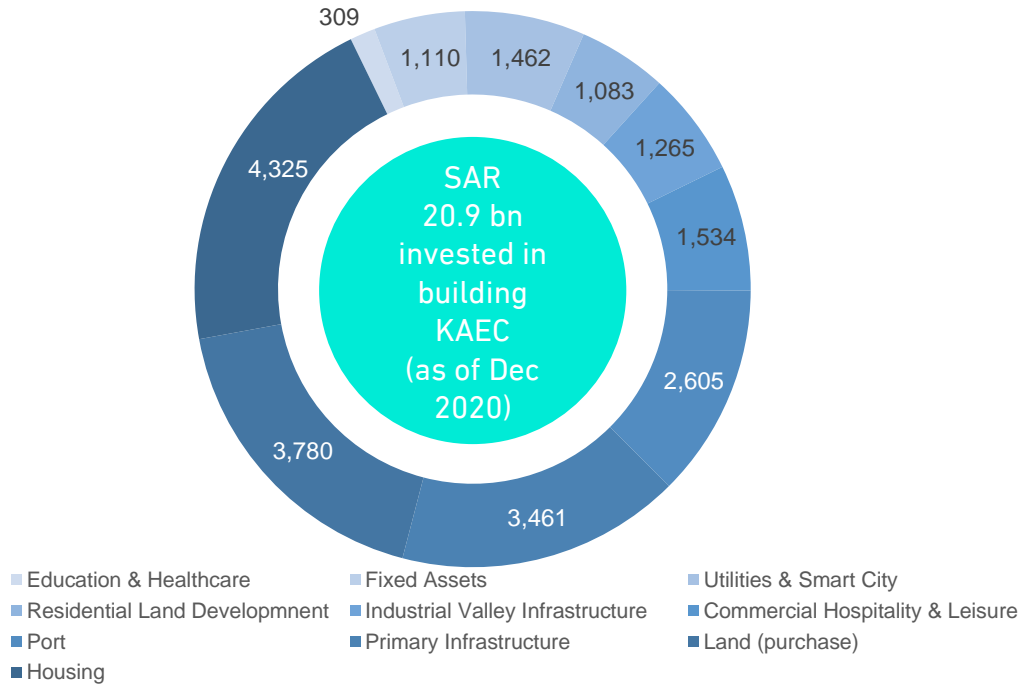


07

Financial Update (EEC Group)

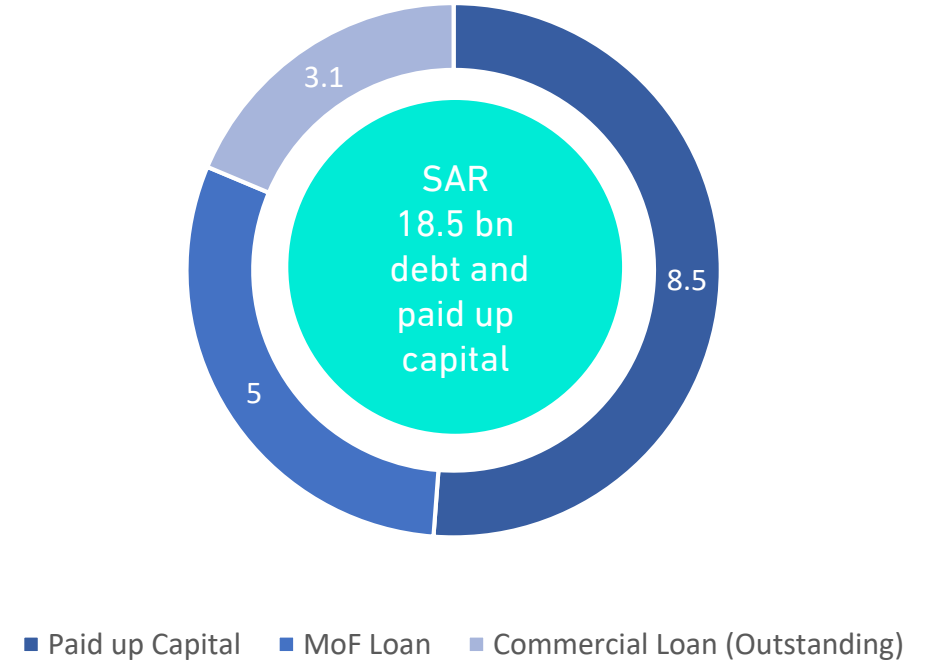
Invested capital, healthy financial leverage has enabled us to build KAEC, and will continue to support our growth

Breakdown of EEC's invested capital (SAR Mn)



- KAEC is the largest privately funded city in the world

Debt and equity

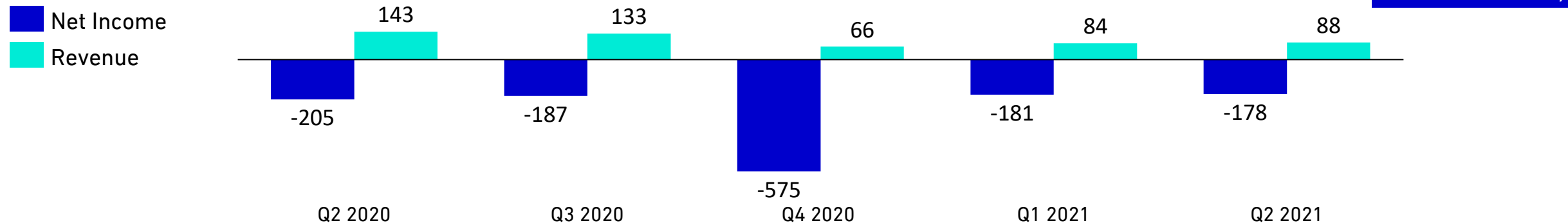


- Financial leverage is significantly lower than regional and international property developers
- PIF signed subscription agreement to acquire 25% stake as additional equity which will be reflected once formalized, changing the debt and equity structure

EEC Debt Restructuring update

- **MoF:** SR5 BN Loan (Pre-Conversion) has been rescheduled to be paid over 10 years with a grace period of 3 years starting 2021
- **Alinma:** SR1.7 Bn loan restructured over 10.5 years with 3 Y grace
- **BSF:** SR537 MM Loan restructured over 10.5 years with 3Y grace
- **SABB:** SR 1.276 MM Loan restructuring is in its final stages

Quarterly Revenue and Net Income 2020-2021



The reason of the increase (decrease) in the net profit during the current quarter compared to the same quarter of the last year: Total comprehensive loss decreased by SAR 33M during the current quarter as compared to the corresponding quarter mainly due to the following:

- Decrease in general and administration and marketing cost by SAR 23M mainly due to various cost optimization measures including reduction in employee cost.
- Decrease in financial charges by SAR 13M during current quarter mainly due to decrease in overall SAIBOR rates.
- Increase in the Group's share of results of investee, Port Development Company (PDC), by SR 7.3M mainly due to improvement in port operations as well as positive changes in revaluation of interest rate swap arrangements made by PDC.
- Decrease in gross loss of hospitality sector due to easing of COVID 19 restriction.
- The above mentioned impacts are partially offset by a gross loss of SAR -19.6M during Q2 2021 as compared to the gross profit of SAR 17M in the corresponding quarter mainly due to lower demand for KAEC real estate products.

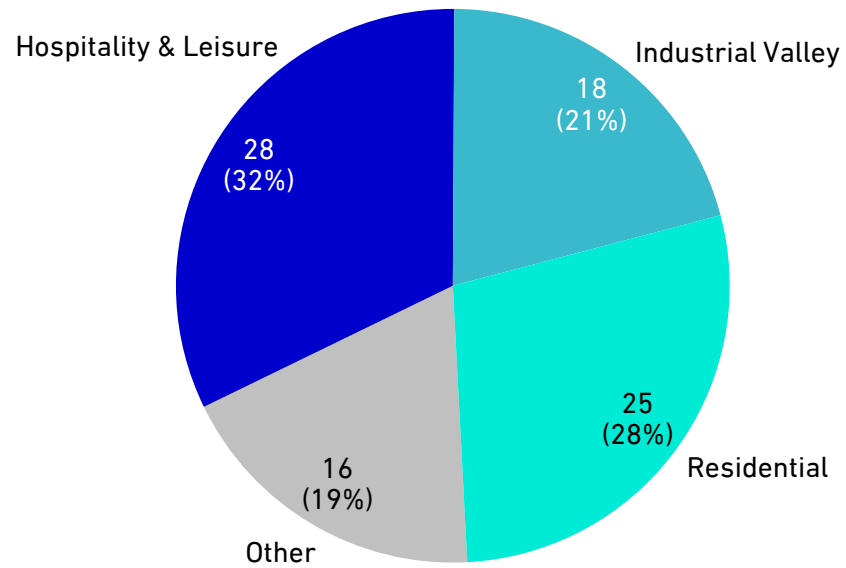
The reason of the increase (decrease) in the net profit during the current quarter compared to the previous period of the current year : Decrease in total comprehensive loss by SAR 3 M during the current quarter as compared to the preceding quarter is mainly due to decrease in marketing expenses and impairment loss which is partially offset by increase in finance charges mainly due to certain adjustments in mark-up calculation with the financial institutions due to ongoing loan restructuring exercise by the Group.

The reason of the increase (decrease) in the net profit during the current period compared to the same period of the last year : Total comprehensive loss decreased by SAR 150M during the current period as compared to the corresponding period mainly due to the following:

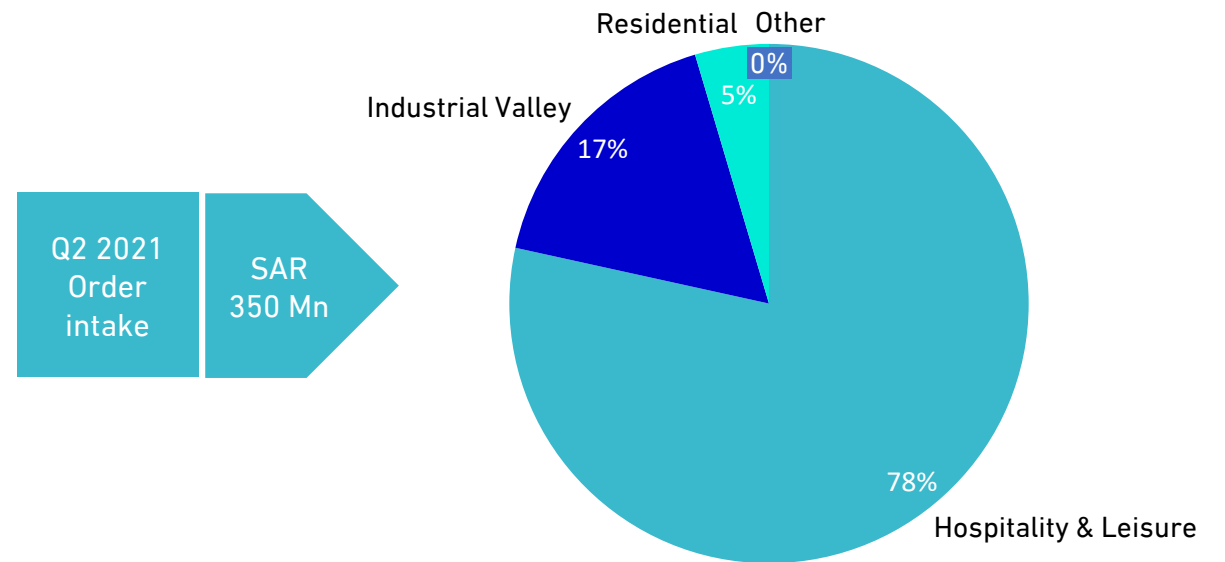
- Decrease in general and administration and marketing cost by SAR 33M mainly due to various cost optimization measures including reduction in employee cost.
- Decrease in financial charges by SAR 49.6 M during current period mainly due to decrease in overall SAIBOR rates.
- Decrease in impairment loss of financial assets by SAR 21M which was partially offset by increase in impairment loss on receivable by SAR 11 M (in accordance with expected credit loss model ("ECL") under IFRS 9).
- Increase in the Group's share of results of investee, Port Development Company (PDC), by SR 14M mainly due to improvement in port operations as well as positive changes in revaluation of interest rate swap arrangements made by PDC amounting to SAR 35M.
- Decrease in gross loss of hospitality sector due to easing of COVID 19 restriction.
- The above mentioned impacts are partially offset by a gross loss of SAR -37M during current period as compared to the gross loss of SAR -22M for the corresponding period mainly due to lower demand for KAEC real estate products

Revenue & Order Intake Breakdown Q2-2021

Q2-2021 Revenue breakdown (%)



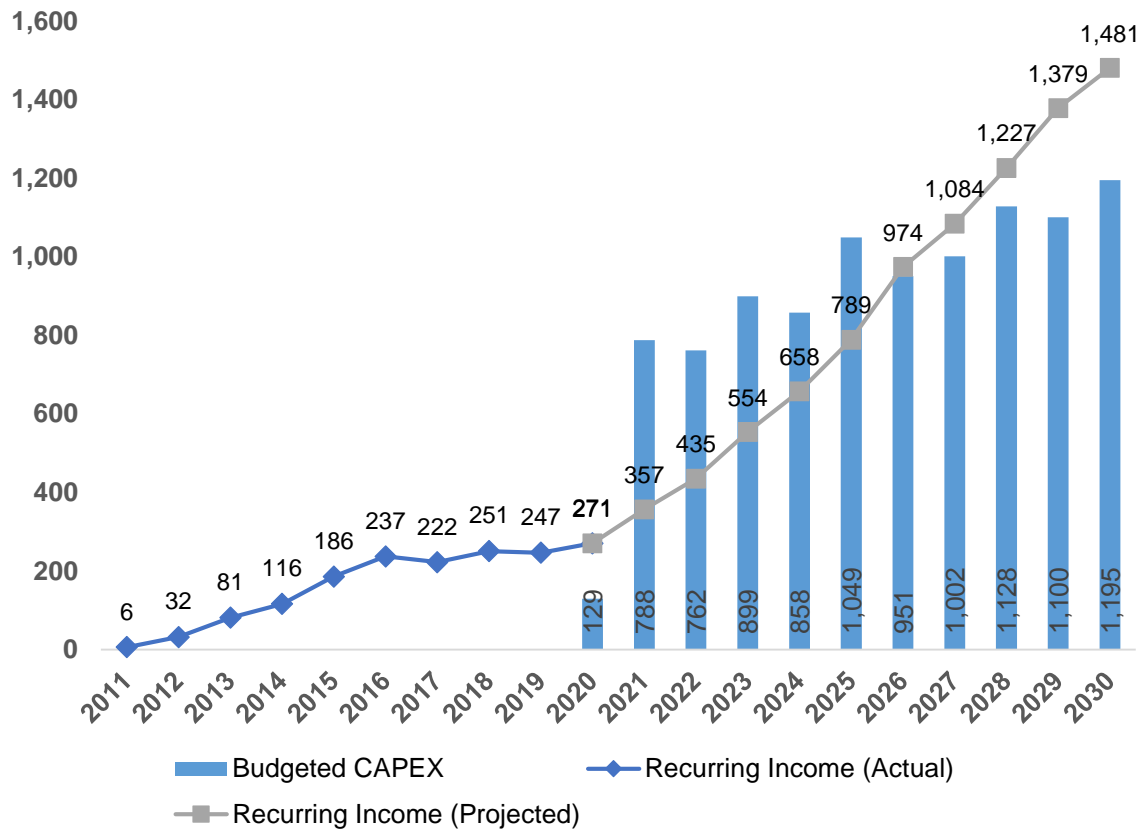
Q2-2021 Order intake breakdown (%)



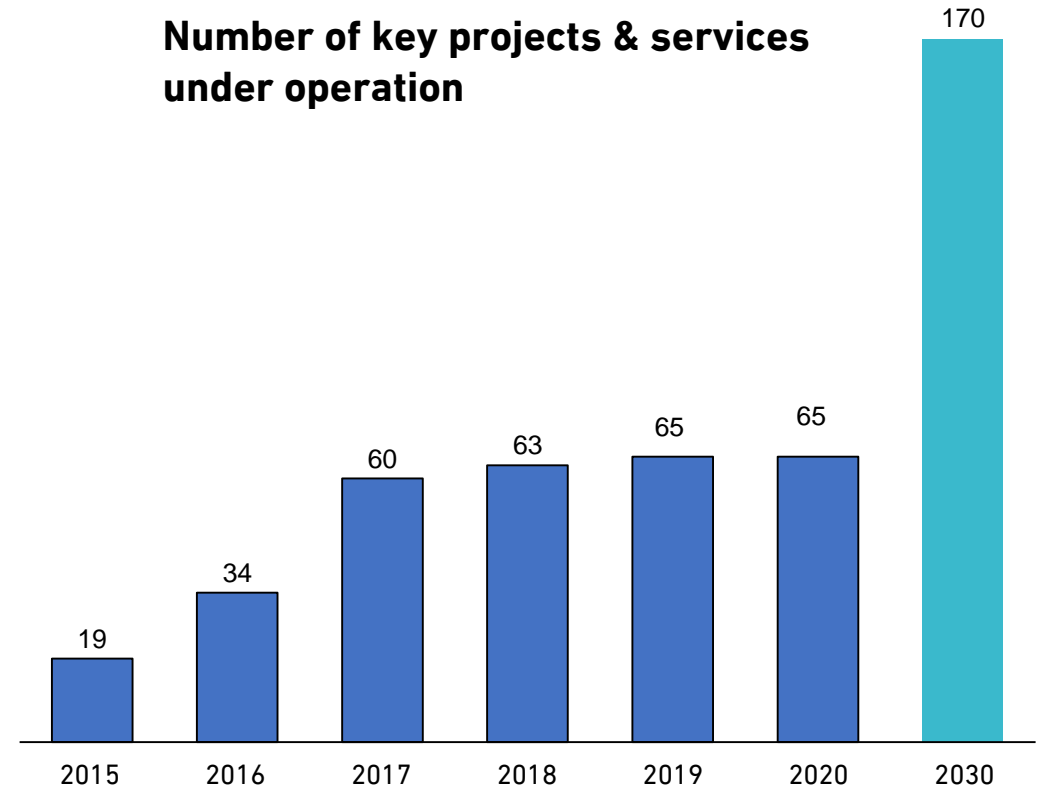
Recurring income from operational assets

Recurring revenue is contributing to a greater portion of our operational income, and as more operating assets come online we expect that contribution to escalate

Recurring revenue & planned CAPEX



Number of key projects & services under operation



- 32 projects earmarked for hospitality, leisure and tourism segment
- Smart budgeting and liquidity management to cover SAR 10 bn CAPEX over next 11 years

Frequently Asked Questions



About EEC & KAEC



Vision & Direction



Developments



King Abdullah Port



Industrial Zone



Govt. Engagement



Partnerships



Strategy

About EEC & KAEC

1. What is the role of EEC in developing KAEC?

- Emaar Economic City (EEC), the master planner and developer of King Abdullah Economic City, is a Tadawul-listed public joint stock Saudi company established in 2006. Aimed at being a major contributor to achieving the Kingdom's Vision 2030, KAEC is a uniquely successful example of Public-Private Partnership, as KAEC is governed by a single regulator - the Economic Cities and Special Zones Authority (ECZA) - that governs the city with a wide and comprehensive spectrum of incentives. It offers pro-business regulations and services, and ease and speed of issuance of permits and licenses. While, EEC represents the private sector part, it is responsible of the development, operation and financing the city.
- EEC is engaged in developing and maintaining various residential, industrial, commercial and social facilities at KAEC. In recent years, due to multiple causes, the order intake and revenues were on the lower side owing to economic downturn, decline in demand. The general trend of the real estate market during preceding years remained subdued which affected the pricing and payment terms trends and hence the revenue recognition and profitability of this sector. While we consider that this current situation coupled with COVID 19 impact would prevail in the short term, EEC management remains optimistic for the longer term due to the various initiatives aimed at stimulating the economic cities development.
- Apart from this, EEC has recently engaged with multiple mortgage and financing companies to enhance the affordability of housing units in King Abdullah Economic City and boost its cash flow generation. It is also worth mentioning that declining Saudi Arabian Interbank Offered Rate (SAIBOR) would contribute in reducing the financial charges of the Company. In addition to the on-going real estate market challenges being faced by the Company, KAEC is an economic city development whereby the Company has to invest a substantial amount on the development of city infrastructure such as city roads, bridges, sub-stations, water & sewage plants, telecom infrastructure etc.
- Furthermore, the Company also invests in the city essentials such as education, healthcare, hospitality, tourism & leisure to serve the growing needs of the city population and visitors. This naturally results in considerable amount of depreciation along with the initial operating losses related to these assets that affect the Company's profitability in shorter term, but these investments have helped achieve the strategic objectives of KAEC as a great enabler for socio economic transformation in Saudi Arabia.
- From a value standpoint, the Company has invested in the development of King Abdullah Economic City approximately SR 18 billion in equity and funding since inception which has created approx. 9.5x value to the investment properties as disclosed in the audited financial statements for the year ended 31 December 2020. This value will be unlocked by additional investment on strategic projects both by the Company and the third party developers, to create jobs and footfall, up to a certain point beyond which KAEC will have organic growth and hence yield long awaiting great returns for its shareholders.

Vision & Direction

1. What is the Vision and Mission of KAEC

KAEC is realizing its vision to become a great enabler of socio-economic development in the Kingdom of Saudi Arabia. Strategically located for maximum impact on the local economy, KAEC is destined to become one of the most important cities in the Arab world serving and benefiting from global trade.

KAEC is one of the largest and most significant privately-run economic projects in the world. It is centered on the establishment of a 185 million square meter integrated city by the Red Sea coast north of Jeddah. Emaar Economic City (EEC), which is the master developer of King Abdullah Economic City, is a Tadawul-listed public joint stock Saudi company established in 2006.

2. How is KAEC contributing in achieving Kingdom's vision?

KAEC's aim is to build unique success story that matches our ambitions to achieve the Kingdom's Vision 2030, the city is a unique successful example of public-private partnership, by focusing on 3 strategic sectors:

- Logistics & Industrial hub (Industrial Valley & King Abdullah Port)
- Tourism & Leisure
- Real Estate development

Industrial Zone

- 1. We have been hearing about Special Economic Zone to be announced in Saudi Arabia? There are news about KAEC being one of those. Can you please give some more info on this? What are the benefits for companies operating within SEZ?**

Special Economic Zone or SEZ is a strategic direction to promote growth in the country. We await the announcements related to SEZ where several sites are chosen for this purpose

- 2. Out total IV land in IV how much area is leased? And how many IV tenants are operational?**

Roughly 21% are leased and remaining are sold of the total Leasable and Saleable area available. Approximately 32 Companies are operational while others are under construction or under licensing.

- 3. Do you look into companies as to what they are producing or just look into Sales/Lease figures?**

We are not set for heavy manufacturing so there are certain filters put in place. However, it is mainly sales driven model in order to increase the operational tenants in the city which in turn would boost residential and commercial developments. We are always focused on our value creation model that helps generate not only revenue but contributes to the GDP of KAEC and country overall

- 4. How many of the IV tenants are coming through the GOV support programs?**

We do not have numbers yet but with current programs being run by Government which would promote businesses to open shop in the city. As one of the chosen sites of SEZ, and once the announcement is made and formalized, we would expect several Government programs to push relevant companies to setup facility in KAEC

Government Engagement

1. What is the update on PIF conversion status? Is PIF going to appoint its representatives in EEC Board

This is underway. We have signed the framework agreement. Formalization with CMA and Tadawul is under process. We will see the governance framework upon finalization.

2. How do you see the Gov vision ? What is KAEC positioning against other PIF companies?

KAEC was envisioned as a socio-economic enabler for the Saudi society. Owing to demands of a developed and modern lifestyle, KAEC was brought to existence under that vision where KAP and IV were envisioned to be the fulcrum of economic development, supported by residential and commercial facilities. Government's vision is similar in the sense of providing economic development. modern lifestyle and plethora of leisure & entertainment facilities. KAEC in essence is very much aligned to the Government's direction.

As far as other government projects are concerned, we definitely are not competing as each one targets a certain segment and is guided by their own unique selling proposition. Geography, offering and constitution of each of these developments vary. We all are aligned and not competing. Each of these projects support national growth and are set to contribute to the national GDP

KAEC has the advantage of ready infrastructure and developed facilities. We look at the value creation overall and how we can monetize this going forward. We would be participating with the Gov in terms of its vision and various new mega projects that have been announced. Our effort is to contribute to the GDP growth. We believe we are better positioned in terms of our already developed infrastructure, IV facility and strategic location of KAP. Our readiness makes us a preferred location for businesses to succeed and also offers healthy, clean modern lifestyle.

Partnerships

1. SEZ status updates? And whether ownership in SEZ will be practiced rather than lease?

KAEC being a chosen site for SEZ, which sits in a very advanced stage has all the ingredients to support business and lifestyle living. Our efforts are to work very closely with ECZA to have more Government supported development, bring in FDI and support investors. The discussions are ongoing with ECZA on strategic alignment to support businesses

Looking at bench marks in the markets, lease in SEZ rather than sales taking in consideration the benefit and growth to the city and ultimately KSA. We are going through a repricing exercise and revisiting prices of products all over the city and utilizing third party evaluation to get fair valuation

2. What kind of benefit is expected and when will SEZ commence?

Catalyst to drive foreign investment in KSA. We are awaiting final approval on Gov announcement to have foreign representation in GCC located in KSA and KAEC is positively positioned to be chosen given its development stage

3. Once PIF becomes the major shareholder, what are the benefits for KAEC?

PIF is recognized world wide amongst investors and is a major stakeholder to the Vision2030 which includes mega projects development and redesigning of some of the existing cities and engaging in strategic . Its part of EEC strategy to align with Government's vision, and automatically PIF being the major shareholder in KAEC, we would have full alignment to the vision and transformation programs. Working together with PIF , EEC will benefit directly where EEC will offer its services given its expertise and city development that would come handy for some of the projects announced. In turn, Gov support will bring in significant value to the city

4. What are other key partnerships?

KAEC has struck alliances with several Government entities including TDF, Military, GEA, Ministry of Tourism, Ministry of Housing, and many others. Economic Cities and Special Economic Zones Authority is based in KAEC and both work in close alliance to bring about greater changes in the city.

KAEC Strategic Vision

1. What is the current direction of the company in terms of its strategic goals and future developments?

Value creation, alignment with the Government's direction, alignment with objectives and vision of KAEC. Assessment on the current status of the company and business to take strategic decisions in a more focused manner

2. 2021 guidance and management views?

We are working to conduct a full look-through in our history and benchmark our future strategy against successes and not so rewarding initiatives. We will be revisiting our pricing and understand through value creation how much is the customer willing to pay to move in the city. We are also relying on third party valuations to understand the Highest and Best use of assets and identify zones and activities that need to be prioritized.

We had aggressive CAPEX expenditure controls back in 2020 during Covid- 19 to ensure sustainability and accommodating commitments for hand over projects. The low value figures is due to placing a hold on development.

3. What would be the impact on KAEC with the new announcement of companies setting up regional headquarters to do business in KSA?

This is a positive step by the Govt. We strive to be part of the ecosystem and would facilitate setting up such businesses in KAEC aligned to Government's directive and not compete with the mega projects by the Government or the direction in which it is heading to

4. what changes to be done on both Residential and IV

Industrial Valley is pretty much in auto mode as KAEC IV is being seen not only as a very strategic location but also believed to be one of the important hubs particularly in light manufacturing and logistics. From the location standpoint, it is connected with Water and Road at the moment and there is plan to have a land bridge connecting KAP and IV to Riyadh.

On the residential front, we are benchmarking unit pricing and aligning our offerings to current demands from both design and value perspectives. Our partnership in the Sakani program also supports the development. We have engaged with several financial institutions to offer mortgages which has been successfully implemented

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