



الأندلس العقارية
Alandalus Property

Annual Report 2019

الصعود بثبات...
Steady Rising...



Table of Content

01

Chairman’s Statement	08
----------------------	----

02

CEO’s Statement	10
-----------------	----

03

Executive Summary	12
Strategic Objectives	12
2019 Achievements	13
Existing Projects	14
Future Projects	15
Certifications and Accreditations	20

04

About the Company	22
Establishment of the Company	24
Company’s Key Objectives	26
Business Activities and Investments	27
Vision, Mission and Values	28
Board of Directors	30
Organizational Structure	32

05

Company’s Business and Investments	34
Business Sectors	34
Investment in Subsidiaries and Affiliates	48
Future projects	50

06

Corporate Communication	54
Human Capital	54
Social Responsibility	56
Transactions with Related Parties	58

07

Financial Results and Business Data	64
Income Statement	66
Revenue Analysis	68
Balance Sheet	70
Accounting Standards	72
Islamic Securitization (Tawarruq) Facilities	72

08

Company's Board of Directors, Committees and Executive Management	74
---	----

09

Transactions with Related Parties	88
-----------------------------------	----

10

Remunerations of Board Members	91
--------------------------------	----

11

Corporate Governance	93
----------------------	----

12

Conclusion	105
------------	-----



Respected Shareholders of Alandalus Property Company

May the peace, mercy and blessings of Allah be upon you.

The Chairman and members of the Board of Directors of Alandalus Property Company are pleased to present to the honorable shareholders the Annual Report for the fiscal year ending on December 31, 2019, prepared in accordance with the Corporate Governance Regulations issued by the Capital Market Authority, Companies Law, and the Company's Articles of Association.

The report offers information on the Company's activities, financial results, performance, achievements and future plans during the fiscal year ending on December 31, 2019.

Statement of the Chairman of the Board of Directors

During the year 2019G, Alandalus Property Company added many achievements to its track record as part of its growth journey. During this journey, it strengthened its presence and leading position in the Saudi market as a progressive organization acting on a strategic vision that aims to develop and operate a set of unique and distinct destinations to enhance the engagements of guests, clients and members of society. We are doing so by building experiences that solidify customer loyalty, increase visit frequency, and achieve sustainable value using the highest international quality standards in the real estate investment and development field, while also preserving the growing needs and requirements of our communities.

We are constantly working on enhancing our partnerships with global experts to take advantage of international and local best practices in developing and managing real estate destinations to create distinctive localities in terms of the services offered to the retail, F&B, and entertainment sectors.

Through the malls which we invest in and manage, we offer our customers various packages of recreational activities and services in order to increase the attractiveness of our sites to the most recognized international and national brands in retail, F&B and entertainment. Our investment in these packages will help grow the numbers of visitors and potential shoppers, leading to an increase in sales and occupancy rates.

As part of our commitment to the Quality of Life Program, one of the pillars of Saudi Vision 2030, Alandalus Property Company has been investing in strip malls, generating greater business for our clients in the retail, entertainment and food industries, reflecting positively on their sales and profits.

We trust that the Company's recently developed strategy, with counsel from US experts, will enable it unlock additional value as we further enhance and diversify our real estate investment portfolio. Through these adjustments, our aim is to grow real investment returns to all our shareholders.

Finally, I would like to highlight that all of the Company's accomplishments and successes would not have been achieved without the grace of Allah the Almighty, the great support provided by the members of the Board of Directors, and the valuable trust of shareholders in our vision and management to work in the Company's various administrative and operational channels. We also owe a great deal of our success towards the tremendous efforts made by all employees of the Company across all fields and sectors.

Allah is the purveyor of success.



Mr. Abdulsalam bin A. Al-Aqeel
Chairman

Statement of the Chief Executive Officer

The vision of Alandalus Property is to be the most prominent real estate developer specialized in creating landmark developments and destinations, for retail and other businesses, that ultimately enhance engagement levels with people across the Kingdom of Saudi Arabia. It is with pleasure that I present to you, through this annual report, the Company's key achievements and financial performance for the year 2019, which was a landmark year despite the challenging and dynamic environment.

In 2019, we saw a positive performance by the Company following our decision to re-align our strategic priorities, and optimize our investments to take advantage of a set of available growth opportunities. Alandalus achieved a new leap through the successful implementation of long-term growth strategies using the best professional practices to boost performance effectiveness, set a clear direction, and focus on quality of operations.

To achieve our vision and generate higher returns for our shareholders, we are always examining ways to preserve our interests and competitiveness of the business and its strong presence in the Saudi market. As part of these commitments, our stake in Hamat Property was sold in order to take control over the operating and leasing functions of our malls, allowing us to be more efficient with our operations. This also allowed us to improve the rating of occupants in our leased malls, in line with our strategy that targets a number of famous local and international brands that are active in multiple fields of the retail business, including cafes, restaurants and entertainment.

Out of our belief in the importance of the hospitality and entertainment sector, our malls have been supported by various distinctive leisure activities, taking into account the significant changes that occurred in the market environment and the behavior of shoppers in the Kingdom, and the urgent need to improve the entertainment and leisure ecosystems, such as restaurants and cafes. After signing a contract with Empire Cinema, a renowned international company, Alandalus Mall will have one of the largest cinemas in Jeddah.

I would also like to applaud the efforts exerted by all our employees at all levels to achieve our accomplishments and successes, who in turn demonstrated highly efficient institutional capabilities, inspired by our common values, including working with passion and desire for achievement, mutual respect, development and innovation. We urge them to continue upholding the highest standards in this field. I would also like to point out that the Company has received a number of awards and certificates from several prominent institutions, including obtaining a high rating among the top 20 companies in terms of corporate governance implementation, and the Best Retail Sector Real Estate Developer Award, and the Excellence Award for the digital transformation initiative of Hayat Mall in Riyadh.

We will continue, God willing, our endeavor to develop distinctive and attractive real estate destinations that provide great experiences and services to our customers, in accordance with our established foundations and our distinguished track record of achievement and development. Heading to a new stage of contribution, growth and development in various investment projects, we look forward to enhancing our role in the real estate investment and development sector, safely and reliably.



Mr. Hathal bin Saad Al-Otaibi

Chief Executive Officer

Executive Summary

Alandalus Property Company continues its ambitious effort towards implementing advanced professional practices in line with its long-term strategy. The Company also aims towards enhancing and strengthening its leading position in the Saudi market through continuous improvement of its operational performance by developing and managing its malls, in order to achieve the highest levels of investor and customer satisfaction. We are pleased to set forth through our annual report, which outlines the Company's performance and achievements in 2019.

Strategic Objectives

1. Continuously improving the Company's operational performance, and development, management, and leasing of malls, in pursuit of the highest levels of occupancy and the optimal mix of tenants thereof.
2. Developing new malls and hospitality projects in addition to multi-use projects.
3. Acquiring, in whole or in part, other similar highly performing projects, or ones which the Company's management believes will enable the Company to achieve outstanding performance.
4. Establishing strategic partnerships with other investors to undertake projects in the areas in which the Company is engaged.

Company's achievements in 2019

01

The Company was named as the best real estate developer in retail sector in the Kingdom for 2019.

02

Alandalus Property was ranked among the top 20 listed companies implementing the principles of corporate governance, based on the results of the study announced during the first international corporate governance conference.

03

Hayat Mall was awarded the Excellence Award for the Digital Transformation Initiative.

04

The Company's strategy has been totally reviewed in cooperation with one of the most famous expert houses in the United States of America in this field in order to have in place a more advanced business strategy.

05

Occupancy rate increased in the malls of Alandalus Property Company.

06

The number of visitors of the malls of Alandalus Property Company (Alandalus Mall - Jeddah, Hayat Mall - Riyadh, and Darin Mall - Dammam) increased to more than 30 million.

07

Management and operation of the Company's malls have been transferred from Hamat Company to Alandalus Property Company.

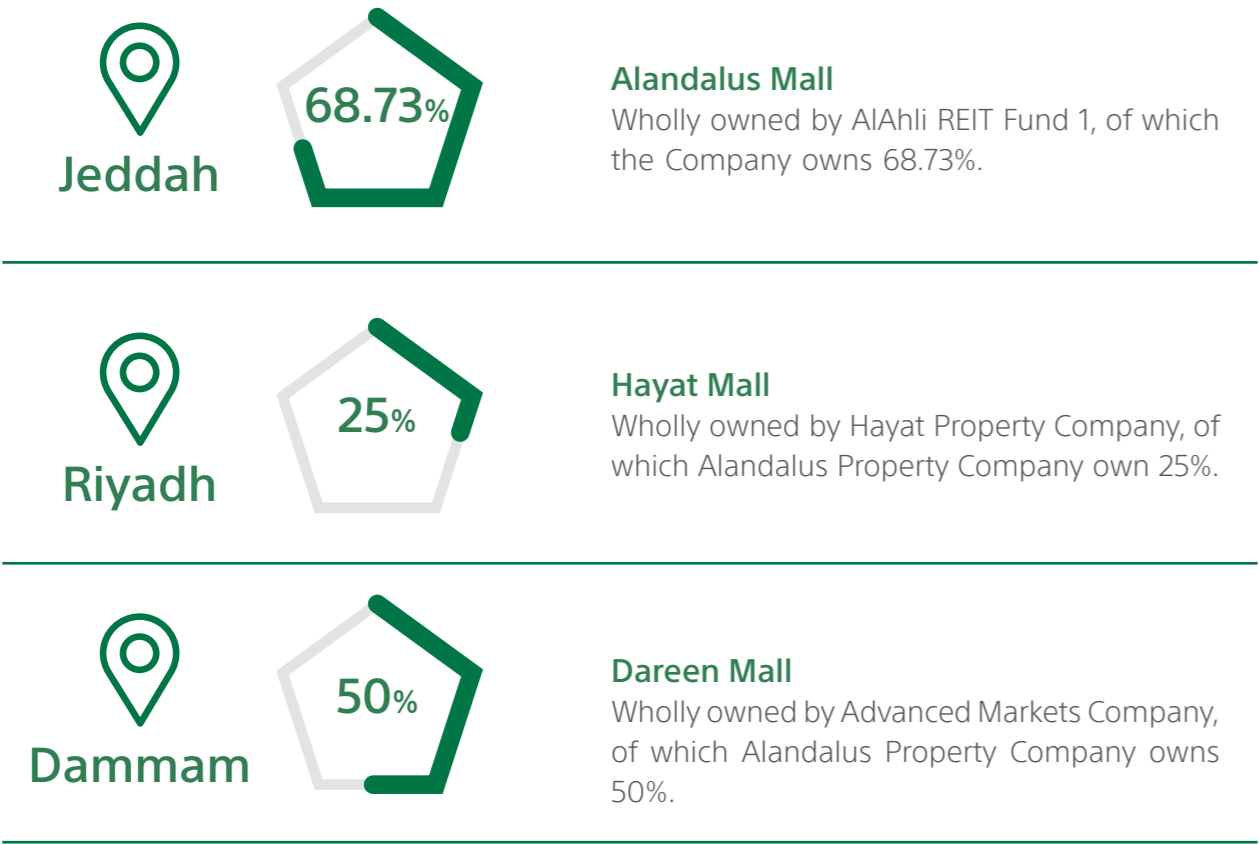
08

Work is underway to open at the malls of Alandalus Property Company pursuant to an operation contract with Empire Cinemas, under which 17 cinemas will be opened at Alandalus Mall in Jeddah.

Existing projects

Retail real estate sector

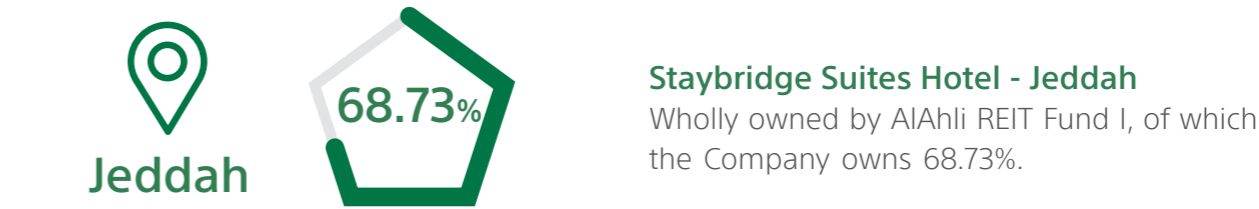
Malls



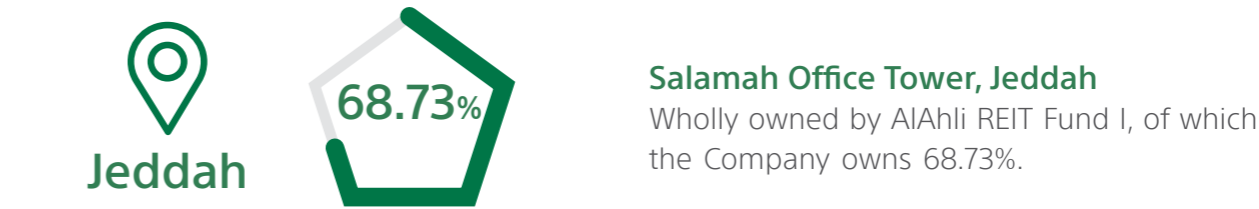
Strip Malls

Sahafa Center	Tilal Center	Yarmouk Center	Marwa Center
Sahafa District, Riyadh	Al-Malqa District, Riyadh	Yarmouk District, Riyadh	Marwa District, Jeddah

Hospitality sector



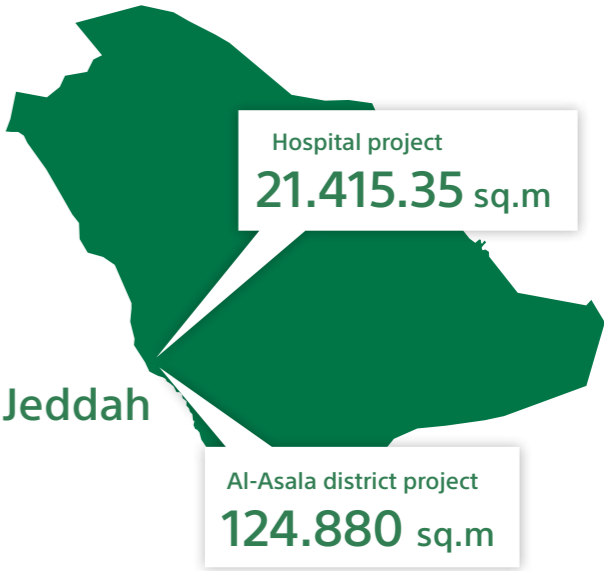
Office sector



Future Projects

The Company applies a prudent strategy in financing future projects by using multiple methods, after studying each investment opportunity separately and setting its financing structure by focusing on achieving the highest benefit for the Company’s shareholders.

1. Hospital project in partnership with Dr. Sulaiman AlHabib Medical Services Holding Group in King Abdulaziz Square, King Abdullah intersection with Prince Majed Road in Jeddah, on an area of 21,415,35 square meters, to be operational in 2023G.
2. Al-Asala district project (Al-Jawhara Al-Kubra) to establish a commercial center on a total area of 124,880 sq.m in Al-Asala district, near Al-Jawhara Stadium, in Jeddah, to be operational in 2021G.







Certificates and Accreditations



2009

Cityscape International

Alandalus Mall received the Best Commercial and Retail Project in the Kingdom Award



2010

Cityscape International

Alandalus Mall received the Best Commercial and Retail Project in the Kingdom Award



2019

Forbes Middle East

Alandalus Property crowned the Best Real Estate Developer Award for the retail sector



2019

Corporate Governance | Al-Faisal University

Alandalus Property was ranked among the top 20 companies in implementing corporate governance principles



2017

Recon | Middle East Shopping Centers Council

Hayat Mall restaurant area was ranked as the best design and development in MENA.



2018

Recon | Middle East Shopping Centers Council

Alandalus Mall received a certificate of accomplishment for redesigning and revamping the food court (restaurant area).



2019

Recon Middle East Shopping Centers Council

Hayat Mall received Performance Improvement Excellence Award for Digital Transformation Initiative.



About the Company

Establishment of the Company
Key Objectives of the Company
Business and Investments
Vision, Mission and Values
Board of Directors
Organizational Structure

Establishment of the Company

Alandalus Property Company ("The Company") is a Saudi joint stock company by virtue of Commercial Register No. 1010224110 dated 17/09/1427H (corresponding to 10/10/2006G) and Ministerial Resolution No. 2509 dated 03/09/1427H (corresponding to 26/09/2006G).

The Company was established as a Saudi closed joint stock company with a capital of two hundred and thirty eight million and nine hundred thousand (238,900,000) Saudi Riyals, divided into twenty three million and eight hundred and ninety thousand (23,890,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share, fully paid.

At the Extraordinary General Assembly of 10/15/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand (238,900,000) Saudi Riyals to three hundred and forty three million (343,000,000) Saudi Riyals, divided into thirty-four million and three hundred thousand (34,300,000) ordinary shares. The capital increase, being one hundred and four million and one hundred thousand (104,100,000) Saudi Riyals, was covered by issuing new shares that were paid in cash by the shareholders.

At the Extraordinary General Assembly of 19/05/1436H (corresponding to 10/03/2015), the shareholders decided to increase the Company's capital from three hundred and forty-three million (343,000,000) Saudi Riyals to seven hundred million (700,000,000) Saudi

Riyals, divided into seventy million (70,000,000) ordinary shares. The capital increase, being three hundred and fifty seven million (357,000,000) Saudi Riyals, was covered from the retained earnings. In December 2015, after the approval of the Capital Market Authority, the Company offered 30% of its shares for public subscription. The number of offered shares was twenty one million (21,000,000) ordinary shares, with a fully paid nominal value of ten (10) Saudi Riyals per share. The current capital of the Company is seven hundred million (700,000,000) Saudi Riyals, divided into seventy million (70,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.



Key Company Objectives

The Company’s current business is mainly concentrated in real estate development and investment. The key objectives of the Company as per its articles of association are as follows:

1. Establishing, owning and managing malls, commercial and residential centers and complexes.

2. General contracting for residential and commercial buildings, educational, recreational and health facilities, roads, dams, water and sanitation projects, and electrical and mechanical works.

3. Maintenance and operation of real estate facilities and commercial buildings

4. Owning, developing and investing lands and real estate properties for the Company within the limits of its objectives.
5. Establishing, owning, investing, maintaining and operating medical, hotel, tourist and recreational centers and complexes.

6. Importing materials, devices, furniture, tools and equipment for use in its projects.

7. Investing the Company's funds in stocks and other securities subject to the legal and regulatory controls. The Company exercises its activities after obtaining the necessary licenses from the competent authorities, if any.

Business and Investments



Retail Properties

Alandalus Property depends on investing in real estate businesses related to the retail sector, such as shopping centers and strip malls.

Malls

The Company is a co-owner of three (3) commercial centers with different ownership percentages:

- Alandalus Mall, Jeddah, wholly owned by AlAhli Fund (1), of which the Company owns 68.73%.
- “Hayat Mall”, Riyadh, of which the Company owns 25%.
- “Dareen Mall”, Dammam, of which the Company owns 50%.

Strip Malls

In addition to the aforementioned commercial centers, the Company has developed four strip malls with ownership percentage varying between 70% and 100% of these projects which are located on leased lands (Yarmouk Center, Tilal Center, Al-Sahafa Center, Al Marwa Center).



Hospitality

The Staybridge Suites Jeddah, wholly owned by AlAhli REIT Fund (1), of which the Company owns 68.73%. Alandalus Property Company has constructed and developed a hotel tower adjacent to Alandalus Mall (Staybridge Suites Jeddah Alandalus Mall), with a total area of 28,225 sq.m. The hotel was opened and became operational in the second quarter of 2017. Staybridge Suites Jeddah Alandalus Mall consists of 164 suites in addition to leisure facilities, meeting rooms, international restaurants and a health club.



Offices

Salamah Office Tower, wholly owned by AlAhli REIT Fund (1), of which the Company owns 68.73%.

Vision, Mission and Values



Vision

To become the most admired and awarded developer of preferred destination spaces by leading the transformation from transactional to engagement-focused destinations in the Kingdom of Saudi Arabia.



Mission

To develop and operate unique and compelling destinations differentiated by engaging guests, customers and communities through experiences that foster loyalty, frequency of visits and lifetime value which ultimately drive and sustain unparalleled growth.



Values

The Company adopts corporate values through which it seeks to achieve its goals, namely:



01 Ambition



02 Passion



03 Determination



04 Confidence



05 Participation

Members of the Board of Directors



Mr. Abdulssalam bin A. Al-Aqeel

Chairman of Board of Directors
Member of the Executive Committee
Member of the Nomination and Remuneration Committee



Eng. Saleh bin Muhammad AlHabib

Deputy Chairman of the Board
Chairman of the Executive Committee
Member of the Nomination and Remuneration Committee



Dr. Abdulrahman bin M. Al-Barrak

Chairman of the Audit Committee
Member of the Board of Directors



Dr. Sulaiman bin Ali Al-Hudhaif

Chairman of the Nomination and Remuneration Committee
Member of the Board of Directors



Mr. Ahmed bin A. Al-Mousa

Member of the Board of Directors
Member of the Executive Committee



Mr. Mohammed bin A. Al-Zakari

Member of the Board of Directors
Member of the Executive Committee



Mr. Nasser bin Sharaf Al-Sharif

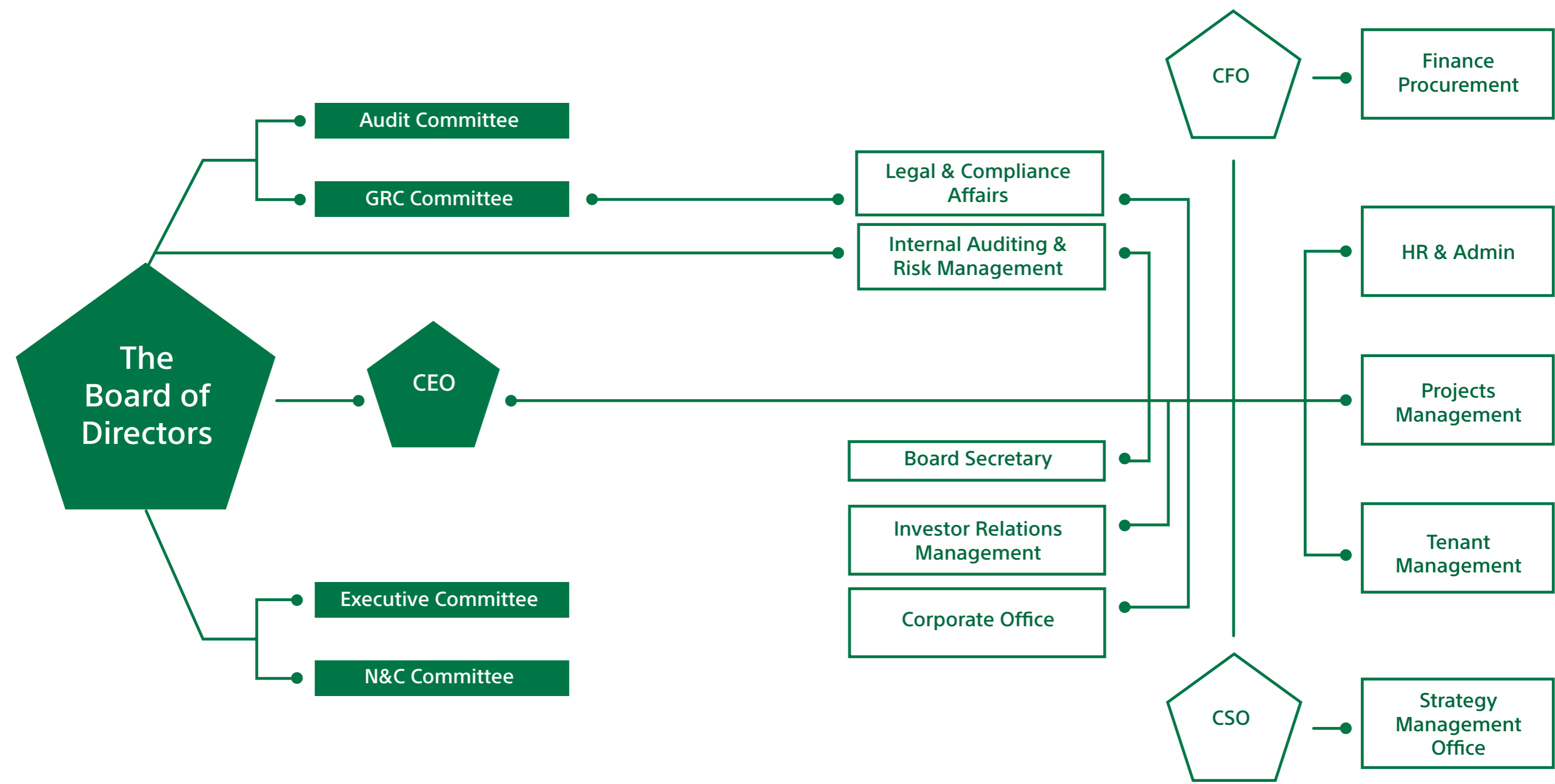
Member of the Board of Directors



Mr. Hathal bin Saad Al-Otaibi

Member of the Board of Directors
Chief Executive Officer

Organizational Structure



Business Sectors

The Company's activities and investments

The Company's main business is currently focused on real estate development and investment in:



First
Retail real estate

01

Malls

02

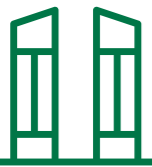
Strip Malls



Second
Hospitality

01

Staybridge Suites Jeddah



Third
Offices

01

Salamah Office Tower





First
Retail real estate

1. Malls

1.1 Andalus Mall

Alandalus Mall, first opened in 2007G, is located in Jeddah on King Abdullah Road, opposite King Abdulaziz Square, new city center, with a total area of 148,481 sq.m (built up areas and parking).

Alandalus Mall includes 445 stores, occupied by 434 tenants, with a total rental area of 94,405 sqm, split into two floors. The mall is wholly owned by AlAhli REIT Fund I, of which the Company owns 68.73%.

The concept of leasing at Alandalus Mall is distinguished by diversification as tenant mix include a number of high profile international brands, such as H&M, Mothercare, Guess, Foot Locker, Paris Gallery, Center Point, American Eagle, Austin Red, Kiabi, and many other famous brands, in addition to a luxurious restaurant area that includes some of the best restaurants in Jeddah, such as Andaleeb Restaurant, AlBaik, Jamr and Hail Cafe, and an entertainment area for different age categories.

A contract to operate the cinemas in the mall was also signed with Empire Cinemas with a total area of 5,757 square meters, starting from 01/03/2020.

One of the most prominent achievements of Alandalus Mall was reaching high occupancy rates of 97%. Recent statistics indicate that the number of the Mall visitors increased to over 13.5 million in 2019.

Alandalus Mall is also distinguished by its strategic location directly overlooking King Abdulaziz Square, which is 800 meters away, in addition to the high population density in the surrounding areas, overlooking the intersection of two main roads, which are considered the most important roads in the city of Jeddah, King Abdullah Road and Prince Majid Road.






With its high quality services, Alandalus Mall has become the first center in the region, which made many companies flock to it to obtain rental space, This increased the Mall's leasing activity, in terms of area and price, in addition to the high profile mix of brands of tenants in the center.

Alandalus Mall events 2019

In 2019, an entertainment schedule for Alandalus Mall festival was launched, which includes more than 19 events performed by international and local teams:

- Street Festival event was held for three days in the presence of an international band.
- Kung Fu and Sulaiman AlHussaini band performances were held for two days
- Global Light Balance event was held for two days.
- Performance by the Giants and the Ahmed Al-Alawi band were held for two days
- Everest Group event lasted for three days.
- Performance by Oud and Guitar Ensemble and Sultan Al Omar Choir lasted for two days.
- Global Circus event was held for two days
- Mirror shows that lasted for two days
- The National Day
- Distributing Iftar throughout the month of Ramadan
- Technician and Proud event

Project Components

				
Jeddah City	148,481 Total Area	445 Stores	434 Tenants	13.5 Million Visitors
				
94,405 sqm Leased Area	Fully owned by AlAhli REIT Fund I,	68.73% owned by the Company	5,757 sqm cinema space	

2.1 Hayat Mall

Hayat Mall is located in Riyadh on King Abdulaziz Road, with a total area of 226,108 sqm (built up area and parking). It includes 551 stores occupied by over 540 tenants, with a leasable area of 89,712 sqm.

Hayat Mall is distinguished by its strategic location on King Abdulaziz Road and the diversified mix of tenants companies such as Jarir Bookstore, Swarovski, Victoria's Secret, Marks and Spencer, Virgin, Powell Cafe, Minneapolis Theme Park, and many other leading brands, in addition to the elegant restaurants area, for which the Mall received the Excellence and Development Award from RECON MENA 2017 and hosts several distinguished names such as Applebee's, Copper Chandni, and Ushal Restaurant. Hayat Mall Center is owned by Hayat Property

Company, of which the Company owns 25%. Hayat Mall maintained high operational levels with high occupancy rates of 99%, while the number of visitors exceeded 10.5 million in 2019. The leasing efforts of Hayat Mall in 2019 focused on boosting leasing activity and improving performance, through:

- Increasing occupancy rate.
- Realigning the tenant mix, through succession plans that ensure quantitative and qualitative additions to the center.
- Marketing, entertainment and awareness campaigns.





Hayat Mall Events 2019

Hayat Mall participated in Riyadh Shopping Festival in which many shows were held, including:

- Fine Art Competition
- Acrobatic performances
- African performances
- Robot shows
- Raffle draw on the festival grand prize, Chevrolet car.



Project Components

			
Riyadh City	226,108 Total Area	551 Stores	540 Tenants
			
89.712 Leased Area	Owned by Hayat Property Company	25% Company Owns	10.5 Million Visitors



3.1 Dareen Mall

Dareen Mall was opened in 2009. It is strategically located on Dammam Corniche, with a total area of 99,960 sqm, of which 61,326 sqm are built up.

The parking space is 38,634 sqm, and the land area is 59,050.79 sqm. It is equally owned by the Advanced Markets Company and Alandalus Real Estate.

Dareen Mall includes 183 stores occupied by over 160 tenants, with a rental area of 47,294 sqm which is divided into two floors as follows:

- Supermarket, entertainment centers, anchor tenants, small stores, gaming area and restaurants overlooking the sea.
- Renowned brands: Hyper Panda, Mango, Mothercare, Cinema, Saco, Sparkies, and to many others.

Dareen Mall witnessed a great demand for rent and hit an occupancy rate 94%, with more than 5.5 million visitors in 2019G.

Dareen Mall events 2019

- The Eastern Region Season
- Ramadan event
- Caribers event
- Eastern Chamber Eid celebrations
- National Day celebration
- Mollers Festival.

Project Components

 Dammam City	 99,960 Total Area	 183 Stores	 160 Tenants
 47,294 Leased Area	 Owned by Advanced Markets Company	 50% Owned by the Company	 5.5 Million Visitors



First: Retail Properties

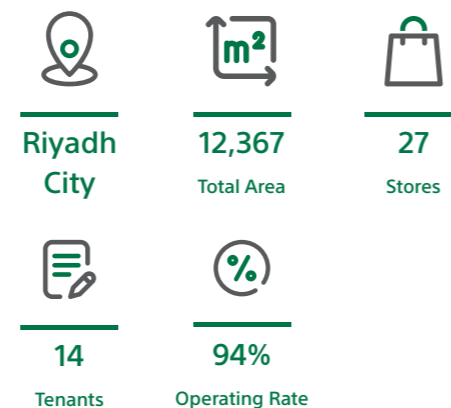
2. Strip shopping centers



1.2 Sahafa Center

Sahafa Center is located on a land leased by the Company at the intersection of King Abdulaziz Road with Prince Nasser Bin Saud Street, Sahafa District, north of Riyadh, with a total area of 12,367 sqm (built up area and parking). Development of Sahafa Center was completed in 4th quarter 2014G and became operational in 1st quarter 2015G. The strategic location of Sahafa Center in Riyadh, which is surrounded by highly populated area with a large number of service firms, was taken into account in its design to keep pace with the urban development within the area. Sahafa Center includes 27 commercial units occupied by over 17 tenants. Rental units in the center vary between show rooms and administrative offices. Farm Superstores occupy one of the most prominent show rooms in the center, in addition to many other brands such as: Dr. Café, Crocs, Whites Pharmacies. The Sahafa Center achieved an occupancy rate of 94% in 2019.

Project Components



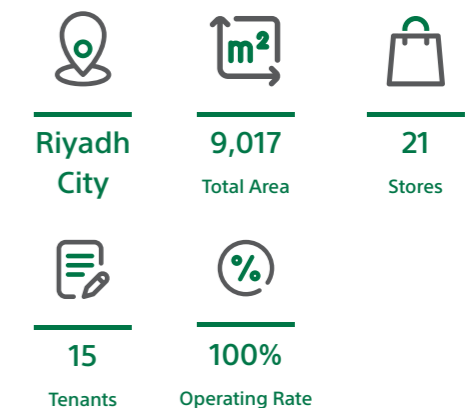
2.2 Tilal Center

Alandalus Company set its foot in Al-Malqa district, Riyadh, to establish the Tilal Center on a land leased by the Company. Development works were completed in quarter 4, 2014, and the center became operational in quarter 3, 2015G.

Tilal Center is located on Anas Bin Malik Road, north of Riyadh, with a total area of 9,017 sqm (built up area and parking). It includes 21 commercial units occupied by 15 tenants, divided into three types: large "Danube" markets, major tenants, and other stores, such as: Starbucks and Whites Pharmacies, Elite Oud.

Tilal Center achieved high occupancy rates of 100% in 2019G.

Project Components



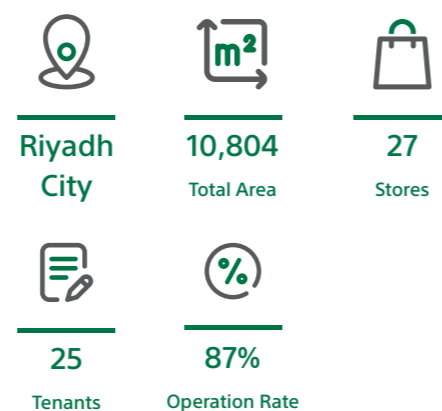


3.2 Yarmouk Center

Alandalus Property Company seeks to keep pace with urban development, and add creative touches to the real estate industry. Therefore, the company established Yarmouk Center, which was designed in a way that aims to add specialized service into the eastern districts of Riyadh and its vicinity.

Yarmouk Center is located in the Yarmouk district on the Dammam road, northeast of Riyadh, on a land leased by the Company, with a total area of 10,804 sqm (built up and parking). Development was completed in quarter 4, 2014, and became operational in quarter 2, 2015. Yarmouk Center includes 27 commercial units occupied by over 25 tenants, who include three types: large stores (Panda), major tenants, and other small stores. There are many other brands besides Panda, such as Baskin Robbins, Saadeddin Sweets, Al Tazaj Restaurant. Yarmouk Center achieved an occupancy rate of 87% in 2019.

Project Components



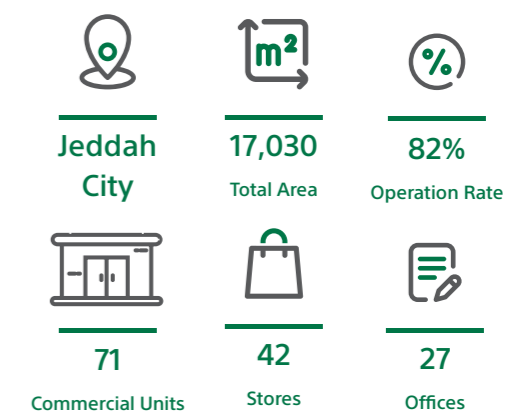
4.2 Marwa Center

Marwa Center is located in Marwa district on Prince Majed Road north of Jeddah, with a total area of 17,030 sqm (built up, parking, and offices). Development work was completed in quarter 4, 2018, and the center started operating in quarter 1, 2019. Al-Marwa Center includes 71 commercial units, divided into 42 stores and 27 offices. The center includes the Farm Super-stores and many brands, such as Lomar, McDonald's, Chuck Cheese, Fares Breakfast and others.

The Center is owned by Manafea Alandalus for Real Estate Development and Investment, which is 70% owned by Alandalus Real Estate, and 30% by Mohammed Abdulaziz Al Rajhi and Sons Investment, which owns the land on which the center is located and is rented by Manaf Al Andalus Company.

Marwa Center achieved 82% occupancy rate for the stores in 2019.

Project Components





Second Hospitality

Staybridge Suites Jeddah

To complement its business in developing activities and projects and in pursuit of continuous development and steady advancement through diversification of its business sectors, Alandalus Company has developed and constructed a hotel tower (5 stars) adjacent to Alandalus Mall (Staybridge Suites - Jeddah Alandalus Mall), with a total area of 28,255 sqm (Built up and parking). The hotel is wholly owned by AlAhli REIT 1 Fund, of which the Company owns 68.73%. The hotel tower was opened and became

operational in quarter 2, 2017G.

To ensure distinction and excellence of the hotel tower, Holiday Inn Middle East Limited, with "Staybridge" brand, which is 100% owned by Intercontinental International Group (IHG), has been selected to manage and operate it under Staybridge Suites brand - Jeddah Alandalus Mall, SUITESHOTEL, STAYBRIDGE, to be the first brand hotel to open in Saudi Arabia.

The hotel tower consists of 164 suites, in addition to recreational facilities, meeting rooms, international restaurants, and health club.



Third Offices

Salama Office Tower

After acquiring Salama Tower, the Company's office sector contributed to enhancing the overall performance of the Company, which reflected positively on its third quarter financial results. The tower is owned by AlAhli REIT Fund 1 of which the Company owns 68.73%.

The Salama Tower is uniquely located in the Salama area on Madinah Road, close to the intersection of Hira Street. The tower is about 25 minutes from the city center and less than 10 minutes from the new King Abdulaziz International Airport in Jeddah. It consists of 13 floors above ground level in addition to one basement floor and one mezzanine floor. It also includes 84 offices, 4 halls and 4 warehouses. The Salama Tower hosts a number of prominent brands, including Samsung Gulf Electronics, Al-Rajhi Cooperative Insurance Company, Al-Rajhi Takaful Insurance Company, Taajeer Group, Tim Hortons, National Aviation Company, and Salama Company (Arab Islamic Insurance Company).



Location
Jeddah



Purchase Value
SR 255 Million



Lease period
5 Years



Built up area
58,919.3 sqm



Leased areas
31,420 sqm



Land area
7,682 sqm

Investment in affiliates and sister companies

Affiliates

The Company’s percentage ownership in Manafea Alandalus Company and Alahli REIT Fund 1 and its main activity as of December 31, 2019:

Name of affiliate	Main Business	Fund size and capital	Country of Origin	Company Ownership
Manafea Alandalus Company	Sell and purchase lands an properties	500,000	Saudi Arabia	70%
AlAhli REIT Fund 1	Investing mainly in developed income generating real estate assets	1,350,000,000	Saudi Arabia	%68.73

Sister Companies

Alandalus Company’s investments include owning stakes in a number of sister companies, in which the Company owns 25% - 50% of their capital, as of December 31, 2019:

Name of sister company	Main Business	Capital	Country of Origin and business	Company Ownership
ALAswaq ALMutattawerah Company	General contracting for buildings, including maintenance, electrical and mechanical works, purchasing lands to construct buildings thereon, and sell or lease them for the benefit of the Company	25,000.000	Saudi Arabia	50%
Gharb Jeddah Hospital Company	Healthcare and recovery	500,000	Saudi Arabia	50%
Hamat Property Company * The Company’s shares in the capital of Hamat Property Co. were sold in full on Nov 17, 2019	Acquiring and buying real estate for the Company, buying land parcels to build buildings thereon, and investing the same by selling and leasing for the Company’s account, establishing, operating, maintaining, and cleaning residential buildings, commercial centers, cleaning cities, contracting and construction works, and constructing residential and commercial buildings, commercial and government buildings, in addition to civil, architectural and electrical works	500,000	Saudi Arabia	33.40%

Name of sister company	Main Business	Capital	Country of Origin and business	Company Ownership
Hayat Property Company	Establishing, acquiring and managing malls and commercial and residential compounds, and practicing general contracting works for residential, commercial, educational, recreational, and health facilities, roads, dams, water, sanitation, electrical and mechanical works, maintenance, and operation of real estate installations, buildings, commercial complexes, acquiring, developing, and investing lands and properties and for the Company and within the limits of its activities.	5,000,000	Saudi Arabia	25%
Sorouh Al-Markaz Company	Establishing commercial and industrial projects, operating commercial centers, import and export services, marketing services to thirst parties, buying lands to establish buildings thereon, and investing the same by sale or leasing for the Company, managing, maintaining and developing real estate, buying and owning real estate properties for the Company, and buying and using real estate and lands for the Company.	500,000	Saudi Arabia	25%
Al-Jawhara Al-Kubra Real Estate Development and Investment Company	Buying and selling land parcels and real estate properties, managing real estate for a commission, managing and leasing real estate owned or leased (residential), and managing and leasing owned or leased real estate (non-residential).	500,000	Saudi Arabia	25%

Future Projects

First: Establishing a hospital in partnership with Dr. Sulaiman Al Habib Medical Services Holding Group

Alandalus Company has provided two plots of land within Alandalus Square for this project, namely plot B1 with an area of 21,415.35 sqm, on which the project will be established, and plot B4 with an area of 8,835.73 sqm on which housing facilities for the project will be constructed, as a stake in this joint venture project. The said two land plots have been transferred to West Jeddah Hospital Company (the Joint Venture Company), while the medical group will pay its corresponding share in cash through the project development. Thereafter, development of the project will be equally shared by the two parties.

The project is located on King Abdulaziz Square, at the intersection of King Abdullah Road with Prince Majid Road in Jeddah, adjacent to Andalus Mall and the Staybridge Hotel. The design work for this project has been completed. Moreover, West Jeddah Hospital Company has obtained a building permit from Jeddah Municipality in respect of the hospital project and an initial approval from the General Directorate of Health Affairs, Jeddah. However, the latest developments related to the project were announced on Tadawul website on 06/13/1441H, corresponding to 28/01/2020G. The completion rate of all project phases was 2.5% after the excavation contractor was engaged by the Developer partner (the medical group) to start preparing the site and the excavation works.

It is expected that construction of the project will be completed in quarter 2, 2023G and, accordingly, the project will be operational in quarter 3 of the same year. The reasons of

delay were due to the time taken to amend the architectural designs of the project in order to increase the built up areas therein, which delayed the issuance of the amended building permit accordingly and other government approvals related to the project works. The expected total cost of implementing this project according to the latest report received from the developer partner (Dr. Sulaiman Al Habib Medical Services Group) amounted to SR 1.56 billion. The expected cost has changed from what was previously announced - according to the aforementioned report - due to an increase in the built up areas in the project based on the modified designs, such as an increase in the parking area, an increase in the area of the emergency department, an increase in the number of clinics and private rooms, in addition to an increase in the area of nurses accommodation. The increase in the said areas resulted in a corresponding increase in the cost of foundation works, structure works, external facades, interior glass, insulation works, woodwork, elevators, electromechanical works, external works, and other works. According to the developer partner's report, and since the excavation contractor was engaged, 50% of the preliminary works (excavation and site preparation) has been completed. The main contractor - in charge of project structural works - was authorized on 01/01/2020G. The «structure construction works» are expected to be completed in quarter 4, 2021G. This project will be funded mainly by bank loans in addition to the partners' own resources.





Third: Sawari District Land Project, Jeddah

The company owns 25% of the land located in Sawari district, Jeddah, Madina Road, with a total area of 130,477 sqm, which was dedicated to establish a commercial center (Jeddah Panorama Mall) through Sorouh Centers Company, which was established by the partners of the land to own the project.

Alandalus Company decided, in agreement with the rest of the partners on 04/11/2018G, to abandon this joint venture after re-studying the feasibility of the project. Given the interest of the partners, Sorouh Centers' Board of Directors was mandated to determine the best investment use of the land in based on the location and features of the land.

However, the title of the land has not yet been transferred to Sorouh Centers Company, as the partners (related parties) still hold direct ownership of their respective shares in the said land.



Location
Jeddah



Built up area
130,477 sqm



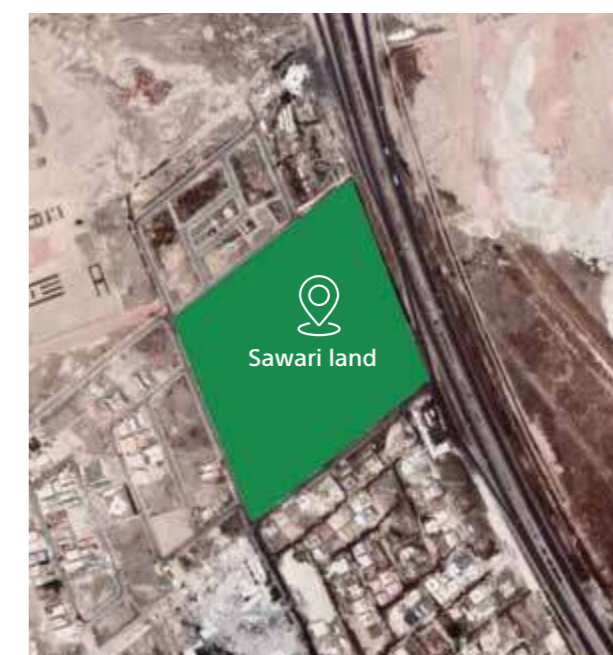
Second: Asala district project (Al-Jawhara Al-Kubra)

Alandalus Company purchased an undivided share that represents 25% of the total land located in Asala district in Jeddah near the Al-Jawhara Stadium (King Abdullah Sports City), the total area of which is 124,880 sqm, to establish a commercial center thereon in partnership with other owners of the land.

A limited liability company has been established by the landowners, Al-Jawhara Al-Kubra (the project company), in which the partners own shares equal to their shares in the project land. A license to build the project has been obtained by the developer partner (Mohamed Abdel Aziz El Habib and Partners for Real Estate Investment), a related party. The aforementioned partner is currently working to invite the main contractor to carry out the project structural works.

The project construction works are expected to be completed by the end of quarter 4, 2021G and the project will commence operations in quarter 1, 2022G.

The project total estimated cost (including the land value) is SR 873 million. The project will be funded mainly by bank loans through the Project Company, and partly by financial resources of the project partners.





Human Capital

Alandalus Company believed in the importance of the staff and their central role in its development, and took into account the importance of human resources and the need to support them, as the human cadre is the most important element of the production process in the organization. With this in mind, it was keen to attract distinguished talents and provide them with an appropriate atmosphere in an effort to boost performance level, enhance the production effort to the highest levels of efficiency, quality and effectiveness. The Company put training and development at the top of its priorities. Hence, employees are trained according to a plan that takes into account the needs of both the Company and the employee, and the appropriateness of the training provider.

The Company's programs and courses cover all staff levels and are administered and coordinated by the Human Resources Department, in terms of the duration and conditions of the programs and courses based

on the needs of employees and their different fields, as follows:

- In-house training, which is carried out by professionals from the Company and outside.
- International Training (outside the Kingdom): This is provided by specialized centers and institutes, after selecting courses and programs that meet the needs of employees and help them carry out their work professionally.

As part of the Company's commitment to its employees, being the primary development tool and the cornerstone for performance improvement and enhancement at various levels, the Company held its annual party for this year in the presence of all employees. Moreover, the Company paid great attention to the health of its employees and contracted with major insurance companies in the Kingdom to provide superior healthcare to employees and their families.

Saudization and employment

Alandalus Company managed to reach the platinum (excellent) level of Saudization as Saudis hold the highest managerial positions in the Company. The jobs localization strategy remains at the forefront of the Company's interests in order to form a national human base that will undertake the responsibility for continued enhancement in line up to date with market developments.

Localization of jobs in the Company is not only an option to meet the requirements of the Ministry of Labor, but is deemed as national duty that has positive implications on the Saudi economy, by investing in qualified national cadres in line with the requirements of the labor market.

The following is a statement of the number of employees in the Company and the Saudization ratio as of December 31, 2019:

Total Employees	Saudis	Non-Saudis	Saudization ratio	Range
37	15	22	38.63%	Platinum

Social Responsibility

Alandalus Property Company is committed to its social responsibility strategy by supporting social programs. Hence, the Company's commercial centers, in cooperation with government agencies, awareness and charitable societies, sponsor many programs aimed at community service. It is a responsibility and commitment that the Company is pleased to undertake and fulfill in confirmation of its mission towards the society.

In 2019, Alandalus Property Company, through its commercial centers, hosted many social and humanitarian activities, in demonstration of its role in the society, the most prominent of which were:

- International Kidney Day, in cooperation with the Saudi Nephrology Society.
- World Sight Day, in cooperation with the Saudi Society for Optics and Vision Science.
- World Breast Cancer Early Detection Day, in cooperation with the Zahra Association.
- International Osteoporosis Day, in cooperation with King Fahd Medical City.
- International Diabetes Day, in cooperation with King Fahd Medical City.
- World Intellectual Property Day, in cooperation with the Intellectual Property Authority.
- Awareness Campaign on Down syndrome, in cooperation with King Fahd Medical City.
- Awareness Campaign for children development and growth in cooperation with King Fahd Medical City.
- Awareness Campaign to combat obesity in cooperation with the Obesity Combating Charitable Association.
- Childhood Obesity Combat Awareness Campaign in cooperation with the Ministry of Health.
- Mental Health Awareness Campaign in cooperation with King Saud University.
- Epilepsy Awareness Campaign in cooperation with King Saud University.
- Dengue Awareness Campaign in cooperation with the Ministry of Health.
- Brain Jaw Joint Disorder Awareness Campaign in cooperation with King Abdulaziz University.
- Children Developmental Growth Awareness Campaign in cooperation with King Fahd Medical City.
- The National AIDS Combating Program, in cooperation with the Ministry of Health.
- Blood Donation Campaign in cooperation with King Fahd Medical City.
- Seasonal Influenza Vaccination Campaign, in cooperation with the Ministry of Health.
- Polio Vaccination Campaign, in cooperation with the Ministry of Health.
- Vaccination Protects You campaign in cooperation with King Saud University.
- Oral and Dental Health Campaign in cooperation with the Ministry of Health.
- Dental Health Educational Campaign in cooperation with Princess Noura University.



Transactions with related parties

A - Description of any transaction between the Company and any related party

Related Party	Relationship with the Company	Type of transaction	Duration	Value
Hamat Property Co.	Associate Company owns 33.4% of its capital. Mr. Abdulsalam bin Abdulrahman Al-Aqeel, Chairman of Alandalus Property Company, is the Chairman of the Board of Managers of Hamat Property Co. Also, Eng. Saleh bin Muhammad Al-Habib, Vice-Chairman of the Board of Directors of Alandalus Property Company, is a member of the Board of Managers of Hamat Property Co. He resigned from his membership in Hamat on 10/12/2019. Mr. Hathal Al-Otaibi, member of the Board of Directors and CEO of Alandalus Property Co., is also as a member of the Board of Managers of Hamat Property Co. He resigned from his membership in Hamat Board of Managers on 11/19/2019.	Sale of the entire stake of Alandalus Property Co. in Hamat Property Company's capital, which represent 33.4% of the capital of Hamat Real Estate, to Asala Holding Company (the other partner who owns the rest of the shares in Hamat Property Co.).	The sale contract was signed on 17/11/2019 and the shares were assigned on 10/12/2019.	SR 43,925,376 The 1st payment (SR 6,588,806.40) payable on the date of signing the contract, the 2nd payment (SR6,588,806.40) payable on 01/04/2020, the 3rd payment (SR 8,785,075.20) payable on 01/07/2020, 4th payment (SR 8,785,075.20) payable on 01/10/2020, and the 5th payment (SR 13,177,612.80) payable on 01/01/2021G.

B- Information related to business or contracts to which the Company is a party, and in which a member of the Company’s board of directors, senior executives, or any person related to any of them, has or had an interest.

#	Nature of work or contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2019)
1	Business between Alandalus Company and Hayat Property Company (Associate Company)	Hayat Property Company	Alandalus Company charges Hayat Property Company its respective share of the direct general and administrative expenses.	Five years ending on Aug 2, 2020G	16,032,578
2	Business between Alandalus Company and Mohammed Abdulaziz Al-Rajhi & Sons Investment Company	Muhammad Abdulaziz Al-Rajhi & Sons Investment Company	Alandalus Company charges Muhammad Al-Rajhi for the expenses paid on behalf of Marwa Center project	-	8,614,710
3	Business between Alandalus Company and Al-Jawhara Al-Kubra Company	Al-Jawhara Al-Kubra Company	Alandalus Company charges Al-Jawhara Al-Kubra Company for the expenses paid on its behalf	-	5,000
4	Business between Alandalus Property Company and the ALAswaq ALMutattawerah Company	ALAswaq ALMutattawerah Company	Alandalus Company charges ALAswaq ALMutattawerah Company for the expenses paid on its behalf	-	4,000,000
5	Business between Alandalus Property Company and Asala Holding Company	Asala Holding Company	Alandalus Company sold its stake in Hamat Property Company to Asala Holding Company	Payments will be made in 2 years ending on 01/01/2021	43,925,376

B- Information related to business or contracts to which the Company is a party, and in which a member of the Company's board of directors, senior executives, or any person related to any of them, has or had an interest.

#	Nature of work or contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2019)
6	Lease contract for a real estate unit at Alandalus Mall entered into with Imtiaz Al Arabia Co, in which Chairman of the Board, Mr. Abdul Salam Al-Aqeel, acts as the Chairman of the Board of Directors	Imtiaz Al Arabia Co	A contract under which Imtiaz Arabia Company Limited rents an area of 83 sqm at Alandalus Mall	Five years, from 01/03/2015 to 28/02/2020, renewable only by written agreement.	182,600
7	Lease contract for a real estate unit at Alandalus Mall entered into with Imtiaz Al Arabia Co, in which Chairman of the Board, Mr. Abdulsalam Al-Aqeel, acts as the Chairman of the Board of Directors	Imtiaz Al Arabia Co	A contract under which Imtiaz Arabia Company Limited rents an area of 105 sqm at Alandalus Mall	Five years, from 01/11/2015 to 31/10/2020, renewable only by written agreement.	273,000
8	Lease contract for a real estate unit at Alandalus Mall entered into with Imtiaz Al Arabia Co, in which Chairman of the Board, Mr. Abdulsalam Al-Aqeel, acts as the Chairman of the Board of Directors	Imtiaz Al Arabia Co	A contract under which Imtiaz Arabia Company Limited rents an area of 109 sqm at Alandalus Mall	Five years, from 01/02/2016 to 31/01/2021, renewable only by written agreement.	207,100
9	Lease contract for a real estate unit at Alandalus Mall, entered into with Imtiaz Al Arabia Co, in which Chairman of the Board, Mr. Abdulsalam Al-Aqeel, acts as the Chairman of the Board of Directors	Imtiaz Al Arabia Co	A contract under which Imtiaz Arabia Company Ltd. rents an area of 218 sqm from Alandalus Mall	Five years, from 15/04/2015 to 14/04/2020, renewable only by written agreement.	479,600
10	Lease contract for a real estate unit at Alandalus Mall, entered into with Imtiaz Al Arabia Co, in which Chairman of the Board, Mr. Abdulsalam Al-Aqeel, acts as the Chairman of the Board of Directors	Imtiaz Al Arabia Co	A contract under which Imtiaz Arabia Company Ltd. rents an area of 321 sqm from Alandalus Mall	Five years, from 15/1/2014 - 14/1/2022, renewable only by written agreement.	481,500
11	Lease contract for an area at the Company's headquarters entered into with Global Health Care Co. in which Eng. Saleh bin Muhammad Al Habib (Vice Chairman) is a member of the Board of Directors.	Global Health Care Co.	A Contract under which the Global Health Care Co. an area of 666 sqm at the Company's headquarters building	It has been extended for six months ending on 31/03/2020	525,000

#	Nature of work or contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2019)
12	Lease contract for an area at the Company's head-quarters entered into with Global Health Care Co, in which Eng. Saleh bin Muhammad Al Habib (Vice Chairman) is a member of the Board of Directors.	Global Health Care Co.	A Contract under which the Global Health Care Co. rents an area of 600 sqm at the Company's headquarters building	It has been extended for six months ending on 31/03/2020	450,266
13	Lease contract for an area at the Company's headquarters entered into with National Distribution Company, in which Eng. Saleh bin Muhammad Al Habib (Vice Chairman) is a member of the Board of Directors.	National Distribution Company	The National Distribution Company rents rents an area of 74 sqm on the 2nd floor of the Company's headquarters building	It has been extended for six months ending on 31/03/2020	51,500
14	Lease contract for a real estate unit at Alandalus Mall, which owned by the Company, entered into with Global Health and Beauty Co. in which Eng. Saleh bin Muhammad Al Habib (Vice Chairman) is a Board member	Global Health and Beauty Co.	A contract under which the Global Health and Beauty Co. rents an area of 206 sqm from Alandalus Mall	4 years from 01/05/2017 to 04/04/2021 renewable only by written agreement.	473,800
15	Lease contract for a real estate unit in Tilal Center, which is owned by the Company, entered into with International Pharmacies Company, in which Eng Saleh bin Muhammad Al Habib (Vice Chairman) is a board member	International Pharmacies Co.	Beauty Pharmacy Company rents units with a total area of 350 square meters to be used as a pharmacy under the brand name "Whites" at Tilal Center in Riyadh	Three years from 01/04/2017 to 31/03/2020, renewable only by written agreement	385,000
16	Lease contract for a real estate unit at the Company's Sahafa Center, signed with 4th Beauty Pharmacy Trading Company, in which Eng Saleh bin Muhammad Al Habib (Vice Chairman) acts as a member of the Board of Managers	4th Beauty Pharmacy Trading Co.	4th Beauty Pharmacy Trading Company rents units at Sahafa Center in Riyadh with an area of of 249.3 sqm to be used also as a pharmacy under the brand name "Whites"	One year from 18/12/2014 to 17/12/2019, renewable only by written agreement	200,000

B- Information related to business or contracts to which the Company is a party, and in which a member of the Company's board of directors, senior executives, or any person related to any of them, has or had an interest.

#	Nature of work or contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2019)
17	Contract for a joint project to develop a hospital with Dr. Sulaiman Al Habib Group, in which Eng. Saleh bin Muhammad Al Habib (Vice Chairman) acts as a member of the Board of Managers.	Dr. Sulaiman Al Habib Medical Services Holding Group	The contract provides that Dr. Sulaiman Al Habib Medical Services Group shall design, operate and manage the hospital, and each party owns 50% of the hospital project.	The contract started on 10/30/2014 and will remain in effect throughout the duration of the Company established by the two parties to own the hospital (99) years.	Each party owns 50% of the hospital project. The capital will be determined after determining the total expenses of the project. The Company's contribution to the project will be in-kind; plot B1 with an area of 21,415.35 sqm on which the hospital project will be constructed, and plot B4 with an area of 8,835.73 sqm, on which an accommodation building will be constructed for the hospital project. The value of the land was estimated at SR 3000 per square meter, with a total value of SR 91.389,000. The medical group will pay the value of its share in this partnership by bearing the costs of development works equal to the value of the land. For development, design and construction services, the Medical Group is entitled to a fee of 10% of the development cost in addition to a management and operation fee of 5% of the annual income (7.5% if the annual return on investment exceeds 20%).
18	Fund management fees	NCB Capital Co. (Fund manager of Alahli REIT Fund 1)	Fund management fees payable to NCB Capital	Fees calculated on an annual basis	9,467,240

#	Nature of work or contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2019)
19	Management, Operation and Leasing Services Contract for Andalus Mall in Jeddah entered into with Hamat Property Co. in which Mr. Abdelsalam Al-Aqeel, Eng. Saleh Al Habib and Mr. Hathal Al-Otaibi are members of the board of managers.	Hamat Property Co.	Hamat Property Co. will manage, operate and leases the Company's commercial center in Jeddah (Alandalus Mall) for fees specified in the contract.	10 years ending on 31/12/2019	Specified percentages of the Mall's total income and the amounts collected from the tenants
20	Management, operation and leasing services contract for Sahafa Center, Riyadh, entered into with Hamat Property Co. in which Mr. Abdulsalam Al-Aqeel, Eng. Saleh Al Habib and Mr. Hathal Al-Otaibi are members of a board of managers.	Hamat Property Co.	Hamat Property Co. manages, operates and rents the commercial center of the company in Riyadh, called "Al Sahafa Center", for fees specified in the contract.	Five years ending on 31/12/2019	Specified percentages of the Mall's total income and the amounts collected from the tenants
21	Management, operation and leasing services contract for Yarmouk Center, Riyadh, entered into with Hamat Property Co. in which Mr. Abdelsalam Al-Aqeel, Eng. Saleh Al Habib and Mr. Hathal Al-Otaibi are members of a board of managers.	Hamat Property Co.	Hamat Property Co. manages, operates and rents the commercial center of the company in Riyadh, called "Yarmouk Center", for fees specified in the contract.	Five years ending on 31/12/2019	Specified percentages of the Mall's total income and the amounts collected from the tenants
22	Management, operation and leasing services contract for Tilal Center in Riyadh entered into with Hamat Property Company, in which Mr. Abdelsalam Al-Aqeel, Engineer Saleh Al Habib and Mr. Hathal Al-Otaibi are members of a board of managers.	Hamat Property Co.	Hamat Property Co. manages, operates and rents the commercial center of the company in Riyadh, called "Tilal Center", for fees specified in the contract.	Five years ending on 31/12/2019	Specified percentages of the Mall's total income and the amounts collected from the tenants
23	Management, operation and leasing services contract for Marwa Center entered into with Hamat Property Co. in which Mr. Abdulsalam Al-Aqeel and Eng. Saleh Al Habib and Mr. Hathal Al-Otaibi are a member of the board of managers	Hamat Property Co.	Hamat Property Co. manages, operates and rents the commercial center of the company in Riyadh, called "Tilal Center", for fees specified in the contract.	Five years ending on 31/12/2019	Specified percentages of the Mall's total income and the amounts collected from the tenants



Financial results and business data

Income Statement
Revenue Analysis
Statement of Financial Position
Islamic Tawarruq Facilities
Regular Payments
Staff Benefits

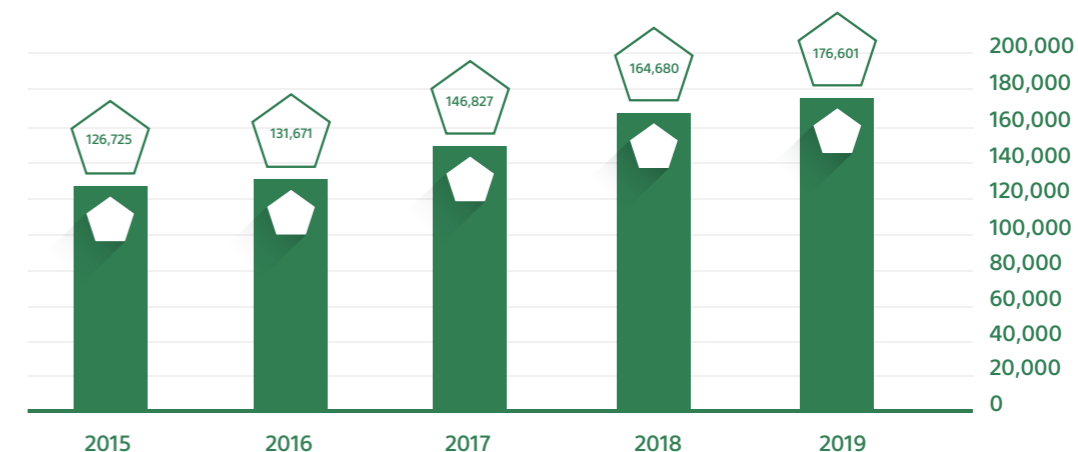
Financial results and business data

Income statement

The following table sets out the Company's actual income statements for the years: 2015, 2016, 2017, 2018 and 2019:

	2015	2016	2017 (consolidated)	2018 (consolidated)	2019 (consolidated)
Revenues	126,725	131,671	146,827	164,680	176,061
Cost of revenues	(51,649)	(49,711)	(66,677)	(70,995)	(73,659)
Gross profit	75,076	81,960	80,150	93,685	102,402
General and administrative expenses	(8,628)	(11,401)	(12,735)	(31,786)	(33,044)
Selling and marketing expenses	(849)	(1,265)	(931)	(1,785)	(2,423)
Share of income from associates	37,788	29,448	38,848	33,260	37,020
Impairment of receivable from operating leases contracts	-	-	(1,621)	(5,068)	(5,607)
Other income	580	1,113	856	4,258	5,846
Operating income	103,387	99,855	104,567	92,565	104,193
Interest expense on lease liabilities	-	-	-	-	(11,734)
Gain from transferring investments property to an associate	-	-	22,944	-	-
Impairment of embedded goodwill of investment in associate	-	-	-	(6,014)	-
Finance cost	(8,323)	(6,315)	(7,019)	(4,004)	(4,470)
Profit before zakat	95,645	93,541	120,493	82,547	87,989
Zakat	(1,573)	(1,717)	(2,103)	(13,584)	(4,435)
Profit for the year	94,072	91,824	118,390	68,963	83,554
Return on:					
Company owners	-	-	118,390	47,972	64,820
Non-controlling interests	-	-	-	20,990	18,733
Other comprehensive income					
Re-measurement of end-of-service benefits	-	(24)	(215)	24	(253)
Comprehensive income	94,072	91,799	118,175	68,986	83,300
Return on:					
Company owners	-	-	118,175	47,996	64,566
Non-controlling interests	-	-	-	20,990	18,733
	94,072	91,799	118,175	68,986	83,300
Earnings per share					
Basic and diluted earnings per share from net profit for the year	1.34	1.31	1.69	0.69	0.93

Rental Revenues (in Thousands Saudi Riyals)



The table details the changes in the operational results between 2018 and 2019:

	2018 (consolidated)	2019 (consolidated)	Change	% Change
Revenues	164,680	176,061	11,381	7%
Cost of revenues	(70,996)	(73,659)	(2,663)	4%
Gross profit	93,685	102,402	8,717	9%
General and administrative expenses	(31,786)	(33,044)	(1,258)	4%
Selling and marketing expenses	(1,785)	(2,423)	(638)	36%
Share of income from associates	33,260	37,020	3,760	11%
Impairment of receivable from operating leases contra	(5,068)	(5,607)	(539)	11%
Other income	4,258	5,846	1,588	37%
Operating income	92,565	104,193	11,628	13%
Gain from transferring investments property to an associate	-	-	-	-
Impairment of embedded goodwill of investment in associate	(6,014)	-	-	-100%
Finance Cost	(4,004)	(4,470)	(466)	12%
Profit before zakat	82,547	87,989	5,442	7%
Zakat	(13,584)	(4,435)	(9,149)	-67%
Profit for the year	68,963	83,554	14,591	21%
Return on:				
Company owners	47,972	64,820	16,848	35%
Non-controlling interests	20,990	18,733	(2,257)	-11%
Other comprehensive income:				
Re-measurement of end-of-service benefits	23	(253)	(230)	
Comprehensive income	68,986	83,300	14,314	21%
Return on				
Company owners	47,996	64,566	16,570	35%
Non-controlling interests	20,990	18,733	(2,257)	-11%

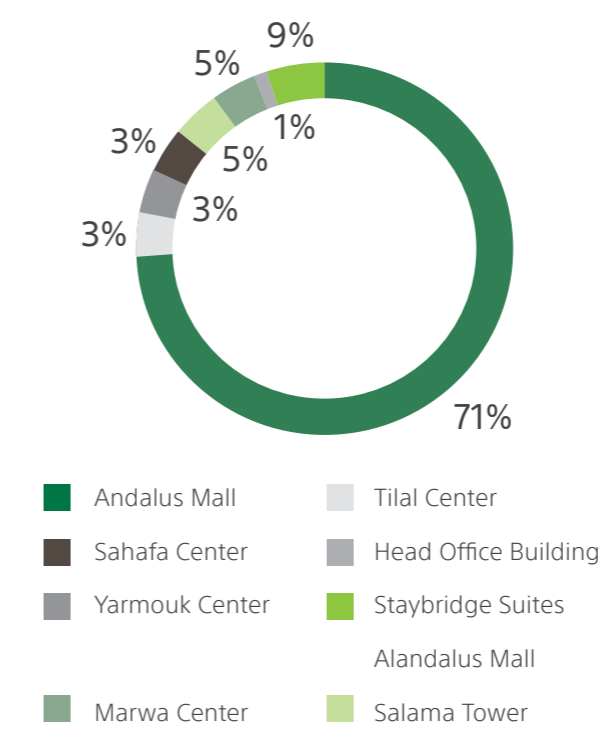
Revenue Analysis

By Company's activities:

	SR 000'	City	2015	2016	2017	2018	2019
Revenues	Andalus Mall	Jeddah	106,634	114,383	121,373	124,232	125,376
	Sahafa Center	Riyadh	8,192	6,233	6,077	5,620	5,326
	Yarmouk Center	Riyadh	5,855	5,684	5,577	5,320	4,869
	Tilal Center	Riyadh	5,052	4,339	5,542	4,126	4,674
	Head Office Building	Riyadh	992	1,032	1,032	1,006	1,026
	Staybridge Suites Alandalus Mall	Jeddah			7,226	24,376	16,889
	Marwa Center	Jeddah					8,468
	Salama Tower	Jeddah					9,429
Total revenues			126,725	131,671	146,827	164,680	176,061
	SR 000'	City	2015	2016	2017	2018	2019
Revenues	Andalus Mall	Jeddah	%84.1	%86.9	%82.7	%75.5	%71.2
	Sahafa Center	Riyadh	%4.6	%4.3	%3.8	%3.2	%3.0
	Yarmouk Center	Riyadh	%0.8	%0.8	%0.7	%0.6	%2.8
	Tilal Center	Riyadh	%4.0	%3.3	%3.8	%2.5	%2.7
	Head Office Building	Riyadh	%6.5	%4.7	%4.1	%3.4	%0.6
	Staybridge Suites Alandalus Mall	Jeddah	%0.0	%0.0	%4.9	%14.7	%9.6
	Marwa Center	Jeddah					%4.8
	Salama Tower	Jeddah					%5.4
Total revenues			100.00%	100.0%	100.00%	100.00%	100.00%

The Group’s revenues increased from SR164.68 million in 2018 to SR 176.06 million in 2019, a growth of 7%, mainly driven by an increase in retail sector revenue by 6.7% due to revenue generated by Marwa Center, which started operations by the end of March 2019, which, in turn, increased the Group’s gross profit to SR 102.40 million in 2019 from SR 93.68 million in 2018, a growth of 9%. Moreover, the office sector revenue increased as a result of the acquisition of the new office tower in Jeddah in early August 2019, with a total revenue of SR 9.4 million. The Company’s maintained revenues growth despite the decrease in the revenue of the hospitality sector represented by the Staybridge Hotel Andalus Mall Jeddah due to the low occupancy rates during the year. The hotel revenues reached SR stood at 16.8 million in 2019, compared to SR 24.3 million in 2018, i.e. a decrease of 31% due to lower occupancy rates during the year.

Analysis of the Company's Revenue by Activity 2019

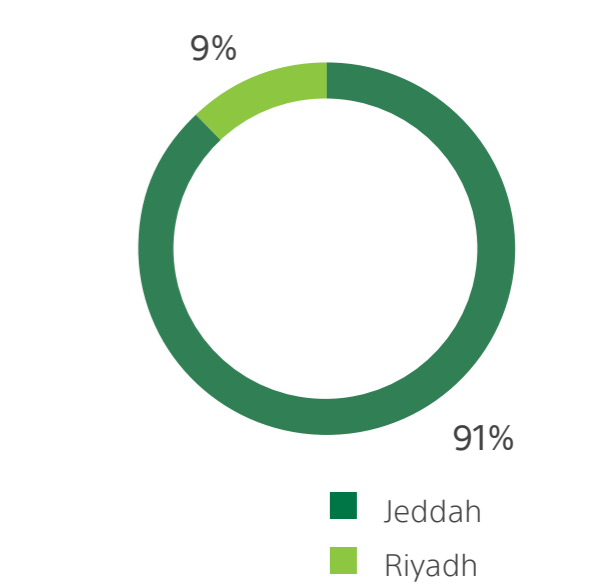


The net profit to the owners of the Company increased due to the following reasons:

1. The increase in the gross profit as a result of 6.9% revenue growth, supported by the growth in the revenues generated by the retail and office sectors.
2. The increase in operational profit due to significant improvement in the Company's share in the profits of sister companies, which increased by 11%, and the growth in other revenues, which increased by 37%.
3. Decrease in Zakat provision and zero losses in investments (sister company) as opposed to the previous year.

This increase in net profit occurred despite recognizing interest expenses on lease contract liabilities of SR 11.7 million as a result of adopting International Financial Reporting Standard No. (16) on lease contracts.

Geographical Analysis of the Company's Revenue



Balance Sheet

The following table shows the Company's actual income statements for the years 2015, 2016, 2017, 2018 and 2019:

SR 000'	2015	2016	2017	2018 (consolidated)	2019 (consolidated)
Assets					
Non-current assets					
Properties and equipment	10,058	10,504	202,352	195,759	188,383
Investment properties (*)	666,055	692,167	548,310	505,867	756,941
Right-of-use assets					95,259
Investment in associates	402,828	387,960	457,273	493,988	464,834
Total non-current asset	1,078,941	1,090,631	1,207,935	1,195,614	1,505,419
Current assets:					
Receivable from operating leases	12,608	10,878	14,321	26,098	38,639
Prepayments and other debit balances	6,910	9,496	6,122	3,978	26,698
Due from related parties	6,710	239	1,097	17,124	37,945
Financial instruments at fair value through profit or loss	0	0	-	58,112	42,263
Cash and cash equivalent	50,272	27,303	444,213	145,112	148,233
Total current assets	76,500	47,916	465,753	250,424	293,780
Total assets	1,155,441	1,138,547	1,673,688	1,446,038	1,799,200
Equity and liabilities					
Capital	700,000	700,000	700,000	700,000	700,000
Statutory Reserve	62,235	72,287	84,126	88,925	95,381
Retained earnings	115,989	117,681	444,214	347,411	313,698
Equity attributable to owners of the Company	878,223	889,968	1,228,340	1,136,336	1,109,080
Non-controlling interests			192,278	211,455	199,658
Total shareholder equity	878,223	889,968	1,420,618	1,347,791	1,308,738
Non-current liabilities					
Employees' end of service benefits obligations	2,049	4,351	4,497	5,075	5,772
Islamic finance facilities	164,514	117,145	53,049	-	253,049
Lease liability on right-of-use assets					123,722
Accrued operating leases		8,159	9,169	9,724	-
	166,563	129,655	66,715	14,799	382,545

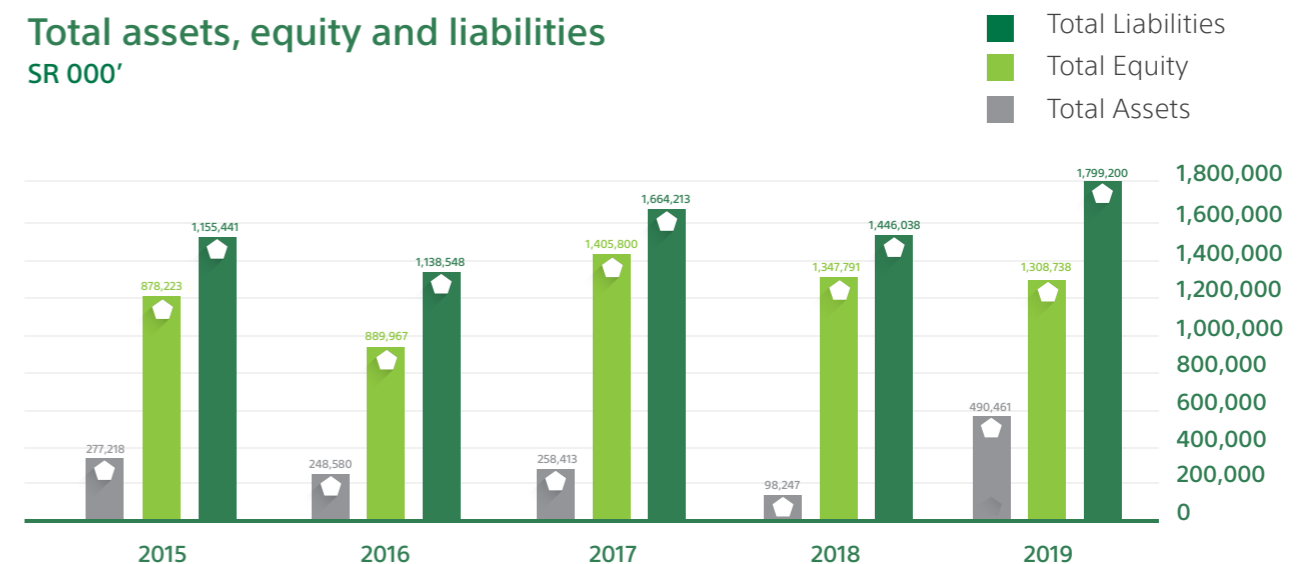
SR 000'	2015	2016	2017	2018 (consolidated)	2019 (consolidated)
Current Liabilities					
Advances from leases	36,245	32,319	27,677	34,663	38,307
Lease liability on right-of-use assets - current portion	-	-	-	-	15,700
Islamic finance facilities	62,462	68,169	122,331	1,823	-
Due to related parties	5,105	2,306	1,273	330	15,971
Zakat Provision	1,457	2,800	4,658	13,306	11,631
Accruals and other credit balances	5,386	13,329	30,417	33,326	26,305
Total current liabilities	110,655	118,924	186,355	83,448	107,916
Total liabilities	277,218	248,580	253,070	98,247	490,461
	1,155,441	1,138,548	1,673,688	1,446,038	1,799,200

The fair value of the Group's investment properties as of December 31, 2019 amounted to 1.6 billion Riyals , and the group's share in the fair value of associate real estate amounted to 667 million Riyals , bringing the total fair value

of the company's real estate investments to 2.26 billion Riyals.

The properties were evaluated by external evaluators accredited by the Saudi Council of Certified Residents (Valuation).

Total assets, equity and liabilities SR 000'



Accounting Standards

The Company's financial statements for the year ending December 31, 2019G were prepared in accordance with the International Financial reporting standards (IFRS) applicable in the Kingdom of Saudi Arabia and other standards and regulations issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Islamic Tawarruq facilities

In 2019, the Company did not obtain any additional facilities, but rather it paid the last installment (SR 1.8 million) of the facility agreement with the Al-Rajhi Bank to finance the construction of Sahafa Center, Tilal Center, and Yarmouk Center in Riyadh. Thus, the above facilities have been paid in full. One of the subsidiary companies (Alahli REIT Fund 1) withdrew an amount of SR 255 million, which represents the first payment of the facility agreement which was signed on November 7,

The Company has implemented IFRS No. 16 in relation to lease contracts starting from January 1, 2019, which resulted in adjustments to retained earnings with a total value of SR 25.9 million, of which SR 21.5 million due to the Company's shareholders.

2018 for a total amount of SR 650 million. The term of the facility is 15 years and will be paid on a quarterly basis from August 1, 2024G until July 31, 2034G. The total interest paid up to December 31, 2019 amounted to SR 4.6 million. The purpose of this facility is to finance the purchase of Salama Office Tower in Jeddah. Details of the deal were disclosed on July 25, 2019. The Office Tower is fully leased to the seller as a an anchor tenant with an annual total return of 9% for a period of 5 years starting from the date of transfer of title.

The following table set out the details of all paid and outstanding facilities during the fiscal year 2019:

#	Loan provider	Principal loan amount	Term	Amounts paid in settlement of the loan in FY ended 31/12/2019	Outstanding portion of the loan	Total indebtedness of Company and its subsidiaries
1	Alrajhi Bank*	20,000,000	5 years	1,826,000	-	-
2	National Commercial Bank**	255,000,000	15 years	2,794,000	357,662,000	357,662,000
* Alandalus Property Company		** Alahli REIT Fund 1 390.000				

Regulatory Payments

Regulatory payments due during the year ended December 31, 2019:

Description	Paid amount	Due at the end of the financial year but not paid	Description	Reasons
Zakat	6,109,168	5,099,193	Zakat	-
Taxes	530,634	98,352	Taxes	For Year 2019
GOSI	921,687	-	GOSI	For Year 2019
Visas and passport expenses	21,850	-	Visas and passport expenses	For Year 2019
Labor Office fees	228,148	Due but unpaid until the end of the year	Labor Office fees	For Year 2019

Employee Related Provisions

End of service benefits provisions - as of December 31, 2019:

SR 000'	2019
Balance at the beginning of the year	5,074
Provision for the year	581
Payments made during the year	(137)
Actuarial losses due to re-measurement	253
Balance as of December 31	5,772

Company Board of Directors, Committees, and Executive Management

Board Members

A. Members' names, current and previous positions, qualifications and experience

#	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	Chairman of the Board, Alandalus Property Co.	Vice Chairman, Alandalus Property Co.	B.Sc. Industrial Management, King Fahd University of Petroleum and Minerals, 1990	Member of the Board of Directors of several companies, charities and societies, Member of the Board of Directors, Audit and Risks Committee, General Manager of a range of real estate and commercial companies, Managing Director of Jarir Commercial Investment Co.
2	Eng. Saleh bin Muhammad Al Habib	Vice-Chairman of the Board, and Chairman of the Executive Committee, Alandalus Property Co.	Managing Director, Mohamed Al-Habib Real Estate Investment Co.	B.Sc, Architecture, King Saud University, 2000	Member of the Board of Directors of Dr. Sulaiman Al Habib Medical Group, Managing Director of Mohammed Al Habib and Sons Holding Co. Managing Director of Hamat Property Co., Managing Director of Global Health Care Co., Managing Director of Muhammad Al Habib Real Estate Investment Co., Member of the Board of Directors of Hayat Property Co.
3	Mr. Ahmed bin Abdul Rahman Al-Mousa	Board Member, Alandalus Property Co.	Board Member, Al-Jazirah Markets Co,	B.A, Business Administration, London College of Economics, 1999	Board Member, Abdul Rahman Abdullah Al-Mousa & Sons Co., Board Member, Abdulrahman Al-Mousa Holding Co., Board Member, Real Estate and Tourism Development Co. and board member, Al-Jazirah Markets Co.
4	Mr. Muhammad bin Abdulmohsen Al-Zakari	Board Member, Alandalus Property Co.	Executive Director, Al-Zakri Industry and Trading Co.	MA, Financial Management, Laverne University 2011	Practical experience in financial management, operational management, business development management, and executive management
5	Mr. Hathal bin Saad Al-Otaibi	Board member, Alandalus Property Co.	Acting CEO, Alandalus Property Co., and Business Development Manager	MDA, King Saud University 2016	Board member, Hayat Property Co. Marketing Officer, National Industries Co. and Training Department, Al-Jazira Bank, and Product Manager, Al-Marai Co.
6	Mr. Nasser bin Sharaf Al-Sharif	Board member, Alandalus Property Co.	CEO, Awj Investment Co.	B.Sc. Economics and Finance 2004	Vice President. Private Wealth and Corporate Assets Management in Dubai, Head of Private Wealth and Corporate Assets Management in Riyadh, CEO of Awj Investment
7	Dr. Abdulrahman bin Muhammad Al-Barrak	Board member, and Chairman of Audit Committee, Alandalus Property Co.	Vice Chairman of the Capital Market Authority	PhD, Finance, Newcastle University, United Kingdom.	Chairman of Tharaa Consulting Co. Acted as Vice Chairman of the Capital Market Authority. Worked as Head of Finance Department and Associate Professor, and Dean, King Faisal University, Saudi Arabia,
8	Dr. Sulaiman Bin Ali Al-Hudhaif	Board Member and Chairman of the Nomination and Remuneration Committee, Alandalus Property Co.	General Manager, Human Capital Sector, Inmaa Bank	MA, Finance, University of Colorado, USA.	General Manager, Human Capital Sector, Inmaa Bank, CEO, Elite World for Management & Organization Consulting, and executive General Manager of Human Resources and Development, Al-Rajhi Bank.

B- Names of companies inside and outside the Kingdom at which the Company's board member currently serves or previously served past a director or officer

#	Member Name	Companies at which the director currently serves as board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability /)	Companies at which the director served as a board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability/)
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	Riyadh Najd Schools Co.	Inside KSA	Unlisted joint stock	General Investment Authority	Inside KSA	Government entity
		Kinan Int'l Real Estate Dev. Co.	Inside KSA	Unlisted joint stock			
		Horma National Co.	Inside KSA	LLC.			
		Itaam Society	Inside KSA	Charitable			
		Asala Holding Co.	Inside KSA	Unlisted joint stock			
		Hamat Holding Co.	Inside KSA	Unlisted joint stock			
		Sorouh Centers Co.	Inside KSA	LLC.			
		Jarir Commercial Investments Co.	Inside KSA	Unlisted joint stock			
		Jarir Business Development Co.	Inside KSA	LLC.			
		Imtiaz Al Arabia Co.	Inside KSA	Unlisted joint stock			
		Jarir Marketing Co.	Inside KSA	Listed joint stock			
		Borouj Int'l Co	Inside KSA	LLC.			
		Borouj Acquisition Co.	Inside KSA	LLC			
		Future Markets Co.	Inside KSA	LLC			
		Advanced Markets Co.	Inside KSA	LLC			
		Afras Arabia Co	Inside KSA	LLC			
		Etihad Jarir Co.	Inside KSA	LLC			
		Imtiaz Int'l Ltd. Co.	Inside KSA	LLC			
		Future Home Co.	Inside KSA	LLC			
		Khomasia Taba Co.	Inside KSA	LLC			
		Sama Sama Contracting Co.	Inside KSA	LLC			
		Robin Arabia Co.	Inside KSA	LLC			
		Int'l Real Estate Investment Co.	Inside KSA	Unlisted joint stock			
		Ezzan Sabya Co.	Inside KSA	LLC			
		Royouf Tabuk Co. Ltd. (Single person)	Inside KSA	LLC			
		Ideal Suburb Co. for Real Estate Dev. & Investment	Inside KSA	LLC			
		Amwaj Dhahran Co. (Single person)	Inside KSA	LLC			
		Caddy Al Janoub Co. (Single person)	Inside KSA	LLC			
		Eastern Health Medical Co.	Inside KSA	LLC			
		Central Medical Co.	Inside KSA	LLC			
		Riyadh Najd Schools Co.	Inside KSA	Unlisted joint stock			

B- Names of companies inside and outside the Kingdom at which the Company's board member currently serves or previously served past a director or officer

#	Member Name	Companies at which the director currently serves as board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability /)	Companies at which the director served as a board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability/)
2	Eng. Saleh bin Muhammad Al Habib	Global Health Care Co.	Inside KSA	LLC			
		Dr. Sulaiman Al Habib Medical Group	Inside KSA	Unlisted joint stock			
		Mohammed Abdulaziz Al-Habib & Sons Holding Co.	Inside KSA	LLC			
		Asala Holding	Inside KSA	Unlisted joint stock			
		Int'l Real Estate investment Co.	Inside KSA	LLC			
		Hayat Real Estate	Inside KSA				
		Mohammed Al-Habib Real Estate	Inside KSA	Unlisted joint stock			
		Advanced Markets Co.	Inside KSA	LLC			
		Al-Jawhara Al-Kubra Co.	Inside KSA	LLC			
		Sorouh Centers Co.	Inside KSA	LLC			
		West Jeddah Hospital Co.	Inside KSA	LLC			
		Hamat Holding Co.	Inside KSA	LLC			
		Manafea Alandalus Co.	Inside KSA	Unlisted joint stock			
		Borouj International Co.	Inside KSA	LLC			
		Saleh Al Habib Real Estate Development Co.	Inside KSA	LLC			
		Saleh Al Habib Real Estate Investment Co.	Inside KSA	LLC			
		Qawaem Real estate dev. Co.	Inside KSA	LLC			
		Ghiras Alakhlaq Schools Com.	Inside KSA	LLC			
		North Abhor Co.	Inside KSA	LLC			
		High Stars Co.	Inside KSA	LLC			
		Asala Centers Co.	Inside KSA	LLC			
		Iraqa Center Co.	Inside KSA	LLC			
		Western Jawaher Co.	Inside KSA	LLC			
		Green Diamond Co.	Inside KSA	LLC			
		Alahli REIT Fund 1	Inside KSA	LLC			
3	Mr. Ahmed bin Abdulrahman Al-Mousa	Al-Jazirah Markets Co.	Inside KSA	Unlisted joint stock			
		Real Estate and Tourism Dev. Co	Inside KSA	Unlisted joint stock			
		Abdulrahman Abdullah Al-Mousa & Sons Co.	Inside KSA	Unlisted joint stock			
		Abdulrahman Al-Mousa Holding Co	Inside KSA	Unlisted joint stock			
		Alahli REIT Fund 1	Inside KSA	Traded real estate fund			

#	Member Name	Companies at which the director currently serves as board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability /)	Companies at which the director served as a board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability/)
4	Eng. Saleh Bin Muhammad Al-Habib	Al-Zakari Industry and Trade Co.	Inside KSA	LLC	Current		
5	Mr. Hathal bin Saad Al-Otaibi	Advanced Markets Co	Inside KSA	LLC	Hamat Property Co.	Inside KSA	LLC
		Sorouh Centers Co.	Inside KSA	LLC			
		Manafea Alandalus	Inside KSA	LLC			
		Hayat Property Co.	Inside KSA	Unlisted joint stock			
		West Jeddah Hospital Co.	Inside KSA	LLC			
6	Mr. Nasser bin Sharaf Al-Sharif	Anan Holding Co.	Inside KSA	Unlisted joint stock			
		Anan Housing Com	Inside KSA	LLC			
		Arena Co.	Inside KSA	LLC			
		Saudi Fisheries Co.	Inside KSA	Listed			
		Refineries Co.	Inside KSA	Listed			
		Awj Holding Co.	Inside KSA	LLC			
7	Dr. Abdulrahman bin Muhammad Al-Barrak	Tharaa Investment Co.	Inside KSA	LLC	Lejam Sport Co.	Inside KSA	Listed JS.
		National Commercial Bank	Inside KSA	Listed JS.			
		Etihad Etisalat Co. "Mobily"	Inside KSA	Listed JS.	Medgulf Insurance	Inside KSA	Listed JS.
		Al-Elem Information Security Co.	Inside KSA	Unlisted JS.			
		Saudi Shipping Company	Inside KSA	LLC	Jabal Omar Development Co.	Inside KSA	Listed JS.
8	Dr. Sulaiman Ali Al Hudaif	Al Tayyar Travel Group	Inside KSA	Listed JS			
		Asala Holding Company	Inside KSA	Unlisted JS			

Board of Directors and type of membership

- Executive Board Member
- Non-executive board member
- Independent Board Member

Member Name	Membership Classification (Executive/ non-executive/ independent)
Mr. Abdulsalam bin Abdulrahman Al-Aqeel	Non-executive
Eng. Saleh bin Muhammad Al Habib	Non-executive
Mr. Ahmed bin Abdulrahman Al-Mousa	Non-executive
Mr. Mohammed bin Abdulmohsen Al-Zakari	Non-executive
Mr. Hathal bin Saad Al-Otaibi	Executive
Dr. Sulaiman bin Ali Al-Hudhaif	Independent
Dr. Abdulrahman bin Muhammad Al-Barrak	Independent
Mr. Nasser bin Sharaf Al-Sharif	Independent

D. Number, dates and attendance record of the board meetings held in 2019G:

		Number of meetings (4 meetings)			
		1st Meeting 2019-03-18	2nd Meeting 2019-08-07	3rd Meeting 2019-11-11	4th Meeting 2019-11-17
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	✓	✓	✓	✓
2	Eng. Saleh bin Muhammad Al Habib	✓	✗	✓	✓
3	Mr. Ahmed bin Abdulrahman Al-Mousa	✓	✓	✓	✓
4	Mr. Mohammed bin Abdulmohsen Al-Zakari	✓	✗	✗	✓
5	Mr. Hathal bin Saad Al-Otaibi	✓	✓	✓	✓
6	Dr. Sulaiman bin Ali Al-Hudhaif	✓	✓	✓	✓
7	Dr. Abdulrahman bin Muhammad Al-Barrak	✓	✓	✓	✓
8	Mr. Nasser bin Sharaf Al-Sharif	✓	✓	✓	✓

Executive Committee

A- Terms of reference and functions of the Executive Committee:

One of the key functions and responsibilities of the Executive Committee is to discuss any of the matters reserved for the Board of Directors without exception, make recommendations in respect thereof and submit such recommendations to the Board. The Committee also takes decisions on the matters assigned to it by the Board. It also makes and presents recommendations to the Board on all matters related to the investment policies, strategies, business plans and annual budget presented by the Company's executive management, as well as the organizational and employment structure/ reorganization/ restructuring of the Company and its business policies, except for such policies that fall under the terms of reference of other Board committees, including financial and accounting, compensation and remuneration policies and the internal audit guide. Furthermore, the Executive Committee considers joint ventures, mergers and acquisitions pursuant to the

Company's plans, and selling the Company's lands and properties, cash and stock dividends (cash and shares), writing off accounts receivable, oversees the operational developments and the Company's overall performance, and approves workflow rules and regulations, except those that require Board's approval. The Committee also receives progress reports on key project and expansion plans, and reports on corporate risk profile as well as the effectiveness and efficiency of performance of the Risk Management Unit, and addresses the matters and obstacles related to the Company's business. The Executive Committee, in accordance with the approved terms of reference, approves investments in new projects in line with the investment plan, amendments of budget items, capital purchases and operational expenses that exceed the Company's approved budget; and reviews the valuation of Company's assets.

C. Number, dates and attendance record of the Executive Committee meetings held in 2019G:

		Number of meetings: (3) meetings		
		1st meeting 2019-03-13	2nd meeting 2019-09-24	3rd meeting 2019-12-08
1	Eng. Saleh bin Muhammad Al-Habib (Chairman of the Committee)	X	✓	✓
2	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	✓	✓	✓
3	Mr. Ahmed bin Abdulrahman Al-Mousa	✓	✓	✓
4	Mr. Mohammed bin Abdulmohsen Al-Zakari	✓	✓	✓

Nomination and Remuneration Committee

a. Terms of Reference and Responsibilities

- In respect of nomination, the Nomination and Remuneration Committee is responsible for:
1. Proposing clear policies and criteria of membership of the Board of Directors and the Executive Committee

2. Recommending nominations and re-nominations to the Board of Directors in accordance with the approved policies and standards taking into account that nomination shall not include any person who was previously convicted of any crime of dishonesty.

3. Preparing descriptions of the capacities and qualifications required to join the Board or hold an executive management position;

4. Determining the time to be allocated by the member for the activities of the Board of Directors;

5. Conducting an annual review of the skills and experiences required for Board membership and executive management positions;

6. Reviewing the structure of the Board and the Executive Management and recommending possible changes;

7. On an annual basis, ensuring independence of the independent members and the absence of any conflict of interest in case a board member also acts as a member of the board of directors of another company.

8. Developing job descriptions for the executive and non-executive members, independent members and senior executives;

9. Developing procedures to fill in any vacant position in the Board or the executive management;

10. Determining the strengths and weaknesses of the Board and recommending solutions that are compatible with the Company's interests.

B- Members' names, current and previous positions, qualifications and experience:

	Name	Current Position	Previous Positions	Qualifications	Experience
1	Eng. Saleh bin Muhammad AL-Habib	Vice chairman of the Board and Chairman of the Executive Committee, Alandalus Property Co.	Managing Director of Mohammad Al-Habib Real estate Investment Co.	Bachelor degree, Architecture, King Saud University, 2000	Member of the Board of Directors of Dr. Sulaiman AL-Habib Medical Group. Managing Director of Mohammed Al Habib and Sons Holding. Managing Director of Hamat Property Co. Managing Director of Global Healthcare Co, Managing Director of Muhammad AL-Habib Real Estate Investment Co, Member of the Board of Directors of Hayat Property Co.
2	Mr. Abdulsalam bin Abdulrahman AL-Aqeel	Chairman of the Board of Directors of Alandalus Property Co.	Deputy Chairman of the Board of Directors of Alandalus Property Co.	Bachelor degree, Management Science in Industry, King Fahd University of Petroleum and Minerals, 1990	Member of the boards of directors of many companies and charities, member of the board of directors and audit and risk committee. Director general of a number of real estate and trade companies. Managing Director of Jarir Commercial Investment.
3	Mr. Ahmad bin Abdulrahman AL-Mousa	Member of the Board of Directors of Alandalus Property Co.	Member of the Board of Directors of Jazeera Markets Co.	Bachelor degree, Business Administration, London School of Economic Science, 1999	Member of the Board of Directors of Abdulrahman bin Abdullah Al-Mousa and Sons Co, member of the Board of Directors of Abdulrahman Al-Mousa Holding Co. Member of the Board of Directors of Real Estate and Tourism Development Co, member of the Board of Directors of Aljazera Markets Co.
4	Mr. Muhammad bin Abdulmuhsen Al-Zakri	Member of the Board of Directors of Alandalus Property Co.	Executive director, Alzakri Industry and Trading Co.	Master degree, Financial Management, University of Lafrin, 2011	Practical experience in financial management, operational management, business development and executive management.

b. Members’ Names, Current and Previous Positions, Qualifications and Experiences:

	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	Dr. Sulaiman Ali Al-Hudaif	Member of the Board of Directors and Chairman of Nomination and Remuneration Committee	Director General of Human Capital Sector, Alinma Bank	PhD. Business Administration, Northwest Eastern University, 2006	Vice chairmen and chairman of the strategy and Business Excellence, Alinma Bank, CEO of Alam Al-Nukhba Management and Organization Consulting Co. Executive Director of Human Resources and Development, Al-Rajhi Bank.
2	Mr. Abdulsalam bin Abdulrahman AL-Aqeel	Chairman of the Board of Alandalus Property Co.	Vice Chairman of the Board of Directors of Alandalus Property Co.	Bachelor degree, Management Science in Industry, King Fahd University of Petroleum and Minerals, 1990	Member of the boards of directors of many companies and charities, member of the board of directors and audit and risks committee. Director general of a number of real estate and trade companies. Managing Director of Jarir Commercial Investment
3	Eng. Saleh bin Muhammad AL-Habib	Vice Chairman of Board and Chairman of the Executive Committee, Alandalus Property Co.	Managing Director of Mohammad Al-Habib Real Estate Investment Co.	Bachelor degree, Architecture, King Saud University, 2000	Member of the Board of Directors of Dr. Sulaiman AL-Habib Medical Group, Managing Director of Mohammed Al Habib and Sons Holding Co, Managing Director of Hamat Property Co. Managing Director of Global Healthcare Co, Managing Director of Muhammad AL-Habib Real Estate Investment Co, and Member of the Board of Directors of Hayat Property.

C. Number, dates, and attendance of the Nomination and Remuneration Committee meetings held in year 2019G.

Member’s Name		Number of Meetings (2)	
		1st Meeting 2019-09-24	2nd Meeting 2019-12-30
1	Dr. Sulaiman bin Ali Al Hudaif (chairman)	✓	✓
2	Mr. Abdulsalam bin Abdulrahman AL-Aqeel	✓	✓
3	Eng. Saleh bin Muhammad AL-Habib	✓	✓

Audit Committee

A. Description of the terms of reference and responsibilities of the Audit Committee

The Audit Committee is responsible for monitoring the Company’s activities and ensuring the integrity and fairness of the financial reports, statements and internal control systems. Regarding financial reports, the Committee is responsible for examining the Company’s initial and annual financial statements before they are presented to the Board of Directors, share their view on the same, and recommend the procedures what guarantee integrity, fairness and transparency thereof. If requested by the Board, the Committee shall present its technical view on whether the Board’s report and the Company’s financial statements are fair, balanced, intelligible, and include all the information needed for the shareholders and investors to evaluate the Company’s financial position, performance, business model and strategies. The Committee shall also examine any crucial or abnormal issues in the financial reports, thoroughly consider any issues raised by the Company’s financial manager, or his deputy, the compliance officer or auditor, verify the accounting estimates on material issues reflected in the financial reports, examine the Company’s accounting policies and provide the Board with their views and recommendations on the same.

As for its internal audit function, the Audit Committee shall examine and review the Company’s internal and financial control systems, examine and evaluate the internal audit reports and follow up the implementation of any corrective measures relating to any remarks stated therein, supervise and oversee the internal auditor’s performance and activities and the Company’s internal audit department, if any, in order to ensure the availability of all necessary resources and their effectiveness in performing the assigned tasks and duties. If the Company has no internal auditor, the Committee will provide the Board with a recommendation stating the extent to which such an auditor is needed. It will also develop a mechanism and policy to enable the employees to report any illegal or unethical practices in the Company. Moreover,

it presents its recommendation to the Board to appoint a manager for the internal audit unit or department or an internal auditor and proposes their compensation. Regarding the external auditor, the Committee will recommend the Board of Directors to nominate or remove auditors, determine their fees and evaluate their performance after verifying their independency and reviewing the scope of their work and their engagement terms. Moreover, the Committee will ensure the auditor’s independence, objectivity and fairness as well as the extent of effectiveness of the audit taking into consideration all relevant rules and standards. Furthermore, the Committee shall review the plan and the activities of the Company’s auditor and make sure that all technical and administrative auditing reports are within the scope of their auditing tasks, present its view on the same, and respond to the auditor’s queries. It will also examine the auditor’s report and any observations on the financial statements and follow up on any actions taken in this regard. The Committee shall also ensure the commitment to review the results of the reports made by the regulatory bodies and make sure that the Company has taken all necessary actions, and is in compliance with all applicable rules, regulations, policies and instructions. Moreover, the Committee shall review all proposed contracts and transactions with any related party and provide its views to the Board, and report to the Board all issues believed to require a further action along with its suggested course of action. In respect of the Audit Committee’s performance of its responsibilities, the Committee will provide its views, if any, on the financial statements and the adequacy of the Company’s internal control system and other tasks carried out within its terms of reference. The Committee shall also discuss and examine its performance at least once a year in order to assess its effectiveness, and agree on the measures needed to improve its efficiency. Finally, a report on the Committee’s performance must be presented to the Board.

A- Members' names, current and previous positions, qualifications and experience:

	Name	Current Position	Previous Positions	Qualifications	Experience
1	Dr. Abdulrahman bin Muhammad AL-Barak	Member of The Board of Directors and Chairman of the Audit Committee – Al Andalus Property	Vice chairman of CMA Council	PhD in Finance, Newcastle University, UK Master Degree, Finance, Colorado University, USA Bachelor degree, Accounting, King Faisal University, SKA	Chairman of Thara'a Consulting Company. Deputy Chairman of Capital Market Authority of Saudi Arabia. Chairman, Associate Professor and Dean of Finance at King Faisal University, KSA
2	Mr. Alaa bin Abdullah AL-Feda	Member of the Audit Committee, Al Andalus Property	Member of the Audit Committee, Eastern Cement Co.	Master degree, funding, Newcastle University, 2009	Member of the audit committee at King Saud University Endowments. Executive consultant of financial planning and budget, Ministry of Finance. Member of audit committee in Eastern Cement Co.
3	Mr. Saleh bin Abdullah AL-Yahya	Member of the Audit Committee	Senior manager, Earnst & Young, USA	Bachelor degree, accounting, King Saud University, 2002	Partner, Alluhaid & Alyahya Chartered Accountants. Partner Ernst & Young, KSA. Senior Manager, USA

B. Number, dates and attendance Audit Committee meetings held in the year 2019:

		Number of Meetings (6)					
	Member's Name	1st Meeting	2nd Meeting	3dr Meeting	4th Meeting	5th Meeting	6th Meeting
		2019-03-12	2019-05-08	2019-08-06	2019-09-08	2019-11-06	2019-12-29
1	Dr. Abdulrahman bin Muhammad AL-Barak (chairman)	✓	✓	✓	✓	✓	✓
2	Mr. Alaa bin Abdullah AL-Fadda	✓	✓	✓	✓	✓	✓
3	Mr. Saleh bin Abdullah AL-Yahya	✓	✓	✓	✓	✓	✗

Chief Executive Officer

	Name	Current Positions	Previous Position	Qualifications	Experiences
1	Mr. Hathal bin Saad AL-Utaibi	CEO of Alandalus Property Co.	CEO of business development of Alandalus Property Co.	Master degree, Business Administration, King Saud University, 2016	Marketing Officer of National Industries Co. from 2003-2004. Head of Training Dept. in Aljazira Bank 2004 -2005. ALMarai Co. Product Manager, 2005-2008, Head of Business Development, 2008-2017, CEO 2017 to present.

Reporting Shareholders' Suggestions and Remarks to the Board of Directors

The Board of Directors briefed the members, non-executives in particular, on all the inquiries and suggestions received from the shareholders that need considered and discussed and take into consideration those that conform to the Company's policies and the applicable rules and regulations.

Remuneration Policy:

The Company's remuneration policy was approved by the Shareholders General Assembly. The policy takes into account, in determining and paying remunerations to each member of the Board, committee, or the Executive Management of the Company, all relevant provisions of the Companies Law and its implementing regulations related to listed joint-stock companies, and the Corporate Governance Regulations issued by the Capital Market Authority, in addition to the following criteria:

1. The policy must be in conformity with the Company's strategy, objectives and risk profile;
2. The remuneration must be based on a recommendation from the Nominations and Remuneration Committee.
3. The remuneration must be fairly sufficient to attract, motivate and retain competent board members with proper experience.
4. Remuneration must be provided to motivate the Board members and the Executive Management to ensure long-term success and advancement of the Company, taking into account linking the

variable portion of the remuneration with long-term performance.

5. The remuneration must be fair and commensurate with the members' role and responsibilities, with due consideration to the targets set by the Board to be achieved during the fiscal year.
6. For new appointments, remuneration must be determined in coordination with the Nominations and Remuneration Committee.
7. Market remuneration practices must be taken into account, while avoiding any unjustifiable increase in remuneration and compensation.
8. Any plan to grant shares in the Company to the board members, Executive Management and employees, either by issuing new shares or purchasing shares by the Company, must be coordinated with the Nominations and Remuneration Committee subject to relevant applicable regulations.
9. The remuneration will be stopped or recovered if not approved by the General Assembly.

Remunerations and compensations of the Board of Directors and its committees will be determined based on the following:

- Members of the board and committees are entitled to the following remunerations:

 - The chairman is entitled to receive an annual bonus of SR 200,000.
 - Each board member is entitled to receive an annual bonus of SR 200,000.
 - The chairman of any committee is entitled to receive an annual bonus of SR 100,000.
 - Each committee member is entitled to receive an annual bonus of SR 50,000.
 - Members of the Board and the committees is entitled to an attendance allowance as follows:
 - Each member of the board, including the chairman, is entitled to receive an attendance allowance of SR 3,000 for each meeting attended.
 - Each member of any committee, including the chairman of such committee, is entitled to receive a attendance allowance of SR 3,000 for each meeting attended.
 - Members of the Executive Committee, including the Chairman of the Committee, are entitled to a an attendance allowance of SR 5,000 for each meeting attended.
- Remuneration shall be paid at the beginning of each calendar year, while the attendance allowance shall be paid every six months of the calendar year.
 - Entitlement to the annual bonus is qualified by attending -at least- two-thirds of the meetings held during the year.
 - The amount of the annual bonus will be estimated based on the date of joining and leaving the respective committee or the board, taking into consideration the minimum attendance of two-thirds of the meetings held within that period.
 - Any member of both the board and any committee is entitled to receive remuneration for board membership and the chairmanship or membership of a board committee or the Audit Committee. The fixed annual remuneration is exclusive of travel and other related expenses. These will be reimbursed as follows:
 - Travel expenses and airline tickets (business class).
 - Hotel accommodation business related costs.
Expenses will be reimbursed based on actual bills.

Executive Management remunerations

The Nomination and Remuneration Committee regularly reviews the benefits of the Executive Management and incentive programs and plans. Upon receiving the executive management recommendations, the Committee shall review such recommendations and submit its final recommendation to the Board of Directors for approval, taking into account the annual budget, the Company's capabilities and the liquidity available. The Executive Management remuneration includes:

- Basic salary (paid monthly at the end of each calendar month).
- Housing allowance, transportation allowance, and any other allowances approved by the Board of Directors.
- Medical insurance for the employee and his/ her family.
- Annual bonus if approved by the Board of Directors (based on performance, appraisal and measurement matrix).
- End of service benefits.

Other provisions related to remuneration policy:

- The Board members are not permitted to vote on their remuneration at the General Assembly meeting.

 - If the General Assembly decides to terminate the membership of absent board members due to failure to attend three consecutive meetings without valid justification, such member will not be entitled to any bonuses for the period
- following the last meeting attended, and must return all the bonuses he might have received for that period.

 - The Board shall disclose in its report the details of remuneration policies, mechanism of determination, and the financial and in-kind benefits paid to each Board member for any executive, technical, managerial or advisory roles.

Disclosure of directors remuneration for their membership in the Company's Board of Directors during 2019, from January 01, 2019 until December 31, 2019

Bonuses have been granted to members of the Board of Directors, the committees, and the Executive Management for the fiscal year 2019 in accordance with the approved remuneration policy.

Committee Members Remuneration

Audit Committee Members	Fixed Remuneration (excluding meeting attendance allowance)	Meeting Attendance Fees	Total
Dr. Abdulrahman Mohammad Albarrak	100,000	12,000	112,000
Mr. Saleh Abdullah Alyahya	50,000	12,000	62,000
Mr. Alaa Abdullah Alfeda	50,000	12,000	62,000
Total			236,000
Members of the Nomination and Remuneration Committee			
Dr. Sulaiman bin Ali Alhutheef	100,000	6,000	106,000
Mr. Abdulsalam Abdulrahman Alaqeel	50,000	6,000	56,000
Eng. Saleh Mohammad Al-Habib	50,000	6,000	56,000
Total			218,000
Members of the Executive Committee Audit Committee Members			
Eng. Saleh Mohammad Al-Habib	100,000	10,000	110,000
Mr. Abdulsalam Abdulrahman Alaqeel	50,000	15,000	65,000
Mr. Ahmad Abdulrahman Almousa	50,000	15,000	65,000
Mr. Mohammed Abdulmohsen Alzekri	50,000	15,000	65,000
Total			305,000

Board of Directors Remuneration

#	Fixed Remuneration							Varying Remuneration									
	Certain Amount	Board Meeting Attendance Allowance	Total Committee Meeting Attendance Allowance	In-kind Benefits	Amounts received by directors as employees or officers, or for technical, administrative or advisory services	Remuneration of the chairman of the Board, Managing Director, the secretariat, if a director	Total	Percentage of profits	Regular Bonus	Sort term incentive plans	Long term incentive plans	Bonus shares (value)	Total	End-of-service benefit	Grand total	Expenses allowance	
First: Independent Members																	
1. Dr. Abdul Rahman Al-Barrak	300,000	9,000	12,000	-	-	-	321,000	-	-	-	-	-	-	-	-	-	
2. Mr. Sulaiman Al_Hudhaif	300,000	9,000	6,000	-	-	-	315,000	-	-	-	-	-	-	-	-	-	
3. Mr. Nasser Al-Sharif	200,000	9,000	-	-	-	-	209,000	-	-	-	-	-	-	-	-	-	
First: Independent Members																	
1. Mr. Abdul Salam Al Aqeel	300,000	9,000	21,000	-	-	-	330,000	-	-	-	-	-	-	-	-	-	
2. Saleh Al Habib	350,000	6,000	16,000	-	-	-	372,000	-	-	-	-	-	-	-	-	-	
3. Mr. Ahmed Al-Mousa	250,000	9,000	15,000	-	-	-	274,000	-	-	-	-	-	-	-	-	-	
4. Mr. Mohamed Al-Zakri	250,000	3,000	15,000	-	-	-	268,000	-	-	-	-	-	-	-	-	-	
Second: Non-executive members																	
1. Mr. Abdul Salam Al-Aqeel	200,000	9,000	-	-	-	-	209,000	-	-	-	-	-	-	-	-	-	
Total	2,150,000	63,000	85,000	-	-	-	2,298,000										

Senior Executives remuneration:

Details of remuneration of the top five senior executives, including the CEO and CFO, during the fiscal year of 2019

Fixed Remuneration	
Salaries	2,176,713
Allowances	643,568
In-kind benefits	-
Total	2,820,281
Variable Remuneration	
Regular bonuses	1,008,561
Profits	-
Short - term incentive plans	-
Long - term incentive plans	-
Bonus shares	-
Total	3,828,842
End of service benefits	443,578
Total remuneration of Board executive members	209,000
Grand Total	4,481,420

Key Shareholders and Change in Equity Ownership

Change in Shareholders' Ownership and Interests

Shareholder Name	Number of shares at Offering	Number of Shares as of 01/01/2019	Number of Shares as of 31/12/2019	Change in Number of Shares	% Change
Borouj Global Ltd CO.	19,354,020	19,354,020	19,354,020	-	%0.00
Al-Zakri Industry and Trading Co.	12,096,262	12,096,262	12,096,262	-	%0.00
Abdulrahman Abdullah Al-Mousa & Partners Co.	4,838,506	4,838,506	4,838,506	-	%0.00

Change in Board Members and Senior Executives' Ownership and Interests

Shareholder Name	Number of shares at Offering	Number of Shares as of 01/01/2019	Number of Shares as of 31/12/2019	Change in Number of Shares	% Change
Eng. Saleh Mohammad Abdulaziz Alhabib	-	95,270	95,270	-	%0
Dr. Sulaiman bin Ali Al-Hudhaif	-	-	46,800	46,800	%100+

Shareholders' Assemblies

Meetings held in 2019

Member Name		Board Members General Meeting Attendance Record
		4th Ordinary General Meeting 28/04/2019
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	✓
2	Eng. Saleh bin Mohammad Al-Habeeb	✗
3	Mr. Ahmad bin Abdulrahman Al-Mousa	✓
4	Mr. Mohammed bin Abdulmohsen Al-Zakri	✓
5	Mr. Hathal bin Saad Al-Otaibi	✓
6	Mr. Nasser bin Sharaf Al-Shareef	✓
7	Dr. Abdulrahman bin Mohammad Al-Barrak	✗
8	Dr. Sulaiman bin Ali Al-Hudhaif	✗

Shareholders Registers Requests in 2019

Request Date	Reasons
2019-01-03	Corporate Action
2019-04-25	Company's General Assembly
2019-04-29	Profit File
2019-12-31	Corporate Action

Corporate Governance

The Company has always committed to implementing the best corporate governance practices. It was classified among the top 20 companies in terms of applying corporate governance principles according to the results of a study announced during the first Corporate Governance Global Conference which was organized by the Corporate Governance Center of the Al-Faisal University on Dec 9, 2019. Classification was based on an independent and reliable criteria to assess the quality of corporate governance focusing on corporate governance in terms of rules, structure, processes, practices and reporting in relation to the Board

of Directors, shareholders' rights, disclosure, transparency, and the rights of stakeholders. In accordance with the requirements of Paragraph (1) of Article Ninety of the Corporate Governance Regulations issued by the Board of the Capital Market Authority on 13/2/2017G, as amended under the CMA Board Decision of 20/5/2019G. The following table sets out the provisions of the said Governance Regulations that were implemented during the fiscal year ending 31/12/2019, and those that were not implemented and justification:

The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/02/2017 , as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below

Article/ Clause No.	Article/Clause statement	Notes on implementation
Clause (B) of Article (32) Board Meetings	B. The Board shall convene at least four meetings a year, with no less than one meeting every three months	As this clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Board of Directors Regulations, both of which state that the Board shall convene no less than twice a year. Nevertheless, the Company has implemented this Clause as the Company's Board convened 3 times in 2019. The Company will incorporate this Clause in its internal governance regulation and the Board's regulation once it becomes obligatory.
Article 38 Secretary	The Board of Directors must set the perquisites that must be satisfied by the Board Secretary, provided that they include any of the following: 1- University degree in law, finance, accounting, administration or equivalent, with relevant work experience of no less than five years. 2- Relevant practical experience of no less than five years.	As this clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Board of Directors Regulations. However, the Company has implemented this Clause; the Board Secretary holds a university degree and has a work experience of more than 5 years. The Company will incorporate this Clause in its internal governance regulation and the board's regulation once it becomes obligatory.

Corporate Governance

The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/02/2017, as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below

Article 39 Training	<p>The Company must pay adequate attention to training and qualifying the members of the Board and the Executive Management, and develop all necessary programs, taking the following into account:</p> <p>1. Preparing programs for the newly appointed members of the Board and Executive Management in order to familiarize them with the status of the Company's business and activities, particularly in terms of:</p> <p>a. The Company's strategy and objectives;</p> <p>b. The financial and operational aspects of the Company's activities;</p> <p>c. The Board members' obligations, duties, responsibilities and rights;</p> <p>d. The committees' responsibilities and terms of reference</p> <p>2. Developing the necessary mechanisms for Board members and the Executive Management to regularly attend training programs and courses in order to develop their skills and knowledge in the fields related to the Company's activities.</p>	<p>This Article is still indicative and will be complied with by the Company once it becomes obligatory.</p>
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The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/02/2017, as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below

Article 41 Assessment	<p>A. Based on the Nomination Committee's recommendation, the Board will develop the necessary procedures to assess the performance of the Board, its members and committees and the Executive Management annually using efficient key performance indicators (KPIs) based on the achievement by the Company of its strategic objectives, the effectiveness of risk management and the efficiency of the internal control and other systems, provided that weaknesses and strengths are identified and addressed, and a solution is proposed based on the Company's interest.</p> <p>B. The performance assessment procedure must be in writing and clearly stated and disclosed to the Board members and the persons concerned with the assessment.</p> <p>C. The performance assessment shall cover the skills and experiences of the Board, identify their weaknesses and strengths, and suggest methods to address weaknesses, such as nominating competent professional personnel capable of improving the performance of the Board. The performance assessment will also include mechanisms of assessment of the Board's activities in general.</p> <p>D. The individual assessment of the Board members will take into account the extent of participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and committees' meetings and dedicating adequate time thereto.</p> <p>E. The Board will make the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.</p>	<p>This Article is still indicative. The Company will implement it once it becomes obligatory.</p>
Clause (B) of article 54 Formation of the Audit Committee	<p>(B) The Chairman of the Audit Committee must be an independent member</p>	<p>This clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Audit Committee Terms of Reference. Nevertheless, the Company has implemented this article in 2019; the chairman of the Audit Committee is an independent member. The Company will incorporate this article in its internal corporate governance regulation and the Audit Committee's Terms of Reference once it becomes obligatory.</p>

Corporate Governance

The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/02/2017, as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below

Article 70: Formation of the Risk Management Committee	The Company's Board of Directors will form a Risk Management Committee whose Chairman and majority of members are non-executive directors. The committee members must have an appropriate level of knowledge in risk management and finance.	The Company has not implemented this article (formation of Risk management committee) as the article is still indicative. The Company will comply with this article once it becomes obligatory. However, the Company's risk management function is currently undertaken by the Audit Committee. The Company assigned this task to the Audit Committee. The Company has a risk management policy approved by the Board of Directors.
Article 71 Functions of Risk Management Committee	Matters reserved to the risk Management Committee	Currently tasked to the Audit Committee
Article 72 Meetings of the Risk Management Committee	The Risk Management Committee meets regularly at least every six months and on need basis.	Currently tasked to the Audit Committee
Article 85 Employee Motivation	1- Forming committees or holding specialized workshops to hear the employees' views on the Company and discuss key subject matters of decisions. 2- Programs granting employees shares in the Company, a share of the profits earned, and retirement programs. 3- Establishing social programs for the Company's employees.	This is still an indicative article which the Company will implement once it becomes obligatory.
Article 87 Social Responsibility	The General Assembly will, upon a recommendation of the board of directors, establish a policy to ensure balance between its objectives and those of the society in order to develop the social and economic conditions of the society.	This is still an indicative article which the Company will implement once it becomes obligatory.

The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/02/2017, as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below

Article 88 Social Role Initiatives	The Board of Directors develops programs and specifies the necessary means to launch the Company's initiatives in the field of social work, including the following: 1- Developing measurement indicators that link the Company's performance to its social contribution, and comparing the same with that of other companies in the same industry. 2- Disclosing the Company's social responsibility objectives to the employees and ensuring their awareness thereof. 3- Disclosing social responsibility fulfillment plans in periodic reports on the Company's activities.	This is still an indicative article which the Company will implement once it becomes obligatory. However, the Company has provided all required mandatory information on its website, such as the general meeting invitation, candidacy announcement. In addition, the company has published most of policies related to the governance regulations on its web site.
Clause 3 of Article 89 Disclosure Policies and Procedures	3- The Company's website shall include all the information that needs to be disclosed and any data or information published through other means of disclosure.	This is still an indicative article, which the Company will implement once it becomes obligatory. However, the Company has provided all required mandatory information on the its website, such as the general meeting invitation, candidacy announcement and other required information.
Article 95 Formation of the Corporate Governance Committee	If the Board of Directors forms a Corporate Governance Committee, such committee must be tasked with the terms of reference established under Article 94 of this Regulation. This committee shall follow up on any matters related to the implementation of corporate governance and provide the Board of Directors at least annually with reports and recommendations in respect thereof.	This is still an indicative article, which the Company will implement once it becomes obligatory.

Risks:

Al-Andalus Property has in place a risk management policy to address the risks it faces. This policy is based on regular review of risks in order to avoid exposure to them and minimize their impact (when they materialize), while increasing the likelihood of achieving the Company's strategic objectives and taking appropriate measures to reduce the

probability and size of any possible losses. Accordingly, the Company clearly identifies the acceptable levels of the risks related to all its activities. In addition, the risk management system takes into consideration the correlation between different risks in order to assess their overall impact on the Company's operations and activities.

In particular, this policy is designed to:

- 1. Protect the interests of the Company shareholders and other stakeholders;
- 2. Comply with the corporate governance standards related to risk management and disclosure;
- 3. Protect the Company's strategic objectives and activities;
- 4. Enhance the effectiveness of the Company's management; and
- 5. Capture the investment opportunities to increase the value of the Company's assets and profitability in the long term.
- 6. Regarding risk identification, the Company makes every effort to identify the key risks it encounters. To this effect, it uses

questionnaires, interviews, meetings with risk identification officers, in addition to evaluations provided by external experts, the findings of internal and external auditors, and other methods of risk identification. The Company also identifies the risks associated with its operations and records them in a "Risk Register," with description of the nature each risk and technical opinion on its significance to the Company's operations. This register is periodically updated to reflect any internal and external changes and circumstances related to the Company operations.

In risk analysis, assessment and classification, the Company adopts the following criteria:

- 1. For each of the risks, the Company assesses the expected losses if such risk materializes and the expected impact of each risk on the interests of shareholders and other stakeholders;
- 2. Based on this assessment, risks are distributed by type to the concerned business divisions, and are classified accordingly;
- 3. The Company uses precise measurable indicators to assess the probability of occurrence of risk related events.
- 4. The Company determines the maximum limit of each risk indicator in order to ensure that it is in line with the Company's objectives.

In terms of risk management, the Company takes the following steps:

- 1. Developing methods and solutions to mitigate each risk and minimizes any losses the Company may incur as a result thereof;
- 2. The method chosen to be used by the Company, in terms of type and structure, is based on analysis of expected benefits and cost of implementation;
- 3. Principal risk management methods used by the Company are:
 - Acceptance and documentation of the risk
 - Sharing the risk with third parties.
 - Terminating the risk factor (e.g., cancelling a particular project)
 - Financing risk (e.g., insurance, adding new investments)
 - Diversifying of risks
- 4. Key considerations related to selection of risk management methods:
 - The Company's willingness to accept the current risk magnitude;
 - The balance between preventive control and detection; and
 - The balance between the costs and benefit of control.

According to current risk management system, the risk management responsibilities are as follows:

- 1. Company Division heads are responsible for identifying the risks faced by their individual departments and units, and for proposing possible mitigations to internal auditors;
- 2. The internal auditor will inform the Audit Committee of the potential and existing risks.
- 3. The Audit Committee is responsible for managing the risks that may be faced by the Company, and prepares the necessary reports with proposed steps for managing such risks, and submits the same to the Board of directors.

As part of the Company's obligation to disclose the risks facing the Company in the annual report of the Board of Directors, the risks described below are the key risks. However, they are not inclusive all the risks that the Company may face, as there may be additional risks that are either unknown to or deemed by the Company to be insignificant.

1. General Real Estate Risks:

The Company performance may decline due to fluctuations in the value of its assets, and the Company's properties and investee projects may be affected by changes in market conditions, the economy, property prices and governmental regulations. The Company's assets may be expropriated by the competent authorities, or the government may take any action on such assets for public interest.

2. Development risks:

- Real estate development projects may face different risks, including:
- 1. Delayed completion and delivery of works
 - 2. Estimated cost overrun
 - 3. Failure to secure leases at expected levels
 - 4. Delayed governmental approvals and permits for land zoning and other governmental authorizations required

3. Correlation between the Company's performance and the retail sector:

The business of tenants in the Company's malls is concentrated in the retail sector, which is considered the main driver of the malls' performance. Consequently, if the retail sector declines or its overall growth slows down, this will directly impact tenants' performance and ability to continue leasing the stores in the Company's malls and to meet their financial obligations, which will in turn aversely and materially affect the Company's business, operations outcomes, financial position and future prospects.

4. Tax Risk

Investment in the Company involves a variety of tax risks. If the Company incurs such taxes, it will reduce the cash available for its operations as well as the potential dividend

distributions. Taxes incurred will cause the Company's return on investment, and consequently the share price, to decrease.

5. Risk of possible inability to renew the lease or re-lease the space at the end of the lease term:

The Company's share price, financial position, results of operations, and cash flow, as well as performance and ability to distribute dividends, may be adversely affected if the Company or operator is unable to immediately re-lease the property, renew the lease, or if the lease is renewed or the property is re-leased at significantly lower rates than expected.

Upon termination of any lease, there is no guarantee that the contract will be renewed or that the tenant will be replaced. The terms of any subsequent lease may be less favourable than the current one.

In the event of default by any tenant, the Company may face delays or limitations in the enforcement process and may incur high costs to protect its investments.

6. Competition from new malls:

Malls generally depend on footfall. Hence, the upgrading of existing malls or the entry of new malls into more accessible areas with features and services competitive with those of the Company's malls will have a significant adverse impact on the number of visitors of

the Company's malls, which in turn will result in lower income for tenants, non-renewal of lease contracts, and consequently lower occupancy or rental rates, either of which would negatively impact the Company's business, expectations, results of operations, financial position and future prospects.

7. Increase of operating and maintenance costs:

The Company's recurring expenses include the costs of operation and maintenance of its complexes and malls. These facilities require continuous maintenance to keep them in good operating conditions at optimal levels and retain their attractiveness to tenants and visitors. If expenses increase more than

expected – due to various factors, such as increased labor costs, contract costs, repair and maintenance costs, or the Company's inability to pass the increase to the tenants, the Company's business, financial position and future prospects will be adversely and materially affected.

8. Litigation and Penalties:

The Company is exposed to the risk of litigation from many counterparties, including tenants, customers, mall visitors, guests, partners, suppliers, employees, regulators, operators, owners of the lands leased by the Company to set up its projects, and real estate brokers.

Rulings in such cases against the Company may cause the Company to incur heavy related litigation costs or large penalties that may be imposed by regulators – all of which will have significant adverse impact on the Company's business, operations outcomes, financial position and future prospects.

9. Effect of certain government projects on the Company's real estate properties and malls:

Given the multiple construction and infrastructure projects being executed by various government agencies across the Kingdom, some of the Company's properties may be subject to expropriation, fully or partially, under the expropriation for public benefit act issued by Royal Decree No. M/15 and 11/03/1424H. If any of the Company's malls is expropriated, this will

result in the discontinuation of business and consequently the income of that mall. Accordingly, the exposure of any of the Company's properties to expropriation under the expropriation for public benefit regulation will have a material adverse impact on the Company's business, results of operations, financial position and future prospects.

10. Existing banking facilities:

The Company has entered into a number of credit facility contracts to finance its projects, and is required under these contracts to pay instalments and commissions according to a fixed schedule. In the event that the Company fails for any reason to generate sufficient cash flows from its principal business or to secure the necessary funds from other sources, the Company may be unable to meet its financial obligations on the due dates under these contracts. This would constitute a breach of its obligations, which may cause the bank to require the Company to pay the full outstanding debt immediately and enforce foreclosure of the guarantees. This may also cause other creditors of the Company to

demand payment of outstanding debts. Pursuant to these contracts, the Company is also bound by a number of commitments, including restrictions limiting its ability to make distributions if such distribution would result in a breach of the debt coverage ration provided for in the contracts. Any breach by the Company breach of any of its obligations set out in these agreements would entitle the lender to demand immediate payment of the outstanding debt balance and take other measures to recover its right. These factors may have a material adverse effect on the Company's credit record, business, results of operations and financial position.

11. Lack of funding for projects or availability of funding on unfavourable terms:

Given the Company’s nature of business, its new projects are huge investments in the real estate sector that require considerable funding which may not be secured solely from internal financial sources. The Company depends on commercial banks to finance its future projects. Therefore, the Company’s ability to deliver its future projects depends on its ability to secure funding from commercial banks.

The Company’s ability to obtain external financing depends on several factors, including its financial position, the size of its outstanding debt relative to its assets and equity, its credit position, the project’s expected cash flow, the Company’s financial performance and results of operations, and banks’ desire to finance the sectors in

which the Company operates, the securities provided, in addition to other factors that are beyond the Company’s control, such as the overall economic situation, the financial markets condition, liquidity in the banking system, SAMA's directions, and interest rate levels.

The Company may be unable to obtain such facilities in whole or in part, which may significantly impact the Company's ability to execute its projects. In addition, the Company may obtain facilities, but on unfavourable terms or at a higher cost than expected, which would limit the project revenues and cash flow. All of these factors may have significant adverse impact on the Company's business, results of operations and financial position.

All disclosures during the year 2019:

Disclosure title	Date published	Link
Alandalus Property Company announces Al Jawhara Al-Kobra Project	February 11, 2019	Click Here
Alandalus Property Company announces its annual financial results for the fiscal year ending 31-12-2018	March 20, 2019	Click Here
Alandalus Property Company announces the Board of Directors recommendation to distribute cash dividends to shareholders for the fiscal year ending December 31, 2018G	March 20, 2019	Click Here
Alandalus Property Company announces the latest developments related to its joint venture with Mohammed Abdulaziz Al-Rajhi and Sons Investment Company in Jeddah (Marwa Center Project)	March 28, 2019	Click Here
Follow-up announcement by Alandalus Property Company of the latest developments related to its joint venture with Mohammed Abdulaziz Al-Rajhi & Sons Investment Company in Jeddah (Marwa Center Project).	April 01, 2019	Click Here
Alandalus Property Company call upon its shareholders to attend the fourth Extraordinary General Assembly (first meeting)	April 07, 2019	Click Here
Alandalus Property Company announces the results of the 4th Extraordinary General Assembly meeting (first meeting)	April 29, 2019	Click Here

Disclosure title	Date published	Link
Alandalus Property Company announces the interim financial results for the period ending on 31/03/2019 (three months)	May 09, 2019	Click Here
Alandalus Property Company announces its interim consolidated financial results for the period ending 30/06/2019 (six months)	Aug 07, 2019	Click Here
Alandalus Property Company announces its interim summarized consolidated financial results for the period ending 30/09/2019 (nine months)	Nov 07, 2019	Click Here
Alandalus Property Company announces that it has sold its stake in Hamat Property Company to (33.4% of Hamat Property's capital) for SR 43,925,376.00	Nov 17, 2019	Click Here

Results of the annual review of the effectiveness of internal control procedures:

During the fiscal year ended 31 December 2018, the operations of Al-Andalus Property underwent to periodic reviews by the Internal Audit Department, under the supervision of the Audit Committee of the Board of Directors, to verify the effectiveness of the internal control system and procedures through internal audits that are designed to review the administrative and financial policies and procedures, and output of

financial reporting, in order to protect the Company's assets.

The Internal Audit Department helps the Audit Committee achieve its objectives by implementing the corporate governance procedures and performing its oversight role in order to achieve desired objectives while focusing on high-risk activities and processes.

Profit Distribution Policy:

A. Profits will be distributed according to the Company's Articles of Association as follows:

1. (10%) of net profits will be set aside to set up the Company's statutory reserve. The Ordinary General Assembly (OGA) may decide to discontinue such deduction when the said reserve equals 30% of the Company's paid-up capital.

2. The Ordinary General Assembly (OGA), based on a proposal of the Board of Directors, may set aside (10%) of net profit to set up an additional general reserve.

3. The OGA may decide to establish other reserves to the extent would serve the Company's interest or ensure distribution of fixed dividends to shareholders. It may also deduct amounts from net profits to establish social entities for the Company's employees or to support existing ones.

4. From the balance, an amount representing 5% of paid-up capital will be distributed to shareholders.
5. Subject to the provisions stipulated in Article (20) of Alandalus Articles of Association and Article (76) of the Companies Law, after the foregoing, up to (5%) of the balance will be allocated to the Board of Directors, provided that in all cases, such distribution shall not exceed the maximum limits allowed by the Companies Law and its regulations, and shall be in accordance with the rules, decisions and official instructions issued by relevant authorities in this regard. However, the entitlement to such remuneration must be based on the number of meetings attended by the member.

6. The Board of Directors may, after fulfilling the requirements set by the relevant authorities, distribute semi-annual and quarterly dividends as it deems fit.

Profit Distribution Policy:

B. Details of Company's dividend distribution policy:

1. The shareholder shall be entitled to his share of the profits in accordance with the General Assembly resolution on the distribution of dividends to shareholders or the resolution of the Board of Directors to distribute interim dividends. The resolution shall specify the due date and distribution date. The shareholders registered in the Shareholders Register at the end of the due date shall be entitled to receive dividends.

2. The Board of Directors shall implement the General Assembly resolution regarding the distribution of profits to the shareholders registered within 15 days of the dividend due date specified in the General Assembly or Board resolution to distribute interim dividends.

3. The Board may decide to distribute interim dividends to shareholders semi-annually or quarterly, subject to fulfilling the following requirements:
 - The General Assembly will authorize the Board to distribute interim dividends under a resolution to be taken annually.
- The Company's profitability must be healthy and stable.
 - The Company must have reasonable liquidity and can reasonably predict its level of profit.
 - The Company must have distributable profits, according to the latest audited financial statements, that are sufficient to pay the proposed dividends, after deducting the amount distributed and capitalized from such profits following the date of these financial statements.

4. Dividend distribution generally depends on several factors, including:
 - The Company's profitability (i.e., realizing sufficient profits to allow statutory distribution) and its financial condition.
 - Cash flow, new capital investments and future expected external financing, taking into account the importance of maintaining a strong liquidity policy to address any unforeseen changes.
 - Any restrictions on distribution under the financing loans intended to be entered into by the Company.
 - Any other legal or regulatory considerations.

Acknowledgements

The Board of Directors of Alandalus Property Company represents that:

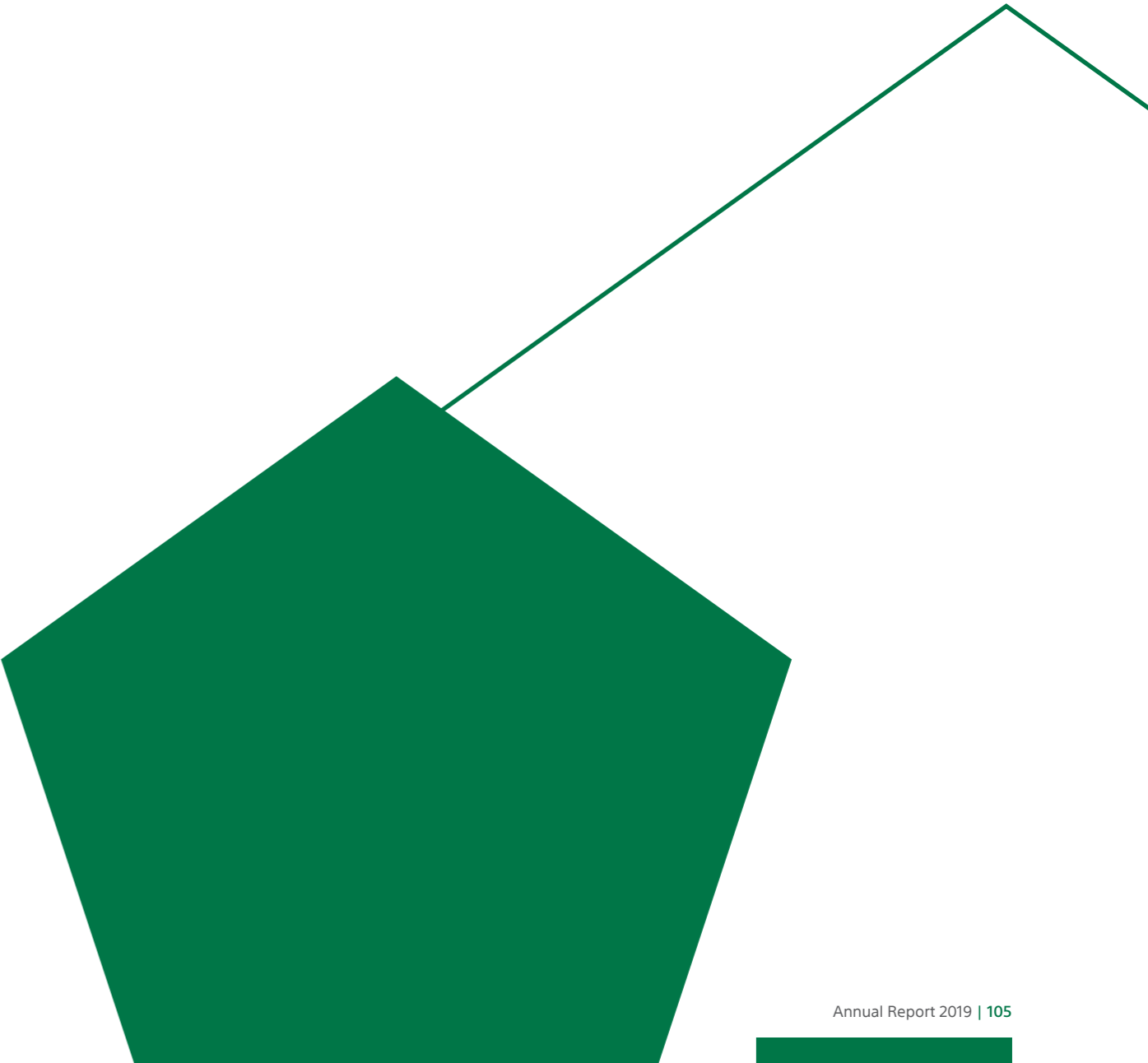
- Neither the Company nor any of its affiliates has previously issued any debt instruments or approved the issuance of such instruments;
- The accounting records were prepared in appropriate manner;
- The Company's internal control system was prepared properly and implemented effectively; and
- There is no significant doubt regarding the Company's ability to continue its business.

Conclusion

Ambitions and aspirations

Despite the enormous challenges and the growing significant changes in the Saudi market, we are well positioned to achieve more remarkable successes, thanks to our unique capabilities to grow and expand our business over the coming years, by implementing the Company's new ambitious strategy and redoubling efforts to achieve the requirements of this stage.

In conclusion, we would like to extend our sincere thanks to the members of the Board of Directors of Alandalus Property Company and all its employees, investors and partners for their relentless efforts and continued support. We together look forward to proceed on hand in hand towards another milestone in the Company's success story, hoping for more major achievements, strong performance and sustainable growth.





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