

## Shareholders Circular

**This Circular is issued by Arriyadh Development Company (“the Company” or “the Issuer”) and addressed to its shareholders in accordance with the requirements of Article (60) of the Rules on the Offer of Securities and Continuing Obligations in relation to increasing the Company’s capital by purchasing Real Estate Assets owned by Remat Al-Riyadh Development Company and issuing new shares to Remat Al-Riyadh Development Company in exchange for its in-kind contribution of such assets.**

This circular (“**Circular**”) has been prepared by the Company in accordance with the requirements of Article (60) of the OSCOs regarding the increase of the Company’s capital from one billion, seven hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy Saudi Riyals (1,777,777,770) to two billion, three hundred and thirty-nine million, three hundred and eight thousand, one hundred and eighty Saudi Riyals (2,339,308,180) and the increase of the number of its shares from one hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy-seven (177,777,777) ordinary shares to two hundred and thirty-three million, nine hundred and thirty thousand, eight hundred and eighteen (233,930,818) ordinary shares, which represent an increase of 31.58% of the current capital of the Company. The Capital Increase, through the purchase of real estate assets owned by Remat Al-Riyadh Development Company (“**Remat Al-Riyadh**” or “**Seller**”) and issuing new shares to Remat Al-Riyadh in the Company in exchange for its in-kind contribution of those assets (“**Transaction**”).

The Transaction consists of purchasing two real estate assets owned by Remat Al-Riyadh, namely: (1) raw land with an area of (787,477.19) square metres located north of Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia (“**Al-Rimal Land**”) and (2) plot No 44/M of parcel number I578/C with an area of (214,000) square metres located south of the Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia (“**Al-Murooj Land**”) (collectively referred to as “**Real Estate Assets**”) in exchange for issuing and allocating a total of fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) new ordinary shares in the Company with a nominal value of ten (SAR 10) Saudi Riyals per ordinary share, and a total nominal value of five hundred and sixty-one million, five hundred and thirty thousand, four hundred and ten (SAR 561,530,410) Saudi Riyals in favour of the Seller, in exchange for its in-kind contribution of the Real Estate Assets, so that the Seller’s ownership in the Company would become 24.0% of the Company’s capital after the Capital Increase (all new shares that will be issued to the Seller as a result of the Transaction are referred to as “**Consideration Shares**”). Consideration Shares shall include all rights granted to the existing shares, including voting rights and the right to receive dividends and shall not contain any preferential rights (for further details on Real Estate Assets, please refer to Section (3-6) (“**Overview of the Real Estate Assets**”) and Section (4) (“**Financial Information**”)) of this Circular.

The Company entered into a binding Acquisition and In-kind Contribution Agreement with Remat Al-Riyadh on 28/02/1446H (corresponding to 01/09/2024G) (referred to hereinafter as the “**Acquisition and In-Kind Contribution Agreement**”) pursuant to which the Company agreed with Remat Al-Riyadh to purchase the Real Estate Assets in exchange for issuing new shares in the Company to Remat Al-Riyadh in exchange for its in-kind contribution to those assets. It was agreed that the value of the Real Estate Assets would be a total amount of one billion, four hundred and three million, eight hundred and twenty-six thousand and twenty-five Saudi Riyals (SAR 1,403,826,025). It was agreed that the market value of the Company as of 25/2/1446H (corresponding to 29/8/2024G) (which is the date agreed upon for the purpose of determining the number of new shares) would be four billion, four hundred and forty-four million, four hundred and forty-four thousand, four hundred and twenty-five Saudi Riyals (SAR 4,444,444,425). As a result of the two agreed upon values regarding the value of the Real Estate Assets and the market value of the Company, the total Consideration Shares would amount to fifty-six million, one hundred and fifty-three thousand and forty-one (56,153,041) ordinary shares, representing 24.0% of the Company’s capital after the Capital Increase (for further details on the terms of the Transaction and the provisions of the Acquisition and In-Kind Contribution Agreement, please refer to Section (5-2-4-1) (“**Terms of the Acquisition and In-Kind Contribution Agreement**”) of this Circular.

It should be noted that the Transaction Completion is conditional on obtaining the approval of the Transaction EGM. For further details about the approvals necessary to complete the Transaction, please refer to Section (5-2-2) (“**Approvals necessary to complete the Transaction**”) of this Circular. The Company will invite shareholders to attend the Transaction EGM to vote on increasing the Company’s capital from one billion, seven hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion, three hundred and thirty-nine million, three hundred and eight thousand, one hundred and eighty Saudi Riyals (SAR 2,339,308,180) by issuing fifty-six million, one hundred and fifty-three thousand, and forty-one (56,153,041) ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share for the purpose of purchasing Real Estate Assets in accordance with the provisions of Article (60) of the OSCOs and in accordance with the terms and conditions of the Acquisition and In-Kind Contribution Agreement concluded with the Seller, which includes fulfilling the condition of obtaining the approval of the Company’s shareholders for the Transaction, including voting on the following issues related thereto: (a) voting on the terms and conditions of the Acquisition and In-Kind Contribution Agreement with the Seller, (b) voting on the proposed amendments to the Company’s bylaws in relation to the Capital Increase and (c) authorising the Board of Directors of the Company, or any person authorised by the Board of Directors, to issue any decision or take any action that may be necessary to implement any of the above decisions (“**Transaction Resolutions**”). For clarity, if the required percentage, which is at least three-quarters of the shares represented at the meeting, of the Company’s shareholders do not approve the Transaction Resolutions at the Transaction EGM, the Transaction will not be completed and the Consideration Shares will not be issued.

After the Consideration Shares are issued, the current shareholders of the Company will own 76.0% of the Company’s capital after the Capital Increase and the Seller will own 24.0% of the Company’s capital after the Capital Increase.

The current capital of the Company is one billion, seven hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) divided into one hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy-seven (177,777,777) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share.

There are no Substantial Shareholders in the Company currently. However, after the Transaction Completion, Remat Al-Riyadh will be a Substantial Shareholder in the Company. The following table shows the details of the ownership of the Company’s Substantial Shareholders, Board Directors, Senior Executives and the Public before and after the Transaction Completion, as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (I): Details of Ownership of the Company’s Substantial Shareholders, Directors, Senior Executives and the Public in the Company before and after the Transaction Completion**

Shareholder	Before the Transaction Completion		After the Transaction Completion	
	Number of shares in the Company	Percentage of ownership in the Company	Number of shares in the Company	Percentage of ownership in the Company
Remat Al-Riyadh	N/A	-	56,153,041	24.004%
Board Directors of the Company <sup>(1)</sup>	9,203,549	5.177%	9,203,549	3.934%
Non-Public <sup>(2)</sup>	8,274,244	4.654%	8,274,244	3.537%
The Public <sup>(3)</sup>	160,299,984	90.169%	160,299,984	68.525%
<b>Total</b>	<b>177,777,777</b>	<b>100%</b>	<b>233,930,818</b>	<b>100%</b>

- (1) Based on shares owned directly and indirectly in the Company by the Board Directors. For further details on indirect ownership, please refer to Section (3-2) “**Ownership of the Company’s Board of Directors**”).
- (2) The non-Public category represents by the following: (a) Ms Faten Saleh Abdulaziz Al Rajhi (in her capacity as the wife of Mr Majid Nasser Mohammed Al Subaie, who is a board member of the Issuer) and (b) Abdul-Ilah bin Abdul Rahman Al Hussein and Partner Transport Company (in its capacity as a company controlled by Mr Abdul-Ilah Abdulrahman Saleh Al Hussein, who is a Board member of the Issuer).
- (3) This does not include shares owned directly and indirectly by the Board Directors and Senior Executives of the Company and Remat Al-Riyadh (after Transaction Completion).

The Transaction involves a Related Party, as Remat Al-Riyadh is deemed as such as the Chairman of the Board of Directors of the Company, who is also the Seller's Board of Directors' Chairman, is serving as a representative of the Riyadh Region Municipality, which fully owns Remat Al-Riyadh. For further details on the Related Party, please refer to Section (3-4) ("**Related Party and Conflicted Board Member**"). The table below shows the details of the Related Party's ownership in the Transaction as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (2): Details of the Ownership of the Transaction's Related Party on 28/2/1446H (corresponding to 1/9/2024G)**

Name	Reason for being a Related Party	Direct ownership in the Company			
		Before the Transaction Completion		After the Transaction Completion	
		Number of shares	Ownership Percentage	Number of shares	Ownership Percentage
Remat Al-Riyadh	Since Chairman of the Board of Directors of the Company, who is also the Seller's Board of Director's Chairman, is a Representative of Riyadh Region Municipality, which fully owns Remat Al-Riyadh.	N/A	N/A	56,153,041	24.004%
<b>Total</b>		-	-	<b>56,153,041</b>	<b>24.0%</b>

It is worth noting that the Board of Directors' Chairman, His Highness Prince Dr. Faisal bin Abdulaziz bin Ayyaf has an interest in the Transaction, which he disclosed to the Board of Directors (referred to as the "**Conflicted Board Member of the Transaction**") and subsequently refrained from voting on the Transaction Resolutions. The table below shows the indirect ownership details of the Conflicted Board Member of the Transaction (being a representative of Riyadh Region Municipality in Arriyadh Development Company) in the Company and Remat Al-Riyadh (in its capacity as the Seller) as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (3): Details of the Indirect Ownership of the Conflicted Board Member of the Transaction in the Company and Remat Al-Riyadh**

Name	Nature of Interest	Ownership in the Company				Ownership in Remat Al-Riyadh			
		Direct ownership	Indirect Ownership <sup>(1)</sup>	Total Sum	Percentage	Direct ownership	Indirect Ownership <sup>(1)</sup>	Total Sum	Percentage
His Highness Prince Dr. Faisal bin Abdulaziz bin Ayyaf	He is the Chairman of the Board of Directors of the Company and Chairman of the Board of Directors of Remat Al-Riyadh. He is also a Representative of Riyadh Region Municipality, which owns shares in the Company and all shares of Remat Al-Riyadh.	N/A	35,554 <sup>(2)</sup>	35,554	0.020%	N/A	55,387,104 <sup>(3)</sup>	55,387,104	100%

Source: The Company

- (1) Includes shares in which he has an indirect interest, meaning shares directly owned by: (1) companies controlled by the member, (2) relatives of the member, i.e. his wife and minor children or (3) the entity represented by the member.
- (2) represents the ownership of Riyadh Region Municipality in the Company, which is the entity represented by the Board of Directors' Chairman.
- (3) represents the ownership of Riyadh Region Municipality in Remat Al-Riyadh, as the Chairman of the Board of Directors of the Company is the Chairman of the board of directors of Remat Al-Riyadh.

The Company has submitted an application to the Capital Market Authority (the "CMA") to register and offer the Consideration Shares and simultaneously submitted an application to the Saudi Exchange (Tadawul) to accept the listing of the Consideration Shares. The approval of the CMA was obtained on 07/07/1446H (corresponding to 07/01/2025G) and the approval of the Saudi Exchange (Tadawul) on 07/06/1446H (corresponding to 08/12/2024G). All requirements of the CMA and the Saudi Exchange (Tadawul) were met. Other than the necessary approvals from the Transaction EGM, all regulatory approvals related to the Transaction and the increase in the Company's capital have been obtained (for further details in this regard, please refer to Section (5-2-2) ("**Approvals necessary to complete the Transaction**") of this Circular.

This Circular includes information which has been presented within the application for registration and offer of securities in compliance with the OSCOs issued by the CMA and the application for listing of securities according with the requirements of the Listing Rules of the Saudi Exchange. The Board Members, whose names appear in this Circular shall jointly and severally bear full responsibility for the accuracy of the information contained in this Circular and they confirm, to the best of their knowledge and belief, after conducting all possible studies and to a reasonable extent, that there are no other facts that, if omitted from this Circular, would make any statement therein misleading. The CMA and Saudi Exchange shall hold no responsibility for the contents of this Circular, make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Circular.

The Board Directors of the Company (other than the conflicted board member of the Transaction), after exercising the necessary professional care with the assistance of their advisors and after taking into account the market situation on the date of publication of this Circular, the future growth opportunities of the Company and the expected benefits from the Transaction, believe that the Transaction and the decision related thereto serve the interest of the Company and the shareholders as a whole, as it is consistent with the Company's strategy for expansion and consolidation of its position in the real estate development sector and public benefit service projects and the Transaction is appropriate and fair as of the date of publication of this Circular according to the factors and assumptions contained in this Circular. Consequently, they unanimously recommend that the Company's shareholders approve the Transaction. In making this recommendation, the Board Directors of the Company (other than the conflicted board member of the Transaction) took into account the external advice they received on legal, financial, accounting, strategic and other matters related to the Transaction.

Shareholders should read this Circular in full and carefully review all its sections, especially the Section "**Important Notice**" and Section (I) "**Risk Factors**" before voting at the Transaction EGM on the Transaction.

The Company appointed SNB Capital Company as a Financial Advisor in relation to the Transaction.

### Financial Advisor



This Circular has been published on: 13/07/1446H (corresponding to 13/01/2025G)) and has been prepared in Arabic and English. Arabic is the certified language. Therefore, in the event of any discrepancy between the Arabic and English texts, the Arabic text shall prevail.

## Important Notice

The Company prepared this Circular to provide information to its shareholders to assist them in making an informed decision when voting on the Board of Directors' recommendation to increase its capital for the purpose of purchasing Real Estate Assets. By publishing this Circular, the Company's shareholders are deemed to be aware of and knowledgeable of the information contained in this Circular and their decisions and votes at the Transaction EGM will be deemed as such. Copies of this Circular can be obtained from the Company's headquarters or on its website ([www.riyadh.dev](http://www.riyadh.dev)), the website of the CMA ([cma.org.sa](http://cma.org.sa)) or the website of the Saudi Exchange (Tadawul) ([www.saudiexchange.sa](http://www.saudiexchange.sa)).

The CMA and the Saudi Exchange (Tadawul) assume no liability for the contents of this Circular, make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss resulting from what is contained in this Circular or from reliance on any part thereof.

The information, data and statements contained in this Circular were presented as they are on the date of publication of this Circular, unless another date is specified for any of the information, data or statements contained in this Circular. Consequently, this information is subject to change after the date of publication of this Circular. Accordingly, the publication of this Circular does not necessarily mean that any of the facts and information related to the Company or the Real Estate Assets have not changed. None of the information contained in this Circular should be considered as expectations or projections on the future financial performance of the Company or any of its Subsidiaries or Real Estate Assets. No statement in this Circular should be deemed as an assurance that the Company's future profitability per share will be equal to or greater than the Company's profitability per share in previous financial periods. For further details on the risks associated with purchasing Real Estate Assets, please refer to Section (I) ("**Risk Factors**"), which shareholders shall review thoroughly and carefully.

The Company shall prepare and publish a supplementary shareholders circular after its submission to and approval by the CMA, upon becoming aware at any time after the date of publication of this Circular and before the Transaction EGM of any of the following: (I) there is a significant change in material matters contained in this Circular or (2) the emergence of any significant matters that should have been included in this Circular. .

No person has been authorised to provide any information or statements on behalf of the Board of Directors except as disclosed in this Circular. Accordingly, no information or statements from other parties should be construed as information or statements of the Company, SNB Capital Company or any of the Company's advisors in relation to the Transaction.

The information contained in this Circular is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or investment needs of any particular shareholder. Accordingly, the Company and its Board of Directors emphasise the need for the Company's shareholders to read and carefully examine all the information contained in this Circular. When in doubt as to the action any shareholder should take at the Transaction EGM, independent financial advice should be obtained from an independent financial advisor licensed by the CMA and his own review of the Transaction shall be relied upon to ensure the suitability of the Transaction and the information contained in this Circular for his investment objectives and financial condition.

This Circular is not and may not be deemed as legal, financial, zakat or tax advice, and the recipient of the Circular should seek specialised advice from his legal, financial and tax advisors in relation to these matters.

The Company has appointed SNB Capital Company as the Company's Financial Advisor in relation to the Transaction. SNB Capital Company, a capital market institution licensed to operate in the Kingdom of Saudi Arabia by the CMA, acts as the Company's exclusive Financial Advisor in relation to the Transaction and shall not be liable towards any party other than the Company for providing advice on the Transaction or any other matter referred to in this Circular.

Neither SNB Capital Company nor the other advisors mentioned in the Section (the "**Company's Directory**") have independently verified the correctness and accuracy of the information and data contained in this Circular. Accordingly, these advisors, or any of their affiliates, directors or employees, shall not bear any liability resulting from any direct or indirect loss or damages that may be incurred by any person due to his reliance on any data or due to the invalidity, inaccuracy or incompleteness of any data or information contained in this Circular.

## Forecasts and Forward-looking Statements

This Circular includes certain forward-looking expectations and statements. Such forward-looking statements can be identified by the use of forward-looking terms and expressions, including but not limited to “expects”, “aims”, “estimates”, “intends”, “plans”, “will”, “believes”, “seeks”, “may”, “will be”, “could”, “should” or the negative forms of these terms or other identical or similar terms in meaning. Forward-looking statements contained in this Circular include, but are not limited to, (1) the expected benefits from the Transaction, future expectations of financial performance and financial conditions and other future events, (2) business strategies, management, expansion and development of the Company’s business and Real Estate Assets after the Transaction and (3) the Transaction and the dates on which these events are expected to occur.

The forecasts and forward-looking statements contained in this Circular reflect the current perspective of the Company and its management and are based on numerous assumptions, including those relating to the current and future business strategies of Arriyadh Development Company and the regulatory environment in which the Company will undertake its business in the future. These forecasts and forward-looking statements are not a promise or guarantee of future events, as there are many factors, both apparent and invisible, that may affect future events and may cause them to differ significantly from what was expressed or implied in this Circular. The risks related to the forward-looking statements are beyond the control of the Company and cannot be accurately estimated, such as future market conditions and the behaviour of other market participants. Therefore, recipients of this Circular should read these forecasts and statements based on this notice and not rely on them. For further details on the risks related to the Transaction and related to the Real Estate Assets, please refer to Section (I) (“**Risk Factors**”), which shareholders should review thoroughly and carefully.

All oral or written forecasts and forward-looking statements made by the Company or any persons acting on its behalf are expressly subject in their entirety to the important notice in this section.

The Company will not amend or update any forward-looking statement or forecast contained in this Circular, except as required pursuant to applicable laws and regulations.

## **Publication and distribution restrictions**

This Circular is directed for the Company's shareholders, taking into account any restrictions in the laws and regulations of any Restricted Country. This Circular does not constitute a sale offer or asolicitation of an offer to purchase any securities to any person in any jurisdiction.

## Financial and Other Information

The Company's financial statements for the financial years ended 31 December 2021G, 2022G and 2023G have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants and the unaudited interim condensed financial statements for the six-month period ended 30 June 2024G in accordance with International Accounting Standard No 34 (Interim Financial Reporting) adopted in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Certified Public Accountants. It shall also be noted that the pro-forma financial information contained in this Circular is based on management's estimates for which the external auditor has issued a reasonable assurance report and has not been independently reviewed by the auditor or others, except as expressly stated otherwise. All information is presented in Saudi Riyals, except as otherwise disclosed.

The figures in the financial statements, if aggregated, may differ from those contained in this Circular due to figure rounding. It shall be noted that this Circular contains ratios and percentages, which are approximate figures and percentages for presentation purposes.

This Circular has been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, and the type and presentation of the information contained therein may differ if it had been prepared in accordance with the laws of another jurisdiction. The Company does not intend to take any action to publish or register this Circular or the Consideration Shares in any jurisdiction other than the Kingdom of Saudi Arabia. The Transaction is related to the securities of a Saudi company listed in the Saudi Exchange (Tadawul). Accordingly, this Circular and any other documents or announcements related to the Transaction have been and will be prepared in accordance with the disclosure requirements in force in the Kingdom of Saudi Arabia only, which may differ from those in force in other jurisdictions.



## Sector and market information

The information and data related to the market contained in Section (2) “**Market Information on Real Estate Assets to be Purchased**” were obtained from Enterprise Solutions Company for Professional Consulting LLC (“**Market Advisor**” or “**Colliers**”).

### Overview of the Market Advisor

The Company appointed Enterprise Solutions Company for Professional Consulting LLC (commercially operating under the name Colliers) to conduct a study on the residential, retail and office sectors within the real estate sector in Riyadh, Kingdom of Saudi Arabia, and all information was obtained from Enterprise Solutions Company for Professional Consulting LLC.

The Colliers brand is a worldwide leader in real estate services and investment management, offering a comprehensive range of services including real estate brokerage, property management, valuation and consulting to its clients worldwide.

The Colliers brand was established in 1976G as a result of the merger of three leading real estate services companies. Colliers global companies employ approximately 22,000 employees in 400 offices spread across 68 countries around the world.

Enterprise Solutions Company for Professional Consulting LLC (commercially operating under the name Colliers) has given its written consent to the publication of its name, address, logo and statements in the context of this Circular (as applicable) and without any liability on its part, and Enterprise Solutions Company for Professional Consulting LLC has not withdrawn such consent as of the date of this Circular. The Market Advisor does not have any shares or any form of interest in Arriyadh Development Company or any of its subsidiaries.

The market information is general in nature. This information represents the views of the Market Advisor and is not a guarantee of the nature of the market and sector or its future trends. This information is provided as of its date and is subject to continuous change and this section will not be updated by the Market Advisor or others. The Company, its Board Directors, employees and other advisors have not independently verified the accuracy of this information and data. Consequently, no commitment or warranty can be given as to the accuracy or completeness of this information. These parties shall not bear any responsibility for the accuracy or completeness of any such information.

## The Company's Directory

### The Company

#### Arriyadh Development Company

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### Company's Representatives

#### Majid bin Nasser bin Mohammed Al-Subaie Vice Chairman

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#### Jihad Abdul Rahman Al-Qadi Chief Executive Officer

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### Financial Advisor of the Company

#### SNB Capital Company

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### Legal Advisor of the Company

#### Abuhimed Alsheikh Alhagbani and Clifford Chance Law Firm

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### Financial Due Diligence Advisor of the Company

#### Price water house Coopers Chartered Accountants (PwC)

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Market Advisor

**Enterprise Solutions Company for Professional Consulting LLC**

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The Real Estate Appraisers

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Website: www.mieyar-qima.com



**Esnad Real Estate Valuation Company -  
a closed professional joint-stock company**

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E-mail: mpr@esnadrealestate.com  
Website: www.esnadrealestate.com



Company's Auditor and Pro-Forma Financial Statements Accountant

**Ernst & Young Professional Services  
(professional limited liability company)**

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Website: ey.com/mena



**Note:** The advisors and auditor, whose names are listed above, provided their written consent to publish their names, addresses, logos and statements as per the context contained in this Circular (as applicable) and none of them has withdrawn that consent until the date of this Circular.

## Summary

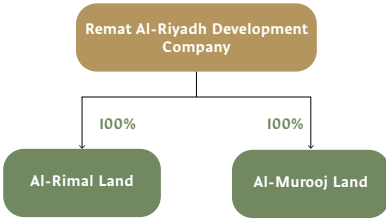
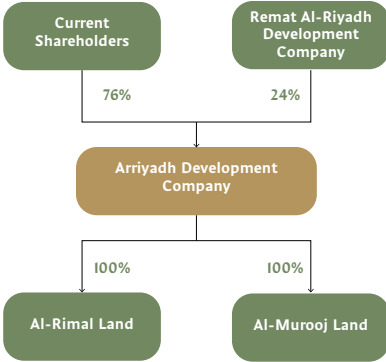
This section aims to provide the Company's shareholders with a brief overview of the Transaction. As such, reading this section does not substitute reading the remaining sections of this Circular. Shareholders should read this section as an introduction to the information related to the Transaction. Accordingly, this Circular and the information contained therein should be read carefully and reviewed in full, not only the Capital Increase summary – particularly the Section “**Important Notice**” and Section (I) (“**Risk Factors**”) before making any decision related to voting on the Transaction Resolutions at the Transaction EGM.

The Company (Issuer)	
<b>Name, Description and Incorporation Information</b>	Arriyadh Development Company is a listed joint-stock company, incorporated and existing under the laws of the Kingdom of Saudi Arabia and pursuant to Royal Decree No M/2 dated 09/02/1414H with commercial registration No. 1010124500 dated 26/07/1414H (corresponding to 09/05/1994G) issued by the city of Riyadh with its headquarters located in P.O. Box 7442, 3rd Floor, Al Tameer Wholesale Centre, Qasr Al Hukm District, Riyadh, Kingdom of Saudi Arabia.
<b>Company's activities</b>	<p>According to its bylaws, the Company's activities are as follows:</p> <ol style="list-style-type: none"> <li>1- Establishing commercial, office and residential facilities and buildings and service buildings such as parking lots and investing them in Qasr Al-Hukm District or elsewhere.</li> <li>2- Establishing residential complexes and selling or renting them in cash or instalments and managing real estate for its account or for the benefit of others.</li> <li>3- Managing construction projects that prove their economic feasibility and providing the opportunity for citizens to contribute to the same.</li> <li>4- Establishing public parks and tourist complexes and selling, renting or managing them.</li> <li>5- Establishing commercial and industrial exhibitions for the purpose of renting and selling them to others or renting or managing them.</li> <li>6- Investing in real estate, residential, commercial, industrial and other units by purchasing, selling, mortgaging, dismantling, receiving, executing on them, collecting the price and delivering it and related supporting works.</li> <li>7- Establishing companies and/or participating in them and/or separating projects into independent companies with third parties and/or merging projects and joining them into a unified company in all activities that fall within the Company's purposes.</li> <li>8- Owning, sorting, selling, buying and developing plots, selling, buying and renting schemes and projects with various uses and accepting the contribution of companies, institutions and individuals in them.</li> <li>9- Managing, marketing and presenting its projects or the real estate projects of third parties for sale on the map inside and outside the Kingdom.</li> <li>10- Establishing and owning hotels, hotel apartments, hospitals, public parks, residential, commercial, tourist and entertainment complexes, commercial markets and health facilities, as well as investing, managing, operating and maintaining them or selling or renting them.</li> <li>11- Establishing, managing and operating public transportation centres between cities and international cities.</li> <li>12- Establishing, managing and operating wholesale and retail markets for vegetable, fruit and meat.</li> <li>13- Establishing development projects and urban development in areas owned by the Company or other areas and executing its urban, economic, educational, cultural and entertainment schemes, public transportation projects and all supporting services and developing them.</li> <li>14- Undertaking construction, architectural, civil, mechanical, electrical and other contracting activities.</li> <li>15- Carrying out maintenance, management and operation works for industrial and entertainment cities, as well as public and private facilities, markets and buildings.</li> <li>16- Performing infrastructure works including the construction and repair of roads, streets, parks, sidewalks, bridges, tunnels and railway lines, water and sewage networks, floods and electricity, communications, gas and refrigeration networks, as well as extending pipes and wires of various types and their requirements.</li> <li>17- Supplying, installing and manufacturing lighting, refrigeration, air conditioning, insulation and networks of various types and conducting maintenance and repair for them.</li> <li>18- Establishing, owning, operating and managing building materials factories of all types, importing their raw materials and production supplies, marketing their products and acquiring commercial agencies.</li> </ol>

- 19- Carrying out all excavation, ready-mix concrete and plastering works, including building finishing, installing ceilings and barriers, pouring bases and foundations, as well as preparing and equipping sites from digging, levelling and withdrawing groundwater.
- 20- Performing decorations, glass and tower facades works and installation of all kinds, as well as painting works for internal and external buildings.
- 21- Establishing, owning and operating ready-mix concrete factories and selling and transporting their products to the Company's project sites or to third parties.
- 22- Manufacturing and supplying furniture for various office and residential uses.
- 23- Manufacturing, supplying and operating the necessary machinery for real estate development works, including tools, equipment, fixed and mobile cranes, and marketing or leasing them to others.
- 24- Establishing real estate and investment funds and participating in them after the approval of the competent authorities.
- 25- Providing all relevant advisory services in the real estate development and investment sector, including real estate appraisal.
- 26- Providing specialised consulting services in the construction, real estate, development, marketing and real estate investment industries.
- 27- Providing logistical support for all real estate and non-real estate activities.
- 28- Public relations, social media management, and e-marketing services.
- 29- Training in the field of real estate development, marketing and investment as well as managing and supervising the execution of real estate projects.
- 30- Providing real estate project management services and supervising the execution of real estate projects.
- 31- Attracting local and foreign investments to participate in any of the Company's activities.
- 32- Carrying out all kinds of auctions for all types of cars, trucks, heavy and light equipment, construction equipment, drilling and prospecting supplies, security and safety equipment, metal testing devices, measuring and analysis devices, heavy industry supplies, all kinds of spare parts and accessories, all kinds of automotive supplies and heavy equipment. Auction activities include new, used and crashed (salvage) cars, equipment, tools and devices.
- 33- Holding local and international exhibitions for auctions of all kinds, as well as marketing, managing, and advertising them in all cities.
- 34- Establishing and linking a network of auctions automatically and online at the local and international levels.
- 35- Wholesale and retail trade in cars and equipment.
- 36- Buying and selling cars and equipment whether directly, online, or in any other way.
- 37- Brokerage in the wholesale and retail sale of new, crashed and damaged cars and equipment.
- 38- Washing cars inside the parking lots of commercial complexes with steam devices and materials, and selling car accessories and supplies.
- 39- Transportation and storage: Operating truck stops, transporting local and air parcels, providing delivery services via electronic platforms, operating stores of medical devices and products, routing buses, road transport of goods, transporting refrigerated and frozen goods, transporting by buses inside cities, public fare, transporting pilgrims, Umrah pilgrims and visitors from inside the Kingdom, transporting Umrah pilgrims and visitors from outside the Kingdom, transporting furniture, transporting livestock, transporting liquids or liquid gases, transporting cars, renting buses with a driver, renting cars with a driver, operating storage facilities for all kinds of goods, refrigerated food stores, refrigerated and frozen goods stores (cooling warehouses), Car stores, loading, unloading and transporting the luggage of pilgrims and visitors, transporting local and air parcel, providing delivery services via electronic platforms, and operating medical devices and products stores.
- 40- Accommodation and food services.

<p><b>Company's activities</b></p>	<p>41- Administrative and support services: Management of maintenance and operations in its buildings and facilities, activities of temporary employment agencies for Saudis, car rental brokers, rental of cranes for construction purposes, rental of containers, activities of general cleaning services for buildings, building maintenance services activities, care and maintenance of parks and gardens for public housing purposes, care and maintenance of highways parks, activities of business incubators and accelerators.</p> <p>42- Transformative Industries.</p> <p>43- Supplying electricity, gas, steam, and air conditioning: Generating, transmitting, distributing and retail selling Electric power; distributing and wholesaling electric power; importing and exporting electric power, offering electricity supply and electricity purchase projects for the purpose of wholesale; purchasing and selling electrical system services.</p> <p>44- Advertising and digital advertising.</p> <p>45- Buying, selling, renting, managing farms, setting up agricultural shops, trading in fertilisers, seeds, and all materials, tools and agricultural machinery.</p> <p>46- Investment in industrial, commercial, service and agricultural projects.</p> <p>47- Contracting for maintenance, cleaning, operation, catering, security guards, and transportation of industrial, civil, medical, and foodstuffs wastes.</p> <p>48- Financial, business and other services: Registering and maintaining real estate financing instruments, providing technology in financial services, offering advice in financial matters and financial technology in securities business.</p> <p>49- Professional, scientific and technical activities: Managing and maintaining funds for real estate, managing and maintaining funds for commercial establishments, managing and maintaining funds for vehicles, general documentation activities, administrative consulting services, periodic tests of cars in terms of road safety, evaluation of economic facilities, machinery and equipment evaluation, vehicle accident damages assessment, construction project management.</p> <p>50- Managing the purposes of its subsidiaries, or participating in the management of other companies in which it contributes and providing the necessary support to them.</p> <p>51- Investing its money in stocks and other securities.</p> <p>52- Owning industrial property rights such as patents, trademarks, industrial rights, franchises and other intangible rights, as well as benefiting and leasing them to its subsidiaries or to others.</p> <p>53- Owning and investing research outputs, intellectual rights and patents related to the building materials and equipment industry, developing advanced construction techniques, and transferring and localising them in the Kingdom.</p> <p>54- Exercising the types of activity necessary to achieve the Company's objectives.</p> <p>According to its commercial register, the Company's activities are:</p> <ol style="list-style-type: none"> <li>1- Wholesale and retail sale of new private cars, including (ambulances, minibuses and four-wheel drive).</li> <li>2- Wholesale and retail sale of used private cars, including (ambulances, minibuses and four-wheel drive).</li> <li>3- Purchase and sale of plots and real estate, division thereof and off-plan sales activities.</li> <li>4- Management and leasing of owned or rented residential properties.</li> <li>5- Management and leasing of owned or rented non-residential properties.</li> <li>6- Real estate development of residential buildings with modern construction techniques.</li> <li>7- Real estate development of commercial buildings with modern construction techniques.</li> </ol> <p>The Company carries out its activities in accordance with the applicable laws and after obtaining the necessary licences from the competent authorities, if any.</p>
<p><b>The Substantial Shareholders of the Company, the number of their shares and the percentage of their ownership before and after the Transaction Completion</b></p>	<p>The Company does not have any Substantial Shareholders who own 5% or more of its capital as of the date of publication of this Circular. However, after the Transaction Completion, Remat Al-Riyadh will be a Substantial Shareholder in the Company, as it will own a total of fifty-six million, one hundred and fifty-three thousand and forty-one (56,153,041) ordinary shares in the issuer, which represents 24.0% of the Company's capital after the Capital Increase.</p>
<p><b>Capital of the Company</b></p>	<p>One billion, seven hundred and seventy-seven million, seven hundred and seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770).</p>
<p><b>Total Number of the Company Shares</b></p>	<p>One hundred seventy-seven million, seven hundred seventy seven thousand, and seven hundred seventy-seven (177,777,777) Ordinary Shares.</p>

<b>Nominal value per the Company's share</b>	Ten Saudi Riyals (SAR 10).
<b>Total Number of Consideration Shares</b>	Fifty-six million, one hundred fifty-three thousand and forty-one (56,153,041).
<b>Percentage of Consideration Shares of the current capital of the Company</b>	31.58%.
<b>Consideration Shares issue price</b>	The nominal value of the Consideration Shares is equivalent to ten Saudi Riyals (SAR 10) per share, and the value will be issued paid in full.
<b>Total Issue Value of Consideration Shares</b>	The total nominal value of the Consideration Shares is five hundred sixty-one million, five hundred thirty thousand, four hundred and ten Saudi Riyals (SAR 561,530,410). The total market value of the Consideration Shares is one billion, four hundred three million, eight hundred twenty-six thousand and twenty-five Saudi Riyals (SAR 1,403,826,025), based on the closing price of the Company's share of twenty-five Saudi Riyals (SAR 25) as of 25/02/1446H (corresponding to 29/08/2024G) (which is the agreed date for the purpose of determining the Consideration Shares). Accordingly, the total value of the Consideration Shares will be included in the financial position statement at a later date.
Transaction Description	
<b>Transaction Description</b>	<p>The Transaction consists of the purchase of two real estate assets owned by Remat Al-Riyadh, namely: (1) raw land with an area of (787,477.19) square metres located north of Al-Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia ("<b>Al-Rimal Land</b>") and (2) plot No 44/M of parcel number 1578/C with an area of (214,000) square metres located south of the Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia ("<b>Al-Murooj Land</b>") (the aforementioned properties are collectively referred to as "<b>Real Estate Assets</b>"), in return for the issuance of a total of fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) new ordinary shares in the Company with a nominal value of ten (10) Saudi Riyals per ordinary share in favour of the Seller in exchange for its in-kind contribution to the Real Estate Assets. Accordingly, its ownership in the Company is amounted to (24.0%) of the Company's capital after the Capital Increase (all new shares that will be issued as a result of the Transaction in favour of the Subscriber are referred to as "<b>Consideration Shares</b>").</p> <p>The Consideration Shares shall have all the rights granted to the existing shares. For further details on Transaction Completion, please refer to Section (5-2) ("<b>Transaction Legal Information</b>") of this Circular.</p>
Real Estate Assets (assets to be purchased)	
<b>Description</b>	The Real Estate Assets related to the Transaction are the properties owned by Remat Al-Riyadh Company, which are (1) a raw land with an area of (787,477.19) square metres located north of Dammam Road, Al-Rimal District, Riyadh, Saudi Arabia, and (2) plot No 44/M of arcel number 1578/C with an area of 214,000 square metres located south of the Northern Ring Road, Al-Murooj District, Riyadh, Saudi Arabia.
<b>Activity</b>	<ul style="list-style-type: none"> <li>Al-Rimal Land is a raw land wholly owned by Remat Al-Riyadh.</li> <li>Al-Murooj Land is wholly owned by Remat Al-Riyadh with an area of 214,000 square metres and currently has a central market for vegetables, fruits, meat and poultry (commonly called North Market for Vegetables and Fruits).</li> </ul> <p>For further details on Real Estate Assets, please refer to Section (3-6) ("<b>About Real Estate Assets</b>") of this Circular.</p>
<b>Ownership of Real Estate Assets</b>	The Real Estate Assets are wholly owned by Remat Al-Riyadh, and all Real Estate Assets will be fully transferred to the Company under the acquisition agreement and the in-kind contribution so that they will be wholly owned by it after the Transaction Completion.
<b>Ownership of the Seller in the Company before and after the Transaction Completion</b>	Remat Al-Riyadh does not currently own any shareholding interest in the Issuer. After the issuance of the Consideration Shares, Remat Al-Riyadh will own 24.0% of the Company's capital after the Capital Increase.
<b>Real Estate Asset Value</b>	The agreed value of real estate assets is one billion, four hundred three million, eight hundred twenty-six thousand, and twenty-five Saudi Riyals (SAR 1,403,826,025). For further details on the valuation of Real Estate Assets, please refer to Section (3-7) (" <b>Valuation of Real Estate Assets</b> ")

<p><b>Related Party</b></p>	<p>The Transaction involves a Related Party, namely Remat Al-Riyadh (the Seller), as the Chairman of the Board of Directors of the Company, who serves as the Chairman of the Seller's board of directors, represents the Riyadh Region Municipality on the Company's Board of Directors. The Riyadh Region Municipality fully owns Remat Al-Riyadh and owns approximately 0.02% of the Company's capital.</p>
<p><b>Total and detailed value of the consideration</b></p>	<p>The total nominal value of the Consideration Shares is an amount of five hundred sixty-one million, five hundred thirty-three thousand, four hundred and ten Saudi Riyals (SAR 561,530,410), and the total market value of the Consideration Shares is an amount of one billion, four hundred three million, eight hundred twenty-six thousand, and twenty-five Saudi Riyals (SAR 1,403,826,025), based on the closing price of the Company's share of (SAR 25) as of 25/02/1446H (corresponding to 29/08/2024G) (which is the date agreed upon for the purpose of determining the value and number of Consideration Shares).</p>
<p><b>Transaction Structure</b></p>	<p>The following figure shows a simplified model of the Transaction Structure:</p> <div style="text-align: center;"> <p><b>Before the Transaction:</b></p>  <pre> graph TD     A[Remat Al-Riyadh Development Company] -- 100% --&gt; B[Al-Rimal Land]     A -- 100% --&gt; C[Al-Murooj Land]         </pre> <p><b>After the Transaction:</b></p>  <pre> graph TD     D[Current Shareholders] -- 76% --&gt; E[Arriyadh Development Company]     F[Remat Al-Riyadh Development Company] -- 24% --&gt; E     E -- 100% --&gt; B[Al-Rimal Land]     E -- 100% --&gt; C[Al-Murooj Land]         </pre> </div>



<p><b>Ownership Structure in the Company Before and After Transaction Completion</b></p>	<p>The following table shows the direct ownership structure in the Company before and after the Transaction Completion, as of 14/04/1446H (corresponding to 17/10/2024G), noting that currently, there are no Substantial shareholders in the Company. However, after the Transaction Completion, Remat Al-Riyadh will be a Substantial Shareholder in the Company.</p>																																						
	<table border="1"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">Before the Transaction Completion</th> <th colspan="2">After the Transaction Completion</th> </tr> <tr> <th>Number of shares in the Company</th> <th>Percentage of ownership in the Company</th> <th>Number of shares in the Company</th> <th>Percentage of ownership in the Company</th> </tr> </thead> <tbody> <tr> <td>Remat Al-Riyadh</td> <td>N/A</td> <td>-</td> <td>56,153,041</td> <td>24.004%</td> </tr> <tr> <td>Board Directors of the Company<sup>(1)</sup></td> <td>9,203,549</td> <td>5.177%</td> <td>9,203,549</td> <td>3.934%</td> </tr> <tr> <td>Non-Public<sup>(2)</sup></td> <td>8,274,244</td> <td>4.654%</td> <td>8,274,244</td> <td>3.537%</td> </tr> <tr> <td>The Public<sup>(3)</sup></td> <td>160,299,984</td> <td>90.169%</td> <td>160,299,984</td> <td>68.525%</td> </tr> <tr> <td><b>Total</b></td> <td><b>177,777,777</b></td> <td><b>100%</b></td> <td><b>233,930,818</b></td> <td><b>100%</b></td> </tr> </tbody> </table>					Shareholder	Before the Transaction Completion		After the Transaction Completion		Number of shares in the Company	Percentage of ownership in the Company	Number of shares in the Company	Percentage of ownership in the Company	Remat Al-Riyadh	N/A	-	56,153,041	24.004%	Board Directors of the Company <sup>(1)</sup>	9,203,549	5.177%	9,203,549	3.934%	Non-Public <sup>(2)</sup>	8,274,244	4.654%	8,274,244	3.537%	The Public <sup>(3)</sup>	160,299,984	90.169%	160,299,984	68.525%	<b>Total</b>	<b>177,777,777</b>	<b>100%</b>	<b>233,930,818</b>	<b>100%</b>
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<p>(1) Based on the shares owned directly and indirectly by the Directors in the Company. For further details on indirect ownership, please refer to Section (3-2) <b>“Ownership of the Company’s Board of Directors”</b>. (2) The non-Public category is represented by the following: (a) Ms Faten Saleh Abdulaziz Al Rajhi (in her capacity as the wife of Mr Majid Nasser Mohammed Al Subaie, who is a board member of the Issuer) and (b) Abdul-Ilah bin Abdul Rahman Al Hussein and Partner Transport Company (in its capacity as a company controlled by Mr Abdul-Ilah Abdulrahman Saleh Al Hussein, who is a board member of the Issuer). (3) Does not include shares owned directly and indirectly by the Board Directors and Senior Executives of the Company and Remat Al-Riyadh (after Transaction Completion).</p>																																							
<p><b>Ownership Percentage Decrease</b></p>	<p>The Transaction will lead to a decrease in the ownership of the current shareholders of the Company from 100% to 76.0% of the Company’s capital after the Transaction Completion. The Transaction will not change the number of shares owned by the Company’s existing shareholders. For further details on the risks related to the ownership decrease and the accompanying decrease in voting power and others, please refer to Section (1-2-1) (<b>“Risks Related to Changes in the Ownership Percentage of Current Shareholders and the Associated Decrease in Voting Rights and the Ability of Remat Riyadh Company to Influence the Company’s Decisions”</b>) of this Circular.</p>																																						
<p><b>Increase or decrease in profitability per share</b></p>	<p>In the financial year ended 31 December 2023G, the basic and reduced profitability per share out of the net profit for the period amounted to 1.53 Saudi Riyals per share, while assuming that the asset acquisition took place at the beginning of 2023G, the basic and reduced profitability per share out of the net profit for the period will decrease to 1.16 Saudi Riyals per share. As of the six-month period ended 30 June 2024G, the basic and reduced profitability per share out of the net profit for the period amounted to 0.91 Saudi Riyals per share, while assuming that the asset acquisition took place on 30 June 2024G, the basic and reduced profitability per share out of the net profit for the period will decrease to 0.69 Saudi Riyals per share. For further details on the increase and decrease in profitability per share, please refer to Section (3-11) (<b>“Increase or Decrease in Share Profitability as a Result of the Transaction”</b>) of this Circular.</p>																																						
<p><b>Purchase Reasons and justifications</b></p>	<p>The Transaction is in line with the Company’s strategy, as the Company launched the <b>“We Invest for Growth”</b> strategy at the beginning of 2023G, with the aim of achieving sustainable growth and striving for excellence in real estate development and development management operations, enhancing the Company’s leading position in the targeted sectors and working to raise the efficiency of operational activities and real estate management. The Company’s strategy aims to diversify its investments, increase the return on the asset portfolio, and maximise the total return of shareholders. For further details on the purchase justifications and motives, please refer to Section (3-1) (<b>“Purchase Justifications and Motives”</b>) of this Circular.</p>																																						

<p><b>Summary of Key Actions Required for Capital Increase and Listing of Consideration Shares</b></p>	<p>The Key Actions required for completing the Transaction and all related actions are as follows:</p> <ul style="list-style-type: none"> <li>• Obtaining a non-applicability certificate from GAC, noting that the Company obtained a non-applicability certificate from GAC on 16/05/1446H (corresponding to 19/11/2024G).</li> <li>• Obtaining the approval of the CMA on the request of the Company regarding the increase of its capital for the purpose of acquiring the Real Estate Assets.</li> <li>• Obtaining the approval of the Saudi Exchange (Tadawul) to list the Consideration Shares.</li> <li>• Obtaining the approval of the Ministry of Commerce for the proposed amendments to the Company's bylaws in relation to the Capital Increase.</li> <li>• Obtaining the approval of the CMA to convene the Transaction EGM, in accordance with the relevant laws and regulations and the Company's bylaws.</li> <li>• Obtaining the approval of the Company's shareholders on the Transaction Resolutions at the Transaction EGM.</li> <li>• Publishing the results of the Transaction EGM.</li> <li>• Conveyancing the Real Estate Assets to the Company.</li> <li>• Listing the Consideration Shares and depositing them in the portfolio of Remat Al-Riyadh.</li> <li>• Fulfilment of all terms and conditions contained in the acquisition agreement and in-kind contribution. For further details on the terms and conditions of the Acquisition and In-kind Contribution Agreement, please refer to Section (5-2-4-1) ("<b>Terms of the Acquisition and In-kind Contribution Agreement</b>")</li> <li>• Updating the Company's Commercial Register to reflect the Transaction.</li> </ul> <p>For further details, please refer to Section (3) ("<b>Purchase of Real Estate Assets</b>") and the Section "<b>Key Dates and Milestones of the Transaction</b>" of this Circular.</p>
<p><b>Entitlement to Dividends of Consideration Shares</b></p>	<p>The holder of the Consideration Shares shall be entitled to receive the profits declared by the Company, the due date of which shall be after the Transaction Completion date, in accordance with the due date of each declared dividend.</p>
<p><b>The Required Approvals for the Capital Increase</b></p>	<p>In order to complete the Transaction and increase the capital, a number of statutory approvals are required, as follows:</p> <ul style="list-style-type: none"> <li>• The CMA's approval on the Company's application for the Capital Increase through the acquisition of Real Estate Assets. This approval was obtained on 07/07/1446H (corresponding to 07/01/2025G).</li> <li>• The approval of the Saudi Exchange (Tadawul) to list the Consideration Shares. This approval was obtained on 07/06/1446H (corresponding to 08/12/2024G).</li> <li>• Obtaining a non-applicability certificate from GAC, noting that such certificate was obtained on 16/05/1446H (corresponding to 18/11/2024G).</li> <li>• The approval of the Ministry of Commerce on the proposed amendments to the Company's bylaws in relation to the Capital Increase.</li> <li>• The approval of the CMA to invite the Transaction EGM, and the date of the extraordinary general assembly will be announced on the website of the Saudi Exchange (Tadawul) in conjunction with the publication of this Circular.</li> <li>• The approval of the Company's shareholders on the Transaction Resolutions issued at the Transaction EGM.</li> </ul> <p>For further details on the terms and procedures of the Transaction, please refer to Section (5) ("<b>Legal Information</b>") of this Circular.</p>
<p><b>Voting Rights for Consideration Shares</b></p>	<p>All the Company's shares are of one class and no share shall give preferential rights to its holder. The Consideration Shares shall be issued of the same class as the existing shares of the Company and with the same rights as it has, including voting rights and the right to receive dividends in accordance with the Companies Law and the Company's bylaws.</p>
<p><b>Restrictions on Consideration Shares</b></p>	<p>Under the Acquisition and In-Kind Contribution Agreement, Remat Al-Riyadh has committed not to dispose of the Consideration Shares for a period of 12 months from the date of Transaction Completion.</p>

The proposed increase of the capital of the Company is conditional upon the approval of the Transaction EGM.

## Key Dates and Milestones of the Transaction

The below table sets the expected timeline of the key events related to the Transaction. The below dates are approximate, and the Company shall announce on the Saudi Exchange's website, upon the occurrence of the actual events that must be announced, according to the relevant laws and regulations, including any changes that may occur to the timeframe.

Event	Timeframe/Expected Date
<b>1- Actions required in relation to the extraordinary general assembly</b>	
The approval of the CMA on the Capital Increase application and the publication of this Circular.	07/07/1446H (corresponding to 07/01/2025G)
The approval of the CMA to convene the Transaction EGM.	13/07/1446H (corresponding to 13/01/2025G)
Publication of the invitation to Transaction EGM, on the Saudi Exchange's website (and refer to the possibility of holding a second meeting one hour after the end of the period specified for the first meeting, if the necessary quorum is not met in the first meeting).	13/07/1446H (corresponding to 13/01/2025G)
Publication of this Circular.	13/07/1446H (corresponding to 13/01/2025G)
Providing the documents available for inspection.	13/07/1446H (corresponding to 13/01/2025G)
Commencement of the e-voting period for shareholders at the extraordinary general assembly of the Company.	01/08/1446H (corresponding to 31/01/2025G)
Convening the Transaction EGM (the first meeting) – the required quorum is met when the meeting is attended by number of shareholders representing at least half of the Company's capital	04/08/1446H (corresponding to 03/02/2025G)
Convening the Transaction EGM (the second meeting) (if quorum for the first meeting is not attained) - the required quorum is met when the meeting is attended by number of shareholders representing at least one quarter of the Company's capital	One hour after the expiry of the period specified for convening the first meeting of the extraordinary general assembly in which the quorum necessary for its convention has not been met.
Announcement on Saudi Exchange's website of the Transaction Resolutions passed at the Transaction EGM (first meeting or second meeting) (or, if the extraordinary general assembly was not quorate, the announcement of such fact)	05/08/1446H (corresponding to 04/02/2025G)
<b>2- Procedures to be followed if the quorum for the first and second meetings of the extraordinary general assembly is not met</b>	
The approval of the CMA to convene the Transaction EGM (third meeting)	06/08/1446H (corresponding to 05/02/2025G)
Publication of the invitation to the Transaction EGM (third meeting) on the website of the Saudi Exchange (Tadawul)	07/08/1446H (corresponding to 06/02/2025G)
Commencement of the e-voting period for shareholders at the Transaction EGM (third meeting)	25/08/1446H (corresponding to 24/02/2025G)
Convening the Transaction EGM (third Meeting) – A quorum shall be met regardless of the number of shares represented at the meeting	28/08/1446H (corresponding to 27/02/2025G)
Publication and announcement on Saudi Exchange's website of the Transaction Resolutions passed by the Company's extraordinary general assembly (third meeting)	02/09/1446H (corresponding to 02/03/2025G)

Event	Timeframe/Expected Date
<b>3- Transaction Completion</b>	
Extraordinary General Assembly Approval	04/08/1446H (corresponding to 03/02/2025G) (If the approval of the Transaction EGM is issued at the first or second meeting). 28/08/1446H (corresponding to 27/02/2025G) (If the approval of the Transaction EGM is issued at the third meeting, as the case may be).
Conveyancing the Real Estate Assets to the Company and issuing new title deeds that evidence the Company's ownership of the Real Estate Assets	As soon as possible from the approval date by the extraordinary general assembly.
Listing the Consideration Shares on the Saudi Stock Exchange (Tadawul) and allocating them to the Seller	As soon as possible from conveyancing the Real Estate Assets, which is expected to occur within two trading days from the date of conveyancing the Real Estate Assets.
Amending the Company's commercial registration and providing the Ministry of Commerce with the amended bylaws.	Within thirty (30) days from the date of Transaction Completion, which is expected to occur on:  05/09/1446H (corresponding to 05/03/2025G) (if the approval of the Transaction EGM is issued at the first or second meeting).  01/10/1446H (corresponding to 30/03/2025G) T+8I (if the approval of the Transaction EGM is issued at the third meeting, as the case may be).



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## Definitions and Terms

The following terms and definitions, wherever used in this Circular, shall have the meanings assigned to them, unless the context requires otherwise:

Acquisition and In-Kind Contribution Agreement	The binding acquisition and in-kind contribution agreement concluded between the Company and Remat Al-Riyadh on 28/02/1446H (corresponding to 01/09/2024G), which regulates the terms and conditions of the Company's acquisition of Real Estate Assets and the rights and obligations of the parties in connection therewith.
Affiliate	A person who controls another person or is controlled by such other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
Acting in Agreement	For the purpose of the provisions of the OSCOs, it means actual cooperation under an agreement or understanding (whether formal or informal) between persons to acquire an interest or exercise voting rights in the shares or convertible debt instruments of the Company.  For the purpose of the provisions of other regulations, it means, according to the discretion of the CMA, actual cooperation under an agreement (whether binding or non-binding) or understanding (whether formal or informal) between persons to control (whether directly or indirectly, except for indirect ownership by a swap agreement or through an investment fund, whereby the unitholder does not have any right in its investment decisions) in a company, through the acquisition of any of them (through direct or indirect ownership) of shares that have the right to vote in that company. The term "Persons Acting in Agreement" shall be interpreted accordingly. Without prejudice to the application of this definition, the persons mentioned below shall be deemed, without limitation, to be Acting in Agreement with other persons in the same category unless proven otherwise: (1) persons who are members of the same group, (2) relatives of the person and (3) a person or persons who have provided financial assistance (other than what is done by a bank in the ordinary course of its business) to the offeror (i.e. the Company) or persons who are members of the same group with that person for the purpose of purchasing shares with rights of voting or convertible debt instruments.
Board of Directors	The Company's Board of Directors.
Business Day	Any day except Friday, Saturday and official holidays in the Kingdom of Saudi Arabia.
Capital Increase	The proposed increase in the Company's capital from one billion, seven hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion, three hundred thirty-nine million, three hundred eight thousand, one hundred and eighty Saudi Riyals (SAR 2,339,308,180), along with the increase in the number of its shares from one hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy-seven (177,777,777) ordinary shares to two hundred thirty-three million, nine hundred thirty-thousand, eight hundred and eighteen (233,930,818) ordinary shares, representing an increase of (31.58%) of the current capital of the Company.
Capital Market Authority or the (CMA)	The Capital Market Authority of the Kingdom of Saudi Arabia.
Circular or Shareholders Circular	This Shareholders Circular, issued by the Company in accordance with the provisions of Article (60) and Annex (20) of the OSCOs.
Companies Law	The Companies Law issued under Royal Decree No M/132 dated 1/12/1443H (corresponding to 30/06/2022G).
Consideration Shares	The new Company's shares to be issued to the Subscriber as a result of the Transaction amounting to fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) ordinary shares with a nominal value of ten (10) Riyals per share.
Control	Means the ability to influence the actions or decisions of another person, whether directly or indirectly, alone or with a relative or affiliate: (a) holding 30% or more of the voting rights in a company. (b) having the right to appoint 30% or more of the members of the administrative body; "controller" shall be construed accordingly.
Financial Advisor	SNB Capital Company.
Auditor	Ernst & Young Professional Services (professional limited liability company).
Legal Advisor	Abuhimed Alsheikh Alhagbani Law Firm and Clifford Chance.

<b>Market Advisor</b>	Enterprise Solutions Company for Professional Consulting LLC.
<b>Category A</b>	Properties which are located in prime locations and feature contemporary designs, well-known international brands and major tenants. These properties offer first-class facilities, ample parking and attract high traffic from visitors. The properties are professionally managed, ensuring superior standards and an enhanced visitor experience.
<b>Category B</b>	Properties which are located in secondary locations, feature practical designs and a mix of international and local mid-range brands. The properties offer basic amenities and attract moderate visitor traffic. Although often professionally managed, they lack the appeal and prestige associated with Class A properties.
<b>Unspecified Category</b>	Properties which are located in less favourable areas, with outdated designs and limited amenities. These properties attract tenants with modest requirements, witness little visitor traffic, and may lack professional management, leading to challenges such as high vacancy rates and unstable maintenance.
<b>Financial Statements</b>	The Company's financial statements for the financial years ended 31 December 2021G, 2022G and 2023G and the unaudited interim condensed financial statements for the six-month period ended 30 June 2024G.
<b>Implementing Regulations of Real Estate Transaction Tax</b>	mean the Implementing Regulations of Real Estate Transaction Tax issued by Ministerial Resolution No 712 dated 15/2/1442H and amended from time to time.
<b>International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia</b>	International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and versions approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
<b>Law of Real Estate Registration</b>	It means the Law of Real Estate Registration issued by Royal Decree No M/91 dated 19/9/1443H.
<b>Listing Rules</b>	The Listing Rules approved by the CMA's Board Resolution No 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to the CMA's Board Resolution No 4-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G).
<b>Material Adverse Event</b>	<p>In relation to the Company, means any event, change, development, or a combination of events, changes, or developments that have a material adverse effect on the business, assets, obligations, net profit, organisational position, financial conditions, or operating business of the Company and its Group, except for those that occur due to what has been agreed upon in the Acquisition and In-Kind Contribution Agreement.</p> <p>In relation to Remat Al-Riyadh, means order or decision issued by any government or competent authority before the Transaction Completion date to expropriate Real Estate Assets or part of them or to restrict or suspend their disposal or benefit therefrom or any part of them.</p>
<b>Ministry of Commerce</b>	The Ministry of Commerce of the Kingdom of Saudi Arabia.
<b>Public</b>	Means the persons not mentioned below: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and Senior Executives of the Issuer's Affiliates; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- Any relatives of persons referred to in 1, 2, 3, 4 or 5 above; 7- Any company controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and Persons who collectively act and jointly own 5% or more of the class of shares to be listed.
<b>Real Estate Assets</b>	Al-Rimal Land and Al-Murooj Land.
<b>Real Estate Transaction Tax</b>	A tax imposed on all real estate transactions by sale and the like, with some exceptions and provisions, which is currently applied at a rate of 5%.

<b>Related Party</b>	<p>Shall mean the following:</p> <ol style="list-style-type: none"> <li>1- Affiliates of the Issuer, except for companies wholly owned by the Issuer.</li> <li>2- Substantial Shareholders of the Issuer.</li> <li>3- Directors and Senior Executives of the Issuer.</li> <li>4- Board Directors of the Affiliates of the Issuer.</li> <li>5- Board Members and senior executives of the Substantial Shareholders of the Issuer.</li> <li>6- Any relatives of the persons referred to in 1, 2, 3, or 5 above. Relatives in this paragraph mean the father, mother, husband, wife and children.</li> <li>7- Any other company or facility controlled by any person referred to in 1, 2, 3, 5 or 6 above.</li> </ol>
<b>Relative</b>	The husband, wife and minor children.
<b>Remat Al-Riyadh or Seller</b>	Remat Al-Riyadh Development Company is a Saudi closed joint-stock company registered in the Commercial Register under No 1010735985 dated 14/01/1443H (corresponding to 22/08/2021G). Its registered address is in Riyadh City, King Fahd Branch Road, Al-Muhammadiyah District, Development Building No (2), 8th Floor, P.O. Box 6972 Riyadh 12361, Kingdom of Saudi Arabia.
<b>Restricted Country</b>	Any country or jurisdiction where the offer of Consideration Shares, or distribution or publication of this Circular or any other documents related to the Consideration Shares would violate the laws, or regulations applicable to that country or jurisdiction.
<b>Saudi Organization for Chartered and Professional Accountants (SOCPA)</b>	Saudi Organization for Chartered and Professional Accountants (SOCPA) in the Kingdom of Saudi Arabia (formerly known as the Saudi Organization for Certified Public Accountants).
<b>Saudi Riyal (SAR)</b>	Saudi Arabian Riyal, the official currency of the Kingdom of Saudi Arabia.
<b>Senior Executives</b>	<p>Any natural person who is assigned – alone or with others – by the administrative body of the establishment or by a member thereof with tasks of supervision and management, and whose reference is to any of the following:</p> <ol style="list-style-type: none"> <li>1- The administrative body directly.</li> <li>2- A member of the administrative body.</li> <li>3- Chief Executive Officer.</li> </ol>
<b>Subsidiary</b>	Any company controlled by the Company.
<b>Substantial Shareholder</b>	A person who owns 5% or more of the Company's capital shares.
<b>Company</b>	Arriyadh Development Company is a Saudi joint-stock company listed and registered with Commercial Register No 1010124500 dated 26/07/1414H (corresponding to 09/05/1994G). Its registered address is in Riyadh - Qasr Al-Hukm District - Al Tameer Wholesale Center, 3rd Floor- P.O. Box 7442 Riyadh 11462, Kingdom of Saudi Arabia.
<b>Transaction EGM</b>	The Company's extraordinary general assembly's meeting which will be held for the purpose of voting on the Transaction Resolutions.
<b>EGM</b>	The extraordinary general assembly's meeting of the shareholders of the relevant company held in accordance with that company's bylaws.
<b>GAC</b>	The General Authority for Competition in the Kingdom of Saudi Arabia.
<b>Kingdom</b>	Kingdom of Saudi Arabia.
<b>OSCOs</b>	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA's Board Resolution No 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended recently pursuant to the CMA's Board Resolution No 3-114-2024 dated 04/04/1446H (corresponding to 07/10/2024G).
<b>The Saudi Exchange (Tadawul)</b>	The Saudi Exchange (Tadawul), is the market in which securities are traded in the Kingdom and is managed and operated by the Saudi Exchange Company and regulated by the CMA. It also means, depending on the context, Saudi Exchange Company, a wholly owned subsidiary of Saudi Tadawul Holding Group, which is responsible for operating the market.
<b>Transaction</b>	The Company's acquisition of Real Estate Assets in exchange for the Company issuing the Consideration Shares in favour of the Seller by increasing the Company's capital from one billion, seven hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion, three hundred thirty-nine million, three hundred eight thousand, one hundred and eighty Saudi Riyals (SAR 2,339,308,180).

Transaction Announcement	The Company's announcement of the conclusion of the Acquisition and In-kind Contribution Agreement on the Saudi Exchange's Website on 28/02/1446H (corresponding to 01/09/2024G).
Transaction Completion	Completing the procedures for conveyancing the Real Estate Assets to the Company, listing the Consideration Shares and depositing them in the portfolio of Remat Al-Riyadh.
Transaction Resolutions	<p>The decisions that will be presented to the Company's shareholders regarding the Transaction, as follows:</p> <p>Approval of the Company's acquisition of Real Estate Assets, through the Company's issuance of fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) shares, in accordance with the terms and conditions of the Acquisition and In-Kind Contribution Agreement, including approval of the following matters related to the Transaction:</p> <ol style="list-style-type: none"> <li>1- Approval of the provisions of the Acquisition and In-Kind Contribution Agreement.</li> <li>2- Approval of increasing the Company's capital from one billion, seven hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion, three hundred thirty-nine million, three hundred eight thousand, one hundred and eighty Saudi Riyals (SAR 2,339,308,180), in accordance with the terms and conditions of the Acquisition and In-Kind Contribution Agreement, provided that this increase is effective on the date of Transaction Completion in accordance with the provisions of the Companies Law and the Acquisition and In-Kind Contribution Agreement.</li> <li>3- Approval of the proposed amendments to the Company's bylaws regarding the Capital Increase.</li> <li>4- Authorisation of the Board of Directors, or any person authorised by the Board of Directors, to take any decision or take any action that may be necessary to implement any of the above-mentioned decisions.</li> </ol>





## I. Risk Factors

Before making any decision in respect of the Transaction at the Transaction EGM, the Company's shareholders must carefully read the risks contained in this section related to the increase of the Company's capital for the purpose of the Transaction, in addition to all other sections of this Circular and the information contained therein.

The risk factors below focus only on the risk factors related to the Transaction, the issuance of the Consideration Shares and the Real Estate Assets. The Board of Directors currently believes that the risks and uncertainties described below are all the risks known to them related to the Transaction, the issuance of the Consideration Shares and the Real Estate Assets. However, the risks and uncertainties described in this Circular may not include all the risks related to the Transaction as there may be additional factors other than the risks mentioned in this section that adversely affect the Company but are not currently known to the Board of Directors or that the Board of Directors does not currently consider them to be material risk factors.

The Board Directors of the Company also acknowledge that, to the best of their knowledge and belief, there are no other material risks other than those mentioned in this section, whose non-disclosure may affect the shareholders' decisions in voting on the Transaction Resolutions.

The occurrence of the risks mentioned in this section may adversely affect the Company's activity, financial position, results of operations, cash flows, future prospects and its share profitability. The occurrence of any risks other than the risks mentioned below (either because the Board of Directors is not aware of them or because the Board of Directors did not classify them as material but are found to be material when they materialized,) may also adversely affect the Company's activity, financial position, results of operations, cash flows, future prospects and its shares profitability.

Any shareholder in doubt about the content of this Circular or regarding the action that should be taken or how to vote on the Transaction Resolutions, should consult an independent financial advisor licensed by the CMA.

The order in which the risks are listed below is not intended to reflect their importance, possibility of occurrence or expected impact on the Company or the share price.

### I.1 Commercial and Legal Risks and the Risks Related with the Transaction and the Issuance of Consideration Shares

#### I.1.1 Risks Related to Fulfilling the Conditions for the Transaction Completion

Transaction Completion requires fulfilling a number of conditions stipulated in the Acquisition and In-Kind Contribution Agreement. Failure to meet these conditions or any delay in meeting them will result in delaying the Transaction Completion. For further details on the Transaction Completion conditions, please refer to Section (5-2-4) ("**Summary of Acquisition and In-Kind Contribution Agreement**") of this Circular. The most important conditions that have not been met as of the date of this Circular are, for example, the approval of the Company's extraordinary general assembly and other essential terms and conditions of the Acquisition and In-Kind Contribution Agreement, which include not breaching the warranties provided and other conditions stipulated in the Acquisition and In-Kind Contribution Agreement.

It is worth noting that delaying the Transaction Completion may result in the non-realisation of the intended benefits from the Transaction as expected, their delayed realisation or may lead to an increase in the costs associated with the Transaction or other unexpected additional losses, which may have a material and adverse impact on the Company's activity, financial position, results of operations and future prospects.

### 1.1.2 Risks Related to Failure to Achieve the Strategic Growth Objectives and the Expected Benefits from Acquiring the Real Estate Assets

One of the main objectives of the Transaction is to diversify the Company's investments by developing the Real Estate Assets, increasing the return on the asset portfolio and diversifying sources of income. For further details on the Transaction rationale, please refer to Section (3-1) ("**Transaction Rationale**") of this Circular. The Company's ability to achieve these benefits in the event of the Transaction Completion depends on several factors, including, but not limited to, obtaining the necessary approvals and permits to carry out the development work on the Real Estate Assets to achieve the benefits of the Transaction and avoid any delays or difficulties related to achieving the same. In addition to the aforesaid, achieving these benefits depends on other factors outside the Company's control, including unexpected events such as major changes in the regulatory and operational environment in which the Company operates, changes in the market and real estate sector as well as the commercial, political and economic situation generally in the Kingdom. Accordingly, the Company may not be able to achieve the expected financial benefits and seize the growth opportunities after the Transaction Completion or may not be able to achieve these benefits at the required time.

If the expected benefits from the Transaction are not achieved during the period or in the value or manner expected or if they are not achieved at all, this may have a material adverse impact on the Company's business, financial position, results of operations and future prospects.

### 1.1.3 Risks Related to Transaction Costs

The Company will incur fixed and non-refundable costs in relation to the Transaction. The Transaction costs are expected to amount to approximately SAR 11,675,000, which include the fees of the financial advisor, legal advisor, financial due diligence advisor, market consultant, real estate appraisers, auditors and other advisors, in addition to government entities' fees, marketing and distribution expenses and others. These costs do not include internal costs relating to overtime or internal administrative costs. Accordingly, if the Transaction is not completed, the Company will have incurred all these costs without a return, which may affect the Company's financial results.

In addition to these costs, the Company expects to incur potentially high and substantial costs to develop the Real Estate Assets, which may lead to a reduction in the value of the expected benefits from the Transaction, which in turn will adversely affect the Company's business, financial position, results of operations and future prospects.

### 1.1.4 Risks Related to Real Estate Assets' Appraisal

The Company appointed real estate appraisers licensed by the Saudi Authority of Accredited Valuers, namely, Mieyar Al Qima Company for Real Estate Appraisal and Esnad Real Estate Valuation Company to appraise the Real Estate Assets. Despite the knowledge and experience of these companies in appraising properties and the factors affecting their appraisal, the accuracy of such appraisal and the opinions obtained from these real estate appraisers, the fact that they may lack essential information in respect of the value of the Real Estate Assets or that their value will not be negatively affected due to various factors concerning the real estate market cannot be guaranteed or confirmed. Consequently, if the value of Real Estate Assets decreases before or after the Transaction completion, this will directly affect the results of the Company's operations and its financial position.

### 1.1.5 Risks Related to Obtaining and Renewing Licences and Permits

The Company must obtain and maintain licences, permits and regulatory approvals in relation to the intended development activities of the Real Estate Assets, including, but not limited to, the necessary licences and approvals from the municipality, civil defence, building permits and other licences and permits necessary for the intended activities on those Real Estate Assets. If the Company is unable to obtain all the necessary licences and permits related to the development of the Real Estate Assets, or if the Company is unable to maintain and renew the licences and comply with the laws, regulations and conditions governing these licences and permits, this may affect the Company's ability to benefit from the Real Estate Assets and use them for its future projects, which will adversely and materially affect the Company's business, financial position, results of operations and future prospects.

### **I.1.6 Risks Related to the Classification of Al-Murooj Land and Failure to Obtain Final Approval to Change the Classification**

It is worth noting that the current classification of Al-Murooj Land is “Municipal Investments Belonging to the Municipality”. To commence the development activities that the Company wishes to carry out on Al-Murooj Land, this will require changing the classification of Al-Murooj Land to a commercial residential classification and obtaining the necessary permits. Although there is an initial approval from the Riyadh Region Municipality to change the classification of Al-Murooj Land, the Company must still complete the required procedures to obtain the necessary permits and licenses to develop the land. In the unlikely event that the Company is unable to obtain the necessary licenses and permits that reflect the new classification of Al-Murooj Land, this may affect the Company’s ability to benefit from Al-Murooj Land and use it for the purposes of its future projects, which in turn will have an adverse material impact on the Company’s business, financial position, results of operations and future prospects.

### **I.1.7 Risks Related to Fluctuations in the Value of Real Estate Assets**

The value of real estate in general is witnessing fluctuations and changes as a result of a number of factors, including changes in economic, geopolitical and demographic conditions, supply and demand and other factors. Accordingly, if the value of the Real Estate Assets decreases after the Transaction completion, this will adversely and materially affect the Company’s business, financial position, results of operations and future prospects.

### **I.1.8 Risks Related to White Land Fees**

The Law of White Land Tax was issued by Royal Decree No M/4 dated 12/02/1437H and became effective in phases based land area and ownership. In general, the law imposes an annual fee on white lands, which are any vacant plots within the urban boundaries designated for residential or commercial residential use, of 2.5% of the land value. Al-Rimal Land is currently not subject to white land fees, but it is a raw land that has not yet been developed. In the event that white land fees apply to Al-Rimal Land after the Transaction completion, the Company will incur amounts that may be material to pay these fees, which may adversely affect the Company’s business, financial position, results of operations and future prospects.

### **I.1.9 Risks Related to Expropriation**

The Kingdom’s government and some governmental entities in the Kingdom have the right to expropriate real estates for public interest (for example, but not limited to, to build roads and public facilities). Although compensation may be paid for properties expropriated for public interest, there is a risk that the compensation value may not be sufficient compared to the size of the investment, the lost profit or the increase in the value of the investment, as the compensation value may be less than the market value of the real estate assets at the time of acquisition or the value paid upon purchase. In the event that any of the Real Estate Assets are expropriated, this will have a material and adverse impact on the Company’s business, financial position, results of operations and future prospects, and will therefore adversely affect the Company after the Transaction Completion.

### **I.1.10 Risks Related to Land Work Stoppage under the Direction of Regulatory Authorities**

The Real Estate Assets are affected by cities and urban planning by regulatory authorities, disputes over title deeds and other issues that may require stopping development and work on a specific plot until the dispute is resolved or an agreement is reached with the regulatory authority on how to benefit from the plot, which may cause developments to stop on some plots. These issues are beyond the control of the Company and it cannot anticipate or guarantee that they will not occur. If this risk materializes, this will have an adverse and material impact on the Company’s business, financial position, results of operations and future prospects.

### I.1.11 Risks Related to Lease Contracts Entered Into with the Riyadh Region Municipality

As of the date of this Circular, there are approximately two long-term valid lease contracts related to Al-Murooj Land between the Riyadh Region Municipality and lessees, as these contracts were not transferred to Remat Al-Riyadh when the ownership of Al-Murooj Land was transferred from the Riyadh Region Municipality to Remat Al-Riyadh (for further details on these contracts, please refer to Section (4) (“**Financial Information**”). In addition, there are a number of lessees whose contracts have expired but are still occupying areas of Al-Murooj Land. The Acquisition and In-Kind Contribution Agreement stipulates that Remat Al-Riyadh is obligated to cooperate with the Company to terminate the relevant lease contracts, including the eviction of lessees whose contracts have expired and are still occupying areas of the property and coordinate directly with the Riyadh Region Municipality in this regard and follow up on the termination of these contracts before the Transaction Completion and establish an appropriate mechanism to address their termination before the Transaction Completion. Accordingly, if the lease contracts are not terminated, the lessees are not evicted or the parties are unable to cooperate in resolving this matter before the Transaction Completion, these contracts and the associated encumbrances will be transferred to the Company with the transfer of ownership of Al-Murooj Land to it, which may result in the Company incurring amounts to terminate them, including paying compensation to the lessees, which is not expected to exceed a total amount of SAR 4,246,440, or disrupting the Company’s projects and its inability to start development work or the emergence of disputes between the Company and the lessees. If any of these risks materializes, this will adversely and materially affect the Company’s business, financial position, results of operations and future prospects.

### I.1.12 Risks Related to the Occurrence of Natural Disasters

The Real Estate Assets may be adversely affected by any natural disasters that affect the geographical areas in which they are located, including earthquakes, floods, fires, torrents and other natural disasters that cannot be predicted or guaranteed not to occur. The occurrence of these disasters will have several negative and unexpected effects, the most important of which is the interruption of business or incurring high costs to repair and rehabilitate the Real Estate Assets, which reduces revenues and increases the costs for these assets. Accordingly, the occurrence of any natural disasters in the areas where the Real Estate Assets are located will have an adverse and material impact on the Company’s business, financial position, results of operations and future prospects.

### I.1.13 Risks Related to Legal Disputes

The Company is exposed, whether as a claimant or defendant, to the risks of lawsuits and legal actions regarding the Real Estate Assets. The Company cannot determine the final results of those lawsuits or the damages that may accompany them. Any outcome that is not in the Company’s favour in respect of these lawsuits could adversely and materially affect the Company’s business, financial condition, results of its operations and future prospects. In addition, and regardless of their outcomes, these lawsuits or proceedings may result in the Company incurring high costs to provide the necessary resources to defend against them, which may lead to an adverse effect on the Company’s business, financial position, results of operations and prospects. It is worth noting that there are no claims currently in relation to the Real Estate Assets.

#### **I.I.I4 Risks Related to Warranties and Indemnities Provided by Remat Al-Riyadh under the Acquisition and In-Kind Contribution Agreement**

The Acquisition and In-Kind Contribution Agreement includes specific warranties provided by Remat Al-Riyadh to the Company. The Acquisition and In-Kind Contribution Agreement also includes an obligation on Remat Al-Riyadh to indemnify the Company in the event that Remat Al-Riyadh breaches its obligations, representations, undertakings or warranties provided in the agreement. Remat Al-Riyadh is also committed to indemnifying the Company for any material default, gross negligence or violation related to Remat Al-Riyadh's failure to comply with the provisions of the Acquisition and In-Kind Contribution Agreement or its violation of the laws in force in the Kingdom with respect to the Real Estate Assets, all in accordance with the limits and exceptions stipulated in the agreement (for further details on the indemnities' provisions, please refer to Section (5-2-4) ("**Summary of Acquisition and In-Kind Contribution Agreement**") of this Circular). These exceptions include, but are not limited to, exonerating Remat Al-Riyadh from the responsibility to compensate the Company for any lawsuits, claims, damages, costs and fines that arose or were caused at a time when the Real Estate Assets were not owned by Remat Al-Riyadh, even if they appeared after the Transaction Completion (unless Remat Al-Riyadh was aware of this matter and did not disclose it to the Company). These exceptions also include limiting Remat Al-Riyadh's responsibility for compensation to include the issues caused by it, so that any compensation related to issues caused by the Company in a material manner or that are materially exacerbated by the Company is excluded, even if it was before the date of Transaction completion, so that in this case the Company bears the percentage of compensation for the part that it caused.

Despite the existence of this obligation on Remat Al-Riyadh and the Company's right to claim compensation after the Transaction completion, there is no guarantee that the value of the compensation will be sufficient to address the defect resulting from the breach of these warranties or that the Company will have the right to claim compensation under the exceptions and limits stipulated in the agreement.

Accordingly, if the Company is affected as a result of any material default, gross negligence or breach related to Remat Al-Riyadh's failure to comply with the provisions of the Acquisition and In-Kind Contribution Agreement or its violation of the laws in force in the Kingdom with respect to the Real Estate Assets and the application of any of the exceptions stipulated in the Acquisition and In-Kind Contribution Agreement provided to Remat Al-Riyadh, this may result in an adverse and material impact on the Company's business, financial position, results of operations and prospects.

#### **I.I.I5 Risks Related to Remat Al-Riyadh's disclosure of All Material Information during Professional Due Diligence Studies**

In the context of the negotiations on the Transaction and to evaluate the legal, financial and commercial aspects of the Transaction, the Company and its consultants conducted professional legal, financial and tax studies on the Real Estate Assets, and the Company conducted the negotiations based on the results of these studies and based on the expected benefits. There may be legal or financial risks related to the Real Estate Assets, contractual, operational and regulatory obligations that were not disclosed by Remat Al-Riyadh, the disclosed information may be inaccurate or outdated, there may be risks that the Company or its advisors did not identify during the professional due diligence studies or that were not expected or anticipated, which the Company cannot anticipate or assess their materiality and consequences of their occurrence on the date of this Circular. Accordingly, if any of these risks or information that have not been disclosed or investigated by the Company materializes, this may lead to an adverse and material impact on the actual value of the Real Estate Assets and on the Company's business and financial position after the Transaction completion. Accordingly, the Shareholder must take this into consideration when evaluating the Transaction and deciding the vote thereto.

### I.1.16 Risks Related to the Warranties and Undertakings Provided by the Company under the Acquisition and In-Kind Contribution Agreement

The Company provided warranties to Remat Al-Riyadh in the Acquisition and In-Kind Contribution Agreement. These include the validity and accuracy of all information provided or to be provided by the Company to Remat Al-Riyadh, warranties related to the Company's compliance with the regulatory requirements related to the disclosure of material events and developments under the implementing regulations issued by the CMA and the absence of any material events or developments related to the Company or its business that have not been disclosed in accordance with the regulatory requirements (for further details on the warranties provided by the Company under the Acquisition and In-Kind Contribution Agreement, please refer to Section (5-2-4) ("**Summary of Acquisition and In-Kind Contribution Agreement**") of this Circular). In the event of any breach by the Company of these warranties before or after the Transaction completion, this may result in triggering some of Remat Al-Riyadh's rights such as compensation, which will adversely affect the Company's business and financial position if any of the aforementioned materializes.

### I.1.17 Risks Related to Relying on Information not Contained in this Circular

Some media sources may cover financial and economic information and analysis regarding the Company and the Transaction, which may not include many of the relevant information and risks contained in this Circular. Shareholders should not rely on these sources. These sources or others may also provide statements that are not directly attributed or incorrectly attributed to the Board Directors of the Company, its officers or employees, they may include incorrect reports about statements made or may be made by the Board Directors of the Company, its officers or employees, or these sources may include misleading statements due to the omission of information provided by the Company, its Board Directors, officers or employees. The Board of Directors has not authorised any person to provide information or statements on behalf of the Company except for what is disclosed in this Circular. The Board Directors of the Company, its officers, employees or advisors do not bear any responsibility for the accuracy and completeness of any information or statements issued by third parties.

Therefore, shareholders should rely only on the information contained in this Circular when making any decision regarding voting on the Transactions Resolutions. If there is any doubt about the Transaction, shareholders must obtain special advice from an independent financial advisor licensed by the CMA.

### I.1.18 Risks Related to Future Prospects

This Circular includes some forward-looking forecasts and statements and it is possible to infer these future expectations and statements through the use of forward-looking terms and expressions, including but not limited to "expects", "aims", "estimates", "intends", "plans", "will", "believes", "seeks", "may", "will be", "could", "should" or the negative forms of these terms or other identically or similarly meaning terms. These forecasts and statements include, but are not limited to, known and unknown risks, certain uncertainties that may affect the Company's results or the Transaction, data related to the Company's financial position, its business strategy, future plans and goals regarding the Transaction, as well as other future events and other forecasts and statements.

Future events cannot be expected and may differ from what is contained in this Circular, as the Company's performance (including after the Transaction completion) and its ability to develop, work and achieve its objectives and strategies are the determining factors of its actual results, which the Company cannot know and may be related to matters beyond the Company's control. The inaccuracy of these future forecasts represents one of the risks that Shareholders must take into account and as such must be read accordingly and not rely on them. If the Company's actual results and future events differ from these forecasts and statements, this may adversely affect the Company's business, financial position, results of its operations, future prospects and profitability of the Company's shares after the Transaction completion.

## I.2 Risks Related to Changes in Ownership of Current Shareholders and the Associated Decrease of Voting Power

### I.2.1 Risks Related to Changes in the Ownership Percentage of Current Shareholders and the Associated Decrease in Voting Rights and Remat Al-Riyadh's Ability to Influence the Company's Decisions

After the Transaction Completion, the ownership percentage of the current Shareholders will decrease from 100% to 76.0%. Remat Al-Riyadh will own 24% of the Company's capital, thereby becoming the only Substantial Shareholder in the Company. Accordingly, the ability of the current Shareholders to vote will decrease, which may enable Remat Al-Riyadh to influence the decisions resolved by the Company's general assembly meetings which require the approval of the Company's shareholders in general meetings, such as appointing members of the Board of Directors, amending the Company's capital, merging the Company, and other important decisions for the Company, consequently the shareholders will have less ability to influence such decisions.

### I.2.2 Risks Related to a Decrease in Profitability of Share as a Result of the Transaction

The Transaction requires the issuance of fifty-six million, one hundred and fifty-three thousand and forty-one (56,153,041) new ordinary shares, which will increase the number of the Company's shares from one hundred seventy-seven million seven hundred seventy-seven thousand seven hundred and seventy-seven (177,777,777) shares to two hundred thirty-three million nine hundred thirty thousand eight hundred and eighteen (233,930,818) shares. Since the Transaction will be implemented by issuing these shares and thus increasing the number of the Company's shares, this may lead to a decrease in profitability of the Company's shares in the future due to the distribution of profits to a larger number of shareholders. In the financial year ending 31 December 2023G, the basic and reduced profitability per share out of the net profit for the period amounted to (SAR 1.53) per share, while assuming that the asset acquisition took place at the beginning of 2023G, the basic and reduced profitability per share out of the net profit for the period will decrease to (SAR 1.16) per share.

As of the six-month period ending 30 June 2024G, the basic and reduced profitability per share out of the net profit for the period amounted to (SAR 0.91) per share, while assuming that the asset acquisition took place on 1 January 2024G, the basic and reduced profitability per share out of the net profit for the period will decrease to (SAR 0.69) per share. For further details on the analysis of the increase or decrease in profitability of shares as a result of the Capital Increase, please refer to Section (3-II) ("**Increase or Decrease in Share Profitability as a Result of the Transaction**") of this Circular.

### I.2.3 Risks Related to Selling a Large Number of Shares

The sale of a large number of the Company's shares after the Transaction Completion will adversely affect the trading price of its shares. Although Remat Al-Riyadh, pursuant to the Acquisition and In-Kind Contribution Agreement, is committed not to dispose the Consideration Shares for a period of 12 months from the date of the Transaction Completion, there is no guarantee that Remat Al-Riyadh will not sell part or all of its shares in the Saudi Stock Exchange immediately after the expiry of this period. In the event that a large number of the Company's shares are sold, or the market expects this to be the case, this will constitute a high offer that may not be met by a similar demand in terms of quantity, which may result in a decrease in the market value of the Company's shares.





## 2. Market Information on Real Estate Assets to be Purchased

### 2.1 Overview on the Economy of the Kingdom of Saudi Arabia

Saudi Arabia stands as the largest economy within the Gulf Cooperation Council, with a projected nominal GDP of SAR 4,261 billion for 2024, increasing from an estimate of SAR 4,136 billion in 2023. The nation's economic vitality is reflected in an 8.7% real GDP growth in 2022, driven by robust activity in both the oil and non-oil sectors. For 2023, the year-on-year real GDP growth rate normalized to 0.03% due to strategic oil production adjustments while the non-oil sector real GDP growth rate continued to flourish with a 5.4% increase. The economy is anticipated to expand by a real GDP growth rate of 4.4% in 2024, propelled by sustained reforms and burgeoning non-oil sector contributions. The actual inflation rate was 2.5% in 2022 and is estimated to marginally increase to 2.6% in 2023, with a slight reduction to 2.2% projected for 2024. The National Investment Strategy (NIS) is a cornerstone of Vision 2030, targeting an increase in investment's GDP share from 22% in 2019 to 30% by 2030.

Saudi Arabia's fiscal strategy showcases stability with total revenue projected at SAR 1,193 billion for 2023, adjusting slightly to SAR 1,172 billion for 2024. Expenditures are expected to decrease from SAR 1,257 billion in 2023 to SAR 1,251 billion in 2024, focusing on investments aimed at economic diversification and enhancing public welfare. Furthermore, Vision 2030 aims to attract 150 million tourists and introduce new categories in the 'privileged iqama' system to attract top talents, enhancing the business climate. Based on the Saudi Census 2022 and the historical data from 2010 to 2022, the population of KSA has grown at a CAGR of 2.5%. Moreover, Saudi Arabia's population is projected to grow from 32.18 million in 2022 to 39.14 million by 2030, driven by Saudi nationals and expatriates.

### 2.2 Brief Overview

The real estate market in Riyadh is experiencing substantial growth across the residential, retail, and office sectors, driven by several key factors. In the residential market, land availability is crucial as new developments require large areas, which are becoming increasingly scarce in sought-after areas. Government-subsidized financing has boosted development activities, while economic conditions and demographic shifts, such as a growing expatriate population and a decrease in household size, shape market demand. Government initiatives to ease property ownership for expatriates and foreign investors are expected to influence supply dynamics further.

Riyadh's retail market is growing significantly, supported by the city's increasing population and Vision 2030 initiatives. The market is shifting towards lifestyle destinations, mixed-use developments, and a strong focus on food and beverage offerings. High occupancy and rising lease rates highlight its vibrancy and appeal to investors.

In the office market, Riyadh shows diverse lease rates and high occupancy across different grades, with Premium offices being the most sought-after. Significant future additions are projected from major developments, emphasizing the need for strategic planning to align supply with anticipated growth, ensuring sustainable market expansion.

Overall, Riyadh's real estate market is set for continued growth, supported by strategic urban planning, robust demand, and government initiatives aimed at economic diversification.

### 2.3 Overview on Riyadh Residential Real Estate Market

#### 2.3.1 Factors Affecting the Supply

The residential market supply in Riyadh is influenced by several key factors. Firstly, the availability of land is a critical factor, as new developments often require substantial land areas, which are increasingly scarce in desirable locations such as Central and West of the city. Additionally, the financing landscape has a significant impact on supply; the acceptance of government-subsidized financing options in addition to developments working to deliver on initiatives of Vision 2030 have boosted development activities. Economic conditions also play a role, with interest rates and the cost of living affecting affordability and thus the pace at which new units can be absorbed. Furthermore, market demand is shaped by demographic shifts, including a growing expatriate population and a shift towards apartment living, driven by changing family sizes and the allure of urban living. Government initiatives and regulations, particularly those aimed at easing property ownership for expatriates and foreign investors, are expected to further influence supply dynamics by encouraging more developments tailored to higher-income segments.

### 2.3.2 Supply and Demand

The city's major demand generators, including existing and planned developments, are strategically dispersed throughout Riyadh. Recent trends indicate an expansion towards the outer northern, western, eastern, and southern regions, signaling ongoing urban growth. Moreover, Riyadh is experiencing a boom in mixed-use developments with prominent giga and mega projects like New Murabba, Diriyah Gate, and Qiddiya being at the forefront, complemented by numerous smaller-scale developments. By 2030, these projects are expected to significantly increase the city's real estate supply, incorporating residential, retail, hospitality, and office spaces into their designs. This comprehensive development approach is set to further enhance Riyadh's position as a dynamic metropolitan center.

The total supply of residential units in Riyadh was estimated at approximately 2.21 million units in 2023 and is projected to reach nearly 2.99 million by 2030. Data from GaStat 2022 reveals that apartments are the predominant housing type, constituting 57% of all occupied units within Riyadh Province, reflecting a growth of 10 percentage points since 2017. In terms of tenure, the rental market dominates, accounting for about 63% of the housing stock, the majority of which is occupied by non-Saudi households. Conversely, owned units represent only 23% of total housing units with 91% of it owned by Saudi households. Recent government initiatives aimed at enhancing the mortgage market are expected to significantly bolster ownership rates.

**Table (2.1): Occupied residential units by category**

Category	2017G	2022G
Traditional house	6%	4%
Villa	25%	23%
A Floor in a Villa	18%	11%
Apartment	47%	57%
Other	4%	5%

Source: General Authority for Statistics, 2017G – 2022G.

Category	2017G	2022G
Owned	37%	23%
Rented	52%	63%
Other	11%	14%

Source: General Authority for Statistics, 2017G – 2022G.

During the forecast period, Riyadh is expected to witness the addition of several confirmed forthcoming residential developments estimated at c. 285,000 units between 2024 and 2030. As of the current period, there are around 210,000 units that have not yet been sold, representing the unsold forthcoming supply. Most of these unsold units are expected to be introduced to the market around 2030, in the form of large mixed-use megaprojects. Notably, giga and mega projects comprise the largest share representing approximately 77% of the forthcoming residential supply.

Riyadh's strategic plan is designed to accommodate a growing population and to provide opportunities for private developers to launch large-scale projects. This significant boost in the expatriate community is expected to boost population, thereby escalating the demand for both leasehold and freehold units, especially if foreign ownership restrictions are relaxed within the respective timeframe. Moreover, changing demographics are shaping the types of developments underway, with a shift towards upgraded affordable housing, master-plan type communities, and apartment complexes that cater to a diverse resident profile.

In 2023, Riyadh's demand for residential units was estimated at 1.98 million units, with projections to increase this figure to 2.68 million units by 2030, according to the base case scenario which considers GaStat forecasted population of c. 8.7 million. The primary driver of this demand, constituting approximately 81% of the market, is attributed to the formation of new households amidst a growing population and a trend towards smaller household sizes.

### 2.3.3 Current Market Forecast Indicators

Under the base scenario, the incremental market gap based on the total supply of residential units is expected to be around 91,000 units. However, under the Riyadh vision scenario, which forecasts the population to reach 15 million by 2030, the anticipated surge in demand due to new household formations could expand the market gap significantly. This scenario estimates a market gap of about 1.4 million units, assuming constant supply levels. Additionally, a normalized scenario has been calculated, predicting that Riyadh's population will reach 11 million by the end of 2030. This scenario reflects a partial realization of the Vision 2030 targets and leads to a market gap of approximately 563,000 units.

### 2.3.4 Market Performance

The Riyadh residential market has seen significant changes and growth over recent years, particularly in the apartment sector. According to the Real Estate General Authority, apartments have become increasingly prominent dominating the occupied housing landscape covering 57% of the total number of occupied units as of 2023. This trend is supported by a noticeable increase in apartment transactions, which have surpassed villa transactions for the first time in 2023, reflecting a compound annual growth rate (CAGR) of approximately 34%. The average transaction price per square meter for apartments grew by a CAGR of 17.49% between 2020 and 2023, which enjoys a CAGR that surpasses both villas and residential lands. This rise can be attributed to the current trend for homeowners opting for smaller, more affordable units that carry the appeal of urban living.

**Table (2.2): Number of transactions by type (2020G – 2023G)**

Category	2020G	2021G	2022G	2023G	Compound Annual Growth Rate
Residential Lands	33,161	38,739	29,255	27,018	-6.06%
Villas	17,735	21,288	16,564	13,738	-0.01%
Apartments	6,045	9,780	11,043	14,504	33.9%
<b>Total</b>	<b>56,941</b>	<b>69,807</b>	<b>56,862</b>	<b>55,260</b>	<b>-0.99%</b>

Source: Colliers, Real Estate General Authority, 2024G

**Table (2.3): Average Overall Changes in Apartment Transaction Prices (SAR/Net Saleable Area (m<sup>2</sup>))**

Category	2020G	2021G	2022G	2023G
Apartments	3,583	4,372	5,206	5,810
Compound Annual Growth Rate			17.49%	

Source: Colliers, Real Estate General Authority, 2024G

The market for villas has seen a slight decrease in the number of transactions from 2020 to 2023. Transacted units show a higher preference for larger units (3 bedrooms or more), indicating their appeal to medium to large-sized families. The villa market has experienced a healthy appreciation in transaction prices per square meter, with a CAGR of approximately 14.35% from 2020 to 2023, driven by increasing demand and improving residential standards.

**Table (2.4): Average Overall Changes in Villas Transaction Prices (SAR/Net Saleable Area (m<sup>2</sup>))**

Category	2020G	2021G	2022G	2023G
Villas	4,002	4,200	5,466	5,985
Compound Annual Growth Rate			14.35%	

Source: Colliers, Real Estate General Authority, 2024G

Residential land transactions have also played a dominant role regarding Riyadh’s residential market, with notable price increases. The average transaction price per square meter for residential land grew by a CAGR of 17.30% between 2020 and 2023. This rise is attributed to the influx of major masterplans and developments in line with Saudi Arabia’s Vision 2030, heightening demand from both domestic and international investors.

**Table (2.5): Average Total Changes in Residential Land Transaction Prices (SAR/Net Saleable Area (m<sup>2</sup>))**

Category	2020G	2021G	2022G	2023G
Residential Lands	1,677	1,960	2,358	2,707
Compound Annual Growth Rate	17.30%			

Source: Colliers, Real Estate General Authority, 2024G

### 2.3.5 Market Trends

Looking ahead, the forthcoming supply of residential units is expected to rise, particularly in regions abundant in land availability, such as the Upper North and Far North East zones. Major projects like New Murabba and other large mixed-use megaprojects are anticipated to introduce approximately 285,000 units by 2030. The market’s overall performance is poised for continued growth, with growing transaction rates and prices, driven by demographic changes, urban expansion, and government initiatives aimed at economic diversification and housing development.

## 2.4 Retail Market Overview

### 2.4.1 Factors affecting the supply

The retail market in Riyadh is experiencing significant growth due to a combination of increasing population and urban development initiatives. The current supply of organized retail space totals approximately 3.63 million square meters, with malls comprising 48% of this total. The supply of retail space is further segmented into lifestyle destinations and convenience centers, with the former focusing heavily on food and beverage offerings. The supply growth is expected to reach an additional 1.79 million square meters by 2030, with several large-scale projects such as The New Murabba, Qiddiya, King Salman Park, and Diriyah Gate adding substantial retail components to the city.

Factors influencing the supply of retail space in Riyadh include the abundance of existing and forthcoming lifestyle destinations driven by the substantial food and beverage sector. There is also a noticeable expansion towards the outer northern, western, eastern, and southern regions of Riyadh, indicating ongoing urban growth. Furthermore, the market’s retail supply is expected to be bolstered by several large-scale projects set to launch in the coming years, although the Northeast and Far Northeast of Riyadh currently lack large-scale retail developments despite the influx of residential and office offerings in these regions.

### 2.4.2 Supply and demand

In Riyadh, the total Gross Leasable Area (GLA) for organized retail space was estimated to be approximately 3.63 million square meters in 2023. Malls are the dominant typology, accounting for about 48% of the total supply, with lifestyle destinations making up 21% of the total supply, and convenience centers accounting for 31% making up the remainder of the total supply. Malls primarily cater to general retail tenants, whereas convenience centers are more likely to house a higher proportion of grocery stores. Lifestyle destinations, on the other hand, tend to focus more on food and beverage offerings, catering to consumers seeking diverse dining experiences. This segmentation facilitates a clear differentiation in tenant mix, allowing both tenants and consumers to easily identify options that best meet their specific needs and preferences.

**Table (2.6): Analysis of supply from organised retail trade by pattern (total area for rent in m<sup>2</sup> II,000) (2023G)**

Category	Supply
Malls	1,736
Convenience Centers	779
Lifestyle Destinations	1,115
<b>Total</b>	<b>3,630</b>

Source: Colliers, 2024G

Looking forward, the total confirmed forthcoming supply of organized retail space is projected to be around 1.79 million square meters by 2030. Of this, 26% are expected to take the form of malls, while the remaining 74% will predominantly be lifestyle destinations. Some of the most significant upcoming projects in Riyadh's retail scene are The Avenues and Al Jawhara Mall, which are set to further enhance the city's retail offerings.

**Table (2.7): Expected under construction projects based on type and expected completion year (gross leasable area; m<sup>2</sup>)**

Category	2024G	2025G	2026G	2027G	2028G	2029G	2030G
Malls	65,000	335,000	-	-	-	-	65,000
Lifestyle Destinations	153,357	60,000	10,000	180,000	90,000	-	830,000
<b>Total</b>	<b>218,357</b>	<b>395,000</b>	<b>10,000</b>	<b>180,000</b>	<b>90,000</b>	<b>-</b>	<b>895,000</b>

Source: Colliers, 2024G

The demand for organized retail in Riyadh is anticipated to see a significant rise, expanding from approximately 3.63 million square meters to an estimated 6.26 million square meters by 2030. This surge is primarily driven by the spending of both city residents and tourists, with tourist expenditure expected to grow at a faster rate. However, the dominant driver of this increased demand will remain the consumption patterns and preferences of residents.

### 2.4.3 Current Market Forecast Indicators

Under a base case scenario, which assumes a projected population of 8.7 million and considering only the confirmed forthcoming supply, the retail gap is expected to reach approximately a GLA of 844,000 square meters by 2030. This projection highlights the ongoing transformation in Riyadh's retail landscape.

Under the Vision 2030 scenario for Riyadh's retail market, the demand for retail space is projected to reach approximately 9.76 million square meters GLA by 2030. The existing retail supply stands at around 3.63 million square meters GLA, with an additional 1.79 million square meters GLA under construction. This results in a significant market gap of approximately 4.35 million square meters GLA, indicating robust demand for retail spaces driven by the city's anticipated population growth to 15 million and increased consumer spending. Even when accounting for the planned supply, which amounts to 1.81 million square meters GLA, the market is expected to have an adjusted gap of 2.53 million square meters GLA, suggesting considerable opportunities for new retail developments to meet the growing demand and support the city's economic and urban expansion efforts.

Concurrently, notable shifts are occurring within the market, particularly with the rise of e-commerce as a viable alternative to traditional shopping methods. This shift has spurred a decrease in demand for conventional retail formats within malls and lifestyle venues, forcing developers to adapt by increasing the focus on entertainment offerings and multi-purposed, flexible, and adaptable spaces, such as pop-up stores, and click-and-collect pick-up points. These emerging trends are reshaping the retail environment, indicating a dynamic evolution in consumer behavior and market demand.

#### 2.4.4 Market Performance

Lease rates of line shops in Riyadh’s Grade A developments command a premium of approximately 41% on average compared to Grade B developments. Among different retail typologies, malls have the highest lease rates, averaging around 3,050 SAR/sqm, followed by lifestyle destinations at 2,373 SAR/sqm, and convenience centers at 1,693 SAR/sqm. Malls also see the highest occupancies throughout all typologies with a healthy 95% occupancy. This can be attributed to the substantial footfall that malls typically attract, making them prime locations for businesses and retailers. The overall market-wide occupancy rate in Riyadh stands at approximately 85%, indicating a relatively healthy and competitive retail market with strong demand for commercial spaces.

**Table (2.8): Performance Rates by Category (SAR/m<sup>2</sup>) – (2023G)**

Category	Minimum limit	Maximum limit	Average
Grade A	1,700	3,600	2,524
Grade B	1,200	2,600	1,788
Grade U	1,000	2,200	1,610

Source: Colliers, 2024G

**Table (2.9): Performance Rates by Type (SAR/m<sup>2</sup>) – (2023G)**

Category	Minimum limit	Maximum limit	Average
Malls	2,600	3,600	3,050
Convenience Centers	1,000	2,400	1,693
Lifestyle Destinations	1,200	3,300	2,373

Source: Colliers, 2024G

Occupancy rates vary across different types of retail spaces, with malls achieving the highest occupancy due to their ability to attract a diverse range of tenants and shoppers. Lifestyle destinations, which focus on providing a mix of retail and dining experiences in an outdoor setting, also exhibit high occupancy rates but slightly lower than malls, reflecting their growing popularity among consumers. Convenience centers, which are neighborhood-serving and convenience-oriented, tend to have lower occupancy rates compared to malls and lifestyle destinations, partly due to their smaller size and localized catchment areas.

**Table (2.I0): Occupancy rate by category (%) (2023G)**

Category	Occupancy
Grade A	82%
Grade B	80%
Grade U	90%

Source: Colliers, 2024G

**Table (2.II): Occupancy rate by type (%) (2023G)**

Category	Occupancy
Malls	95%
Convenience Centers	88%
Lifestyle Destinations	84%

Source: Colliers, 2024G

The high occupancy rates in malls and lifestyle destinations underscore the strong consumer preference for these retail formats, driven by their comprehensive tenant mix and attractive shopping environments. This trend is expected to continue as new developments and expansions, such as The New Murabba, Qiddiya, King Salman Park, and Diriyah Gate, are further boosting the retail market’s capacity to meet the growing demand. Overall, the robust occupancy rates and increasing lease rates highlight the vibrancy and resilience of Riyadh’s retail market, making it an attractive destination for investors and retailers alike.

Key trends include a shift towards lifestyle destinations and community-oriented retail spaces, with a notable focus on food and beverage offerings. The market is also seeing increased interest in transit-oriented mixed-use developments and co-working spaces. The rapid expansion of retail infrastructure, coupled with the strategic government initiatives, underscores the strong potential for new retail developments to meet the evolving needs of Riyadh’s growing and diversifying population.

### 2.4.5 Market Trends

Riyadh is poised for substantial growth with the launch of major projects like The New Murabba, Qiddiya, King Salman Park, and Diriyah Gate, which will significantly expand retail, office, hospitality, and residential sectors. The Northeast and Far Northeast regions, currently lacking large-scale retail developments, are expected to see a surge in diverse retail options to support incoming residential and office spaces.

Higher lease rates in malls and lifestyle destinations reflect strong footfall, whereas convenience centers offer a wider range of rates due to varied tenant mixes. Despite healthy occupancy rates, lifestyle destinations are underrepresented in the Northeast and Far Northeast, indicating a prime opportunity for retail expansion. As Riyadh’s population grows, demand for organized retail will rise, necessitating more retail and commercial services across the city.

## 2.5 Overview on Riyadh Office Market

### 2.5.1 Factors Affecting the Supply

Riyadh's office market is undergoing significant growth, driven by the city's expanding economic landscape. As the capital of Saudi Arabia, Riyadh is a central hub with a large population and strategic connections across the Kingdom. Over recent decades, the city has experienced steady growth in business sectors, population, and urban development. The north and central zones, particularly King Fahd Road and Olaya Street, have become the business centers, with these areas accounting for 61% of the total identified office supply. The Riyadh Development Plan, which includes projects like King Salman Park, Green Riyadh, and Riyadh Sports Boulevard, along with Vision 2030 and the Events Investment Fund, are key initiatives contributing to this economic growth. Significant mixed-use developments in North Riyadh, such as the King Abdullah Financial District (KAFD) and office plazas along Anas bin Malek Road, are part of this expansion. Major upcoming projects in the northern region include New Murabba and The Avenues.

The supply of office space in Riyadh is influenced by the government's efforts under Vision 2030 to diversify the economy, the development of major economic zones like KAFD, and urban expansion projects such as Diriyah Gate and Qiddiya. The Riyadh Development Plan also supports the city's infrastructure, making it an attractive location for new office developments. Government incentives and regulatory changes are encouraging the construction of new office spaces. Additionally, mixed-use projects incorporating residential, retail, hospitality, and office spaces, like New Murabba and Diriyah Gate, are expected to increase Riyadh's real estate supply by 2030.

### 2.5.2 Supply and Demand

The total office supply in Riyadh is estimated at c. 4.78 million square meters. Among the identified supply, premium offices are known for their iconic design, higher quality of construction and management, as well as offering of dedicated facilities, account for 43% of the overall supply. The distribution between Grade A and Grade B office spaces is balanced, with each category contributing about 10% to the identified supply. The remaining supply is accounted for by existing supply that does not fall under the categories of Premium, Grade A and Grade B office spaces.

**Table (2.I2): Supply by sector (in m<sup>2</sup> 1,000) (2023G)**

Category	Gross leasable area	Percentage
Premium	2,033	43%
Category A	462	10%
Category B	456	10%
Other	1,828	38%
<b>Total</b>	<b>4,779</b>	<b>100%</b>

Source: Colliers, 2024G

By 2030, an estimated 5.1 million square meters of new office supply is anticipated, out of which 2.2 million square meters are projects under construction and 2.96 million square meters are projects under planning, with mega projects accounting for approximately 73% of this figure.

With the projected total office demand of approximately 6.9 million square meters of Gross Leasable Area (GLA) by 2030 under the base case scenario, there is an anticipated negative gap of about 157,000 square meters, suggesting a potential oversupply in the market. However, given the competitive nature of the real estate sector, it is crucial to continuously assess incremental demand to strategically capture market share and optimize development efforts in Riyadh's evolving office market landscape.



### 2.5.3 Current Market Forecast Indicators

The office market in Riyadh is projected to experience varying levels of demand and supply depending on three key scenarios: Base Case, Riyadh Vision, and Normalized. Under the Base Case scenario, which assumes a 2.75% population growth rate and a 6.06% growth rate for white-collar workers, the demand for office space by 2030 is estimated to reach 6.9 million square meters. With an existing office supply of 4.8 million square meters and an additional 2.2 million square meters under construction, the market will face an oversupply of approximately 157,000 square meters. Including the planned supply of 2.9 million square meters, this oversupply increases significantly to 3.1 million square meters, potentially leading to lower lease rates and higher vacancy rates.

Conversely, the Riyadh Vision scenario, which targets a 9.98% population growth rate and a 14.35% growth rate for white-collar workers, forecasts a demand of 11.8 million square meters of office space by 2030. Given the same existing and under-construction supply figures, this scenario predicts a substantial market gap of 4.8 million square meters, indicating a strong demand for additional office space. Even with the planned supply, there remains a positive market gap of 1.8 million square meters, suggesting significant development opportunities. The Normalized scenario, with a 5.80% population growth rate and an 8.77% growth rate for white-collar workers, estimates a demand of 8.7 million square meters. This results in a market gap of 1.7 million square meters excluding planned supply, and an oversupply of 1.3 million square meters when including planned projects. These projections emphasize the need for strategic alignment of supply with demand to ensure market stability and growth.

### 2.5.4 Market Performance

The Riyadh office market is poised for significant growth, with current indicators highlighting a robust demand and supply trajectory. As of 2024, the total identified office supply stands at 2.95 million square meters, with Premium offices leading in average lease rates at 2,286 SAR/sqm, followed by Grade A at 1,382 SAR/sqm, and Grade B at 1,077 SAR/sqm. Occupancy rates are high, particularly for Premium offices at 96%. Future supply projections anticipate an influx of approximately 5.1 million square meters by 2030, driven by major projects such as Diriyah Gate II (1.2 million square meters) and King Salman Park (600,000 square meters). Demand is primarily fueled by the Finance, Insurance, and Real Estate (FIRE) sectors, with a strong preference for Premium and Grade A office spaces. The market has seen a consistent increase in lease rates post-COVID-19, reflecting a resurgence in commercial activities aligned with Vision 2030, which has catalyzed this demand, positioning Riyadh as a burgeoning corporate hub.

**Table (2.13): Average rental rents across categories (SAR/m<sup>2</sup>) (2023G)**

Category	2016G	2017G	2018G	2019G	2020G	2021G	2022G	2023G
Premium	1,566	1,511	1,475	1,695	1,563	1,673	1,860	2,286
Category A	1,100	986	1,023	1,067	1,094	1,134	1,272	1,382
Category B	792	730	729	605	647	760	919	1,077

Source: Colliers, 2024G

The lease rates have shown a consistent increase across all office grades since 2016, reflecting a post-COVID-19 resurgence and alignment with Saudi Arabia's Vision 2030. This vision has spurred significant commercial activities, resulting in higher lease rates. Premium properties have seen the most substantial increases, highlighting their desirability in the market.

Occupancy rates are notably high, with Premium offices at 96%, Grade A at 95%, and Grade B at 86%, resulting in an average occupancy rate of 95% across all grades. The total identified office supply stands at 2.95 million square meters, with significant future additions expected from projects like Diriyah Gate II and King Salman Park.

**Table (2.14): Occupancy rate by category (%) (2023G)**

Category	2023G
Premium	96%
Category A	95%
Category B	86%
Average	95%

Source: Colliers, 2024G

The Vision 2030 initiatives are significantly impacting demand, positioning Riyadh as a corporate hub. The future market outlook anticipates an increased requirement for office spaces to accommodate the growing workforce and the needs of businesses, with a projected increase in required office space of approximately 2.3 million square meters by 2030.

### 2.5.5 Market Trends

Riyadh is witnessing rising standards for office spaces as international companies enter the market and local companies compete for talent and clients. This is driving demand for premium and Grade A offices, especially in prime CBD locations for better accessibility and prestige. The western part of Riyadh, including areas like Diriyah Gate, Qiddiya, and Laysen Valley, is expected to see significant premium office developments.

By 2030, the demand for office space is projected to increase substantially to accommodate a growing workforce and the requirements of businesses. The influx of international and local companies, spurred by the city's rapid development under the 2030 Vision plan, will continue to shape the office market. This will create opportunities for high-quality office spaces, supporting Riyadh's ongoing economic and infrastructural growth.



### 3. Purchase of Real Estate Assets

The Company announced on 28/02/1446H (corresponding to 01/09/2024G) that it had entered into the Acquisition and In-Kind Contribution Agreement in relation to the Transaction. The Acquisition and In-Kind Contribution Agreement stipulated all the provisions and steps necessary to execute and complete the Transaction. For further details on the provisions of the Acquisition and In-Kind Contribution Agreement, please refer to Section (5-2-4) (“**Summary of Acquisition and In-Kind Contribution Agreement**”).

Under the provisions of the Acquisition and In-Kind Contribution Agreement, the Company will acquire the Real Estate Assets in exchange for the Company issuing Consideration Shares to the Subscriber by increasing its capital in accordance with the provisions of Article (60) of the OSCOs.

The Transaction involves the purchase of Real Estate Assets consisting of: (1) raw land with an area of (787,477.19) square metres located north of Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia (“**Al-Rimal Land**”) and (2) plot No 44/M of parcel number I578/C with an area of (214,000) square metres located south of the Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia (“**Al-Murooj Land**”) in exchange for issuing and allocating the Consideration Shares in favour of Remat Riyadh Company in exchange for the Seller’s in-kind contribution to the Real Estate Assets. The total number of issued Consideration Shares is fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) shares, with a total nominal value of five hundred sixty-one million, five hundred thirty thousand, four hundred and ten Saudi Riyals (SAR 561,530,410). These shares will be issued by increasing the Company’s current capital by 31.58% from one billion, seven hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion, three hundred thirty-nine million, three hundred eight thousand, one hundred and eighty Saudi Riyals (SAR 2,339,308,180) and increasing the number of its shares from one hundred seventy-seven million, seven hundred seventy-seven thousand, seven hundred and seventy-seven (177,777,777) ordinary shares to two hundred thirty-three million, nine hundred thirty thousand, and eight hundred and eighteen (233,930,818) ordinary shares. The following table shows the details of the Transaction consideration:

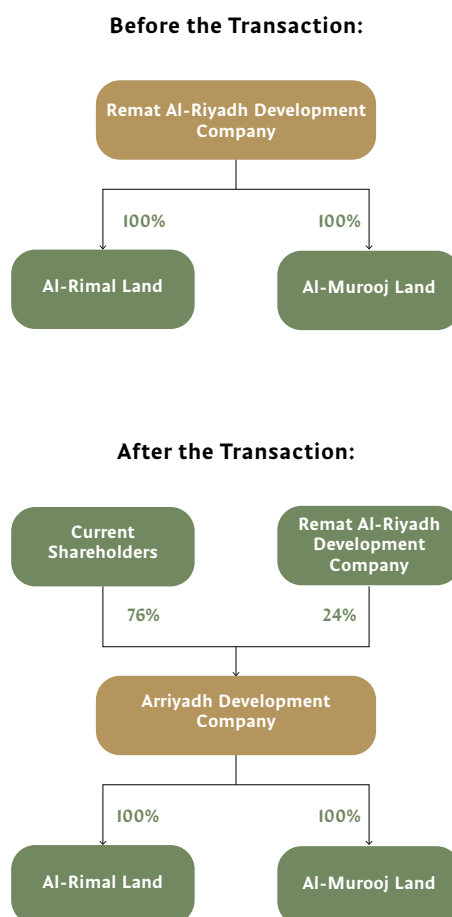
Real Estate Assets Valuation	<p>The average value of Al-Rimal Land between Mieyar Company and Esnad Company is SAR 935,004,088.</p> <p>The Company has agreed with Remat Al-Riyadh to value Al-Rimal Land at SAR 766,354,986.</p> <p>While the average value of Al-Murooj Land between Mieyar Company and Esnad Company is SAR 834,243,928.</p> <p>The Company has agreed with Remat Al-Riyadh to value Al-Murooj Land at SAR 637,471,039.</p>
Valuation of the Company’s Shares (for the purpose of the Transaction)	SAR 25 as of 25/02/1446H (corresponding to 29/08/2024G) (which is the agreed upon date for the purpose of determining the new shares).
Total market value of the Consideration Shares (based on the closing price of the Company’s share of (SAR 25) as of 25/02/1446H (corresponding to 29/08/2024G) (which is the agreed upon date for the purpose of determining the Consideration Shares)	SAR 1,403,826,025.
Total number of Consideration Shares	56,153,041 shares.
Total nominal value of Consideration Shares	SAR 561,530,410.
Company Valuation	SAR 4,444,444,425, calculated based on the closing price of the Issuer’s share, which amounted to (SAR 25) as of 25/02/1446H (corresponding to 29/08/2024G) (which is the date agreed upon for the purpose of determining the new shares).

After the Transaction Completion, the current shareholders of the Company will own 76.0% of the Company’s capital after the Capital Increase and Remat Al-Riyadh will own 24.0% of the Company’s capital.

It shall be noted that no fractional shares will be due to the Subscriber.

The following is a simplified model of the Transaction structure:

**Figure (3.1): Transaction Structure**



### 3.1 Transaction Rationale

On 28/2/1446H (corresponding to 01/09/2024G), the Company announced its conclusion of the Acquisition and In-Kind Contribution Agreement with Remat Al-Riyadh by increasing the Company’s capital by issuing Consideration Shares to Remat Al-Riyadh in exchange for its in-kind contribution to the Real Estate Assets.

The Transaction is in line with the Company’s strategy, as the Company launched the “Invest for Growth” strategy in early 2023G, with the aim of achieving sustainable growth and striving for excellence in real estate development and development management operations, strengthening the Company’s leadership position in the targeted sectors and raising the efficiency of operational activities and real estate management. The Company’s strategy aims at diversifying its investments, increasing the return on the asset portfolio and maximising the overall return for shareholders.

With respect to investing in real estate development activities, the Company has identified the following priority sectors:

- Investment in infrastructure development (raw lands)
- Investment in residential sector development
- Investment in commercial sector development (office and commercial)
- Investment in industrial and logistical real estate development and support services (warehouses, e-commerce support centres, professional labour housing, industrial complexes)
- Investment in building development in the educational sector

### Justification for acquiring Real Estate Assets:

#### 1- Achieving growth and expansion:

Acquiring new lands helps the Company expand the scope of its operations and increase its real estate projects in the targeted sectors. This also offers an opportunity to benefit from the growing demand for commercial and residential real estate in the Kingdom of Saudi Arabia, especially with the plans of the National Transformation Program, the Kingdom's Vision 2030 and the Riyadh City Strategy, whose initiative focuses on attracting investments in promising sectors, developing the capital and developing infrastructure.

#### 2- Enhancing the Asset Portfolio:

Acquiring Real Estate Assets contributes to strengthening the Company's asset portfolio, which enhances its financial strength and market value. This can lead to increased ability to obtain financial facilities and financing from financial institutions with better offers and more favourable terms, which supports future growth plans.

#### 3- Diversification of income sources:

Real estate assets can offer new opportunities for partnerships in the real estate development sector by playing the role of the main developer of projects in partnership with various real estate development companies. Different models of partnerships can also contribute to diversifying the Company's sources of income, such as development management fees and asset management fees, as this diversification contributes to reducing financial risks and increasing financial sustainability.

#### 4- Benefiting from economies of scale:

The Transaction involves acquiring distinctive assets with vast areas, which may lead to an opportunity to benefit from economies of scale and reduce the costs associated with real estate development operations, which include planning, design, supervision, quality control, supply and contracting costs. The economies of scale also extend to marketing, operation and maintenance operations after the completion of development operations, which positively reflects on the return on investment.

#### 5- Avoiding the financial burdens associated with direct land purchases:

Since the Transaction involves acquiring assets through in-kind contribution, it represents an opportunity to avoid the financial burdens associated with direct cash land purchases, which include the costs of seeking, in addition to providing the opportunity to benefit from the facilities resulting from the exemption from real estate transaction tax.

#### 6- Benefiting from the increase in asset values:

Real Estate Assets are characterised by their value increasing over time, especially in areas witnessing urban growth and infrastructure expansion. The Company's acquisition of new plots can be a strategic investment, achieving high financial returns in the future as a result of their value increasing.

## 7- Strategic partnership with Remat Al-Riyadh Development Company:

The acquisition of Real Estate Assets from Remat Al-Riyadh, the development arm for Riyadh Region Municipality, in exchange for issuing Consideration Shares to Remat Al-Riyadh and its entry as a shareholder in the Company, represents an opportunity to enhance the alignment between the Riyadh Region Municipality's development objectives and goals towards achieving sustainability and financial balance for the Municipality and the Company's investment objectives. It also enhances the determination of the Company's position within the real estate market as one of the most prominent owners, developers and operators of public benefit markets in the capital, Riyadh, in particular and the Kingdom in general.

The Transaction is expected to contribute to achieving several key objectives that will benefit the Company's current and future shareholders, including but not limited to:

- Utilising the Company's liquidity to develop targeted projects that are consistent with its strategy, including Real Estate Assets and maintaining low financing risks by relying more on available self-financing sources
- Positively affecting future profitability of share by increasing the Company's annual income through the development of Real Estate Assets, with the completion of these projects
- Accelerating the achievement of the Company's long-term financial goals during 2029G-2030G instead of 2032G-2033G

After Transaction Completion, the Company's current shareholders will own 76.0% of the Company's capital, while Remat Al-Riyadh will own 24.0% of the Company's capital.

The Company's acquisition of Real Estate Assets is a strategic step that reflects the Company's ambition to grow and expand its operations. This step enhances the Company's position in the real estate market and creates new opportunities for expansion and profitability, which supports the Company's future goals and contributes to achieving its strategic aspirations within the Kingdom's Vision 2030. It is worth noting that there is an initial direction to develop the project and the Company has begun preparing a study for the best use of the Real Estate Assets. It is expected that the Board of Directors will approve the detailed work plan after the Extraordinary General Assembly approves the Transaction Resolutions and after the transfer of the Real Estate Assets. The Company does not intend to procure external financing to finance projects related to Real Estate Assets, as the Company's own resources will be relied upon to finance those projects.

## 3.2 Ownership of the Company's Board of Directors

The following table shows the ownership of the Company's Board Directors in the Company as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (3.1): Ownership of the Company's Board of Directors**

Name	Position	Capacity	Representa- tion	Ownership in the Company			
				Direct own- ership	Indirect Ownership <sup>(1)</sup>	Total Sum	Percentage
His Highness Prince/Faisal bin Abdulaziz bin Ayyaf	Chairman	Independent	Riyadh Region Municipality	N/A	35.554 <sup>(2)</sup>	35.554	0.020%
Mr Majid bin Nasser Al Subaie	Vice Chairman	Independent	-	184,942	7,825,817 <sup>(3)</sup>	8,010,759	4.506%
Mr Abdul-Ilah bin Abdul Rahman Al Hussein	Board Director	Independent	-	111,677	448.427 <sup>(4)</sup>	560.104	0.315%
Mr Suleiman bin Nasser Al Qahtani	Board Director	Independent	-	N/A	N/A	N/A	-
Mr Abdul Rahman bin Ayed Al Qahtani	Board Director	Non- executive	-	69,375	N/A	69,375	0.039%

Name	Position	Capacity	Representation	Ownership in the Company			
				Direct ownership	Indirect Ownership <sup>(1)</sup>	Total Sum	Percentage
Mr Nayef bin Ibrahim Al Hadithi	Board Director	Independent	-	N/A	N/A	N/A	-
Mr Fahd bin Abdullah Al Qassim	Board Director	Independent	-	2,000	N/A	2,000	0,001%
Mr Abdullah bin Mohamed Al Bahouth	Board Director	Non-executive	General Organization for Social Insurance (GOSI)	N/A	8,800,001 <sup>(5)</sup>	8,800,001	4.950%

Source: The Company

- (1) Shares in which they have an indirect interest, meaning shares directly owned by: (1) companies controlled by the member, (2) relatives of the member, i.e. his wife and minor children or (3) the entity represented by the member.
- (2) Represents the ownership of the Riyadh Region Municipality in the Company, of which the member is a Representative on the Board of Directors.
- (3) Represents the ownership of the member's wife in the Issuer.
- (4) Represents the ownership of Abdul-Ilah bin Abdul Rahman Al Hussein and his Partner Transport Company, in the Issuer, a company controlled by the member.
- (5) The ownership of GOSI in the Issuer, of which the member is a Representative on the Issuer's Board of Directors.

### 3.3 Governance of the Company's Board of Directors after the Transaction Completion

The Company does not seek to make any changes to its current Board of Directors or executive management as a result of the Transaction.

### 3.4 Related Party and Director Interested in the Transaction

The Transaction involves a Related Party, as Remat Al-Riyadh is deemed a Related Party since the Chairman of the Board of Directors of the Company is a Representative of the Riyadh Region Municipality, which fully owns Remat Al-Riyadh. The table below shows the details of the ownership of the Related Party in the Transaction as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (3.2): Details of the Ownership of the Conflicted Board Member**

Name	Reason for being a Related Party	Direct ownership in the Company			
		Before the Transaction Completion		After the Transaction Completion	
		Number of shares	Ownership Percentage	Number of shares	Ownership Percentage
Remat Al-Riyadh	Since the Chairman of the Board of Directors of the Company is a Representative of Riyadh Region Municipality, which fully owns Remat Al-Riyadh.	N/A	N/A	56,153,041	24.004%
<b>Total</b>		-	-	<b>56,153,041</b>	<b>24.0%</b>

It is worth noting that the Board of Directors' Chairman, His Highness Prince Dr. Faisal bin Abdulaziz bin Ayyaf has an interest in the Transaction, which he disclosed to the Board of Directors, as he is the Chairman of the Board of Directors of the Company and Chairman of the board of directors of Remat Al-Riyadh. He subsequently abstained from participating in voting on the Transaction Resolutions. The table below shows the indirect ownership details of the conflicted board member of the Transaction (being a representative of Riyadh Region Municipality in Arriyadh Development Company) in the Company and Remat Al-Riyadh (in its capacity as the Seller) as of 14/04/1446H (corresponding to 17/10/2024G):



**Table (3.3): Details of the Indirect Ownership of the Conflicted Board Member of the Transaction in the Company and Remat Al-Riyadh**

Name	Nature of Interest	Ownership in the Company				Ownership in Remat Al-Riyadh			
		Direct	Indirect <sup>(1)</sup>	Total Sum	Per-centage	Direct	Indirect <sup>(1)</sup>	Total Sum	Per-centage
His Highness Prince Dr. Faisal bin Abdulaziz bin Ayyaf	He is Chairman of the Board of Directors of the Company and Chairman of the board of directors of Remat Al-Riyadh. He is also a Representative of Riyadh Region Municipality, which owns shares in the Company and all shares of Remat Al-Riyadh.	N/A	35,554 <sup>(2)</sup>	35,554	0.020%	N/A	55,387,104 <sup>(3)</sup>	55,387,104	100%

Source: The Company

- (1) Includes shares in which he has an indirect interest, meaning shares directly owned by: (1) companies controlled by the member, (2) relatives of the member, i.e. his wife and minor children or (3) the entity represented by the member.
- (2) Represents the ownership of Riyadh Region Municipality in the Company, which is the entity represented by the Board of Directors' Chairman.
- (3) Represents the ownership of Riyadh Region Municipality in Remat Al-Riyadh, as the Chairman of the Board of Directors of the Company is the Chairman of the board of directors of Remat Al-Riyadh .

### 3.5 Ownership Structure before and after the Transaction Completion

Currently, there are no Substantial Shareholders in the Company. However, after the Transaction Completion, Remat Al-Riyadh will be a Substantial Shareholder in the Company. The following table shows the details of the ownership of the Company's Substantial Shareholders, Board Directors, Senior Executives and the Public before and after the Transaction Completion, as of 14/04/1446H (corresponding to 17/10/2024G):

**Table (3.4): Details of the Company's Substantial Shareholders, Directors, Senior Executives and the Public Ownership before and after the Transaction Completion**

Shareholder	Before the Transaction Completion		After the Transaction Completion	
	Number of shares in the Company	Percentage of ownership in the Company	Number of shares in the Company	Percentage of ownership in the Company
Remat Al-Riyadh	N/A	N/A	56,153,041	24.004%
Board Directors of the Company <sup>(1)</sup>	9,203,549	5.177%	9,203,549	3.934%
Non-Public <sup>(2)</sup>	8,274,244	4.654%	8,274,244	3.537%
The Public <sup>(3)</sup>	160,299,984	90.169%	160,299,984	68.525%
<b>Total</b>	<b>177,777,777</b>	<b>100%</b>	<b>233,930,818</b>	<b>100%</b>

- (1) Based on the shares owned directly and indirectly by the Directors in the Company. For further details on indirect ownership and interest, please refer to Section (3-2) "**Ownership of the Company's Board of Directors**".
- (2) The non-Public category is represented by the following: (a) Ms Faten Saleh Abdulaziz Al Rajhi (in her capacity as the wife of Mr Majid Nasser Mohammed Al Subeaei, who is a board member of the Issuer) and (b) Abdul-Ilah bin Abdul Rahman Al Hussein and Partner Transport Company (in its capacity as a company controlled by Mr Abdul-Ilah Abdulrahman Saleh Al Hussein, who is a board member of the Issuer).
- (3) This does not include shares owned directly and indirectly by the Board Directors and Senior Executives of the Company and Remat Al-Riyadh (after Transaction Completion).

## 3.6 Overview of the Real Estate Assets

### 3.6.1 Al-Rimal Land

Al-Rimal Land is a raw land wholly owned by Remat Al-Riyadh with an area of 787,477.19 square metres. The ownership of Al-Rimal Land was transferred to Remat Al-Riyadh under Deed No 962024000435 dated 04/11/1445H.

The land is located in the north of Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia. The land is vacant and fully fenced, and is located on main roads, as it is bordered to the north by Shuaib Al Barshaa Pedestrian Plan No. 4039 with a length of 1,854.01 metres, and to the south by Dammam Expressway with a width of 40 metres followed by a street with a width of 100 metres and a length of 1,705.68 metres, and to the east by Al Janadriyah Road with a width of 60 metres and a length of 113.96 metres, and to the west by a street with a width of 30 metres and a length of 451.87 metres.

The location of the land enjoys a view of a main road and is located near some projects such as King Fahd International Stadium, Roshn Project, King Khalid International Airport and Princess Nourah University.

Currently, Al-Rimal Land is raw land. The Company plans to develop the land as infrastructure.

The following image shows the geographical location of Al-Rimal Land:

**Figure (3.2): Geographical Location of Al-Rimal Land**



### 3.6.2 Al-Murooj Land

Al-Murooj Land is a plot wholly owned by Remat Al-Riyadh with an area of 214,000 square metres. Its ownership was transferred to Remat Al-Riyadh under Deed No 210115065761 dated 10/03/1444H.

The land is located south of the Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia (plot No. 44/M of parcel number 1578/C). The land is bordered to the north by a street with a width of 36 meters and a length of 400 metres, to the south by a street with a width of 30 metres and a length of 400 metres, to the east by a street with a width of 30 metres and a length of 535 metres and to the west by a street with a width of 30 metres and a length of 535 metres.

The land is close to many significant projects in Riyadh, such as the King Abdullah Financial District, King Salman Park, and King Khalid International Airport.

Currently, there is a central market for vegetable, fruit, meat and poultry on the land (known as the Northern Market for Vegetable and Fruit). The Company plans to develop the land as an infrastructure and superstructure.

The following image shows the geographical location of Al-Murooj Land:

**Figure (3.3): Geographical Location of Al-Murooj Land**



### 3.7 Real Estate Assets Valuation

The Company has appointed two real estate appraisers licensed by the Saudi Authority of Accredited Valuers (Taqeem) to conduct the valuation of the Real Estate Assets, namely, Mieyar Al Qima Real Estate Appraisal Company (“**Mieyar Company**”) and Esnad Real Estate Company (“**Esnad Company**”). These valuations are essential to accurately estimate the market value of Real Estate Assets. The Financial Advisor (SNB Capital Company) relied on the weighted average of the valuations of the real estate appraisers due to their experience in this field.

The two real estate appraisers followed two methods in valuing Real Estate Assets:

- ◆ **Market Method:**

This method provides indicators of value by comparing the asset being valued with identical or similar assets for which information about their prices is available. According to this method, the first step is to study the transactions prices of identical or similar assets that have recently taken place in the market, even if the transactions that have taken place are few. It is also better to study the prices of identical or similar assets listed or offered for sale, provided that this information is clear and has been analysed objectively. Information on the prices of such Transactions shall be adjusted to reflect differences in the terms and conditions of the actual Transaction, the basis of value and the assumptions that are adopted in the valuation process being carried out. There may also be differences in the legal, economic and physical characteristics of the assets of other Transactions, as compared to the asset being valued.

- ◆ **Residual Value Method:**

The residual value method is used to analyse development or treatment offers to determine their suitability and safety or define the price that can be paid to purchase the site or existing facilities.

These plots are usually vacant plot or plots with old buildings that are being removed or restored and renovated. This method is based on the assumption that the price that the buyer can pay for this property is the value of the excess proceeds from the sale or the value of the construction works completed after deducting the total costs such as construction works, financing, costs and contingent liabilities.

In valuing the Real Estate Assets subject to the Transaction, the appraisers relied on several assumptions to make the most of the building regulations available for the real estate development assets and the future expectations regarding them. These assumptions are generally not fixed or unified, and reflect future plans and expectations in the event that the Company decides to develop the properties in the future. Accordingly, the evaluation in this section shall be studied taking this matter into consideration.

### 3.7.1 Al-Rimal Land

The following table shows the valuation of real estate appraisers of Al-Rimal Land based on the residual value method:

**Table (3.5): Real Estate Valuators' Valuation of Al-Rimal Land Based on the Residual Value Method**

	Mieyar Company (Residual Value Method)	Esnad Company (Residual Value Method)
Property Area (m <sup>2</sup> )	787,477.19	
Total Expected Income (SAR)	1,370,761,545	1,241,157,570
Total Development Value (SAR)	140,416,271	114,105,445
Total Property Value (SAR)	1,230,345,274	1,127,052,125
Cash Discount Factor (%)	10.12%	11.00%
Current Value Factor (%)	0.75%	-
<b>Property Valuation (SAR)</b>	<b>921,357,971</b>	<b>948,650,205</b>
<b>Average Property Valuation Among Real Estate Appraisers (SAR)</b>	<b>935,004,088</b>	

Source: Real Estate Valuation Reports

### 3.7.2 North Market – Al-Murooj Land

The following table shows the valuation of Mieyar Company for North Market – Al-Murooj Land based on the market approach:

**Table (3.6): Mieyar Company's Valuation of the North Market - Al-Murooj Land Based on the Market Method**

	(Market Method)
Sale Price After Comparative Settlements 1 (SAR/m <sup>2</sup> )	4,352
Relative Weight (%)	30%
Sale Price After Comparative Settlements 2 (SAR/m <sup>2</sup> )	3,571
Relative Weight (%)	35%
Sale Price After Comparative Settlements 3 (SAR/m <sup>2</sup> )	3,920
Relative Weight (%)	35%
Square Meter Value	4,000
Property Area (m <sup>2</sup> )	214,000
<b>Property Valuation (SAR)</b>	<b>856,000,000</b>

Source: Real Estate Valuation Reports

The following table shows the valuation of Esnad Company for North Market – Al-Murooj Land based on the residual value method:

**Table (3.7): Esnad Company's Valuation of the North Market - Al-Murooj Land Based on the Residual Value Method**

	(Residual Value Method)
Property Area (m <sup>2</sup> )	214,000
Total Expected Income (SAR)	878,248,753
Total Development Value (SAR)	25,840,500
Total Property Value (SAR)	852,408,253
Cash Discount Factor (%)	10.0%
Current Value Factor (%)	-
<b>Property Valuation (SAR)</b>	<b>812,487,855</b>
<b>Average current property value among real estate appraisers (SAR)</b>	<b>834,243,928</b>

Source: Real Estate Valuation Reports

### 3.7.3 Financial appraisal summary

The following table shows the summary of the real estate appraisal of the assets to be acquired:

**Table (3.8): Summary of the Real Estate Valuation of the Assets to be Acquired**

	Al-Rimal Land	Al-Murooj Land
Property Area (m <sup>2</sup> )	787,477.19	214,000
Mieyar Company's opinion on the current property value (SAR)	921,357,971	856,000,000
Mieyar Company's valuation method	Residual Value Method	Market Method
Esnad Company's opinion on the current property value (SAR)	948,650,205	812,487,855
Esnad Company's valuation method	Residual Value Method	Residual Value Method
<b>Average Property Valuation Among Real Estate Appraisers (SAR)</b>	<b>935,004,088</b>	<b>834,243,928</b>
<b>Agreed upon value between the Company and Remat Al-Riyadh (SAR)</b>	<b>766,354,986</b>	<b>637,471,039</b>
<b>Difference between average real estate appraisal and agreed upon value (million SAR)</b>	<b>168,649,102</b>	<b>196,772,889</b>

Source: Real Estate Valuation Reports

### 3.7.4 Valuation of Al-Rimal Land and Agreed upon Value with Remat Al-Riyadh

Al-Rimal Land was valued by Mieyar Company using the residual value method at an amount of SAR 921,357,971 and Al-Rimal Land was valued by Esnad Company using the residual value method at an amount of SAR 948,650,205. The average value of Al-Rimal Land between Mieyar Company and Esnad Company is SAR 935,004,088. Accordingly, the Financial Advisor (SNB Capital Company) has relied on the weighted average of the real estate appraisers' valuations due to their experience in this field.

The Company agreed with Remat Al-Riyadh to value Al-Rimal Land at seven hundred sixty-six million, three hundred fifty-four thousand, nine hundred and eighty-six Saudi Riyals (SAR 766,354,986).

### 3.7.5 Valuation of Al-Murooj Land and the agreed upon value with Remat Al-Riyadh

The Al-Murooj Land was valued by Mieyar Company using the market method at SAR 856,000,000 and the Al-Murooj Land was valued by Esnad Company using the residual value method at SAR 812,487,855. The average value of Al-Murooj Land between Mieyar Company and Esnad Company is SAR 834,243,928. Accordingly, the Financial Advisor (SNB Capital Company) has relied on the weighted average of the real estate appraisers' valuations due to their experience in this field.

The Company agreed with Remat Al-Riyadh to value the Al-Murooj Land at six hundred thirty-seven million, four hundred seventy-one thousand, and thirty-nine Saudi Riyals (SAR 637,471,039).

## 3.8 Financial Valuation of the Company and the agreed upon Value with Remat Al-Riyadh

The Volume Weighted Average Price (VWAP) is the main measure for evaluating acquisitions in listed companies to increase their capital in exchange for assets.

The share price of Arriyadh Development Company for the purpose of Transaction was evaluated by the Financial Advisor of Arriyadh Development Company (SNB Capital Company) at a price of approximately SAR 23.6 per share, using the volume-weighted average price (VWAP) for ninety (90) trading days of Arriyadh Development Company for the period extended from 12/10/1445H (corresponding to 21 April 2024G) until 25/2/1446H (corresponding to 29 August 2024G).

Accordingly, it was agreed between the Company and Remat Al-Riyadh that the market value of the Company will be calculated based on the Volume Weighted Average Price (VWAP) over a period of 90 days, provided that this price shall not be less than the closing price on Thursday, 29 August 2024G (the agreed upon date for the purpose of determining the new shares).

On Thursday, 29 August 2024, the closing price was SAR 25.0 per share and the Volume Weighted Average Price (VWAP) over a period of 90 days was SAR 23.6 per share, and the closing price was higher than the Volume Weighted Average Price (VWAP) over a period of 90 days. Accordingly, the agreed market value between the Company and Remat Al-Riyadh was calculated, which is equivalent to SAR 4,444.4 million.

The following is a summary of the consideration based on what was agreed upon between the Company and Remat Al-Riyadh:

<b>The final value of the Real Estate Assets agreed upon between the Company and Remat Al-Riyadh</b>	(SAR 1,403,826,025) one billion, four hundred and three million, eight hundred and twenty-six thousand, twenty-five Saudi Riyals.
<b>The Agreed Upon Consideration</b>	Issuing (56,153,041) fifty-six million, one hundred and fifty-three thousand, and forty-one new ordinary shares in the Company with a nominal value of ten (SAR 10) per share in favour of Remat Al-Riyadh.
<b>The portion of the Consideration that will be paid through cash</b>	No cash will be used to pay the consideration.
<b>The portion of the Consideration that will be paid through the proposed shares to be issued</b>	(56,153,041) fifty-six million, one hundred and fifty-three thousand, and forty-one new ordinary shares.

### 3.9 Pro-forma Financial Statements Reflecting the Financial Position of the Company after the Purchase

#### Assumptions and basis of preparation

The pro-forma financial information has been prepared for inclusion in the Shareholders Circular in relation to an arrangement involving the Transaction announced by the Company on 1 September 2024G, regarding its intention to purchase investment properties from Remat Al-Riyadh Development Company for a value of SAR 1,403,826,025 through the issuance of 56,153,041 new ordinary shares (the "Transaction"), which represents an increase of 31.586% of the current capital (pre-purchase).

Remat Al-Riyadh Development Company will acquire 24% of the shares of Arriyadh Development Company after increasing the Company's capital (post-purchase) at a price of SAR 25 per share (closing price on 29 August 2024G on the Tadawul platform), thus the value of the Capital Increase amounted to SAR 561,530.41, making the capital after the purchase SAR 2,339,308,180. The value of the additional paid-up capital amounted to SAR 842,295,615.

Below are the details of the investment properties that the Company intends to purchase:

**Table (3.9): Details of the Investment Properties that the Company Intends to Purchase**

Name of the property	Area (Sqm)	Agreed upon Purchase Value (SAR)	Property Location
Al-Rimal Land	787,477.19	766,354,986	Northern Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia.
Al-Murooj Land	214,000	637,471,039	South of Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia.

The Company has prepared the financial statements and obtained the independent auditor confirmation report on the compilation of the pro-forma (unaudited) financial information included in the Circular to illustrate the impact of the Transaction and related assumptions (the "Transaction") on the Company's financial position as at 30 June 2024G, its financial performance, cash flows and changes in shareholders' equity for the six-month period ended 30 June 2024G, as if the Transaction had taken place on 01 January 2024G. Regarding the Company's financial position as of 31 December 2023G, its financial performance, cash flows and changes in shareholders' equity for the year ended 31 December 2023G, as if the Transaction had taken place on 01 January 2024G.

Accordingly, the effect of the Transaction with Pro-forma amendments is as follows:

- An increase in the Company's issued capital by SAR 561,530,410.
- An increase in the Company's additional paid-up capital by SAR 842,295,615.
- An increase in the Company's investment properties by SAR 1,403,826,025.

Except for the impact on earning per share, the pro-forma amendments did not include any amendments that impact other items including those in the statement of profit and loss and other comprehensive income for the six-month period ended 30 June 2024G and for the year ended 31 December 2023G, as no adjustments or assumptions were made to these items.

The Company's Management extracted the actual information in relation to the Company's financial position as of 31 December 2023G and 30 June 2024G, its financial performance, cash flows and changes in shareholders' equity for the six-month period ended 30 June 2024G and for the year ended 31 December 2023G, from the Company's financial statements for the six-month period ended 31 December 2023G, for which a limited review report was published. The Company's Management also extracted the information regarding the Company's financial position as of 31 December 2023G, its financial performance, cash flows and changes in shareholders' equity for the year ended 31 December 2023G, from the Company's financial statements for the year ended 31 December 2023G, for which an audit report was published.

The pro-forma financial information may not provide a true image of the actual financial position or results of operations of Riyadh Development Company that would have been achieved if the Transaction had been completed on the dates indicated above. In addition, this pro-forma information is not intended to predict the future financial position of Arriyadh Development Company or results of operations.

Also, this pro-forma financial information has been prepared on the basis of assumptions, estimates, uncertainties and currently available information and is addressed for illustrative purposes only. Accordingly, the accompanying pro-forma financial information may not reflect the true image of the actual financial position or actual financial results of the Company's operations, as it depends on the completion of all legal procedures and regulatory approvals related to the planned Transaction on a future date. The pro-forma financial information is for informational purposes only and shall not be considered an indication of the actual results that could have been achieved had the Transaction been carried out on the specified date, and is not intended to indicate our future results of operations or financial position.

The purchase process is subject to the fulfilment of a number of conditions, including (but not limited to) obtaining the required regulatory approvals and the approval of the Company's extraordinary general assembly for the purchase and other conditions stipulated in the purchase agreement.

The Company's financial information has been compiled and prepared in accordance with the requirements of Annex (20) of the OSCOs issued by the Board of the CMA in the Kingdom of Saudi Arabia. The assumptions and estimates related to the adjustments to the financial information are set out in the accompanying notes and shall be read in conjunction with the descriptive financial information.

The pro-forma financial information is presented in Saudi Riyals, which is the Company's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.



### 3.9.1 Notes to the Pro-forma Financial Information

#### 3.9.1.1 Matching the Pro-forma Statement of Financial Position as of 30 June 2024G:

**Table (3.10): Matching the Pro-forma Statement of Financial Position as of 30 June 2024G**

	Actual (unaudited)	Pro-forma amendments	Pro-forma (unaudited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Machinery and equipment	13,449,924	0	13,449,924
Investment properties	1,502,746,952	1,403,826,025	2,906,572,977
Right-of-use assets	42,867,863	0	42,867,863
Investment properties under development	17,957,409	0	17,957,409
Investments classified as fair value through other comprehensive income	986,929	0	986,929
Investment in an associate	123,462,669	0	123,462,669
<b>Total non-current assets</b>	<b>1,701,471,746</b>	<b>1,403,826,025</b>	<b>3,105,297,771</b>
<b>Current assets</b>			
Receivables, prepaid expenses and other receivables	104,587,959	0	104,587,959
Murabaha investment deposits - short term	930,000,000	0	930,000,000
Assets held for sale	2,247,695	0	2,247,695
Cash at banks	28,915,521	0	28,915,521
<b>Total current assets</b>	<b>1,065,751,175</b>	<b>0</b>	<b>1,065,751,175</b>
<b>Total assets</b>	<b>2,767,222,921</b>	<b>1,403,826,025</b>	<b>4,171,048,946</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Capital	1,777,777,770	561,530,410	2,339,308,180
Additional paid capital	0	842,295,615	842,295,615
Statutory reserve	155,081,438	0	155,081,438
Retained earnings	524,299,857	0	524,299,857
Reserve for revaluation of investments classified at fair value through other comprehensive income	(2,813,070)	0	(2,813,070)
<b>Total shareholders' equity</b>	<b>2,454,345,995</b>	<b>1,403,826,025</b>	<b>3,858,172,020</b>

	Actual (unaudited)	Pro-forma amendments	Pro-forma (unaudited)
<b>Non-current liabilities</b>			
Lease liabilities	43,215,723	0	43,215,723
Defined employee benefit liabilities	13,091,998	0	13,091,998
<b>Total non-current liabilities</b>	<b>56,307,721</b>	<b>0</b>	<b>56,307,721</b>
<b>Current liabilities</b>			
Payables, accrued expenses and other payables	146,897,366	0	146,897,366
Lease Liabilities – Current Part	6,171,871	0	6,171,871
Accrued dividends	75,759,856	0	75,759,856
Zakat provision	27,740,112	0	27,740,112
<b>Total current liabilities</b>	<b>256,569,205</b>	<b>0</b>	<b>256,569,205</b>
<b>Total liabilities</b>	<b>312,876,926</b>	<b>0</b>	<b>312,876,926</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,767,222,921</b>	<b>1,403,826,025</b>	<b>4,171,048,946</b>

### 3.9.1.2 Matching the Pro-forma statement of financial position as of 31 December 2023G:

**Table (3.II): Matching the Pro-forma Statement of Financial Position as of 31 December 2023G**

	Actual (audited)	Pro-forma amendments	Pro-forma (Unreviewed)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Machinery and equipment	12,524,996	0	12,524,996
Investment properties	1,490,786,762	1,403,826,025	2,894,612,787
Right-of-use assets	45,113,224	0	45,113,224
Investment properties under development	19,888,240	0	19,888,240
Investments classified as fair value through other comprehensive income	986,929	0	986,929
Investment in an associate	237,264,477	0	237,264,477
Murabaha investment deposits - long term	600,000,000	0	600,000,000
<b>Total non-current assets</b>	<b>2,406,564,628</b>	<b>1,403,826,025</b>	<b>3,810,390,653</b>
<b>Current assets</b>			
Receivables, prepaid expenses and other receivables	68,314,757	0	68,314,757

	Actual (audited)	Pro-forma amendments	Pro-forma (Unreviewed)
Murabaha investment deposits - short term	270,000,000	0	270,000,000
Assets held for sale	2,247,695	0	2,247,695
Cash at banks	44,981,796	0	44,981,796
<b>Total current assets</b>	<b>385,544,248</b>	<b>0</b>	<b>385,544,248</b>
<b>Total assets</b>	<b>2,792,108,876</b>	<b>1,403,826,025</b>	<b>4,195,934,901</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Capital	1,777,777,770	561,530,410	2,339,308,108
Additional paid capital	0	842,295,615	842,295,615
Statutory reserve	155,081,438	0	155,081,438
Retained earnings	450,786,058	0	450,786,058
Reserve for revaluation of investments classified at fair value through other comprehensive income	(2,813,070)	0	(2,813,070)
<b>Total shareholders' equity</b>	<b>2,380,832,196</b>	<b>1,403,826,025</b>	<b>3,784,658,221</b>
<b>Non-current liabilities</b>			
Lease liabilities	42,077,256	0	42,077,256
Defined employee benefit liabilities	12,404,275	0	12,404,275
<b>Total non-current liabilities</b>	<b>54,481,531</b>	<b>0</b>	<b>54,481,531</b>
<b>Current liabilities</b>			
Payables, accrued expenses and other payables	294,654,208	0	294,654,208
Lease Liabilities – Current Part	6,009,280	0	6,009,280
Accrued dividends	74,251,232	0	74,251,232
Zakat provision	26,880,429	0	26,880,429
<b>Total current liabilities</b>	<b>356,795,149</b>	<b>0</b>	<b>356,795,149</b>
<b>Total liabilities</b>	<b>411,276,680</b>	<b>0</b>	<b>411,276,680</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,792,108,876</b>	<b>1,403,826,025</b>	<b>4,195,934,901</b>

### 3.9.1.3 Matching the Pro-forma Statement of Profit and Loss and Other Comprehensive Income for the Period ended 31 December 2023G

**Table (3.12): Matching the Pro-forma Statement of Profit and Loss and Other Comprehensive Income as of 31 December 2023G**

	Actual (audited)	Pro-forma amendments	Pro-forma (Unreviewed)
Revenues	339,185,405	0	339,185,405
Cost of revenues	(122,974,851)	0	(122,974,851)
<b>Gross profit</b>	<b>216,210,554</b>	<b>0</b>	<b>216,210,554</b>
General and administrative expenses	(69,102,952)	0	(69,102,952)
Profit for the period from main business	147,107,602	0	147,107,602
Financing costs	(2707289)	0	(2707289)
Murabaha deposit revenues	37,922,988	0	37,922,988
Company's share in associate's profits	97,498,489	0	97,498,489
Other revenues	12,037,981	0	12,037,981
Net profit for the period before zakat	291,859,771	0	291,859,771
Zakat	(20,320,238)	0	(20,320,238)
<b>Net profit for the period</b>	<b>271,539,533</b>	<b>0</b>	<b>271,539,533</b>
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Actuarial gains on employee benefit liabilities	544,946	0	544,946
Change in fair value of investments through other comprehensive income	0	0	0
Total other comprehensive income for the period	0	0	0
<b>Total comprehensive income for the period</b>	<b>272,084,479</b>	<b>0</b>	<b>272,084,479</b>

### 3.9.1.4 Matching the Pro-forma Statement of Profit and Loss and Other Comprehensive Income for the Period ended 30 June 2024G

**Table (3.13): Matching the Pro-forma Statement of Profit and Loss and Other Comprehensive Income as of 30 June 2024G**

	Actual (unaudited)	Pro-forma amendments	Pro-forma (Unreviewed)
Revenues	155,469,578	0	155,469,578
Cost of revenues	(55,483,849)	0	(55,483,849)
<b>Gross profit</b>	<b>99,985,729</b>	<b>0</b>	<b>99,985,729</b>
General and administrative expenses	(32,062,931)	0	(32,062,931)
Profit for the period from main business	67,922,798	0	67,922,798
Financing costs	(1,301,058)	0	(1,301,058)
Murabaha deposit revenues	28,502,474	0	28,502,474
Company's share in associate's profits	61,035,792		61,035,792
Other revenues	27,494,541	0	27,494,541
Net profit for the period before zakat	183,654,547	0	183,654,547
Zakat	(21,251,859)	0	(21,251,859)
<b>Net profit for the period</b>	<b>162,402,688</b>	<b>0</b>	<b>162,402,688</b>
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Change in fair value of investments through other comprehensive income	0	0	0
Total other comprehensive income for the period	0	0	0
<b>Total comprehensive income for the period</b>	<b>162,402,688</b>	<b>0</b>	<b>162,402,688</b>

### 3.10 Comparison between the Company's Performance Indicators in the Pro-forma Financial Statements and the Audited Financial Statements

**Table (3.14): Comparison between the Company's Performance Indicators in the Pro-forma Financial Statements and the Audited Financial Statements**

Indicator	31 December 2023G before acquisition	31 December 2023 after acquisition	30 June 2024G before acquisition	30 June 2024G after acquisition
Gross Profit Margin <sup>(1)</sup>	63.7 %	63.7 %	64.3%	64.3%
Net Profit Margin <sup>(2)</sup>	%80.1	80.1%	104.5%	104.5%
Return on Assets <sup>(3)</sup>	% 9.7	6.5%	13.0%	8.6%
Return on Equity <sup>(4)</sup>	11.4 %	7.2%	14.6%	9.3%
Liabilities to equity <sup>(5)</sup>	% 17.3	10.9%	12.7%	8.1%
Debt to total equity <sup>(6)</sup>	N/A	N/A	N/A	N/A

- (1) Gross margin shall be calculated as follows: Gross profit (for the year/period)/revenues (for the year/period ended 30 June) which is a percentage.
- (2) The net profit margin is calculated as follows: Net profit (for the year/period)/revenues (for the year/period ended 30 June) which is a percentage.
- (3) The return on assets is calculated as follows: Net profit (for the year/period ended 30 June based on annual return)/total assets (as of the end of the year/as of the end of the period) which is a percentage.
- (4) Return on equity is calculated as follows: Net profit (for the year/period ended 30 June based on annual return)/total equity (as of the end of the year/as of the end of the period) which is a percentage.
- (5) Liabilities to equity are calculated as follows: Liabilities (for the year/period ended 30 June)/Total equity (as of the end of the year/as of the end of the period) which is a percentage.
- (6) The debt to the total equity is calculated as follows: Debt (for the year/period ended 30 June)/Total Equity (as of the end of the year/as of the end of the period) which is a percentage.

### 3.11 Increase or Decrease in Share Profitability as a Result of the Transaction

**Table (3.15): Increase or Decrease in Share Profitability as a Result of the Transaction**

Increase or decrease in profitability of share as a result of acquisition	For the financial year ended 31 December 2023G		The six-month period ended 30 June 2024G	
	Before the Capital Increase	After the Capital Increase	Before the Capital Increase	After the Capital Increase
Profit for the period from the main business (million Saudi Riyals)	67.9	67.9	147.1	147.1
Net profit for the period (SAR million)	271.5	271.5	162.4	162.4
Number of Shares (Million Shares)	177.8	233.9	177.8	233.9
The basic and reduced profitability per share out of the profit for the period from the main business (Saudi Riyals per share)	0.38	0.29	0.83	0.63
Basic and Reduced profitability of Share in Net Profit for the Period (SAR per share)	1.53	1.16	0.91	0.69

In the financial year ended 31 December 2023G, the basic and reduced profitability per share out of the net profit for the period amounted to 1.53 Saudi Riyals per share, while assuming that the asset acquisition took place at the beginning of 2023G, the basic and reduced profitability per share out of the net profit for the period will decrease to 1.16 Saudi Riyals per share.

As of the six-month period ended 30 June 2024G, the basic and reduced profitability per share out of the net profit for the period amounted to 0.91 Saudi Riyals per share, while assuming that the asset acquisition took place on 30 June 2024G, the basic and reduced profitability per share out of the net profit for the period will decrease to 0.69 Saudi Riyals per share.

### 3.12 Company Share Price Performance

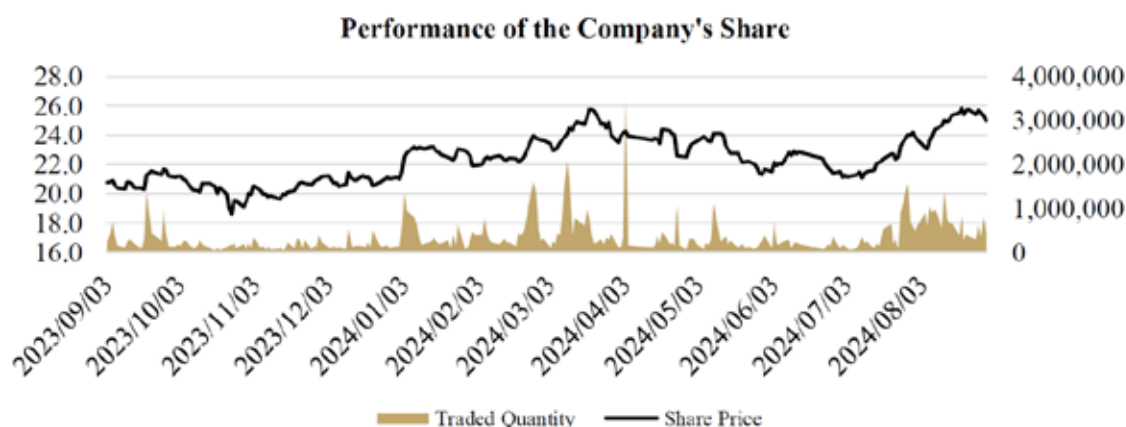
The following table and figure shows the performance of the closing price of the Company's share at the beginning of each calendar month during the twelve-month period preceding the signing date of the Acquisition and In-kind Contribution Agreement to be submitted to request an increase in the Company's capital for the purpose of purchasing Real Estate Assets:

**Table (3.16): Performance of the Closing Price of the Company's Share at the Beginning of each Calendar Month during the Twelve-Month Period Preceding the Date of Signing the acquisition agreement**

Date:	The Company's Closing Share Price (SAR)
03/09/2023G	20.8
01/10/2023G	21.1
01/11/2023G	19.9
03/12/2023G	21.2
01/01/2024G	21.0
01/02/2024G	21.9
03/03/2024G	23.4
01/04/2024G	23.9
01/05/2024G	23.5
02/06/2024G	21.5
01/07/2024G	21.1
01/08/2024G	23.7
<b>Last trading day prior to signing the Acquisition and In-Kind Contribution Agreement</b>	
29/08/2024G	25.0

Source: Saudi Tadawul

**Figure (3.4): Performance of the Company's Share**



Source: Saudi Tadawul as of 31 August 2024G





## 4. Financial Information

Management's discussion and analysis of the following financial information shows an analytical review of the real estate assets and their financial position as of 30 June 2024G. Real Estate Assets are represented by one raw land (undeveloped property) and a developed property as detailed below. This discussion is based on financial information related to leases and legal documents related to the developed property.

### 4.1 Description of Real Estate Assets:

#### 4.1.1 Al-Rimal Land

Al-Rimal Land is an undeveloped raw land located in northeastern Riyadh at the intersection of the Northern Ring Road and Al-Janadriyah Road in Al-Rimal District. According to the title deed, the total area of land is 787,477,19 square metres, and the land is wholly owned by Remat Al-Riyadh.

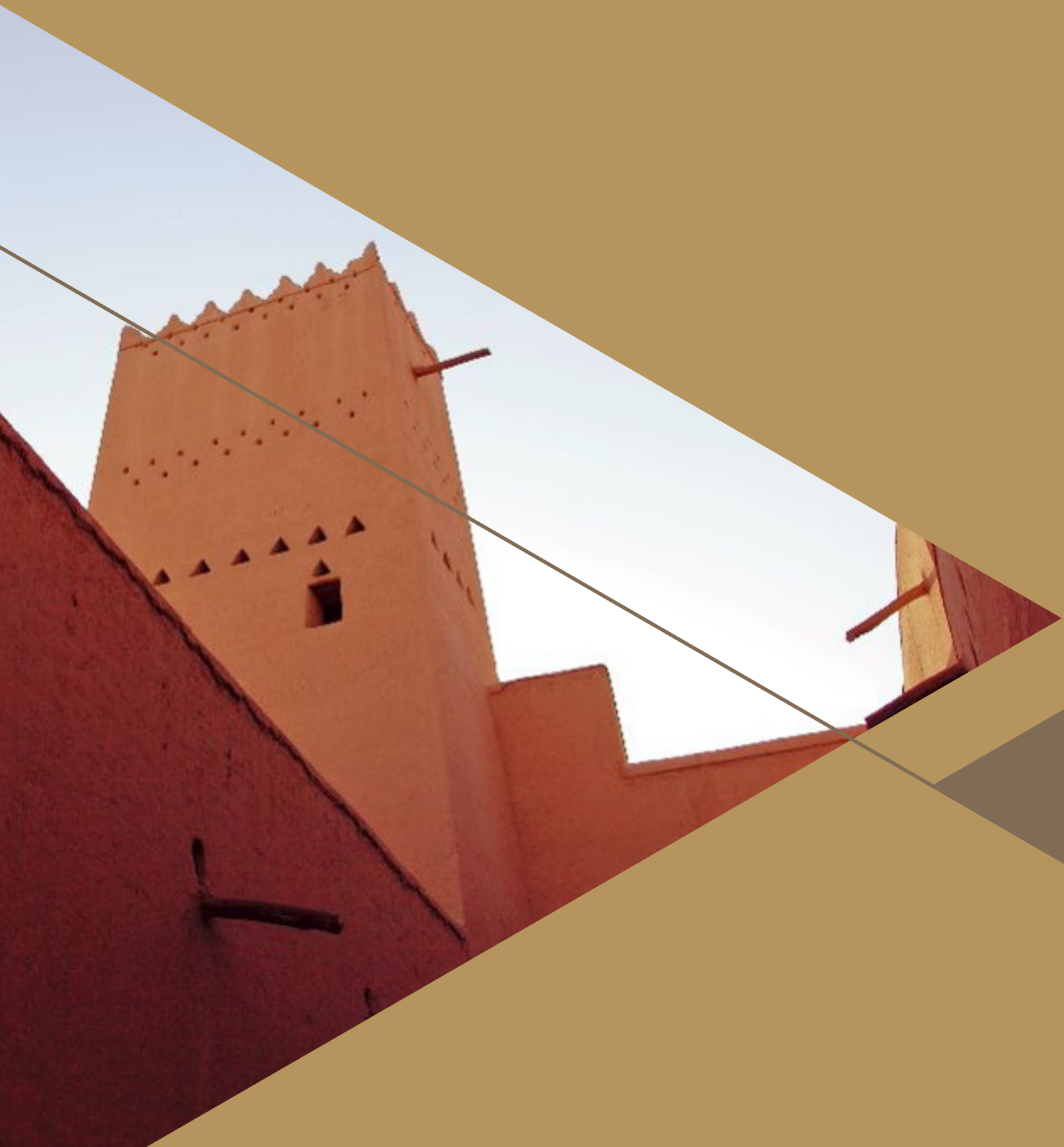
#### 4.1.2 Al-Murooj Land – North Market

Al-Murooj Land (North Market for Vegetables and Fruits) is a vegetable and fruit market located in the north of Riyadh on Ibn Sina Road, in the Center of Al-Murooj District. According to the title deed, the total area of the land is 214,000 square metres, and the land is wholly owned by Remat Al-Riyadh. It shall be noted that the ownership of the land has been officially transferred from the Riyadh Municipality to Remat Al-Riyadh on 10/03/1444H, corresponding to 06 October 2022G, according to the title deed.

Despite the transfer of ownership, the Riyadh Municipality remains the primary beneficiary of all currently active leases associated with this land. As a result thereof, Remat Al-Riyadh does not recognise any rental revenues or expenses related to this land, nor does it maintain any historical financial records on the operations of Al-Murooj Land (North Market for Vegetables and Fruits). The Riyadh Municipality shall bear all financial benefits and obligations associated with the leasing of this land.

The portfolio of leases for Al-Murooj Land includes 173 leases up to 30 June 2024G, of which 79 contracts for public benefit purposes expired on or before 6 July 2024G, 91 contracts expired on 3 October 2024G, one contract expired on 4 October 2024G, and the two long-term contracts expire as follows:

- A lease with a lessee expires on 01 March 2032G, with an annual lease value of SAR 3.6 million, related to a central community kitchen project that serves productive families.
- A lease with a lessee expires on 17 September 2030G, with an annual lease value of SAR 83 thousand, relating to an ATM owned by the bank.



## 5. Legal information

### 5.1 Acknowledgements of the Company's Board Directors

The Company's Board Directors acknowledge that:

- 1- The Transaction does not constitute a breach of the relevant laws and regulations in the Kingdom of Saudi Arabia;
- 2- the issuance of the Consideration Shares does not constitute a breach of any contract/ agreement entered into by the Issuer;
- 3- this section includes all material legal information about the Transaction documents, which the Issuer's shareholders should take into consideration to make a well informed voting decision;
- 4- that there are no other material legal information within this section the omission of which would make any statement herein misleading; and
- 5- that the independent members of the Board of Directors of the Issuer, other than the Related Parties, acknowledge that they do not have any direct or indirect interest in any of the Issuer's shares or in any of the Real Estate Assets or their businesses, or in any contracts, signed or to be signed, between the parties of the Transaction, and that they confirm their full independency in respect of the Transaction subject of this Circular.

### 5.2 Transaction Legal Information

#### 5.2.1 Summary of the legal structure of the Transaction

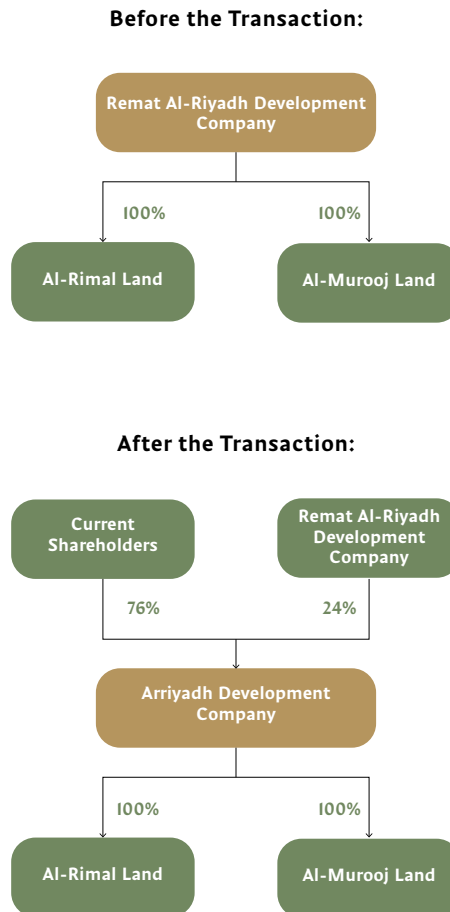
The Transaction includes the purchase of two real estate assets owned by Remat Al-Riyadh comprising of: (1) a raw land with an area of (787,477.19) square metres located north of Al-Dammam Road, Al-Rimal District, Riyadh, Kingdom of Saudi Arabia ("**Al-Rimal Land**"); and (2) plot no. 44/M of parcel number I578/C with an area of (214,000) square metres located south of Northern Ring Road, Al-Murooj District, Riyadh, Kingdom of Saudi Arabia ("**Al-Murooj Land**"), in exchange for the issuance and allocation of the Consideration Shares amounting to fifty-six million, one hundred fifty-three thousand, and forty-one (56,153,041) shares with a total nominal value of five hundred sixty-one million, five hundred thirty-three thousand, four hundred and ten Saudi Riyals (SAR 561,530,410) and a market value of one billion, four hundred three million, eight hundred twenty-six thousand, and twenty-five Saudi Riyals (SAR 1,403,826,025), based on the closing price of the Company's share of (SAR 25) as of 25/02/1446H (corresponding to 29/08/2024G) (the agreed upon date for the purpose of determining the Consideration Shares) to the Seller in consideration for its in-kind contribution of the Real Estate Assets. The Consideration Shares will be issued by increasing the Company's capital by 31.58% from one billion seven hundred seventy-seven million seven hundred seventy-seven thousand and seven hundred and seventy Saudi Riyals (SAR 1,777,777,770) to two billion three hundred thirty-nine million three hundred eight thousand and one hundred and eighty Saudi Riyals (SAR 2,339,308,180) and increasing the number of its shares from one hundred seventy-seven million seven hundred seventy-seven thousand and seven hundred and seventy-seven (177,777,777) ordinary shares to two hundred thirty-three million nine hundred thirty-thousand and eight hundred and eighteen (233,930,818) ordinary shares.

After the Transaction Completion, the current shareholders of the Company will own 76.0% of the Company's capital after the Capital Increase and Remat Al-Riyadh will own the remaining 24.0% of the Company's capital after the Capital Increase.

It shall be noted that no fractional shares will be issued to the Subscriber.

The diagram below is a simplified description of the Transaction structure:

Figure (5.1): Transaction Structure



## 5.2.2 Approvals necessary to complete the Transaction

### 5.2.2.1 Government Approvals

The Transaction Completion requires obtaining a number of government approvals, as follows:

- a- Non objection/approval of GAC or a non-applicability certificate in relation to the Transaction (as applicable), noting that the Company has obtained a certificate of non-notification from the General Authority for Competition on 16/05/1446H (corresponding to 19/11/2024G).
- b- Approval of the CMA on the Capital Increase application and the publication of this Circular.
- c- Approval of the Saudi Exchange (Tadawul) to list the Consideration Shares on the Saudi Exchange (Tadawul).
- d- Approval of the Ministry of Commerce on the proposed amendments to the Company's bylaws.
- e- Approval of the CMA to invite the Transaction EGM, and the date of the extraordinary general assembly will be announced on the website of the Saudi Exchange (Tadawul).

### 5.2.2.2 Extraordinary General Assembly Approval

The Transaction is conditional upon obtaining approval of the extraordinary general assembly of the Company by a majority of three-fourths of the shares represented at its meeting. The Company will submit a request to the CMA to invite the Transaction EGM, and after obtaining the approval of the CMA in this regard, the Company will publish the invitation to the Transaction EGM.

A meeting of the Company's extraordinary general assembly shall be valid if attended by shareholders representing at least half of the Company's capital. If such quorum is not present at the first meeting, a second meeting shall be held after one hour from the expiry of the time specified for holding the first meeting (provided that the first meeting invitation indicates the possibility of holding such second meeting). The second meeting shall be deemed valid if one quarter of the Company's capital is represented therein. If the necessary quorum is not present at the second meeting, the Company will apply to the CMA for its approval to hold a third EGM. Upon obtaining its approval, the Company will publish the invitation for the extraordinary general assembly and it will be held not less than twenty-one (21) days after the date of publication of the invitation. The third meeting shall be valid irrespective of the number of shares represented therein.

All shareholders, who are registered in the Company's shareholders register at the end of trading day of the Transaction EGM, shall be entitled to attend the EGM. The Shareholder will be able to attend and vote on the agenda (either in person, by proxy or through electronic voting) in accordance with the procedures followed in this regard.

Votes at extraordinary general assemblies shall be calculated on the basis of one vote per share, and a shareholder who is unable to attend the extraordinary general assembly (whether in person, by proxy or through electronic voting) will lose his right to vote at the EGM and the votes associated with his shares shall not be taken into account.

### 5.2.3 Transaction Completion

Following the approval of the Company's shareholders on the Transaction Resolutions, such resolutions shall become effective. As a result, the Real Estate Assets will be conveyed to the Company and new title deeds will be issued indicating the Company's ownership of the Real Estate Assets, and the Consideration Shares will be listed on the Saudi Exchange (Tadawul) and allocated in favour of Remat Al-Riyadh.

### 5.2.4 Summary of Acquisition and In-Kind Contribution Agreement

The Company and Remat Al-Riyadh have entered into an Acquisition and In-kind Contribution Agreement on 28/02/1446H (corresponding to 01/09/2024G) under which they agreed on the terms and conditions of the Transaction and the obligations of the two companies in relation to the execution of the Transaction. The Acquisition and In-Kind Contribution Agreement includes representations and warranties provided by each of the two companies to the other.

The Transaction is subject to the approval of the Company's shareholders. For further details on the shareholders' voting at the extraordinary general assembly, please refer to Section (5-2-2-2) ("**Extraordinary General Assembly Approval**") of this Circular.

#### 5.2.4.1 Terms of the Acquisition and In-Kind Contribution Agreement

The Acquisition and In-Kind Contribution Agreement includes a number of terms and conditions that must be satisfied to complete the Transaction. The Company and Remat Al-Riyadh have committed to strive to meet the terms and conditions as soon as possible and to coordinate between each other in this regard. The two companies have also agreed that none of these conditions may be amended or waived without a written consent from both companies. The following is a summary of the most important terms and conditions:

- a- Obtaining the required non-objection to complete the Transaction from GAC by both parties (if required) or a non-applicability certificate (if a non-objection is not required). It shall be noted that the Company has obtained such non-applicability certificate from GAC on 16/05/1446H (corresponding to 19/11/2024G).
- b- Obtaining the approval of the CMA regarding the Capital Increase and any waivers required in this regard.
- c- Obtaining the approval of the Saudi Exchange (Tadawul) to list the Consideration Shares.

- d- The approval of the extraordinary general assembly of the Company approving the Transaction Resolutions.
- e- Registering the Al-Murooj Land in the real estate registry by Remat Al-Riyadh pursuant to the Law of Real Estate Registration. It is worth noting that Remat Al-Riyadh has registered Al-Murooj Land in the in kind register under the title registration deed no. 2622035857400000 dated 14/10/2024G after executing the agreement.
- f- There is no breach of any warranties, undertakings or representations made by either party in accordance with the provisions of the Acquisition and In-Kind Contribution Agreement.
- g- There are no changes in laws, instructions or regulations that would adversely and materially affect the costs of the Transaction and the obligations of the parties related thereto.

The Acquisition and In-kind Contribution Agreement also stipulates other conditions as follows:

- 1- Remat Al-Riyadh shall register Al-Rimal Land in the Real Estate Registry in accordance with the Law of Real Estate Registration if such registration is obligatory.
- 2- The Company and Remat Al-Riyadh shall exert all necessary efforts to fulfil the conditions, including providing information, carrying out all actions and completing the regulatory procedures. The Company shall also submit the capital increase file to the CMA and apply to the Saudi Stock Exchange (Tadawul) for the listing of the Consideration Shares and submit any relevant application to GAC, and responding to any inquiries or remarks that may be received from the relevant authorities on the submitted applications as soon as practically possible.

#### 5.2.4.2 Warranties, Representations and Obligations

Both the Company and Remat Al-Riyadh provided a number of warranties. The warranties provided by the Company are as follows:

- 1- it has not and will not enter into any material agreement that conflicts with the provisions of the Acquisition and In-Kind Contribution Agreement, and that signing the Acquisition and In-Kind Contribution Agreement does not conflict with any undertakings or agreements it has executed or was a party to;
- 2- executing the Acquisition and In-kind Contribution Agreement and performing the obligations contained therein will not violate the Company's Bylaws and will not violate any governmental orders or directives or any judgements or resolutions issued by governmental bodies to which it is bound. Other than what is expressly stated in the Acquisition and In-kind Contribution Agreement, no consent, approval, authorisation or permit from any governmental body or other person for the Transaction Completion is required nor any notification to any governmental body or other person;
- 3- it has the necessary authority to execute the Acquisition and In-kind Contribution Agreement and complete the Transaction Completion procedures;
- 4- all information provided or will be provided by the Company to Remat Al-Riyadh is correct, accurate and not misleading as of its date, and no information related to the Company that is important in the context of the Transaction or will be important to an investor investing in its securities has been concealed and the Company will immediately notify Remat Al-Riyadh of any material change to these disclosures from the date of signing the Acquisition and In-Kind Contribution Agreement until the date of the Transaction Completion that would have a material impact on the Company, its business or the Transaction (including details of the change or event);
- 5- that it is committed to the statutory requirements related to the disclosure of material events and developments provided under the implementing regulations issued by the CMA;
- 6- that it has not entered into and will not enter into any material agreement contrary to the provisions of the Acquisition and In-Kind Contribution Agreement;
- 7- as far as the Company is aware, there are no material events or developments related to the Company or its business that have not been disclosed in accordance with the statutory requirements;
- 8- there has no interruption or material change in the business of the Company since the date of the last audited financial statements;

- 9- the audited financial statements for the financial years 2021G, 2022G and 2023G reflect fairly and in all material respects the financial position of the Company;
- 10- the audited statements for the financial years 2021G, 2022G and 2023G and the interim financial statements have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia (as applicable);
- 11- it has disclosed to the Public every matter and issue required by law to be disclosed through the website of the Saudi Stock Exchange (Tadawul) and there is no matter that must be disclosed by law that it has not been disclosed and this will remain true until the date of the Transaction Completion.
- 12- Remat Al-Riyadh is not responsible for any issues, obligations, fines, compensations, amounts or claims related to the Real Estate Assets that arose or were caused by or occurred at a time when the Real Estate Assets were not owned by Remat Al-Riyadh even if they appeared after the Transaction Completion (unless Remat Al-Riyadh was aware of this matter and did not disclose it to the Company);
- 13- Remat Al-Riyadh will not bear any responsibility for any damage, compensation or issue due to any matter disclosed to the Company, including any responsibility for lease contracts other than those expressly stipulated in the Acquisition and In-kind Contribution Agreement; and
- 14- the Company's entry into the Acquisition and In-kind Contribution Agreement and Remat Al-Riyadh conducting due diligence on the Company will not prejudice Remat Al-Riyadh's right to claim the rights provided to it by law (including the Capital Market Law and rights related to delayed or inaccurate disclosures) after the the Transaction Completion date.

Remat Al-Riyadh provided the following warranties:

- 1- it has not and will not enter into any material agreement that conflicts with the provisions of the Acquisition and In-kind Contribution Agreement and executing the Acquisition and In-kind Contribution Agreement does not conflict with any material undertakings or agreements it has executed or was a party to. This warranty and undertaking shall apply only to agreements related to or affecting the Real Estate Assets or their uses;
- 2- it has the necessary authority to execute the Acquisition and In-kind Contribution Agreement and complete the Transaction Completion procedures;
- 3- it is the sole and legitimate owner of the Real Estate Assets and has the right and authority to sell the Real Estate Assets without any restrictions on transferring them. It will also obtain any required or necessary approval, whether statutory or contractual or pursuant to any of its constitutional documents, related to the sale of the Real Estate Assets to the Company;
- 4- the Real Estate Assets are not subject to any mortgages or restrictions in general, including with regard to their use or utilisation;
- 5- the Real Estate Assets are registered under electronic title deeds and are free from encroachments and that their title deeds accurately reflect their measurements;
- 6- it is not insolvent or bankrupt and is able to pay its debts when due and has not taken any of the procedures or actions leading to the application of the provisions of the Bankruptcy Law or the provisions of compulsory or optional liquidation or any of the actions leading to dissolution; it is able to manage its affairs, business and assets in accordance with the provisions of the relevant laws; it has not submitted any documents to any court to appoint any custodian or liquidator and has not received notice of the intention to appoint a custodian or liquidator under any judgement;
- 7- the Real Estate Assets were not subject to white land fees during the period during which Remat Al-Riyadh owned the Real Estate Assets, and that all invoices and government and public service fees for the Real Estate Assets have been paid and that there are no amounts due on the Real Estate Assets in relation to any rent, fees or taxes related to the Real Estate Assets up until the Transaction Completion date, taking into account the indemnity limits stipulated in the agreement, which include exempting Remat Al-Riyadh from any obligations, fines, compensations or amounts related to the Real Estate Assets that arose or were caused at a time when the Real Estate Assets were not owned by Remat Al-Riyadh, even if they appeared after the Transaction Completion (unless Remat Al-Riyadh was aware of this matter and did not disclose it to the Company), in addition to exempting it from any liability for any damage, indemnity or problem due to any matter disclosed to the Company, including any liability for leases entered into between the Riyadh Municipality and other parties in relation to Al-Murooj Land;

- 8- except for the leases entered into between the Riyadh Municipality and other parties regarding Al-Murooj Land, there are no lawsuits related to the ownership of Real Estate Assets or any encroachments or others. Furthermore, there is no evidence (to the knowledge of Remat Al-Riyadh) of the possibility any lawsuits filed in this regard, and Remat Al-Riyadh has not received any notices, procedures, disputes, complaints, obligations, or existing claims or demands (or expected to the knowledge of Remat Al-Riyadh) related to the Real Estate Assets or their use, and there are no current (or potential to the knowledge of Remat Al-Riyadh) circumstances that may lead to the occurrence of any of the above. With regard to the leases entered into between Riyadh Municipality and other parties in relation to Al-Murooj Land, Remat Al-Riyadh has not received any notice or complaint regarding disputes over it and is not aware of circumstances that may lead to this. Remat Al-Riyadh shall bear any legal costs incurred by the Company in the event that any claim related to the Real Estate Assets is filed in connection with the above. The indemnity shall only encompass matters arising before the date of the Transaction Completion during Remat Al-Riyadh's ownership of the Real Estate Assets and will not include any matter that was due to any material work carried out by the Company or was materially aggravated by it even if it was before the date of the Transaction Completion, as Remat Al-Riyadh bears in this case a percentage of indemnity for the part it caused;
- 9- the execution of the Acquisition and In-kind Contribution Agreement does not create any breach of any obligations towards any third parties (this warranty and undertaking applies only to agreements relating to or affecting the Real Estate or their uses) and there are no existing or potential disputes between it and third parties regarding the ownership of the Real Estate Assets or any part thereof;
- 10- except for the lease contracts entered into between the Riyadh Region Municipality and other parties in relation to Al-Murooj Land, there are no obligations, rights or any restrictions on the Real Estate Assets. In the event that any third party files judicial, administrative or other claims regarding the ownership of the Real Estate Assets or regarding any in-kind or personal right in relation to the Real Estate Assets that arose before the Transaction Completion and when the Real Estate Assets were owned by Remat Al-Riyadh, Remat Al-Riyadh undertakes to protect the Company and indemnify it against any damage arising therefrom and for any expenses incurred in this regard and bears full responsibility and burdens, including any legal costs incurred by the Company if any claim is filed and proven in this regard. This indemnity does not apply if the Company has materially caused any part of this lawsuit or claim, or contributed to its material aggravation (provided that Remat Al-Riyadh shall bear in this case a percentage of compensation for the part it caused), or was aware of it at the time of executing the Acquisition and In-kind Contribution Agreement or at any later time until the Transaction Completion;
- 11- there is no legal or contractual impediment or any judgement or decision from any government entity preventing it from entering into the Acquisition and In-kind Contribution Agreement and abiding by its terms;
- 12- except for the leases entered into between Riyadh Municipality and other parties in relation to Al-Murooj Land, the Real Estate Assets are free from any usufruct rights (whether pursuant to a lease or a sublease), easement, concession, restriction or any encumbrances whatsoever (including any restriction that may be imposed pursuant to the law or by any competent authority). The Real Estate Assets are also free from any right of occupancy by any third party;
- 13- it has not received any notification related to the expropriation of the Real Estate Assets by any competent authority, and there is no existing (or potential to the knowledge of Remat Al-Riyadh) expropriation of the Real Estate Assets by a competent authority; and
- 14- all information provided or will be provided by Remat Al-Riyadh to the Company is correct, accurate and not misleading as of its date, and no material information nor any information that may affect the Company's decision to proceed with the Transaction and related to the Real Estate Assets has been concealed. It also acknowledges that the above warranty is true and will remain so until the Transaction Completion.



#### 5.2.4.3 Restrictions on Business

The Acquisition and In-Kind Contribution Agreement includes an obligation on the Company not to perform any act that violates the restrictions specified in the agreement related to how the Company conducts its business during the period between the date of signing the Acquisition and In-Kind Contribution Agreement and until the Transaction Completion date, without obtaining the approval of Remat Al-Riyadh. A summary of such restrictions is as follows:

- a- Splitting or merging the Company's shares or reducing or increasing their nominal value.
- b- Reducing or increasing the capital of the Company, in any way and for any reason whatsoever, or buying its shares.
- c- Declaring or paying any dividends, whether in cash or in kind, other than in accordance with the Company's previous practice in this regard.
- d- Deducing the rents and fees it imposes, contrary to what is consistent with the previous practices of the Company in this regard.
- e- Amending its bylaws, other than the necessary amendments to comply with the Companies Law.
- f- Acquiring any company or incorporating a company or any business that makes such company or business a subsidiary thereof.
- g- Acquiring any material asset outside the ordinary course of its business or which may adversely affect its business, financial position or valuation.
- h- Disposal or encumbrance of any material asset.
- i- Entering into, or materially amending, any material contract, outside its ordinary course of business or in a manner that may adversely affect its business, financial position or evaluation, or introduce provisions that contradict or restrict the Transaction and that the other party has not waived.
- j- Entering into any financing or borrowing agreement, unless it is less than 5% of the net assets of the Company and its provisions do not conflict with or restrict the Transaction or its provisions.
- k- Concluding any settlement of any existing or potential dispute, provided the value claimed or agreed to be paid exceeds 5% of the net assets of the Company.
- l- Amending its accounting policies.

It shall be noted that the above restrictions do not restrict the Company from taking any action previously disclosed on the Saudi Exchange (Tadawul) website or any action included in the Acquisition and In-Kind Contribution Agreement or – in relation to the restrictions set forth in the above-mentioned paragraphs (f) to (i) – any action related to any of the entities included in the written notice from the Company to Remat Al-Riyadh prior to the date of signing the Acquisition and In-Kind Contribution Agreement.

#### 5.2.4.4 Indemnities

Remat Al-Riyadh shall indemnify the Company in the cases specified in the Agreement which include but are not limited to the following:

- 1- Remat Al-Riyadh breaching any of its obligations, representations, warranties or indemnities.
- 2- Any lawsuits, claims, damages, costs and fines resulting from any material default, gross negligence or breach related to the failure of Remat Al-Riyadh to comply with the provisions of the Acquisition and In-Kind Contribution Agreement or its violation of any of the regulations in force in the Kingdom of Saudi Arabia with regard to the Real Estate Assets (subject to specific exceptions in the Acquisition and In-Kind Contribution Agreement).

- 3- Any fines imposed on Al-Murooj Land as a result of the failure of Remat Al-Riyadh to register it in the in-kind register within the period specified for submitting real estate registration applications under the Law of Real Estate Registration and its regulations during the period of its ownership of the land. This obligation does not extend to any penalties imposed due to an act or delay after the Transaction Completion date.
- 4- Any discrepancy in the Real Estate Assets' areas registered in the real estate registry (if registered therein) in excess of 5% of the actual area of the Real Estate Assets. Remat Al-Riyadh shall compensate the Company in cash for such shortage.
- 5- Legal costs incurred by the Company for any lawsuit related to the ownership of the Real Estate Assets or the encroachments therefrom or any procedures, disputes, complaints, obligations, claims, whether current or expected (based on Remat Al-Riyadh's knowledge) in relation to Real Estate Assets or their use. The indemnity in this case shall only include matters arising before the Transaction Completion date and during the period in which Remat Al-Riyadh owned the Real Estate Assets. However, such indemnity shall not include any matter that was due to any material act by the Company or has been materially aggravated by it, even if said matter has occurred before Transaction Completion date . In this case, Remat Al-Riyadh shall indemnify the Company solely for the part caused by it.

The Company will have the right to seek an indemnity for the value of the damage or defect resulting from the invalidity of any of the representations and warranties provided by Remat Al-Riyadh in case it occurred after the Transaction completion.

It is noteworthy that all obligations of Remat Al-Riyadh to indemnify or pay any amounts apply only when these amounts exceed 3% of the valuation agreed upon between the parties, and Remat Al-Riyadh is not responsible for anything less than that.

#### 5.2.4.5 Transaction Completion Procedures

Both the Company and Remat Al-Riyadh shall complete the necessary procedures to achieve the following:

- 1- registration of the Real Estate Assets to the Company, and both the Company and Remat Al-Riyadh are obligated to appear before the competent notary or notary public and sign the necessary documents to transfer the ownership of the Real Estate Assets to the Company and register such assets in its name.
- 2- listing the Consideration Shares and depositing them in the investment portfolio of Remat Al-Riyadh, and Remat Al-Riyadh shall provide all documents and information related to its investment portfolio and ensure that it is available in accordance with the relevant requirements.

With regard to taxes, the Company shall pay all taxes arising from the Transaction, while Remat Al-Riyadh shall pay the Real Estate Transaction Tax arising from the transfer of the Real Estate Assets to the Company pursuant to the Transaction in the event Remat Al-Riyadh disposes of the Consideration Shares within the five-year period following the Transaction Completion date (including the payment of any fines resulting therefrom). It is worth noting that the Transaction is exempt from the Real Estate Transaction Tax based on sub-paragraph (II) of paragraph (a) of Article (3) of the Implementing Regulations of the Real Estate Transaction Tax, provided that Remat Al-Riyadh does not dispose of the Consideration Shares during the five-year period following the date of Transaction Completion. Accordingly, it was agreed in the Acquisition and In-kind Contribution Agreement that if Remat Al-Riyadh disposes of its shares during the five-year period following the date of the Transaction Completion, Remat Al-Riyadh shall pay the Real Estate Transaction Tax. If the Real Estate Transaction Tax is imposed for any other reason, it will be paid by the Company.

#### 5.2.4.6 Restrictions on the Consideration Shares

Pursuant to the Acquisition and In-Kind Contribution Agreement, Remat Al-Riyadh shall not dispose of the Consideration Shares for a period of 12 months from the Transaction Completion date.

#### 5.2.4.7 Termination Provisions under the Acquisition and In-Kind Contribution Agreement

Either party shall have the right to terminate the Acquisition and In-Kind Contribution Agreement before the Transaction Completion date (provided that a fourteen calendar days' prior notice is given to the other party to rectify the status during the aforesaid period to avoid termination) upon the occurrence of any of the following:

- a- any of the representations or warranties, included in Acquisition and In-Kind Contribution Agreement, made by the other party are found to be materially incorrect or inaccurate before the Transaction completion.
- b- the other party breaching any of its material obligations provided in the Acquisition and In-Kind Contribution Agreement.
- c- unfulfillment of any of the conditions precedent of the Transaction Completion or the waiver of the same by the Long-stop date.
- d- the issuance of an order or decision by any governmental or competent authority that renders the Transaction completion, in accordance with the conditions under the Acquisition and In-Kind Contribution Agreement, impossible or illegal.
- e- the occurrence of a Material Adverse Event to the other party.

In addition, the Acquisition and In-Kind Contribution Agreement shall automatically terminate upon the Long-stop date (which is set at one year from the execution date of the Agreement) or any later date as agreed between the Company and Remat Al-Riyadh, provided the Transaction Completion has not occurred by such date.

### 5.3 Lawsuits and Claims against the Company

There is no lawsuit or claim (including any ongoing or threatened lawsuit) that could have a material affect on the business or financial position of the Company and its subsidiaries. For further details on the risks related to lawsuits, please refer to Section (I-I-13) ("**Risks Related to Legal Disputes**") of this Circular.

### 5.4 Lawsuits and Claims related to Real Estate Assets

The Seller has confirmed, in accordance with the provisions of the Acquisition and In-Kind Contribution Agreement, that there is no lawsuit or claim (including any existing or threatened lawsuit) that could have a material effect on the Real Estate Assets.

### 5.5 Bankruptcy

No members of the Board of Directors, Senior Executives or the Board of Director's secretary have been subject to bankruptcy.

### 5.6 Insolvency

No members of the Board of Directors, Senior Executives or the secretary of the Board of Directors have previously been appointed by any insolvent company in an administrative or supervisory position within the preceding five (5) years.



## 6. Expert Statements

The advisors and auditor named in Section (the “**Company Manual**”) have provided their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in this Circular (as applicable), and none of them has withdrawn that consent as at the date of this Circular. This Circular does not include any statement prepared by experts in relation to the transaction.

## 7. Expenses

The Company's costs related to the Transaction Completion are estimated at approximately eleven million, and six hundred seventy-five thousand Saudi Riyals (SAR 11,675,000). These expenses include the fees of the financial advisor, legal advisor, financial due diligence advisor, market advisor, real estate appraisers and other advisors, as well as other costs due to government entities, marketing expenses, printing and distribution costs and other expenses related to the Transaction. It should be noted that the above costs and expenses does not include any other costs related to the business after the Transaction Completion.

## **8. Exemptions**

No exemptions were requested from the CMA.

## 9. Documents available for Inspection

The Company shall make the following documentation available for inspection at its headquarters from 9:00 am to 4:00 pm during working days, as from the publication date of this Circular until the date of the extraordinary general assembly (which shall not be less than (14) days):

- 1- Acquisition and In-Kind Contribution Agreement.
- 2- The pro-forma financial statements for which the External Auditor issued the Company's reasonable confirmation report for the financial year ended 31 December 2023G and for the six-month period ended 30 June 2024G for the purpose of the Transaction.
- 3- Evaluation report issued by the financial advisor.
- 4- Real estate valuation reports.

Consultants' consent letters for the use of their names, logos and statements (as applicable) in this Circular.



## Annex I

Pro-forma Financial Statements Reflecting the Company's Financial Position after the Transaction Completion

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### Unaudited Pro Forma Financial Information

For the six-months period ended 30 June 2024 and The Year Ended 31 December 2023 And the independent auditor's assurance report On the compilation of the pro forma financial information included in the shareholders' circular

#### Independent Auditor's Assurance Report on the Compilation of the Unaudited Pro Forma Financial Information Included in the Shareholders' Circular

To the shareholders of Arriyadh Development Company

(A Saudi Joint Stock Company)

#### Introduction

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information (hereinafter referred to as the "Pro forma Financial Information") of Arriyadh Development Company (A Saudi Joint Stock Company) (the "Company") prepared by the Company's management. The Pro forma Financial Information consists of the pro forma statement of financial position as at 30 June 2024 and 31 December 2023, and the pro forma statement of profit or loss and other comprehensive income for the six-months period ended 30 June 2024 and for the year ended 31 December 2023, and the related notes to the pro forma financial information. The applicable criteria on the basis of which the Company's management compiled the Pro forma Financial Information are specified in Appendix (18) of the "Rules for Offering of Securities and Continuing Obligations" issued by the Board of Directors of the Capital Market Authority in the Kingdom of Saudi Arabia and set out in Note (2) "Basis of Preparation and Assumptions Used".

The Company's management has compiled the Pro Forma Financial Information to illustrate the effect of the transaction (the "Transaction") set out in Note (2) "Basis of Preparation and Assumptions Used" regarding the Company's financial position as at 30 June 2024 as if the Transaction had occurred on 30 June 2024, and its financial performance for the six-months period ended 30 June 2024 as if the Transaction had occurred on 1 January 2023, and regarding the Company's financial position as at 31 December 2023 as if the Transaction had occurred on 31 December 2023, and its financial performance for the year ended 31 December 2023 as if the Transaction had occurred on 1 January 2023. As part of these procedures, the Company's management extracted information regarding the Company's financial position as at 30 June 2024, and its financial performance for the six-months period ended 30 June 2024 from the Company's interim condensed financial statements for the six-months period ended 30 June 2024, on which our review report was published. The Company has also extracted information regarding the financial position as at 31 December 2023, and its financial performance for the year ended 31 December 2023 from the Company's financial statements for the year ended 31 December 2023, on which our audit report was published.

#### Company Management's Responsibility for Pro Forma Financial Information

The Company's management is responsible for compiling the Pro Forma Financial Information based on Appendix No. (18) of the "Rules for Offering of Securities and Continuing Obligations" issued by the Board of Directors of the Capital Market Authority in the Kingdom of Saudi Arabia and as described in Note (2) "Basis of Preparation and Assumptions Used".

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### Unaudited Pro Forma Financial Information

For the six-months period ended 30 June 2024 and The Year Ended 31 December 2023 And the independent auditor's assurance report On the compilation of the pro forma financial information included in the shareholders' circular

#### Independent Auditor's Assurance Report on the Compilation of the Unaudited Pro Forma Financial Information Included in the Shareholders' Circular

To the shareholders of Arriyadh Development Company

(A Saudi Joint Stock Company) (Continued)

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements in accordance with the International Code of Conduct and Ethics for Professional Accountants (including International Independence Standards), as endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We have applied International Standard on Quality Control (I), "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", as endorsed in the Kingdom of Saudi Arabia. Accordingly, we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Responsibilities of the Certified Public Accountant

Our responsibility is to express an opinion as required by Appendix No. (I8) of the "Rules on the Offering of Securities and Continuing Obligations" issued by the Board of Directors of the Capital Market Authority in the Kingdom of Saudi Arabia regarding whether the Pro Forma Financial Information has been compiled by the Company's management, in all material respects, based on the applicable criteria set out in Note (2) "Basis of Preparation and Assumptions Used" to the Pro Forma Financial Information.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (3420) "Assurance Engagements to report on the Compilation of Pro Forma Financial Information Included in Prospectuses", as endorsed in the Kingdom of Saudi Arabia. This standard requires us to plan and perform procedures to obtain reasonable assurance about whether the Company's management has compiled, in all material respects, the Pro Forma Financial Information on the basis of the applicable criteria set out in Note (2) "Basis of Preparation and Assumptions Used" to the Pro Forma Financial Information.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the context of this engagement, audited or reviewed the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in a shareholders' circular is solely to illustrate the impact of a significant event or transaction on the Company's unadjusted financial information as if the event or transaction had occurred at an earlier date specifically selected for illustrative purposes. Accordingly, we do not provide any assurance that the actual results of the Transaction as at 30 June 2024 and 31 December 2023 will be the same as those presented.

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### Unaudited Pro Forma Financial Information

For the six-months period ended 30 June 2024 and The Year Ended 31 December 2023 And the independent auditor's assurance report On the compilation of the pro forma financial information included in the shareholders' circular

#### Independent Auditor's Assurance Report on the Compilation of the Unaudited Pro Forma Financial Information Included in the Shareholders' Circular

To the shareholders of Arriyadh Development Company

(A Saudi Joint Stock Company) (Continued)

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by the Company's management to compile the Pro Forma Financial Information provide a reasonable basis for presenting the material effects directly attributable to the Transaction and to obtain sufficient and appropriate evidence about whether:

- The relevant pro forma adjustments bring those criteria into effect, and
- The Pro Forma Financial Information reflects the appropriate application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, taking into account the auditor's understanding of the nature of the Company, the event or transaction for which the Pro Forma Financial Information was compiled and other circumstances relevant to the engagement. It also includes evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the applicable criteria described in Note (2) "Basis of Preparation and Assumptions Used" to the Pro Forma Financial Information.

#### Restricted use

Our report is provided to the Company's shareholders for inclusion in the shareholders' circular and; therefore, third parties should not use or rely on our report without our prior written consent.

For Ernst & Young Professional services

**Fahad M. Al-Toaimi**

**Certified Public Accountant**

**License No. (354)**

**Riyadh: 20 Rabi' al-Thani 1446H (23 October 2024)**

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 and as at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

Note	As at 30 June 2024			As at 31 December 2023		
	Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)	Actual historical information	Pro forma Adjustments	Pro forma (Unaudited)
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	13,449,924	-	13,449,924	12,524,996	-	12,524,996
Investment properties	2-1 1,502,746,952	1,403,826,025	2,906,572,977	1,490,786,762	1,403,826,025	2,894,612,787
Right-of-use assets	42,867,863	-	42,867,863	45,113,224	-	45,113,224
Investment properties under development	17,957,409	-	17,957,409	19,888,240	-	19,888,240
Investments designated at FVOCI	986,929	-	986,929	986,929	-	986,929
Investment in associate	123,462,669	-	123,462,669	237,264,477	-	237,264,477
Murabaha investment deposits – long term	-	-	-	600,000,000	-	600,000,000
<b>Total non-current assets</b>	<b>1,701,471,746</b>	<b>1,403,826,025</b>	<b>3,105,297,771</b>	<b>2,406,564,628</b>	<b>1,403,826,025</b>	<b>3,810,390,653</b>
<b>CURRENT ASSETS</b>						
Accounts receivable, prepayments and other receivables	104,587,959	-	104,587,959	68,314,757	-	68,314,757
Murabaha investment deposits – short term	930,000,000	-	930,000,000	270,000,000	-	270,000,000
Assets held for sale	2,247,695	-	2,247,695	2,247,695	-	2,247,695
Cash at banks	28,915,521	-	28,915,521	44,981,796	-	44,981,796
<b>Total current assets</b>	<b>1,065,751,175</b>	<b>-</b>	<b>1,065,751,175</b>	<b>385,544,248</b>	<b>-</b>	<b>385,544,248</b>
<b>Total assets</b>	<b>2,767,222,921</b>	<b>1,403,826,025</b>	<b>4,171,048,946</b>	<b>2,792,108,876</b>	<b>1,403,826,025</b>	<b>4,195,934,901</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>						
<b>SHAREHOLDERS' EQUITY</b>						
Share Capital	2-2 1,777,777,770	561,530,410	2,339,308,180	1,777,777,770	561,530,410	2,339,308,180
Additional paid-up capital	2-3 -	842,295,615	842,295,615	-	842,295,615	842,295,615

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 and as at 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated) (Continued)

Note	As at 30 June 2024			As at 31 December 2023		
	Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)	Actual historical information	Pro forma Adjustments	Pro forma (Unaudited)
Statutory reserve	155,081,438	-	155,081,438	155,081,438	-	155,081,438
Retained earnings	524,299,857	-	524,299,857	450,786,058	-	450,786,058
Revaluation reserve of Investments designated at FVOCI	(2,813,070)	-	(2,813,070)	(2,813,070)	-	(2,813,070)
<b>Total shareholders' equity</b>	<b>2,454,345,995</b>	<b>1,403,826,025</b>	<b>3,858,172,020</b>	<b>2,380,832,196</b>	<b>1,403,826,025</b>	<b>3,784,658,221</b>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities	43,215,723	-	43,215,723	42,077,256	-	42,077,256
Employees' defined benefit liabilities	13,091,998	-	13,091,998	12,404,275	-	12,404,275
<b>Total non-current liabilities</b>	<b>56,307,721</b>	<b>-</b>	<b>56,307,721</b>	<b>54,481,531</b>	<b>-</b>	<b>54,481,531</b>
<b>CURRENT LIABILITIES</b>						
Accounts payable, accrued expenses and other payables	146,897,366	-	146,897,366	249,654,208	-	249,654,208
Lease liabilities - current portion	6,171,871	-	6,171,871	6,009,280	-	6,009,280
Dividends payable	75,759,856	-	75,759,856	74,251,232	-	74,251,232
Zakat provision	27,740,112	-	27,740,112	26,880,429	-	26,880,429
<b>Total current liabilities</b>	<b>256,569,205</b>	<b>-</b>	<b>256,569,205</b>	<b>356,795,149</b>	<b>-</b>	<b>356,795,149</b>
<b>Total liabilities</b>	<b>312,876,926</b>	<b>-</b>	<b>312,876,926</b>	<b>411,276,680</b>	<b>-</b>	<b>411,276,680</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,767,222,921</b>	<b>1,403,826,025</b>	<b>4,171,048,946</b>	<b>2,792,108,876</b>	<b>1,403,826,025</b>	<b>4,195,934,901</b>

Member of the Board of Directors  
And Chairman of the Audit Committee

Chief Executive Officer

Chief Financial Officer

Mr. Suleiman bin Nasser Al-Hattlan

Mr. Jehad bin Abdul Rahman Al-Kadi

Mr. Mohammed bin Ahmed Alkulaib

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

	Note	For the six-months period ended 30 June 2024			For the year ended 31 December 2023		
		Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)	Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)
Revenue		155,469,578	-	155,469,578	339,185,405	-	339,185,405
Costs of revenue		(55,483,849)	-	(55,483,849)	(122,974,851)	-	(122,974,851)
<b>Gross profit</b>		<b>99,985,729</b>	-	<b>99,985,729</b>	<b>216,210,554</b>	-	<b>216,210,554</b>
General and administrative expenses		(32,062,931)	-	(32,062,931)	(69,102,952)	-	(69,102,952)
<b>Profit for the period / year from main operations</b>		<b>67,922,798</b>	-	<b>67,922,798</b>	<b>147,107,602</b>	-	<b>147,107,602</b>
Finance costs		(1,301,058)	-	(1,301,058)	(2,707,289)	-	(2,707,289)
Murabaha deposits income		28,502,474	-	28,502,474	37,922,988	-	37,922,988
Company's share in the profit of the associate		61,035,792	-	61,035,792	97,498,489	-	97,498,489
Other income		27,494,541	-	27,494,541	12,037,981	-	12,037,981
<b>Net profit for the period / year before zakat</b>		<b>183,654,547</b>	-	<b>183,654,547</b>	<b>291,859,771</b>	-	<b>291,859,771</b>
Zakat		(21,251,859)	-	(21,251,859)	(20,320,238)	-	(20,320,238)
<b>Net profit for the period/ year</b>		<b>162,402,688</b>	-	<b>162,402,688</b>	<b>271,539,533</b>	-	<b>271,539,533</b>
<b>Other comprehensive income:</b>							
<b>Items that will not be re-classified subsequently to the statement of profit or loss</b>							
Actuarial gains of employees' benefit liabilities		-	-	-	544,946	-	544,946
Change in fair value of investments through other comprehensive income		-	-	-	-	-	-
<b>Total other comprehensive income for the period / year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>544,946</b>	<b>-</b>	<b>544,946</b>
<b>Total comprehensive income for the period / year</b>		<b>162,402,688</b>	<b>-</b>	<b>162,402,688</b>	<b>272,084,479</b>	<b>-</b>	<b>272,084,479</b>

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated) (Continued)

	Note	For the six-months period ended 30 June 2024			For the year ended 31 December 2023		
		Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)	Actual his- torical	Pro forma Adjustments	Pro forma (Unaudited)
<b>Earnings per share</b>							
Basic and diluted earnings per share in profit for the period/year from main operations	2-4	0.38	(0.09)	0.29	0.83	(0.20)	0.63
Basic and diluted earnings per share in net profit for the period / year	2-4	0.91	(0.22)	0.69	1.53	(0.37)	1.16

Member of the Board of Directors  
And Chairman of the Audit Committee

Mr. Suleiman bin Nasser Al-Hattlan

Chief Executive Officer

Mr. Jehad bin Abdul Rahman Al-Kadi

Chief Financial Officer

Mr. Mohammed bin Ahmed Alkulaib



## Arriyadh Development Company

(A Saudi Joint Stock Company)

### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 1- CORPORATE INFORMATION

Arriyadh Development Company (a Saudi joint stock company) (hereinafter referred to as the “Company”) was established by Royal Decree No. M/2 dated 9 Safar 1414H (corresponding to 28 July 1993). The Company is registered in the Kingdom of Saudi Arabia with Commercial Registration No. 1010124500 issued from Riyadh on 29 Dhu Al-Qi'dah 1414H (corresponding to 10 May 1994). The company is listed on the Saudi Stock Exchange (Tadawul). The Company's head office is located in Riyadh, King Fahd Road, Al-Dirah District, P. O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the Company are the purchase and sale of lands and real estate, its division, off-plan sales activities, management and leasing of owned or leased out residential and non-residential properties, in addition to real estate development of residential and commercial buildings using modern construction methods, as well as the wholesale and retail sale of new and used private cars, including ambulances, minibuses and four-wheel drive vehicles.

The Company's financial year starts at 1 January and ends at 31 December for each Gregorian year.

#### 2- Basis of preparation and assumptions used

The Pro Forma Financial Information has been prepared for inclusion in the shareholders' circular in relation to an arrangement involving the Transaction announced by the Company on 1 September 2024, regarding its intention to purchase two investment properties from Remat Al-Riyadh Development Company for a value of SR 1,403,826,025 through the issuance of 56,153,041 new ordinary shares (the “Transaction”), which represents an increase of 31.586% of the current (pre-purchase) capital.

Remat Al-Riyadh Development Company will acquire 24% of the ordinary shares of Arriyadh Development Company after increasing the Company's share capital (post-purchase) at a price of SR 25 per share (closing price on 29 August 2024 on Tadawul), thus, the value of the share capital increase amounted to SR 561,530,041, making the capital after the purchase SR 2,339,308,180. The value of the additional paid-up capital amounted to SR 842,295,615.

Below are details of the investment properties that the Company intends to purchase:

Name of property	Area (Sqm)	Agreed Purchase Value (Saudi Riyals)	Property Location
Al Ramal Land	787,477.19	766,354,986	Northern Dammam Road, Al Ramal District, Riyadh, Saudi Arabia
Al Murooj Land	214,000	637,471,039	South of the Northern Ring Road, Al Murooj District, Riyadh, Kingdom of Saudi Arabia.

The Company's management has compiled the unaudited Pro Forma Financial Information to illustrate the impact of the potential purchase of the two investment properties mentioned above (the “Transaction”) on the Company's financial position as at 30 June 2024 as if the Transaction had occurred on 30 June 2024, and its financial performance for the six-months period ended 30 June 2024 as if the Transaction had occurred on 1 January 2023. This also applies for the Company's financial position as at 31 December 2023 as if the Transaction had occurred on 31 December 2023, and its financial performance for the year ended 31 December 2023 as if the Transaction had occurred on 1 January 2023.

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 2- Basis of preparation and assumptions used (continued)

Accordingly, the impact of the Transaction is as follows:

- An increase in the Company's share capital by SR 561,530,410.
- An increase in the Company's additional paid-up capital by SR 842,295,615.
- Increase in the company's investment properties by SR 1,403,826,025.

Except for the impact on earnings per share, the pro forma adjustments did not include any changes that impact other items, including those in the statement of profit or loss and other comprehensive income for the six-months period ended 30 June 2024 and for the year ended 31 December 2023, as the Company's management does not believe there are any material adjustments or assumptions related to those items.

The unaudited Pro Forma Financial Information includes the pro forma statement of financial position as at 30 June 2024 and 31 December 2023, and the pro forma statement of profit or loss and other comprehensive income for the six-months period ended 30 June 2024 and for the year ended 31 December 2023, and the related notes to the Pro Forma Financial Information. The unaudited Pro Forma Financial Information has been compiled based on Appendix (I8) of the "Rules for the Offering of Securities and Continuing Obligations" issued by the Board of Directors of the Capital Market Authority in the Kingdom of Saudi Arabia and to meet the specific requirements of the Capital Market Authority Board in the Kingdom of Saudi Arabia.

The historical financial information of the Company as of and for the six-months period ended 30 June 2024, has been extracted without any material adjustments from the Company's unaudited condensed interim financial statements as of and for the six-months period ended 30 June 2024. Similarly, the historical financial information of the Company as of and for the year ended 31 December 2023, has been extracted without any material adjustments from the Company's audited financial statements as of and for the year ended 31 December 2023.

The unaudited Pro Forma Financial Information should be read in conjunction with unaudited interim condensed financial statements of the Company for the six-months period ended 30 June 2024 and the audited financial statements of the Company for the year ended 31 December 2023. Certain disclosures that may be required by International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") have not been included in this unaudited Pro Forma Financial Information.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and due to its nature, it addresses a hypothetical scenario. Therefore, it does not reflect the actual financial position or performance of the Company in the event that the Transaction is completed on the specified date or any other date. As a result, this information may not provide a true picture of the Company's future operating results and does not indicate the results we may or may not expect to achieve in the future, as it relies on the completion of all regulatory procedures and approvals related to the planned Transaction on a future date. The Pro Forma Financial Information is provided for informational purposes only and should not be considered an indication of the actual results that could have been achieved if the Transaction had taken place on the specified date, nor is it intended to indicate the Company's future operating results or financial position.

The purchase process is subject to the fulfillment of a number of conditions, including (but not limited to) obtaining the required regulatory approvals and the approval of the Company's Extraordinary General Assembly for the purchase and other conditions stipulated in the purchase agreement.

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 2- Basis of preparation and assumptions used (continued)

All pro forma adjustments made in the preparation of the Pro Forma Financial Information are in accordance with the basis of preparation described here. The future operational results of the Company after the actual completion of the purchase of the investment properties and considering all the necessary adjustments in accordance with International Financial Reporting Standards (“IFRS”) as endorsed in the Kingdom of Saudi Arabia may significantly differ from the Pro Forma Financial Information of the Company.

This Pro Forma Financial Information are presented in Saudi Riyals, which is the Company’s functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

#### Impact on individual items of historical financial information related to the Transaction:

In preparing this Pro Forma Financial Information, the Company’s management applied the considerations and assumptions referred to above. The following are details of the impact on individual items of historical financial information related to the Transaction:

#### 2-1 Investment properties

The following is the impact of the Transaction on the movement of investment properties for the six-months period ended 30 June 2024:

	Lands	Lands on which buildings are constructed	Buildings	Total
<b>Cost</b>				
At 31 December 2023	135,440,173	540,277,119	1,262,642,254	1,938,359,546
Transferred from investment properties under development	-	-	30,100,241	30,100,241
At 30 June 2024	135,440,173	540,277,119	1,292,742,495	1,968,459,787
<b>Pro forma adjustments:</b>				
Additions	1,403,826,025	-	-	1,403,826,025
<b>At 30 June 2024 (Pro forma) (unaudited)</b>	<b>1,539,266,198</b>	<b>540,277,119</b>	<b>1,292,742,495</b>	<b>3,372,285,812</b>
<b>Depreciation</b>				
At 31 December 2023	-	-	447,572,784	447,572,784
Depreciation for the period	-	-	18,140,051	18,140,051
At 30 June 2024	-	-	465,712,835	465,712,835
<b>Net Book Value</b>				
<b>At 30 June 2024 (Pro forma) (unaudited)</b>	<b>1,539,266,198</b>	<b>540,277,119</b>	<b>827,029,660</b>	<b>2,906,572,977</b>
At 30 June 2024	135,440,173	540,277,119	827,029,660	1,502,746,952

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 2- Basis of preparation and assumptions used (continued)

##### 2-1 Investment properties (continued)

The following is the impact of the Transaction on the movement of investment properties for the year ended 31 December 2023:

	Lands	Lands on which buildings are constructed	Buildings	Total
<b>Cost</b>				
At 31 December 2022	241,751,732	439,689,861	1,280,678,263	1,962,119,856
Additions	-	-	3,649,080	3,649,080
Transferred from investment properties under development	-	-	952,370	952,370
Transferred from lands to lands on which buildings are constructed	(100,587,258)	100,587,258	-	-
Transferred to lands held for sale	(2,247,695)	-	-	(2,247,695)
Disposals	(3,476,606)	-	(22,637,459)	(26,114,065)
At 31 December 2023	135,440,173	540,277,119	1,262,642,254	1,938,359,546
<b>Pro forma Adjustments:</b>				
Additions	1,403,826,025	-	-	1,403,826,025
<b>At 31 December 2023 (Pro forma) (unaudited)</b>	<b>1,539,266,198</b>	<b>540,277,119</b>	<b>1,262,642,254</b>	<b>3,342,185,571</b>
<b>Depreciation</b>				
31 December 2022	-	-	434,367,419	434,367,419
Depreciation for the year	-	-	35,842,824	35,842,824
Disposals	-	-	(22,637,459)	(22,637,459)
At 31 December 2023	-	-	447,572,784	447,572,784
<b>Net Book Value</b>				
<b>At 31 December 2023 (Pro forma) (unaudited)</b>	<b>1,539,266,198</b>	<b>540,277,119</b>	<b>815,069,470</b>	<b>2,894,612,787</b>
At 31 December 2023	135,440,173	540,277,119	815,069,470	1,490,786,762

## Arriyadh Development Company

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### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 2- Basis of preparation and assumptions used (continued)

##### 2-2 Share capital

The impact of the Transaction on share capital as at 30 June 2024 and 31 December 2023 is as follows:

Shareholders	30 June 2024					
	Actual historical			Pro forma (unaudited)		
	Number of shares	SR	Percentage of shares	Number of shares	SR	Percentage of shares
New shareholders of the Company	-	-	-	56,153,041	561,530,410	24%
Existing shareholders of the Company	177,777,777	1,777,777,770	100%	177,777,777	1,777,777,770	76%
<b>Total</b>	<b>177,777,777</b>	<b>1,777,777,770</b>	<b>100%</b>	<b>233,930,818</b>	<b>2,339,308,180</b>	<b>100%</b>

Shareholders	31 December 2023					
	Actual historical			Pro forma (unaudited)		
	Number of shares	SR	Percentage of shares	Number of shares	SR	Percentage of shares
New shareholders of the Company	-	-	-	56,153,041	561,530,410	24%
Existing shareholders of the Company	177,777,777	1,777,777,770	100%	177,777,777	1,777,777,770	76%
<b>Total</b>	<b>177,777,777</b>	<b>1,777,777,770</b>	<b>100%</b>	<b>233,930,818</b>	<b>2,339,308,180</b>	<b>100%</b>

## Arriyadh Development Company

(A Saudi Joint Stock Company)

### NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION (Continued)

For the six-months period ended 30 June 2024 and the year ended 31 December 2023

(All amounts are expressed in Saudi Riyals unless otherwise stated)

#### 2- Basis of preparation and assumptions used (continued)

##### 2-3 Additional paid-up capital

The impact of the Transaction on the additional paid-up capital as at 30 June 2024 and 31 December 2023 is as follows:

	For the six-months period ended 30 June 2024			For the year ended 31 December 2023		
	Actual historical	Pro forma Adjustments	Pro forma (Unaudited)	Actual historical	Pro forma Adjustments	Pro forma (Unaudited)
Additional paid-up capital	-	842,295,615	842,295,615	-	842,295,615	842,295,615

##### 2.4 Earnings per share

The impact of the Transaction on earnings per share for the period ended 30 June 2024 and for the year ended 31 December 2023 is as follows:

Earnings per share	For the six-months period ended 30 June 2024			For the year ended 31 December 2023		
	Actual historical	Pro forma Adjustments	Pro forma (Unaudited)	Actual historical	Pro forma Adjustments	Pro forma (Unaudited)
Basic and diluted earnings per share in profit for the period/year from the main operations	0.38	(0.09)	0.29	0.83	(0.20)	0.63
Basic and diluted earnings per share from net profit for the period / year	0.91	(0.22)	0.69	1.53	(0.37)	1.16

#### 3- Approval of the Pro Forma Financial Information

The Pro Forma Financial Information was approved by the Board of Directors on 18 Rabi' al-Thani 1446H (corresponding to 21 October 2024).



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