



شركة الباحة للاستثمار والتنمية

AlBaha Investment & Development Co.

Al-Baha Investment and Development Company

Al-Baha Investment and Development Company is a Saudi joint stock company under Commercial Registration No. (5800005960) issued on 19/07/1413H (corresponding to 12/01/1993G).

Offering of twelve million (12,000,000) ordinary shares at an Offering Price of ten (10) Saudi Riyals per share through a Rights Issue with a total value of one hundred and twenty million (120,000,000) Saudi Riyals, representing an increase in the Company's capital by 67.79%.

Al-Baha Investment and Development Company (hereinafter referred to as "Al-Baha Company" or "the Company") is a Saudi public joint stock company incorporated pursuant to H. E. the Minister of Commerce Resolution No. 600, dated 05/06/1413H, and Commercial Registration No. 5800005960 issued by the Commercial Registry Office in Al-Baha on 19/07/1413H (corresponding to 12/01/1993G). The Company's current capital is (177,000,000) one hundred and seventy-seven million Saudi Riyals, divided into (17,700,000) seventeen million seven hundred thousand ordinary shares with a nominal value of (10) ten Saudi Riyals per share (each of which is referred to as "Existing Share" and to all of them by "Existing Shares") and all such Shares are fully paid up. There are no substantial shareholders among the shareholders of Al-Baha Investment and Development who own 5% or more of the Company's shares.

On 24/03/1442H (corresponding to 10/11/2020G), the Company's Board of Directors recommended to increase the Company's capital through Offering Rights Issue Shares amounting to one hundred and twenty million (120,000,000) Saudi Riyals.

On Monday 20/07/1443H (corresponding to 21/02/2022G), the Extraordinary General Assembly ("EGM") of the Company approved the increase of the Company's capital by issuing Rights Issue Shares. The subscription consists in Offering twelve million (12,000,000) new ordinary shares (referred to individually as "Rights Issue Share" and collectively as "Rights Issue Shares") at the Offering Price of (10) Saudi Riyals per share (referred to as the "Offering Price"), with a nominal value of ten (10) Saudi Riyals, in order to increase the Company's capital from (177,000,000) one hundred and seventy-seven million Saudi Riyals, divided into (17,700,000) seventeen million seven hundred thousand ordinary shares, to (297,000,000) two hundred and ninety-seven million Saudi Riyals, divided into (29,700,000) twenty-nine million seven hundred thousand shares.

Rights will be issued as tradable securities (referred to collectively as "Rights" and individually as "Right") to shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly that includes the approval of the capital increase (referred to as "Eligibility Date") who are registered in the Company's shareholders' register with the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly that includes the approval of the capital increase on Monday 20/07/1443H (corresponding to 21/02/2022G) (referred to collectively as "Registered Shareholders" and individually as "Registered Shareholder"), provided that such rights shall be deposited in the portfolios of the Registered Shareholders after convening the Extraordinary General Assembly, taking into consideration the settlement procedures of (0.6779) right for each (1) share of the Company. Each right shall grant its holder the eligibility to subscribe to one new share at the Offering Price.

Registered Shareholders and other general investors (referred to as "New Investors"), who may trade rights and subscribe to new shares, will be able to trade and subscribe to the Rights Issue Shares in the Saudi Stock Exchange (referred to as "Tadawul" or "Exchange"). The Trading Period and the Subscription Period start on Monday 27/07/1443H (corresponding to 28/02/2022G), the Trading Period ends on Monday 04/08/1443H (corresponding to 07/03/2022G), (referred to as "Trading Period"), while the Subscription Period continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G), (referred to as "Subscription Period"). It should be noted that the Trading Period and the Subscription Period will start on the same day, the Trading Period will end on the sixth day of the start of the period, while the Subscription Period will end on the ninth

day of the said period.

The Registered Shareholders will be able to trade the Right during the Trading Period, by selling the acquired rights or part of them, or buying additional rights from the stock exchange. New Investors may, during the Trading Period, buy rights from the stock exchange and sell them during the Trading Period.

Also, New Investors during the Trading Period will be able to buy Rights through the market and sell Rights that are purchased during the Trading Period.

The new shares could be subscribed to during the Subscription Period via a single phase as follows:

- 1- During this period, all Registered Shareholders and New Investors will be able to subscribe to the new shares.
- 2- A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he buys new rights, he will be allowed to subscribe to them after the end of the settlement period (two working days).
- 3- New Investors will be able to subscribe to the new shares immediately after settlement of such shares (two business days).
- 4- Subscription will be available electronically through the investment portfolio in the trading platforms and applications, through which the sale and purchase of orders are entered, as well as through other channels and means provided by the broker.

If there are any unsubscribed shares by the end of the Subscription Period (referred to as "Rump Shares"), those shares will be offered to a number of institutional investors (referred to as "Institutional Investors") and this Offering is referred to as a "Rump Offering".

Those institutional investors will submit their offers to buy the Rump Shares, and those offers will be received starting from 10:00 AM on Tuesday 12/08/1443H (corresponding to 15/03/2022G) until 05:00 PM of Wednesday 13/08/1443H (corresponding to 16/03/2022G) (referred to as "Rump Offering Period"). The Rump Shares will be allocated to the institutional investors with the highest offer first, then the lowest and the lowest (provided that the offered price shall not fall below the Offering Price). Such shares shall be allocated on a pro rata basis, among the institutional investors that provided offers at the same price. As for fractional shares, they will be added to the Rump Shares and treated in a similar manner. The total Offering Price obtained from the Rump Offering process will be paid to the Company, and the remaining proceeds of the Offering process will be distributed without accounting for any fees or deductions no later than 06/09/1443H (corresponding to 07/04/2022G).

In the event that the institutional investors do not subscribe to all the Rump Shares and fractional shares, the remaining shares will be allocated to the Underwriter who will purchase them at the Offering Price (please see section (13) "Information Relating to the Shares and Offering Terms and Conditions"). Final allocation for the new shares will be announced no later than 17/08/1443H (corresponding to 20/03/2022G) (referred to as "allocation date") (please see section (13) "Information Relating to the Shares and Offering Terms and Conditions").

Following completion of the Subscription process, the Company's capital will become (297,000,000) two hundred and ninety-seven million Saudi Riyals, divided into (29,700,000) twenty-nine million seven hundred thousand ordinary shares.

All the Company shares are of one class, and no share holder

Rights Issue Prospectus

Trading Period:

starts on Monday 27/07/1443H (corresponding to 28/02/2022G) and ends on Monday 04/08/1443H (corresponding to 07/03/2022G)

Subscription Period:

starts on Monday 27/07/1443H (corresponding to 28/02/2022G) and ends on Thursday 07/08/1443H (corresponding to 10/03/2022G).

shall have any preferential rights. The new shares will be fully paid and will equal exactly to the existing shares. Each share grants its holder one vote, and each shareholder in the Company (referred to as "shareholder") has the right to attend the general meeting (referred to as the "general assembly") (whether ordinary or extraordinary) and vote in it. Owners of the new shares shall be entitled to receive any dividends declared by the Company as of the date of the Offering (if any).

On 05/06/1413H (corresponding to 30/11/1992G), (1,500,000) one million and five hundred thousand ordinary shares of the Company were listed on the Exchange at a nominal value of (100) one hundred Riyals per share, with a capital of (150,000,000) one hundred and fifty million Riyals Saudi. On 06/08/1438H (corresponding to 02/05/2017G), the Company's Extraordinary General Assembly approved increasing the Company's capital to (295,000,000) two hundred and ninety-five million Saudi Riyals for the purpose of acquiring the Al Marakiz Al Raqayah Company, as well as reducing the Company's capital from (295,000,000) two hundred and ninety-five million Saudi Riyals to (177,000,000) one hundred and seventy-seven million Saudi Riyals, thus reducing the number of shares to (17,700,000) seventeen million seven hundred thousand ordinary shares.

The Company's outstanding shares are currently traded on the Saudi Stock Exchange ("Tadawul" or "the Exchange"). The Company has submitted an application to the Capital Market Authority in the Kingdom of Saudi Arabia (referred to as the "CMA") to register and offer new shares. It has also submitted a request to the Saudi Stock Exchange Group (Tadawul) to accept its listing. All the required documents have been submitted, all the requirements of the relevant authorities have been fulfilled, and this Prospectus has been approved. It is expected that the new shares will start trading in the market within a short period after completion of the process of allocating the new shares and refunding the oversubscription (please refer to section "Key Dates and Subscription Procedures"). Trading in the new shares, after their registration and acceptance of their listing, will be available for citizens of the Kingdom of Saudi Arabia and residents of the Kingdom of Saudi Arabia, GCC nationals, Saudi and GCC investment companies and funds, in addition to Qualified Foreign Investors under the rules regulating the investment by qualified foreign financial institutional investors who are qualified to invest in the listed securities. Moreover, other categories of foreign investors are entitled to obtain the economic benefits associated with the new shares by concluding swap agreements with persons authorized by the CMA (referred to as "Authorized Person"), knowing that the Authorized Person will be in this case the legal owner of the shares.

This Prospectus must be read in full and the "Important Notification" section on page (i) and the "Risk Factors" section (2) of this Prospectus prior making an investment decision related to the rights or new shares.

The Offering of Rights under this Prospectus depends on the shareholders' approval to increase the capital in accordance with the recommendation of the Board of Directors and the Company's obtaining of the regulatory approvals. An invitation for the Extraordinary General Meeting of the Company has been published to approve the issuance of the Rights on 28/06/1443H (corresponding to 31/01/2022G). The shareholders should know that if the shareholders' approval is not obtained for the Offering of the Rights Issue, the issue of the rights will automatically stop. At that time, this Prospectus will be considered void, and shareholders will be notified accordingly.

Financial Advisor



مجموعة الدخيل المالية
ALDUKHEIL FINANCIAL GROUP

Underwriter and Lead Manager

الجزيرة كابيتال
ALJAZIRA CAPITAL
الجزيرة للأسواق المالية

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear on page (iii) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts that omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation 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 Prospectus.

"This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts".

This Prospectus is dated 09/05/1443H (corresponding to 13/12/2021G).





شركة الباحة للإستثمار والتنمية
AlBaha Investment & Development Co.



Important Notification

This Prospectus (the “**Prospectus**”) provides detailed information about Al-Baha Investment and Development Company and the Right Issue Shares offered for subscription. When submitting an application to subscribe in the new shares, investors will be treated on the basis that their requests are based on the information contained in this Prospectus, a copy of which can be obtained from the Company’s headquarters and from the Company’s Lead Manager or by visiting the websites of the Company (www.albahacompany.com), CMA (www.cma.org.sa), the Financial Adviser (www.aldukheil.com.sa) or the Saudi Stock Exchange (Tadawul) (www.saudiexchange.sa).

The Prospectus will be published and assured to be available to the public within a period not less than (14) days prior to the date of the Extraordinary General Assembly for the capital increase. In the event that the Extraordinary General Assembly fails to approve it within six months from the date of the authority’s approval on the Rights Issue, CMA’s approval shall be deemed void and null.

The Company has appointed (Aldukheil Financial Group) as a Financial Advisor (“**Financial Advisor**”) and Aljazira Capital as Lead Manager (“**Lead Manager**”) and Underwriter (“**Underwriter**”) in relation to the Offering of Rights to increase the Company’s capital in accordance with this Prospectus.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority (“**the Authority**” or “**CMA**”) in Saudi Arabia. The Directors whose names appear on page (iii) collectively and individually bear the full responsibility for the accuracy of the information contained in the Prospectus, and confirm, according to their knowledge and belief, after conducting the possible studies and to the reasonable extent, there are no other facts that, not including them in the Prospectus, would make any statement contained therein misleading. The Capital Market Authority and the Saudi Stock Exchange Group (Tadawul) take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Prospectus or from depending on any part thereof.

Although the Company has carried out all reasonable studies to verify the validity of the information contained in this Prospectus on the date of its issuance, significant part of the information contained in this Prospectus has been obtained from external sources, although the Financial Advisor, Lead Manager, the Company or any of its advisors mentioned in page (v) have no reason to believe that the information relating to the market or sector is inaccurate in its essence. However, the information has not been independently verified by the Company or its advisors. Therefore, no assurance or representation may be made regarding the accuracy or completeness of this information.

The information contained in the Prospectus as on the date of its issuance is subject to change, especially that the Company’s financial position and the value of the shares may be negatively affected as a result of future developments such as inflation factors, interest rates, taxes, or other economic and political factors or other factors beyond the Company’s control (please see Section (2) “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any verbal or written information related to the Offer Shares, or their interpretation or reliance on them, in any form, shall be considered as a promise, confirmation, or acknowledgment regarding the realization of any revenues, results, or future events.

This Prospectus shall not be considered as a recommendation by the Company, its board members, or any of its advisors to participate in the subscription process. The information contained in the Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial condition or special investment needs. Each recipient of the Prospectus, before making an investment decision, is responsible for obtaining professional advice from a Financial Advisor licensed by the CMA regarding the subscription to assess the suitability of this investment and the information contained in it for his goals, conditions and financial needs.

The Registered Shareholders and other public investors (“**New Investors**”), who may trade in rights and subscribe to the new shares, will be able to trade and subscribe to Right Issue Shares on the Saudi Stock Exchange (“**Tadawul**” or “**Exchange**”). The Trading Period and the Subscription Period start on Monday 27/07/1443H (corresponding to 28/02/2022G), and the Trading Period ends on Monday 04/08/1443H (corresponding to 07/03/2022G) (“**Trading Period**”), while the Subscription Period continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G) (“**Subscription Period**”). It should be noted that the Trading Period and the Subscription Period will start on the same day, where Trading Period ends on the sixth day while the Trading Period continues until the end of the ninth day from the beginning of the period. Registered Shareholders will be able to trade in the Rights during the Trading Period, by selling the acquired Rights or part thereof, or purchasing additional Rights through the Exchange. New Investors will be able, during the Trading Period, to buy rights through the exchange and sell the rights that are bought during the Trading Period.

The subscription to the new shares will be available during the Subscription Period via a single phase as follows:

- 1- During this period, all Registered Shareholders and New Investors will be able to subscribe to the new shares.
- 2- A Registered Shareholder will be allowed to subscribe directly to the number of his shares or less than the number of his shares during the Subscription Period, and if he buys new Rights, he will be able to subscribe to them after the end of their settlement period (two working days).



- 3- New Investors will be entitled to subscribe to the New Shares immediately after settlement of the Rights purchase process (two working days).
- 4- Subscription will be available electronically through the investment portfolio in the trading platforms and applications of Tadawul through which sale and purchase orders are entered, in addition to subscription through other channels and means available to the agent.

In the event that any Shares remain unsubscribed for during the Subscription Period (the “**Rump Shares**”), they will be offered to a number of institutional investors (“**Institutional Investors**”) (referred to as “**Rump Offering**”). Such Institutional Investors shall submit offers to purchase the Rump Shares. Receipt of such offers will start at 10:00 AM on Tuesday 12/08/1443H (corresponding to 15/03/2022G), until the following day at 05:00 PM on Wednesday 13/08/1443H (corresponding to 16/03/2022G) (“**Rump Offering Period**”). The remaining shares will be allocated to the Institutional Investors in the order of the offered price with the highest first until all the Rump Shares have been allocated (providing that the price shall not fall below the Offering Price). The shares will be allocated proportionally to the Institutional Investors who tendered the same price. Fractional Shares will be added to the Rump Shares and treated in the same manner. All proceeds resulting from the sale of the Rump Shares shall be distributed to the Company and any proceeds in excess (if any) without calculating any fees or deductions (exceeding the Offering Price) for those who are entitled to it, each according to what he is entitled to, no later than Thursday 06/09/1443H (corresponding to 07/04/2022G).

In the event that the Investment Institutions have not subscribed for all the remaining shares and fractions of shares, the remaining shares shall be allocated to the Underwriters who will purchase them at the Offering Price (please refer to Section (13) “**Information Relating to the Shares and Offering Terms and Conditions**”). The final allocation process will be announced no later than Sunday 17/08/1443H (corresponding to 20/03/2022G), (“**Allocation Date**”). (Please refer to Section (13) “**Information Relating to the Shares and Offering Terms and Conditions**”).

Financial Information

The audited financial statements of the Company for the financial years ending on December 31, 2018G, 2019G and 2020G, were prepared in accordance with the international Financial Reporting Standards (IFRS). The financial statements were reviewed by Al Azem, Al Sudairy, Al Shaikh & Their Partners CPA's Consultants. The Company issues its statements in Saudi Riyals.

It should be noted that some of the financial and statistical information contained in this Prospectus has been rounded to the nearest whole number. therefore, if the numbers mentioned in some tables are summed, a slight difference may appear in the numbers mentioned in the tables compared to those mentioned in this Prospectus.

Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions mentioned in the relevant parts thereof. The Company's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements contained in this Prospectus were made based on the necessary professional care.

Certain statements in this Prospectus constitute forward-looking statements. Such statements can generally be identified by their use of forward-looking words such as “intends”, “plans”, “estimates”, “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “expected”, “would be” or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied. Some of the risks and factors that could have such an effect are described in more detail. In other sections thereof. (For further details, see Section 2 (**Risk Factors**) of this Prospectus). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary Prospectus to the CMA if, at any time after the publication of this Prospectus and before completion of the Offering, the Company becomes aware that:

- i- There has been a significant change in any material information contained in this Prospectus; or
- ii- The occurrence of additional significant matters which would have been required to be included in this Prospectus.

Except in the circumstances mentioned above, the Company does not intend to update or otherwise revise any industry or market information, forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise relating to the Company, industry or risk factors. As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Prospectus may not occur as expected by the Company or may not occur at all. Accordingly, potential investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.





Company's Directory

Board of Directors

Name	Position	Nationality	age	Membership Status	Direct Ownership % ⁽¹⁾	Indirect Ownership % ⁽²⁾	Membership Date
Mohammed Saleh Mohammed Al Hammadi	Chairman	Saudi	50	Non-executive	3.72%	-	10/02/2019G
Ibrahim bin Abdullah bin Rashid bin Kulib	Deputy Chairman-CEO	Saudi	45	Executive	2.46%	-	10/02/2019G
Abdul Aziz Saleh Mohammed Al Hammadi	Board Member	Saudi	45	Non-executive	4.67%	-	10/02/2019G
Saad bin Abdulmohsen Abdulaziz Hamaidi	Board Member	Saudi	45	Independent	0.00005%	-	10/02/2019G
Turki bin Abdulrahman bin Abdullah Al Rusais	Board Member	Saudi	48	Independent	0.00005%	-	10/02/2019G
Mishal Mohammed Hassan Mufti	Board Member	Saudi	38	Executive	0.0042%	-	10/02/2019G
Ziad Mohammed Sultan Al Amro	Board Member	Saudi	40	Independent	0.0033%	-	10/02/2019G
Saad Hamad Mohammed bin Saif	Board Member	Saudi	49	Independent	0.000005	-	10/02/2019G

Source: The Company.

⁽¹⁾ The mentioned ownership percentages are approximate.

⁽²⁾ The mentioned dates represent the dates of their appointment in their current positions.





Company's Address, Representatives and Board Secretary

Company's Address

Al-Baha Investment and Development Co

Al-Baha - King Fahd Road,
P.O. Box 448, Riyadh 22888,
Kingdom of Saudi Arabia
Tel: +966 (17) 7223333
Fax: +966 (17) 7224445
Website: www.albahacompany.com
Email: invest@albahacompany.com



شركة الباحة للإستثمار والتنمية
AlBaha Investment & Development Co.

Company's Representatives

Ibrahim bin Abdullah bin Kulib

Deputy Chairman and CEO
P.O. Box 231028 Riyadh 11321
Kingdom of Saudi Arabia
Tel: + 966 (11) 2223040
Fax: + 966 (11) 2173661
Website: www.albahacompany.com
E-mail: ceo@albahacompany.com

Abdul Aziz Saleh Al Hammadi

Member of the Board of Directors
P.O. Box 231028 Riyadh 11321
Kingdom of Saudi Arabia
Tel: + 966 (11) 4648418
Fax: + 966 (11) 2173661
Website: www.albahacompany.com
E-mail: info@albahacompany.com

Board Secretary

Abdul Aziz Saleh Al Hammadi

Member of the Board of Directors
P.O. Box 231028 Riyadh 11321
Kingdom of Saudi Arabia
Tel: + 966 (17) 7223333
Fax: + 966 (17) 7224445
Website: www.albahacompany.com
E-mail: info@albahacompany.com





Stock Exchange

Saudi Stock Exchange Company (Tadawul)

Tawuniya Towers, North Tower
King Fahd Road - Olaya 6897
Unit No: 15
Riyadh 12211 – 3388
Kingdom of Saudi Arabia
Tel: +966 920001919
Fax: +966 (11) 2189133
Website: www.saudiexchange.sa
E-mail: csc@tadawul.com.sa

تداول السعودية
Saudi Exchange

Financial Advisor

Aldukheil Financial Group

Naeem bin Hammad Street
P.O. Box 2462 Riyadh 11451
Kingdom of Saudi Arabia
Tel: + 966 (11) 4309800
Fax: + 966 (11) 4787795
Website: www.aldukheil.com.sa
E-mail: info@aldukheil.com.sa



مجموعة الدخيل المالية
ALDUKHEIL FINANCIAL GROUP

Legal Advisor

Al-Saleh & Al-Sahli Law Firm

Al-Seef Center - King Abdullah Road - Al-Worood District
P.O. Box 90549 Riyadh 11623
Kingdom of Saudi Arabia
Tel: + 966 (11) 2054555
Fax: + 966 (11) 2054222
Website: www.ssifrm.com
E-mail: copprorate@ssfim.com.sa

الصالح والسهلي

للمحاماة والاستشارات القانونية
Alsaleh & Alsahli Law Firm

In co-operation with *Daher Firm*



Auditor

Al Azem, Al Sudairy, Al Shaikh & Their Partners CPA's Consultants

Member of Crowe Horwath
Prince Mohammad bin Abdulaziz street
P.O. Box 10504 Riyadh 11443
Kingdom of Saudi Arabia
Tel: + 966 (11) 2175000
Fax: + 966 (11) 2176000
Website: www.crowe.com/sa
E-mail: info@crowe.sa

Crowe Horwath.

Underwriter and Lead Manager

Aljazira Capital Markets Company (Aljazira Capital)

P.O. Box 20438, Riyadh 11455
Riyadh, King Fahd Road
Kingdom of Saudi Arabia
Tel: +966 (11) 2256000
Fax: +966 (11) 2256068
Website: www.aljaziracapital.com.sa
E-mail: contactus@aljaziracapital.com.sa

الجزيرة كابيتال

ALJAZIRA CAPITAL الجزيرة للأسواق المالية



The Auditor and all the above-mentioned Advisors have provided their written consent to mention their names and logos and to include their information in this Circular. None of the above-mentioned parties has withdrawn its approval up to the date of this Circular. Neither the advisors, nor their employees and relatives have any shares or interests of any kind in the Company as at the date of this Circular.





Abstract of the Offering

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. Therefore, this summary does not contain all information that must be taken into consideration before deciding to invest in the Company's shares. Therefore, this summary should be read as an introduction to this Prospectus, and those wishing to subscribe to the offered shares should read and review this Prospectus in full, and any decision related to investing in the Offering shares should not be based solely on reading this summary.

Company's Name, Description, and Incorporation	Al-Baha Investment and Development Company is a Saudi public joint stock company established pursuant to the Minister of Commerce Resolution No. 600, dated 05/06/1413H (corresponding to 30/11/1992G), and Commercial Registration No. 5800005960 issued by the Commercial Registry Office in Al-Baha City on 19/07/1413H (corresponding to 12/01/1993G). The Company's current capital is (177,000,000) one hundred and seventy-seven million Saudi Riyals, divided into (17,700,000) seventeen million seven hundred thousand ordinary shares with a nominal value of (10) ten Saudi Riyals per share (each of which is referred to as "current share" and to all of them by "Current Shares") and all such Shares are fully paid up. There are no substantial shareholders among the shareholders of Al-Baha Investment and Development who own 5% or more of the Company's shares.		
Company's Activities according to its Articles of Association	<p>According to its Articles of Incorporation, the Company's activities are summarized below:</p> <ol style="list-style-type: none">1- Establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries and sweets, cooked and uncooked catering services, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and steel, general contracting for buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance, operations and cleaning contracting, buying and renting lands to construct buildings on them, and investing them by selling or renting for the benefit of the Company.2- Establishing various industrial projects.3- Owning and reclaiming agricultural land for use in establishing agricultural and livestock production projects.4- Establishing, investing, managing, operating, and maintaining recreational and tourism facilities and projects.5- Wholesale and retail trade of what falls within the scope of the Company's industrial, agricultural and tourism business, and establishment of cold stores, repair and maintenance workshops for that.6- Commercial agencies. <p>The Company may also, according to the aforementioned, carry out any necessary or complementary work to achieve these purposes.</p> <p>The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.</p>		
Substantial Shareholders	As of the date of this Prospectus, there is no Substantial Shareholders		
Nature of Offering	Increasing the capital by issuing Rights.		
Purpose of the proposed Rights Issue	<p>Al-Baha Investment and Development Company, by increasing its capital through a rights issue, aims to:</p> <ul style="list-style-type: none">• Invest in diversified income-generating assets.• Pay the Zakat assessment dues to the Zakat, Tax and Customs Authority.• Pay the surplus of selling the shares of the shareholders who defaulted on paying the installments due to the Company.		
Total estimated proceeds and analysis and description of its proposed use	It is expected that the total Offering Proceeds will amount to (120,000,000) one hundred and twenty million Saudi Riyals. Such proceeds will be used, as shown in the table below:		
		SAR	Percentage
	Investing in diversified income generating assets	90,429,923	75.36%
	Paying the Zakat assessment dues to the Zakat, Tax and Customs Authority.	14,849,232	12.37%
	Payment of deposits under- auction settlement shares	10,720,845	8.93%
	Offering costs	4,000,000	3.33%
	Total	120,000,000	100%
Offering Costs	The Offering costs is about four million (4,000,000) Saudi Riyals, knowing that this amount is estimated (please refer to section (7) "Use of Offering Proceeds").		
Net Offering Proceeds	It is expected that the net Offering Proceeds will amount to about one hundred and sixteen million (116,000,000) Saudi Riyals, after deducting all the costs of the Offering, which amount to four million (4,000,000) Saudi Riyals. (Please refer to section (7) "Use of Offering Proceeds").		





Substantial amendments to the information disclosed in the latest Prospectus	The Capital Market Authority has approved the Company's last Prospectus on 07/07/1439H (corresponding to 04/04/2017G). To review the details of the major amendments that occurred to the information disclosed in the latest Prospectus, please see section No. (10) ("Legal Information").
Company's capital before the Offering	One hundred and seventy-seven million (177,000,000) Saudi Riyals
Company's capital after the capital increase	Two hundred and ninety-seven million (297,000,000) Saudi Riyals
Total Number of shares prior to Offering	Seventeen million and seven hundred thousand (17,700,000) ordinary shares
Total Number of shares post Offering	Twenty-nine million and seven hundred thousand (29,700,000) ordinary shares
Nominal Value of the share	SAR 10 per share
Total Number of new Offered Shares	Twelve million (12,000,000) ordinary shares
Percentage of Offer Shares of the Company's Share Capital	The Offering shares represent (67.79%) of the Company's capital before the Offering
Offering Price	Ten (10) Saudi Riyals per share.
Total Offering value	One hundred and twenty million (120,000,000) Saudi Riyals.
Number of Offer Shares to be Underwritten	Twelve million (12,000,000) ordinary shares.
Total Offering Amount to be Underwritten	One hundred and twenty million (120,000,000) Saudi Riyals.
Categories of Targeted Investors	Registered Shareholder and New Investors.
Registered Shareholder	Shareholders who own shares at the end of the trading day of the Extraordinary General Assembly for the capital increase and are registered in the Company's records at the Depository Center at the end of the second trading day following the convening of the Extraordinary General Meeting regarding the capital increase
New Investors	In general, individual and institutional investors, other than Registered Shareholder, who purchased the Rights Issue during the Trading Period.
Rights	Rights are tradable securities that entitle its holders the right to subscribe to New Shares after approval of the capital increase. It is an earned right for all Registered Shareholder. Each Right entitles its holder to subscribe to one share of the New Shares at the Offering Price. Rights will be deposited in the Registered Shareholders portfolios after the Extraordinary General Assembly for the capital increase has convened. These Rights will appear in the Registered Shareholder' portfolios under a new pre-emptive right-related symbol.
New Shares	Twelve million (12,000,000) ordinary shares which will be issued as a result of Capital increase
Number of issued Rights	Twelve million (12,000,000) Rights
Eligibility Ratio	(0.6779) Right for every (1) share held by the Registered Shareholder. This ratio is the result of dividing the number of New Shares by the number of the current shares of the Company
Eligibility Date	Shareholders who own shares at the end of trading on the day of the EGM for the capital increase, and who are registered in the Company's Shareholders Register at the end of the second trading day following the EGM for the capital increase, on Monday 20/07/1443H (Corresponding to 21/02/2022G).
Exercising Subscription to the Rights	<p>Eligible Persons have the right to exercise their right to subscribe to the Right shares by subscribing electronically through the websites and platforms of the agents that provide these subscription services or through any other means provided by the agents. Eligible Persons may also exercise subscription to the Rights as follows:</p> <ol style="list-style-type: none"> 1- Shareholders registered during the Subscription Period have the right to exercise the Rights granted to them on the Eligibility Date and any additional Rights they purchased during the Trading Period by subscribing to New Shares. They also have the right not to take any action regarding the Rights they own. 2- New Investors during the Subscription Period have the right to exercise the Rights they purchased during the Trading Period by subscribing to the New Shares. They also have the right not to take any action regarding the Rights they own. <p>In the event that any of the Registered Shareholder or New Investors failed to exercise their right to subscribe to the New Shares during the Subscription Period, the shares associated with those Rights will be offered during the Rump Offering Period.</p>
Method of Subscription	Subscription applications shall be submitted electronically through the websites and platforms of the agents that provide these services to subscribers, or through any other means provided by the agents.





Indicative Value of the Right	<p>The Right's indicative value is the difference between the market value of the Company's Share during the Trading Period and the Offering Price.</p> <p>Tadawul will calculate and publish the indicative value of the Right during the Trading Period on its website, five minutes late, and market information service providers will also publish this information so that investors can see the indicative value of the Right when entering orders.</p>
Trading Price of the Right	It is the price at which the Right is traded, knowing that it is determined through the mechanism of supply and demand, and therefore it may differ from the Indicative Value of the Right.
Offering Period	Offering Period begins on Monday 27/07/1443H (corresponding to 28/02/2022G) and continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G).
Trading Period	Trading Period begins on Monday 27/07/1443H (corresponding to 28/02/2022G) and continues until the end of Monday 04/08/1443H (corresponding to 07/03/2022G) during which, all Rights holders - whether they are registered investors or New Investors - may trade in the Rights.
Subscription Period	Subscription Period begins on Monday 27/07/1443H (corresponding to 28/02/2022G) and continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G) during which, all holders of Rights - whether they are registered investors or New Investors - may exercise their right to subscribe to New Shares.
Rump Offering	In the event that unsubscribed shares remain after the end of the Subscription Period (Rump Shares), those shares will be offered to a number of institutional investors (Investment Institutions). Such Investment Institutions will submit their offers to purchase the remaining shares, and these offers will be received starting from 10:00 AM on Tuesday 12/08/1443H (corresponding to 15/03/2022G) until 5:00 PM the next day Wednesday 13/08/1443H (corresponding to 16/03/2022G) (Rump Offering Period). The remaining shares will be allocated to the Institutional Investors with the highest offer first and then the lowest and lowest (provided that the offer does not fall below the Offering Price). Rump shares will be allocated proportionally to the Investment Institutions that submit the same offer. As for the fractional shares, they will be added to the remaining shares and treated similarly.
Method of Allocation and Refund	<p>Shares will be allocated to each investor based on the number of Rights that he has properly and fully exercised. The fractional shares will be collected and added to the Rump Shares and then offered to the Institutional Investors during the Rump Offering Period.</p> <p>The Company will receive the total Offering Price collected from the sale of the Rump Shares, while the rest of the proceeds of the Rump Offering will be distributed without calculating any fees or deductions (i.e., what exceeds the Offering Price) to its beneficiaries who have not fully or partially subscribed to the New Shares and to those entitled to fractional shares (please refer to section (13) "Information Relating to the Shares and Offering Terms and Conditions").</p>
Allocation Date	The shares will be allocated no later than on Sunday 17/08/1443H (corresponding to 20/03/2022G).
Date of refunding oversubscriptions	Oversubscriptions (if any) will be refunded to the subscribers without any commissions or deductions by the Lead Manager no later than on 06/09/1443H (corresponding to 07/04/2022G).
Payment of Compensation Amounts, if any	Cash compensation amounts will be paid to the Eligible Persons who have not exercised their right to subscribe in whole or in part to the New Shares and to those who are entitled to fractional shares without any deductions no later than 06/09/1443H (corresponding to 07/04/2022G), noting that cash compensation amounts represent the amount that exceeds the Offering Price from the net proceeds of selling the Rump Shares and the fractions of shares.
Adjusted Price	The Company's share price in the Saudi Stock Exchange (Tadawul) has been modified to SAR 24.04 per share before trading on the next day of the Extraordinary General Assembly meeting for the capital increase. This represents a decrease in the share price of 9.51 Saudi Riyals per share.
Conditions for subscribing to Rights Issue Shares	Eligible Persons wishing to subscribe to the new shares must fulfill the relevant subscription conditions. To review the terms, conditions and instructions for the subscription (kindly refer to Section. (13) "Information Relating to the Shares and Offering Terms and Conditions").
Trading of the New Shares	Trading of New Shares in "Tadawul" begins after completing all procedures related to the registration, allocation and listing of the New Shares.
Rights Listing and Trading	The Rights will be listed on Tadawul and traded during the Rights Trading Period. The Rights will have a separate and independent symbol other than the Company's current share symbol on Tadawul screen. The Rights are included in Tadawul and are traded during the Rights Trading Period. The Rights will have a symbol. During the Trading Period, the Registered Shareholders have several options, which include selling the Rights or part of them in the market, buying additional Rights through the market, or not taking any action regarding the Rights, whether by selling them or buying additional Rights. New Investors during the Trading Period will have the right to buy Rights through the market or sell those Rights or part of them or not to take any action regarding the Rights purchased during the Trading Period. "Tadawul" system will cancel the Company's Rights symbol on the trading screen after the expiry of the Rights Trading Period, and accordingly the trading of Rights will stop at the end of that period.
Entitlement to Dividends	Owners of the New Shares will be entitled to any dividends declared by the Company after the date of their issuance



Voting Rights	All the Company's shares are of one class, and no share gives its holder preferential Rights. The New Shares will be fully paid in value and exactly equal to the existing shares. Each share gives its holder the right to one vote, and every shareholder in the Company has the right to attend and vote in the general assembly of shareholders (whether ordinary or extraordinary) meeting.
Restrictions on trading shares	There are no restrictions imposed on the trading of the Company's shares, except for the regulatory restrictions imposed generally on the listed shares.
Restrictions on trading Rights	There are no restrictions imposed on Rights trading
Issuer's previously issued shares	On 05/06/1413H (corresponding to 30/11/1992G), one million and five hundred thousand (1,500,000) ordinary shares of the Company's shares were listed on the Exchange at a nominal value of one hundred (100) Riyals per share, representing a capital of one hundred and fifty million (150,000,000) Saudi Riyals. On 06/08/1438H (corresponding to 02/05/2017G) the Company's Extraordinary General Assembly approved increasing the Company's capital to two hundred and ninety-five million (295,000,000) Saudi Riyals for the purpose of acquiring the Al Marakiz Al Raqiyah Company, as well as reducing the Company's capital from two hundred and ninety-five million Saudi Riyals (295,000,000) to one hundred and seventy-seven million (177,000,000) Saudi Riyals, thus reducing the number of shares to seventeen million seven hundred thousand (17,700,000) ordinary shares.

Note: The "Important Notification" section (page i) and section 2 "Risk Factors" of this Prospectus should be considered carefully prior to making any investment decision according to this Prospectus.





Key Dates and Subscription Procedures

Expected Timeline of the Offering	
Events	Dates
Date of the EGM approving capital increase and setting the Eligibility Date and Eligible Shareholders. The Eligible Shareholders are the shareholders registered in the Company's register, and they are not registered until two days after the date of the EGM.	On Monday 20/07/1443H (corresponding to 21/02/2022G)
Trading Period	Trading Period starts on Monday 27/07/1443H (corresponding to 28/02/2022G) and continues until the end of Monday 04/08/1443H (corresponding to 07/03/2022G). During this period, all holders of Rights, whether registered or New Investors, may subscribe for the Rights.
Subscription Period	Subscription Period starts on Monday 27/07/1443H (corresponding to 28/02/2022G) and continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G). During this period, all holders of Rights, whether registered or New Investors, may exercise their Rights by subscribing to the New Shares.
End of Subscription Period	Subscription Period and receipt of subscription applications ends by the end of Thursday 07/08/1443H (corresponding to 10/03/2022G).
Rump Offering Period	The Rump Offering Period begins at 10:00 AM of Tuesday 12/08/1443H (corresponding to 15/03/2022G) and continues until 5:00 PM of Wednesday 13/08/1443H (corresponding to 16/03/2022G)
Final Allocation Notification	On Sunday 17/08/1443H (corresponding to 20/03/2022G).
Payment of compensation amounts (if any) for Eligible Persons who did not participate in the Offering entirely or partially	On Thursday 06/09/1443H (corresponding to 07/04/2022G)
Expected day for commencement of trading in Offer Shares	After completion of all relevant regulatory procedures. The date will be announced later on the Tadawul website.

Note: All dates mentioned in the above schedule are approximate, and the actual dates will be announced by announcement on Tadawul website (www.saudiexchange.sa), the Financial Advisor's website (www.aldukheil.com.sa) and the Company's website (www.albahacompany.com)

Key Announcement Dates

Announcement	Announcing Party	Announcement Date
Announcement regarding the invitation for the EGM for capital increase.	Company	On Monday 28/06/1443H (corresponding to 31/01/2022G)
Announcement regarding the EGM outcome with regard to capital increase.	Company	On Wednesday 22/07/1443H (corresponding to 23/02/2022G)
Announcement regarding the change in Company's share price, Rights' deposit and the Indicative Value of the Right	Tadawul	On Wednesday 22/07/1443H (corresponding to 23/02/2022G)
Announcement regarding the addition of Al-Baha Company's Rights.	Edaa	On Sunday 26/07/1443H (corresponding to 27/02/2022G)
Announcement regarding the start of Rights' Trading Period and Subscription Period	Company	On Wednesday 22/07/1443H (corresponding to 23/02/2022G)
Reminder announcement on the start of the Rights Trading Period and Subscription Period in the New Shares	Company	On Monday 27/07/1443H (corresponding to 28/02/2022G)
Reminder announcement of the last day for trading Rights and noting the importance of selling Rights for those who do not wish to subscribe to their owned Rights	Company	On Sunday 03/08/1443H (corresponding to 06/03/2022G)
Announcement of the end of the Subscription Period	Company	On Sunday 10/08/1443H (corresponding to 13/03/2022G)
Announcement regarding: <ul style="list-style-type: none"> Subscription results, Details of the sale of unsubscribed Shares, if any, and commencement of the Rump Offering 	Company	On Sunday 10/08/1443H (corresponding to 13/03/2022G)
Announcement regarding the outcome of the Rump Offering and Notification of the final allocation	Company	On Sunday 17/08/1443H (corresponding to 20/03/2022G)
Announcement regarding the deposit of New Shares in the investors' portfolios	Edaa	On Wednesday 20/08/1443H (corresponding to 23/03/2022G)
Announcement regarding distribution of the compensation amounts (if any)	Company	On Thursday 06/09/1443H (corresponding to 07/04/2022G)

Note: All dates mentioned in the above schedule are approximate, and the actual dates will be announced by announcement on Tadawul website (www.saudiexchange.sa), the Financial Advisor's website (www.aldukheil.com.sa) and the Company's website (www.albahacompany.com)





How to apply for subscription

Subscription to Rights Issue Shares is limited to Eligible Persons, whether they are Registered Shareholder or New Investors. In the event that the Rights Issue of the Eligible Persons are not exercised, any Rump Shares that have not been subscribed to by the Eligible Persons will be offered to the Institutional Investors during the Rump Offering Period. Eligible Persons wishing to subscribe to the New Shares must submit subscription applications through the means and services provided by the agent to investors, provided that the Eligible Person has an investment account with one of the agents who provide these services.

Subscription applications shall be submitted through the investment portfolio on the trading platforms through which buy and sell orders are entered. Subscription may be made through any other means provided by the agent to the investors and the custodian of shares. The Company reserves the right to reject any application to subscribe to the New Shares, in whole or in part, in the event that it does not meet any of the terms or requirements of the subscription. The subscription application may not be amended or withdrawn after its submission. The subscription application upon submission represents a binding contract between the Company and the eligible shareholder.

FAQs about the Rights Issue

What is a Rights Issue?

Rights are tradable securities that give their holders the right to subscribe to the New Shares offered upon approval of the capital increase. They are acquired Rights for all Registered Shareholder who own shares on the day of the EGM meeting for the capital increase and who are registered in the Company's Shareholders Register at the Depository Center at the end of the second trading day following the Extraordinary General Assembly. Each Right grants its holder eligibility to subscribe to one New Share at the Offering Price.

To whom Rights are granted?

Rights are granted to all Registered Shareholder in the Company's Register at the Depository as at the close of the second trading day after the date of the EGM to increase the capital.

Who is the Registered Shareholder?

Any shareholder who appears in the Company's shareholders register at the end of the second trading day after the Extraordinary General Assembly.

When are the Rights deposited?

Following the Extraordinary General Meeting and its approval to increase the capital through a Rights Issue, the Rights shall be deposited as securities in the portfolios of the Company's Shareholders Register at the Securities Depository Center by the end of the second trading day after the Extraordinary General Meeting. The New Rights appear in their portfolios under a new code for the Rights. Such Rights will be allowed to be traded or subscribed only at the beginning of the Trading and Subscription Periods.

How are Investors in the Rights notified of the Rights being deposited in their portfolios?

Investors will be notified through an announcement on the Tadawul website and through Tadawulaty Service provided by the Depository Center and SMS's sent through intermediaries/brokers.

How many Rights can be acquired by a Registered Shareholder?

The number of Rights to be acquired by a Registered Shareholder is subject to the number of Shares ratio held by the Registered Shareholder in the Company's Shareholders Register at the Depository as at the close of the second trading day after the EGM.

What is the Rights Issue eligibility factor?

It is the ratio that permits the Registered Shareholder to know how many Rights he/she is entitled to in relation to the Shares that he/she already owned on the second trading day after the EGM. This factor is calculated by dividing the number of New Shares by the number of the current shares of the Company. Therefore, the eligibility factor is (0.6779) right for each one (1) share owned by the Registered Shareholder on the Eligibility Date. Accordingly, if a Registered Shareholder owns (1,000) shares on the Eligibility Date, he/she will be allocated 677.9 Rights in exchange for the shares he/she owns.

Will the name and symbol of trading these rights differ from the name and symbol of the Company's shares?

Yes, as the acquired right will be added to the investors' portfolios under the name of the original share, and by adding the word priority rights, in addition to a new symbol for these rights.





What is the Right value upon commencement of trading?

The Right opening price is the difference between the share closing price on the day preceding the Right listing, and the Offering Price (Indicative Value of the Right). For example, if the closing price of a share on the preceding day is SAR 30 (thirty Saudi Riyals) and the Offering Price is SAR 10 (ten Saudi Riyals), the opening price of the Rights will be SAR 20 (twenty Saudi Riyals).

Can Registered Shareholder subscribe for additional shares?

Yes, Registered Shareholder can subscribe for additional shares by purchasing new Rights during the Trading Period.

Is it possible for a Registered Shareholder to lose his eligibility to subscribe even if he has the right to attend the EGM and vote on increasing the capital through a Rights Issue?

Yes, the Shareholder loses his eligibility to subscribe if he sells his shares on the day of the Extraordinary General Meeting or one working day before it.

How does the subscription take place?

Subscription Applications are submitted through the investment portfolio in the trading platforms through which the buy and sell orders are entered, in addition to the possibility of subscribing through any other means provided by the agents and custodian.

Can an Eligible Person subscribe to more shares than the Rights owned by him/her?

An Eligible Person cannot subscribe to more shares than the Rights owned by him/her.

If Company shares are acquired through more than one investment portfolio, in which portfolio will the Rights be deposited?

The Rights will be deposited in the same portfolio where the shares of the Company connected to the Rights are deposited. Example: If a shareholder holds 1000 shares in the Company (800 shares in portfolio (a) and 200 shares in portfolio (b)), then the total Rights which will be deposited (677.9) Rights as each share is eligible for (0.6779) Right. Therefore, 542 Rights will be deposited in portfolio (a) and 135 Rights will be deposited in portfolio (b).

Are share certificate holders allowed to subscribe and trade?

Yes, they are allowed to subscribe, but they cannot trade until after depositing the certificates in investment portfolios through the receiving agents or Depository Center Company (Edaa) and introducing the necessary documents.

Are additional Rights purchasers entitled to trade them once again?

Yes, purchasers of additional Rights may sell them and purchase other Rights only during the Trading Period.

When can a subscriber subscribe for the Rights, he/she purchased during the Trading Period?

After settlement of the purchase of Rights (two working days), provided that he/she shall subscribe to the Rights during the Subscription Period.

Can a holder of Rights sell or assign them after expiry of the Trading Period?

That is not possible. After the expiry of the Trading Period, holder of the Rights may only exercise the right to subscribe for the Rights or not. In case the Right is not exercised, the investor may be subject to loss or decrease in the value of his investment portfolio.

What will happen to Rights that are unsold or unsubscribed for during the Trading Period and the Offering Periods?

If the New Shares are not fully subscribed for during the Offering Period, the remaining New Shares will be offered for subscription through an Offering to be organized by the Lead Manager. The amount of compensation (if any) for the Rights holder will be calculated after deducting the subscription price. The investor may not receive any compensation if the sale occurs in the Rump Offering Period at the Offering Price.

What happens in the event of subscribing to the new shares and selling the rights thereafter?

In the event that the Registered Shareholder subscribes and then he sells the Rights, and he fails to purchase the number of Rights equals to the number of Rights he subscribed to before the end of the Trading Period, the subscription application will be rejected entirely in the event that all Rights are sold or partially in the event of selling part of them. He will be notified and the rejected subscription amount will be refunded to him through that shareholder's agent.



Who has the right to attend the Extraordinary General Assembly and vote on increasing the Share Capital through a Rights Issue?

The shareholder who is registered in the Issuer's Shareholders' Register at the Depository Center after the end of the trading session on the EGM day shall have the right to attend the EGM and vote on increasing the Issuer's Share Capital through a Rights Issue.

When will the share price be adjusted as a result of the Company's capital increase through a Rights Issue?

The share price will be adjusted by the market before the start of trading on the day following the day of the Extraordinary General Assembly.

If an investor buys securities on the EGM day, will he/she be eligible for the Rights resulting from the increase of the Issuer's Capital?

Yes, as the investor will be registered in the Company Shareholders Register two business days after the date of the purchase of shares (i.e., at the end of the second trading day following the day of the EGM), bearing in mind that Rights will be granted to all shareholders registered in the Company Shareholders Register at the end of trading session on the second trading day following the date of the EGM. However, he/she may not attend or vote in the EGM for the capital increase.

If an investor has more than one portfolio with more than one Brokerage Company, how will his/her Rights be calculated?

The investor's shares will be distributed to the portfolios owned by him/her, according to the percentage of ownership in each portfolio. In the event of share fractions, these fractions will be aggregated. If the outcome is an integer or more, the integer number will be added to the portfolio in which the investor has the largest number of Rights.

What are Trading and Subscription Periods?

Trading in and Subscription to the Rights shall commence at the same time until the end of trading on the sixth day, while Subscription shall continue until the ninth day, as stated in the Prospectus and the Company's issued announcements.

Is it possible to subscribe during the weekend?

No, that is not possible.

Can non-Registered Shareholder on the day of the EGM subscribe for the Rights?

Yes, after completing the purchase of the Rights during the Trading Period.

Further Assistance:

In the event of any inquiries, please contact the Company on the e-mail (invest@albahacompany.com) and for legal reasons, the Company will only be able to provide the information contained in this Prospectus and will not be able to provide advice on the merits of issuing rights or even provide financial, tax, legal or investment advice.

For more information on the Subscription terms, conditions and instructions, please refer to Section "Information Relating to the Shares and Offering Terms and Conditions" as well as other information contained in this Prospectus.





Summary of Key Information

This summary provides a brief overview of the key information included in this Prospectus. Being a summary, it does not include all information that may be of interest to shareholders and other general institutional and individual investors. The recipients of this Prospectus must read it in full before making any investment decision related to the Rights or New shares.

Company Overview

Al-Baha Investment and Development Company is a Saudi public joint stock company conducts business in the Kingdom of Saudi Arabia under Commercial Registration No. 5800005960 dated 19/07/1413H (corresponding to 12/01/1993), and established pursuant to the Minister of Commerce Resolution No. 600, dated 05/06/1413H, (corresponding to 30/11/1992G).

Main Activities of the Company

The Company's activities, according to its Articles of Association, are as follows:

- 1- Establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries and sweets, cooked and uncooked catering services, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and steel, general contracting for buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance, operations and cleaning contracting, buying and renting lands to construct buildings on them, and investing them by selling or renting for the benefit of the Company.
- 2- Establishing various industrial projects.
- 3- Owning and reclaiming agricultural land for use in establishing agricultural and livestock production projects.
- 4- Establishing, investing, managing, operating and maintaining recreational and tourism facilities and projects.
- 5- Wholesale and retail trade of what falls within the scope of the Company's industrial, agricultural and tourism business, and establishment of cold stores, repair and maintenance workshops for that.
- 6- Commercial agencies.
- 7- The Company may also, according to the aforementioned, carry out any necessary or complementary work to achieve these purposes.
- 8- The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

Vision, Mission and Strategy

Vision

Working on continuous development by setting strategic goals to develop the Company's performance, which makes Al-Baha one of the main companies in the multi-investment sector.

Mission

Commitment to work with high transparency, continue to find the best investment opportunities and increase the value of investments in accordance with the capabilities that the Company possesses.

Strategy

Expansion in the field of markets to cover the demand and investment of lands by leasing them and establishing market centers in the field of central markets.

Strengths and Competitive Advantages

- 1- Strategic relations with a number of well-known leading companies in the retail sector.
- 2- The quality of the projects and commercial centers established.
- 3- The ability to enter into multiple investments with flexibility in diversifying these investments.
- 4- The presence of a management with great experience and knowledge in the field of investment in the central markets of all kinds.
- 5- The ability to enter into profitable partnerships in different sectors.
- 6- Having an ambitious vision and clear and applicable strategic plans to improve the Company's overall performance.
- 7- The ability to attract qualified cadres to activate its work.





Market and sector overview

Economic overview of the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia is one of the largest countries in the Middle East in terms of population and area, with an area of approximately (2) million square meters, while the total number of the population of the Kingdom of Saudi Arabia, according to the estimates of the General Authority for Statistics, was 34.2 million in 2019G, compared to 33.4 million in 2018G, and 32.6 million in 2017G, with a compound annual growth rate of 2.43%.

The youth segment represents the largest proportion of the population of the Kingdom of Saudi Arabia. The population under the age of (39) thirty-nine years in 2019G represented 69% of the total population of the Kingdom of Saudi Arabia, where the population within this age group in 2019G reached nearly (23.6) million people compared to (22.6) million people during 2017G, i.e., a compound annual growth rate of 2.3%.

The economy of the Kingdom of Saudi Arabia is the largest economy at the level of the Gulf Cooperation Council countries, with an estimated GDP in 2019G of about 2.9 trillion Saudi Riyals, in which the construction sector contributed 5.14%.

According to the Kingdom's Vision 2030G, the Kingdom of Saudi Arabia seeks to develop and diversify the economy, develop the non-oil sectors and increase its contribution to the Saudi economy, through several programs and initiatives such as the Tourism Sector Development Program, through which the Kingdom aims to increase the revenue generated from it to 18% in the coming years.

Further, the Quality-of-Life Program, which aims to develop the individual's lifestyle by providing new options, enhances the participation of citizens and residents in cultural, recreational and sports activities, raises the level of services provided in Saudi cities, and improves the urban landscape in Saudi cities. It will contribute to the development of the entertainment sector and all related sectors, as the government wants to increase household spending on cultural and recreational activities within the Kingdom from 3% to 6% by 2030G. In line with this goal, the Kingdom has seen a greater push towards developing various entertainment facilities and cultural areas as well such as lifting the ban on cinemas. This initiative is expected to lead to opening more than 350 cinemas and 2500 screens across the Kingdom of Saudi Arabia by 2030G, which is expected that most of their sites will be chosen within commercial complexes.

Sector Overview

The retail and commercial centers sector, according to size or leasable space, consists of the following:

- Major regional commercial centers where the rental area is more than 90,000 square meters.
- Regional commercial centers in which the rental area is between 30,000 to 90,000 square meters.
- Commercial centers located within residential neighborhoods, in which the rental area ranges from 10,000 to 30,000 square meters.

Commercial centers located within residential neighborhoods constitute 31.79% of the total leasable space supply for commercial centers in the Kingdom of Saudi Arabia, as shown in the following table:

Type	Area (million square meters)
Major regional commercial centers	2.04
Regional commercial centers	1.95
Commercial centers located within residential neighborhoods (Plaza)	1.86
Total	5.85

Average rental rates in major and regional centers witnessed a 5% and 10% decline in Riyadh and Jeddah respectively in the fourth quarter of 2020G compared to the fourth quarter of 2019G. Similarly, rental rates in Makkah and Dammam decreased by 10% and 3%, respectively. While the overall vacancy rates in Riyadh increased to 20% in the fourth quarter of 2020G, while the total vacancy rates in Riyadh were 17% in the fourth quarter of 2019G. In Jeddah, the vacancy rates at the market level increased to 11% compared to 9% in the previous year.

During the first quarter of 2021G, the retail property market in Riyadh suffered a decline due to a decrease in the average rents of regional centers by 2.5%, while the average rents of commercial centers located within residential neighborhoods (Plazas) decreased by 3.0%. The vacancy rate in the retail sector in Riyadh also increased to 16%.

The area Supply in the retail property market in Riyadh was 2.87 million square meters during the first quarter of 2021G. By 2023G, it is expected that the total area supply will reach 3.64 million square meters. Rents in the retail market in Jeddah continued to decline in the fourth quarter of 2020G, as the average rents for regional malls decreased by 2.7%, while the average



rents for malls (Plazas) decreased by 3.1%. The vacancy rate at the market level in Jeddah increased by seven percentage points to become 17% in the fourth quarter of 2020G. The retail property market in Dammam also declined across all centers during the fourth quarter of 2020G, as the average rents of major regional shopping centers decreased by 2.6% in the fourth quarter of 2020G, while the average rental prices for malls (Plazas) decreased by 3.0%.

The average demand for retail properties is expected to reach 8.45 million square meters in 2025G. The occupancy rate is expected to be between 90-95%. This is due to several factors, including the demand from the growing number of international brands willing to open stores in the Kingdom of Saudi Arabia. This is coupled with favorable demographics such as rising population, rising disposable income, increased household spending and lifestyle changes.

The following tables show the expected supply and demand for the retail real estate market in 2025G.

Type	Area (million square meters), 2025G
Major regional business centers	3.42
Regional Commercial centers	3.04
Commercial centers located within residential neighborhoods	1.08
Total	7.54

Supply based on the total leasable area for the cities of Riyadh, Jeddah and Dammam.

City	Area (million square meters), 2025G
Riyadh	2.9
Jeddah	2.00
Dammam	1.96
Total	6.86

Demand based on the total gross leasable area for the cities of Riyadh, Jeddah, Dammam.



Summary of Financial Information

The Summary of the financial information should be read alongside the Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G and their accompanying notes which are included in this Prospectus.

Statement of Income

	Financial year ended on December 31		
	2018G	2019G	2020G
Revenues	9,679,177	10,435,145	11,175,312
Cost of revenue	(4,731,588)	(4,755,245)	(4,863,644)
Gross profit	4,947,589	5,679,900	6,311,668
General and administrative expenses	(2,718,746)	(3,459,527)	(2,929,900)
potential losses from claims	-	-	(17,300,559)
Impairment losses on goodwill	-	-	(5,278,875)
Losses on value decline of investment properties	-	-	(384,404)
Other income	4,564,375	4,834,647	4,834,647
(Loss)/profit from operations	6,793,218	(1,379,314)	(26,509,993)
Financing costs	-	(1,636,233)	(1,455,781)
Net profit / (loss) before Zakat	6,793,218	(3,015,547)	(27,965,774)
Zakat	(17,019,651)	(2,026,754)	(1,846,897)
Net/ (loss)/profit for the year	(10,226,433)	(5,042,301)	(29,812,671)
Other comprehensive income items			
Total comprehensive (loss)/income for the year	(10,226,433)	(5,042,301)	(29,812,671)

Source: The Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G.

Statement of Financial Position

	Financial year ended on December 31		
	2018G	2019G	2020G
Total current assets	20,272,771	20,806,242	23,046,174
Total non-current assets	245,108,478	274,886,585	260,941,497
Total assets	265,381,249	295,692,827	283,987,671
Total current liabilities	102,691,337	105,606,753	128,264,207
Total non-current liabilities	1,286,421	33,724,884	29,174,945
Total Liabilities	103,977,758	139,331,637	157,439,152
Total Equity	161,403,491	156,361,190	126,548,519
Total Liabilities and Equity	265,381,249	295,692,827	283,987,671

Source: The Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G.



Statement of Cash Flows

	Financial year ended on December 31		
	2018G	2019G	2020G
Net cash available from operating activities	(1,146,231)	4,759,358	3,328,167
Net cash used in investing activities	(1,487,542)	(255,712)	-
Net cash used in financing activities	-	(4,581,161)	2,605,000
Cash on hand and at banks at the end of the year	1,078,918	1,001,403	1,724,570

Source: The Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G.

Key Performance Indicators

Description	Financial year ended on December 31		
	2018G	2019G	2020G
Sales	9,679,177	10,435,145	11,175,312
Growth of sales	31%	8%	7%
Operating profit	2,228,843	(6,213,961)	(26,528,781)
Operating profit margin	23%	(60%)	(237%)
Weighted average of the number of shares	177,000,000	177,000,000	177,000,000
Earning/Loss per share (SAR)	(0.06)	(0.03)	(1.62)
Total Assets	265,381,249	295,692,827	283,987,671
Return on assets %	(4%)	(2%)	(10%)
Total equity	161,403,491	156,361,190	126,548,519
Return on equity %	(6%)	(3%)	(24%)
Debt ratio (Leverage) %	39%	47%	55%
Debt to Total Equity Ratio	64%	89%	124%

Source: The Company's audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020G.

Table of Contents

1. Terms and Definitions	1
2. Risk Factors	3
2.1 Risks related to the Company's Activity and Operations	3
2.2 Risks related to the Market, Sector and Regulatory Environment	9
2.3 Risks related to the Offered Securities	9
3. Company Background	11
3.1 Introduction	11
3.2 Vision, Mission and Strategy	11
3.3 Strengths and Competitive Advantages	11
3.4 The Company Activity	11
3.5 Subsidiaries	12
4. Company's Organizational Structure	14
4.1 Organization Structure	14
4.2 Board of Directors	14
4.3 Executive Management	17
4.4 Board of Directors' Committees	18
5. Employees	19
6. Financial information and Management Discussion and Analysis.	20
6.1 Board members' declarations regarding the financial statements	20
6.2 Financial Analysis of the Consolidated Statement of Financial Position	21
6.3 Financial analysis of the consolidated statement of profit or loss and other comprehensive Income	28
6.4 Financial analysis of the consolidated statement of cash flows	32
6.5 Key Performance Indicators	34
6.6 Capital Financing Structure	35
6.7 Financial Analysis of Al Marakiz Al Raqiyah Company Ltd.	35
6.8 Bases for Development of Company's Financial Statements	49
6.9 New Standards, Interpretations and Amendments adopted by the Company on 01 January 2018G	58
6.10 Significant Accounting Judgments and Estimates	59



7. Use of Offering Proceeds	67
7.1 Net Offering Proceeds	67
8. Experts Statement	69
9. Directors Declarations	70
10. Legal Information	71
10.1 The Company and Prominent Changes to the Capital	71
10.2 The Company's Current Capital	71
10.3 The Company's Head Office	72
10.4 The Company's Duration	72
10.5 Articles of Association	72
10.6 The Company's Activity	72
10.7 The Company's Management	72
10.8 Appointment to Mandatory Positions	73
10.9 Board Committees	73
10.10 Government Approvals and Licenses	74
10.11 Company Branch	75
10.12 Subsidiaries	76
10.13 Continuing Obligations according to the Statutory Requirements Imposed by Government Agencies on the Company and its subsidiaries as being the "License Holder"	79
10.14 Continuing Obligations according to the Requirements of the Ministry of Human Resources and Social Development	80
10.15 Continuing Obligations according to the Requirements of the Zakat, Tax and Customs Authority	80
10.16 Continuing obligations according to the requirements of the General Organization for Social Insurance (GOSI)	81
10.17 Continuing obligations according to requirements of the Ministry of Municipal and Rural Affairs ("Ministry of Municipalities")	82
10.18 Continuing obligations according to the requirements of the Capital Market Authority ("CMA")	83
10.19 Substantive Contracts	86
10.20 Clients of Al Marakiz Al Raqiyah Company	98
10.21 Clients of Ishraqa Regional Company	89
10.22 Trademarks	89
10.23 Insurance	90
10.24 Legal Issues	90
10.25 The substantial information that has changed since the Authority's approval of the last share Prospectus	93
10.26 Declarations of Board Members Relating to Legal Information	93



11. Underwriting	94
11.1 Underwriter's name and address	94
11.2 Summary of Underwriting Agreement	94
12. Waivers	95
13. Information Relating to the Shares and Offering Terms and Conditions	96
13.1 The Offering	96
13.2 Decisions and approvals according to which shares will be offered	98
13.3 Statement of any arrangements in place to prevent disposal of certain Shares	98
14. Changes in the Share Price	99
14.1 Method of calculating the share price as a result of the capital increase	99
15. Covenants relating to the Subscription	100
15.1 Allocation	100
15.2 Saudi Stock Exchange Group (Tadawul)	100
15.3 Trading of the Company Shares on the Saudi Stock Exchange	101
16. Documents Available for Inspection	102





Tables

Table No. (1): Members of the Board of Directors elected by the Ordinary General Assembly of Shareholders on 12/12/2018G	14
Table No. (2): Members of the Board of Directors elected by the Ordinary General Assembly of Shareholders on 12/12/2018G	72
Table No. (3): Audit Committee Members	73
Table No. (4): Remuneration and Nomination Committee Members	74
Table No. (5): Government approvals and licenses obtained by the Company	74
Table No. (6): Branch Register Details- Riyadh city	75
Table No. (7): Ownership Structure in Al Marakiz Al Raqiyah Company	76
Table No. (8): Ishraqa Regional for Real Estate Development & Investment Company	78
Table No. (9): Approval and Licenses obtained by Ishraqa Regional for Real Estate Development & Investment Company	78
Table No. (10): Details of real estate owned by Al-Baha Investment and Development Company	86
Table No. (11): Details of the properties owned by the Al Marakiz Al Raqiyah Company	87
Table No. (12): Top Five Clients at Al-Raqiah Centers	89
Table No. (13): Top Five Clients at Ishraqa Regional Co.	89
Table No. (14): Summary of the Trademarks for the Company and Al Marakiz Al Raqiyah Co.	89
Table No. (15): Summary of disputes and legal issues related to Ishraqa Regional Company	92

Figures

Figure (1): The mechanism for trading and subscription of traded rights	98
---	----



1. Terms and Definitions

Term or Abbreviation	Definition
“The Company” or “Al-Baha Company” or “the Issuer”	Al-Baha Investment and Development Company is a Saudi joint stock company under Commercial Registration No. (5800005960) issued on 19/07/1413H (corresponding to 12/01/1993G).
Underwriting Agreement	Underwriting Agreement between the Company and the Underwriter
Rules on the Offer of Securities and Continuing Obligations	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no. 3-123-2017, dated 09/4/1439H (corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. m/30, dated 02/06/1424H, and amended under the Capital Market Authority Board resolution no. 1-07-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
Listing Rules	The listing rules issued by the Saudi Stock Exchange Company (Tadawul), approved by the Capital Market Authority board resolution no. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), and amended by the board resolution no. (1-104-2019), dated 01/02/1441H (corresponding to 30/09/2019G), and amended by Resolution No. (1-22-2021), dated 12/07/1442H corresponding to 24/02/2021G
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under royal decree No. m/3, dated 28/01/1437H and amended by the Capital Market Authority resolution of No. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
CMA or the Authority	Capital Market Authority of Saudi Arabia
Capital Market Law	The Capital Market Law issued by Royal Decree No. M/30 on 02/06/1424H (corresponding to 31/07/2003G).
By-Laws	The Company By-Laws.
Board or Board of Directors	The Company's Board of Directors whose names appear on page (v).
Companies Law or Companies Regulations	The Companies Law in the Kingdom of Saudi Arabia, issued under royal decree no. (m/3), dated 28/01/1437H (corresponding to 10/11/2015G) and all amendments thereto.
Lead Manager	Aljazira Capital Markets Company (Aljazira Capital).
Net Offering Proceeds	The net Offering Proceeds after deducting the Offering expenses.
Offering Price	10 Saudi Riyals per share.
Offered Shares for Subscription	Twelve million (12,000,000) ordinary shares.
Rights or Pre-emptive Rights	They are tradable securities that give to their holders the right to subscribe to New Shares upon approval of the capital increase. It is an earned right for all Registered Shareholder and each Right entitles its holder to subscribe to (0.6779) share of the New Shares at the Offering Price. Rights will be deposited after the Extraordinary General Assembly relating to capital increase. These Rights will appear in the Registered Shareholder accounts under a new pre-emptive right-related symbol. Registered Shareholder will be notified of depositing the Rights in their portfolios.
Eligibility Factor	The result of dividing the number of new shares by the number of existing shares of the Company.
Remaining Shares	The remaining shares that were not subscribed to during the Subscription Period.
Right trading price	It is the price at which the Right is traded, knowing that it is determined through the mechanism of supply and demand. Therefore, it may differ from the Indicative Value of the Right.
Indicative Value of the Right	The difference between the market value of the Company shares during the Trading Period and the Offering Price.
Offering Period	The period starting from Monday 27/07/1443H (corresponding to 28/02/2022G) to the day of Thursday 07/08/1443H (corresponding to 10/03/2022G).
Rump Offering	Offering any remaining unsubscribed shares by Eligible Persons to investment institutions by Offering them during the Rump Offering Period.
Rump Offering Period	The period starting from Tuesday 12/08/1443H (corresponding to 15/03/2022G) to the day of Wednesday 13/08/1443H (corresponding to 16/03/2022G).
Eligible Persons or Eligible Shareholders	All holders of pre-emptive Rights whether Registered Shareholder or shareholders who bought pre-emptive Rights during the Trading Period.





Term or Abbreviation	Definition
Registered Shareholder	The shareholders owning shares at the end of the trading on the day of the EGM related to capital increase, and who are registered in the Company shareholders' register in the Depository Center at the end of the second trading day following the Extraordinary General Assembly meeting.
New Investors	Public individuals and institutional investors - with the exception of the Registered Shareholders - who purchased the Rights during the Trading Period.
Substantial Shareholders	Shareholders who own 5% or more of the Company's shares
Public	Means the persons other than the following: 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 affiliates of the issuer. 5- Directors and senior executives of substantial shareholders of the issuer. 6- Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7- Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above. 8- Persons who act together in agreement and jointly own (5%) or more of the class of shares that will be listed.
Related Parties	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 affiliates of the issuer. 5- Directors and senior executives of substantial shareholders of the issuer. 6- Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7- Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.
Prospectus	This document which is prepared by the Company in relation to pre-emptive Rights shares subscription.
"SAR" or "SR" or Riyal	Saudi Riyal. The official currency of the Kingdom of Saudi Arabia.
Existing Shares	Ordinary shares of the Company amounting to (17,700,000) seventeen million seven hundred thousand ordinary shares.
Advisors	The Company advisors who involved in the Offering whose names appear on page (v).
Tadawul System	An automated system for trading Saudi stocks.
General Assembly	The General Meeting that is held in the presence of the Company's shareholders in accordance with the provisions of the Companies Law and the Company's articles of association, and it may be ordinary or extraordinary.
"EDAA" or "Depository" or Securities Depository Center Company	It is a closed joint stock company owned by the Saudi Tadawul Group (Tadawul). It was established in 2016G pursuant to the Saudi Companies Law issued by Royal Decree No. M/3, dated 28/01/1437H (corresponding to 10/11/2015G).
Value Added Tax (VAT)	Value Added Tax in respect of which the Cabinet Resolution issued on 05/02/1438H approved the Unified Agreement for Value Added Tax in the GCC States, which came into force starting the beginning of January 2018G, as a new tax added to the tax system and other fees to be applied by specific sectors in the Kingdom of Saudi Arabia, and in the GCC states. The amount of this tax is 5%, and a number of products (such as basic foodstuffs and services related to health care and education) are excluded from it. The Board of Directors of the Zakat, Tax and Customs Authority decided under its Resolution No. (2-3-20) dated 17/10/1441H (corresponding to 09/06/2020G) to amend the value-added tax system to become 15% starting from 01/07/2020G based on its powers pursuant to the fifth article of the Zakat, Tax and Customs Authority Regulation issued by Cabinet Resolution No. (465) dated 20/7/1438H, and after review of Royal Order No. A/638 dated 15/10/1441H regarding the amendment of the Value Added Tax Law to allow the basic tax rate to be increased to 15% starting from July 1, 2020G.



2. Risk Factors

Anyone wishing to invest in the Offer Shares should carefully study all of the information contained in this Prospectus, including the risk factors described below before deciding whether to purchase the Offer Shares. The risk factors described below are not inclusive of all risks that the Company may encounter, as there could be other risks currently unknown to, or considered immaterial by, the Company, which may preclude its operations, cash flows and future prospects, if any of them actually occur or become material.

Members of the Board of Directors further declare that, to the best of their knowledge and belief, there are no significant risks that can affect decisions taken by shareholders and prospective investors as of the date of this Prospectus. In the event that any of the risks that the Company currently believes to be material do occur, or if any other risks that the Company has not identified or believes that they are immaterial, do occur or become material, the value of the Offer Shares could decrease, and prospective investors could lose all or part of their investment in the Offer Shares.

Investment in the offered shares is only suitable for investors who are able to assess the risks and benefits of that investment and who have sufficient resources to bear any loss that may result from that investment. Potential investors who have any doubts regarding the decision to invest in the Company should seek the assistance of a financial advisor licensed by the Capital Market Authority to obtain appropriate advice on investing in the offered shares.

The risks set out below are listed in an order that does not reflect their importance. Also, additional risks, including risks not currently known or considered immaterial at the present time, may have the effects described in this Prospectus.

2.1 Risks related to the Company's Activity and Operations

2.1.1 The Company's performance is associated with the Retail Sector

The activity of the tenants in the malls owned by the subsidiaries is concentrated in the retail sector, which is the main driver of malls' performance. Therefore, when the retail sector declines or slows down in its growth in general, this will be directly reflected on the performance of the tenants and their ability to pay rents and fulfill all their financial obligations. In addition, any decline in the retail sector will affect the credit capacity of the tenants and thus the Company's ability to collect rents, which will have a negative and material impact on the Company's revenues and operation results.

2.1.2 Liquidity Risks

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities as they become due. The Company's liquidity ratio was (0.18) times as in December 2020G, and (0.16) times as in June 2021G. Liquidity risk is managed through regular monitoring of the sufficiency of liquidity available to meet the Company's financial obligations. There is no guarantee that the Company will be able to meet its obligations on the due dates. The Company does not guarantee that any emergency or sudden events that may require immediate liquidity will not occur, which adversely affects the Company's business and thus the results of operational and financial operations.

2.1.3 Risks related to the Concentration of the Company's Revenues

Al-Baha Company does not practice any commercial activity, but its revenue depends entirely on the revenues resulting from the rental of real estate for its subsidiary company. The revenue from Al Marakiz Al Raqiyah Company (of which Al-Baha Company owns 86.96%) amounted to (SAR 3,174,877) three million one hundred and seventy-four thousand eight hundred and seventy-seven Riyals, representing 28.41% of the total revenues of Al-Baha Company for the year 2020G. Revenue from Ishraqa Regional Company for Real Estate Development and Investment amounted to (SAR 8, 000, 435) eight million four hundred and thirty-five Riyals, representing 71.59% of the total revenues of Al-Baha Company for the year 2020G. The occurrence of any of the negative factors, including but not limited to, low occupancy rates, low rental values or high operating costs, will have a negative and material impact on the Company's performance, which will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2.1.4 Risks related to Geographical Concentration of Investments and Real Estate Assets

All property investment assets owned by the subsidiaries are located in the city of Riyadh, and since Al-Baha Company does not practice any commercial activity, and it depends entirely on the revenues of its subsidiaries, which are represented in the rental amounts of real estate assets owned by these subsidiaries. Any stagnation in real estate activity in Riyadh city, will adversely and materially affect the Company's business, results of operations and future prospects.



2.1.5 Credit and Collection Risks

Credit risk arises when one party is unable to fulfill a certain financial obligation of the other party. The Company may face credit risk in several temporary or permanent cases, such as the existence of unpaid receivable balances from customers, or failure of tenants to pay the lease payments. In the event that the debtors fail to pay the Company's dues on time, or fail to pay, in part or in full, this will have a material and adverse impact on the results of the Company's operations, financial condition and cash flows.

The debtors' balance amounted to (SAR 20,869,525) twenty million eight hundred and sixty-nine thousand five hundred and twenty-five Riyals, representing 7.34% of the Company's total assets in 2020G. The amounts due from tenants represent 39.5% of the total debtors' balance. The delay in collecting receivables will have a material and adverse impact on the Company and its financial condition, results of operations and future prospects.

2.1.6 Risks related to the Quality and Safety of Construction and Design of Commercial Centers

The operational performance of the malls depends on the quality, health and safety of the design of these buildings, and therefore in the event of any defects or errors in the design of these centers, including any defects in the building materials used or errors in the design or issues related to safety, this will affect the operational performance of the Company. The Company may have to carry out repair work and thus bear additional costs, and any defects or errors in the safety systems may expose tenants and visitors to injuries, which may result in a lawsuit against the Company and high insurance premiums. Therefore, the occurrence of any of these factors will have a material and adverse effect the Company's business, results of operations, financial condition and future prospects.

Any defect or error will also affect the rate of turnout on these centers and the desire of tenants to renew lease contracts, and thus will adversely and fundamentally affect the Company's business and results of operations.

2.1.7 Risks related to Inoccupancy of Real Estate for a Long Time

When any of the real estate units (shops, offices) become vacant for a long period as a result of the expiry of the lease contract without renewing it or the inability to conclude a new lease contract with a new tenant, or for any other reason, the Company's revenues will be adversely and materially affected.

Also, the value of the property depends largely on the income generated from the lease contracts, so the value of the property that can be collected from selling these properties that are not rented in part or in whole may decrease and accordingly will have a negative and material impact on the Company's business, financial condition, results of operations and future prospects.

2.1.8 Risks related to non-Compliance with the Saudization Requirements

The labor laws in the Kingdom of Saudi Arabia require that all establishments shall have a Saudization percentage not less than a specified rate. The Saudi Ministry of Human Resources and Social Development may decide to impose stricter policies on companies with regard to the percentage of Saudization required in the future. All employees of Al-Baha Company, as on the date of this Prospectus, are Saudis, meaning that the Company achieves a Saudization rate of 100%.

However, in the event that Al-Baha Company or its subsidiaries do not comply with these laws regarding the localization of jobs, they may face penalties, such suspending the issuance of necessary labor visas, suspending the issuance of necessary approvals to transfer sponsorship of non-Saudi workers, banning participation in government tenders, and preventing obtaining loans and other government incentives, and thus the Company's operations and financial performance will be adversely affected.

2.1.9 Long-term Contracts affected by Changes in the Market

Ishraqa Regional Real Estate Development and Investment Company is linked to long-term contracts ranging from 15 to 20 years with tenants of the commercial centers that it manages. The rental values were determined based on market factors at the time of the conclusion of these contracts, and therefore in the event of high costs and the Company's desire to increase or modify the lease values, it may not be able to win the negotiation with the tenants, and that will adversely and materially affect the Company's business and results of operations.

2.1.10 Risks of Natural Disasters such as Floods, Earthquakes and Other Natural Events

Natural disasters such as the floods, earthquakes, storms, and others, which are beyond the Company's control, may damage buildings, commercial centers, and their infrastructure, leading to partial or total suspension of the Company's business. In addition, the Company will incur high costs related to maintenance and repair of the damages resulting from these disasters, and thus negatively affecting the Company's business, results of operations and financial condition.



2.1.11 Risks related to the Application of the Companies Law

On 25/07/1439H (corresponding to 11/04/2018G), Royal Decree No. (M/79) was issued to amend some articles of the new Companies Law, especially Article (91) related to the period for publishing the invitation to convene the General Assembly, Article (104) related to the report of the Audit Committee, Paragraph No. (3) of Article (126) related to financial documents and Article (80) regarding the liability lawsuit, where the law allowed charging the Company for the expenses incurred by the shareholder to file a lawsuit against the Company, whatever its outcome.

As on the date of publishing this Prospectus, these amendments were not presented to the Extraordinary General Assembly for approval, which may constitute a violation of the Companies Law.

In the event that this violation continues, and the Company does not obtain the approval of the Extraordinary General Assembly of the shareholders to amend some articles of the Articles of Association, it will be subject to the penalties stipulated in the Companies Law by imposing a fine not exceeding (500,000) five hundred thousand Riyals. However, the amendment of the Company's Articles of Association will be presented at the first (extraordinary) general assembly related to increasing the Company's capital.

2.1.12 Risks of non-Compliance with the Rules, Regulations and Policies related to Corporate Governance

The Company has a corporate governance regulation that is compatible with the corporate governance regulation issued by the Capital Market Authority pursuant to Resolution No. (8-16 -2017) dated 16/05/1438H (corresponding to 13/02/2017G based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by CMA Board Decision No. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G. The following are the articles that the Company did not comply with as on the date of publication of this Prospectus:

- Article 5/26 - Proposing the organizational and functional structures of the Company and submitting them to the Board of Directors for consideration of approval.
- Article 4/B/55 and 74 - Appointing the director of the internal audit unit or department or the internal auditor and proposing his remuneration.
- Article 8/27 Holding meetings on a regular basis with non-executive members of the Board of Directors without the presence of any executive in the Company.
- With regard to the formation of the Board of Directors, and according to Article (24) of the Corporate Governance Regulations, it is not permissible to combine the position of (chairman of the Board of Directors) with any executive position in the Company. Since the Deputy Chairman of the board, Mr. Ibrahim bin Kulib, is the executive director of the Company, then in the event (the Deputy Chairman of the board) replaced (the chairman of the board), this would be a violation of the governance regulation, which requires that the chairman of the board be non-executive.
- Article 84 - Policies or procedures for stakeholders to follow in submitting their complaints or reporting violating practices.
- Article 86- A policy for professional conduct and ethical values.

The Company's failure to implement the Corporate Governance Regulations issued by the CMA may expose it to financial fines under Paragraph (C) of Article (59) of the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H (corresponding to 31/07/2003G, as amended by Cabinet Resolution No. (52) dated 18/01/1441H (corresponding to 17/09/2019G), which states that the Capital Market Authority may do all or any of the following, if it becomes clear to it that the Company has committed or embarked on acts that constitute a violation of any of the provisions of the Law or Rules issued by the CMA :

1. Warning the Company
2. Obliging the Company to take the necessary steps to avoid the occurrence of the violation, or to take the necessary corrective steps to address the consequences of the violation.
3. Imposing a financial fine by the Board on any person responsible for violating this Law and its implementing regulations, the regulations of the Market, the Depository Center, the Clearing House and their rules.

The fine imposed shall not exceed five million (5,000,000) Saudi Riyals for each violation committed by the violator.

In the event that any financial fines are imposed in implementation of the Corporate Governance Regulations, this will have a negative impact on the Company's business and results of operations.



2.1.13 Risks of Accumulated Losses of the Company and Subsidiaries Exceeding 50% of the Capital.

The procedures and instructions, for companies listed in the market, and have accumulated losses amounted to 20% or more of their capital, which were implemented starting from 25/07/1438H (corresponding to 22/04/2017G), as amended by CMA Board Decision No. 1-77-2018G dated 05/11/1439H (corresponding to 18/07/2018G), provided that if the Company's accumulated losses amount to 20% or more of its capital, the Company must announce that immediately on the Market's website.

On 07/09/1440H (corresponding to 12/05/2019G), the Company announced that its accumulated losses as on March 31, 2019G had reached 20.38% of the capital. According to the financial statements for the first quarter of 2019G, the accumulated losses amounted to 36,068,301 Riyals, due to the increase in the legal Zakat amounted to 776 thousand Riyals. The Company committed to disclose to the public as soon as its accumulated losses reached 20% or more. The announcement included the amount of the accumulated losses and their percentage of the capital and the main reasons that led to these losses. As on December 31, 2020G, the accumulated losses amounted to (22.6%) of the capital.

In the event that the percentage of accumulated losses reaches 50% or more, the Company will be subject to a number of more stringent requirements, in particular Article (150) of the Companies Law, which obligates any official in the Company or the auditor as soon as he learns that the Company's accumulated losses have reached 50% or more of the capital, to inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors must immediately inform the members of the Board of this, and the Board of Directors within (15) days of becoming aware of this, must invite the Extraordinary General Assembly to meet within (45) days from the date of the Board becoming aware of the losses to decide whether to increase the Company's capital or reduce it to the extent that the percentage of losses decreases to less than half of the paid-up capital of the Company, or dissolve the Company before the term specified in its Articles of Association. The Company may be considered dissolved by the force of the law if the Extraordinary General Assembly did not meet within the period specified above, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions prescribed in Article (150) of the Companies Law and all the capital increase has not been subscribed to within (90) ninety days from the issuance of the assembly's decision to increase it. In the event of the Company being liquidated under the law pursuant to Article (150) of the Companies Law or a decision of the Extraordinary General Assembly, the listing of the Company's shares will be cancelled.

It is worth noting that issuance of the resolution of His Excellency the Minister of Commerce, No. (348) dated 10/04/1442H (corresponding to 25/11/2020G), which includes the suspension of some statutory deadlines and the introduction of some exceptions from some provisions of the Companies Law for a specific period that came as follows:

1. Extension of the period during which the Board of Directors must invite the Extraordinary General Assembly, once they become aware that the losses of the joint stock company have reached half of the paid-up capital, to become (60) days from the date on which the Board of Directors became aware of the losses, for a period of two years starting from 01/08/1441H (corresponding to 25/03/2020G) and ending on 30/07/1443H (corresponding to 03/03/2022G).
2. Extension of the period during which the (extraordinary) general assembly meeting must be held to become (180) days from the date on which the Board of Directors became aware of the losses for a period of two years starting from 01/08/1441H (corresponding to 25/03/2020G) and ending on 30/07/1443H (corresponding to 03/03/2022G).
3. Paragraph (2) of Article (150), which states that the Company "is considered terminated by force of law if the Extraordinary General Assembly does not meet within the period specified above, or if it meets and is unable to issue a decision on the matter, or if it decides to increase the capital of the Company in accordance with the conditions prescribed in Article (150) of the Companies Law, and all the capital increase has not been subscribed to within (90) ninety days from the issuance of the assembly's decision to increase it" shall be suspended. The period will be two years, starting from 01/08/1441H (corresponding to 25/03/2020G) and ending on 30/07/1443H (corresponding to 03/03/2022G).

2.1.14 Risks of not Obtaining or not Renewing Licenses and Certificates

The Company has not renewed the Zakat certificate, and it submitted its declarations within 120 days from the end of its financial year, but it could not renew the compliance certificate because of dues on the Company. In the event the Company is unable to settle the dues and renew the certificate, it may be exposed to the penalties stipulated in the Executive Regulations for levying Zakat, which may reach seizure of the taxpayer's movable and immovable funds, freezing his bank accounts, inability to participate in government competitions or dealings with private entities, and suspension of the electronic services provided by other government agencies, especially the services of the Labor Office of the Ministry of Human Resources and Social Development, which will adversely and materially affect the Company's business, financial condition, results of operations and future prospects.

The Company has a branch in the city of Riyadh that has been registered with the Ministry of Commerce, and the procedures for opening the branch have not been completed, as the Chamber of Commerce subscription certificate was not issued, which constitutes a violation of Article (5) the Commercial Register System, which requires everyone who is registered in the Commercial Register to file at the Commercial Registry Office, within (30) thirty days from the date of registration, a certificate



of participation in the Chamber of Commerce and Industry. Therefore, the Company may be exposed to the fine stipulated in Article (15) of the Commercial Register System, which value does not exceed (50,000) fifty thousand Riyals for each violation. This is in addition to the Company's inability to benefit from the services provided by the Chambers of Commerce, which will result in the disruption of the Company's operations in this regard.

The Company has not obtained the safety certificates for its head office and branch in Riyadh, which are issued by the General Directorate of Civil Defense (Salama website), which may expose the Company to penalties and fines stipulated in Article (30) of the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G), as amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G), which stipulates the imposition of a penalty on the violator of any of the provisions of this law, its regulations, or decisions issued accordingly, including imprisonment for a period not exceeding six months, or a fine of not more than 30 thousand Riyals, or both for each violation. Also, the failure of to obtain civil defense licenses will lead to the Company not being able to obtain new municipal licenses or renew the existing licenses. In the event of its inability to obtain security and safety licenses from the Civil Defense, this may lead to the closure of the Company's main office, branches or facilities until the completion of the legal procedures for obtaining civil defense licenses, which will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.

2.1.15 Risks related to Leased Sites

The subsidiaries of Al-Baha Company rent some centers (including shops and offices) and are ready for operation and investment for the purpose for which they were established in their capacity as (lessee), and then conclude lease contracts with the occupants of those shops as the Company being (the lessor). The inability of the subsidiaries to maintain the continuity of the lease contracts related to these sites and to renew them on the same current terms or preferential terms, or their inability to use the leased property for the purpose designated for it for any reason, which will force them to vacate the leased site and find other tenants, all of this will affect the Company's expected business results and operational and financial data.

It is worth noting the issuance of Cabinet Resolution No. (292) dated 16/05/1438H, which included that the lease contract that is not registered in the electronic network is not a valid contract giving the administrative and judicial effects. The electronic network for rental services (Ejar platform) has been launched in cooperation between the two Ministries of Justice and Housing on 17/05/1439H, and a circular was issued by the Ministry of Justice approving the application of this to all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G). All contracts of the Regional Ishraqa Company (a subsidiary of Al-Raqia Centers Company) entered into as a (lessor) are not according to the electronic form and were not registered in the electronic network as on the date of publication of this Prospectus. Therefore, in the event of any dispute between the Company and any of the tenants in relation to these lease contracts it may not be considered by the Saudi courts and therefore the Company, as a plaintiff, may not be able to protect its rights in the event of any of the tenants breaching their contractual obligations, and this will negatively and materially affect the Company's business and consequently Al-Baha's results of operations. The Company is currently working on documenting rental contracts electronically with the Ejar Platform.

2.1.16 Risks related to Inadequacy of Insurance Coverage

The Company has a health insurance policy for its employees with the Allied Cooperative Insurance Group (ACIG), which started on 29/12/2020G and expires on 28/12/2021G. The Company does not own any vehicles.

With the exception of medical insurance, the Company, as an insured, did not secure insurance policies with local insurance companies to cover some of the risks that the Company's assets or property may be exposed to in the course of practicing its activity (such as insurance on construction projects, warehouses, buildings and property against fire accidents, some natural disasters and all risks related to assets and property that are not mandatory for the Company); These accidents, if they occur (God forbid), may result in physical damage that will lead to material losses that the Company will not be able to compensate in part or in full due to the lack of any appropriate insurance coverage. This will adversely affect the Company's operations due to bearing the amounts resulting from losses in addition to stopping its operations temporarily, which will have a negative impact on its financial results and profits.

2.1.17 Risks of Financing Sources

As of December 31, 2020G, the Company does not have any loans or bank facilities, but it may need to obtain loans and bank facilities in order to finance or assist in financing future projects. Since obtaining financing depends on the capital of the Company, its financial condition, cash flows and the guarantees provided by the Company which has never faced difficulty in providing sources of financing in the past, there is no assurance or guarantee about the Company's ability to obtain the appropriate financing at the right time and on the appropriate terms. Accordingly, the Company's inability to obtain the financing it needs from the financiers will have a negative impact on the Company's performance, operational activities and future plans.



2.1.18 Risks of Management Decisions

The business results of any Company depend mainly on the ability of its management to take the right and appropriate decisions in relation to its business and activities. If the Company's management makes wrong decisions regarding its business, this will adversely affect the Company's performance, results of operations and profitability.

2.1.19 Risks related to Zakat Dues and Additional Claims.

The Company and its subsidiaries submitted Zakat returns for all years up to the fiscal year 2020G and obtained Zakat certificates until 2019G. The Company has not yet obtained the Zakat certificate for the year 2020G.

On 21/12/1436H (corresponding to 04/10/2015G), the Company received a letter from the Zakat, Tax and Customs Authority confirming the existence of differences in Zakat dues amounting to (16, 849, 347) Riyals for the years from 2000G to 2010G. On 03/03/1441H (corresponding to 29/12/2019G), the Company received a decision from the Zakat and Tax Settlement Committee stating that the Committee approved the settlement of the dispute for the period in question from 2000G to 2010G on the mentioned amount (16,849,347) Riyals, so that after the settlement, the amount became (12,068,069) Riyals, with a decrease of 4,781,278 Riyals. As on the date of publication of this Prospectus, (1,000,000) Saudi Riyals were paid in three installments: (400,000) Riyals was paid on August 28, 2019G, (300,000) Riyals was paid on October 1, 2019G, and (300,000) Riyals was paid on February 2, 2020G. The Company is working with the Authority to pay the amount in installments and settle it from the net proceeds of the rights Offering described in this Prospectus.

Based on the above explanation of the Company's Zakat status, neither the Company nor its subsidiaries can predict whether the Zakat, Tax and Customs Authority will require them to pay any Zakat differences in the future for the years for which a Zakat assessment has not been issued. If the Zakat, Tax and Customs Authority actually request the Company and its subsidiaries to pay these differences, this will negatively affect the Company's profits, results of operations, financial condition and future prospects.

2.1.20 Risks related to Corona Pandemic (COVID-19)

The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing outbreak of the emerging coronavirus (COVID-19). The health measures included imposing a complete and partial closure of economic and governmental activities, quarantine, and restricting or preventing travel.

The Company benefited from the initiatives of the Saudi government to support and protect the private sector from the risks of low liquidity and the inability to pay short-term obligations through the initiatives that were put forward by the Kingdom, which included the government bearing a percentage of the Saudi employees' salaries, extension of work licenses for non-Saudi employees, and the postponement of payment of value added tax (VAT) and Zakat dues.

In accordance with the decision of the Supreme Court's General Assembly No. (45/m) dated 08/05/1442H, approving judicial principles regarding aspects related to the (Corona Virus) pandemic and the impact of force majeure and emergency circumstances on the obligations and contracts affected by them and how to assess those effects. To apply this to the contracts and affected obligations, the court stipulated five requirements: If the contract was concluded before the start of the precautionary measures related to the pandemic and continued to be implemented after its occurrence; the impact of the pandemic is directly on the contract and cannot be avoided; the impact of the pandemic on the contract is independent without any other reason; the aggrieved party has not waived or settled his right; and finally, the effects of the pandemic have not been treated by a special system, or by a decision of the competent authority. The Supreme Court confirmed that the court, at the request of the claimant of damage, after balancing between the two parties and considering the surrounding circumstances, shall amend the contractual obligation that the pandemic has afflicted, in order to achieve justice. The court confirmed that in the rental contracts of real estate and movables that were affected by the pandemic, the provisions will be applied in two cases:

First: If, due to the pandemic, the lessee is unable to benefit from the leased property in whole or in part, the court shall reduce the rent to the extent that the usual intended benefit was decreased. The second case: The lessor does not have the right to rescind the contract if the tenant is late in paying the rent for the period during which he could not benefit, in whole or in part, because of the pandemic.

Since the Company's revenues depend on the operation of shops and commercial units in the lands leased or owned by the Company, the Company's revenues may decrease significantly as a result of the decrease in the rent value, if the government re-imposes additional precautionary measures for a long period.

2.1.21 Risks related to Litigation and Legal Proceedings

As of the date of publishing this Prospectus, the Company was involved in a number of lawsuits in its capacity as a plaintiff and there are also cases against it (for more details, please see subparagraph (10-24) "Legal Issues" of Section No. (10) "Legal Information"). The Company does not guarantee that there will be no future disputes between it and internal parties (such as employees or managers) or external parties that it deals with them such as customers and others, which may lead to filing cases (such as labor claims, financial claims, or claims for the termination of existing contracts due to breaching of the contractual obligations or commitments by either party or issues related to Zakat and tax) at the competent judicial authorities. As a result,





the Company may be subject to court claims and investigations from government agencies and departments. Of course, the Company cannot anticipate the results of these claims if they occur and does not guarantee that these claims will not have a material impact on its business, financial condition and results of operations. Also, the Company cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that it may institute or may be instituted against it or the final results of those lawsuits or judgments issued on them and the compensation and penalties they include. Therefore, any negative consequences of such lawsuits (as a plaintiff or defendant) will adversely affect the results of the Company's operations and financial condition.

2.2 Risks related to the Market, Sector and Regulatory Environment

2.2.1 Economic Risks

The Kingdom's economy depends mainly on oil revenues, which control a large share of the gross domestic product. Therefore, the decline in oil prices can lead to a recession or an economic depression and thus a decrease in government spending, which will affect the Saudi economy and the sectors and businesses operating in it, and thus have negative and material impacts on the Company's business.

2.2.2 Political and Security Risks

The Middle East region is exposed to a number of geopolitical and security risks that may affect the countries of the Gulf Cooperation Council, including the Kingdom. There are no guarantees that the economic and political conditions will not have a negative impact on the sector in general or on the Company's business.

2.2.3 Fluctuations in the Real Estate Sector

The real estate sector in the Kingdom has witnessed many fluctuations in properties and rental prices as a result of several factors and the Company's business is directly affected by these fluctuations. Any decrease in the Company's revenues as a result of these fluctuations will materially and adversely affect the Company's business.

Also, since the Company's business is concentrated in the real estate sector and the retail sector, it is completely dependent on these two sectors compared to other companies that operate in more diversified fields.

2.2.4 Risks related to Competition

Companies operating in this sector compete to attract tenants based on mall locations, designs and competitive rent rates. If competitors attract tenants at better rental prices, or present attractive offers, the Company will be forced to adjust rental prices, which leads to a negative and fundamental impact on the Company's business and results of operations.

2.3 Risks related to the Offered Securities

2.3.1 Risks associated with Potential Volatility in the Price of the Rights Issue

The market price of the Rights Issue may be subject to significant fluctuations due to a change in market trends with respect to the Company's shares. These fluctuations may be large due to the difference in the permissible range of change in the trading prices of the priority rights compared to the permissible change in the common shares. Since the rights trading price depends on the Company's current share price, and the market's perception of the potential price of the shares after the subscription process, these factors, in addition to what is mentioned in the paragraph "Risks related to Potential Fluctuations in the Share Price", may affect the price of the rights issue.

2.3.2 Risks related to the Potential Fluctuation in the Share Price

The Company's share price may be subject to a large degree of fluctuation and may not be stable as a result of several factors including but not limited to market conditions related to shares, any regulatory changes in the sector, deterioration of the Company's business results, inability to implement future plans, entry of new competitive companies and speculation on the Company's operations. It should also be noted that the market price of the Company's shares during the period of Offering the priority rights is not an indicator of its market price after the Offering, and there is no guarantee that the market price of the Company's shares upon its listing on the financial market will not be less than its purchase price, which will adversely affect investors.

2.3.3 Risks related to non-Profitability or Sale of Rights

There is no guarantee of profitability of the share by trading it at a higher price. There is also no guarantee that there will be sufficient demand in the market to exercise the priority rights or to receive compensation by the Company for not exercising the rights.



2.3.4 Risks related to Lack of Demand for Priority Rights and Company Shares

There is no guarantee that there will be sufficient demand for the Company's Rights during the Trading Period, in order to enable holders of priority rights to sell those rights and make a profit from them. Also, there is no guarantee that there will be sufficient demand for the Company's Rump Shares by the Institutional Investors during the Rump Offering. In the event that institutional investors do not bid for the rump shares at a price higher than the Offering Price, there will be no compensation to the holders of the unexercised rights. Also, in the event that these institutions do not wish to subscribe, or shares remain unsubscribed by them, the Underwriter will buy those shares at a price equal to the Offering Price, and therefore there will be no compensation to the holders of the unexercised rights.

In addition, there is no guarantee that there will be sufficient market demand for the shares obtained by the subscriber through the exercise of the priority rights, or through the rump shares Offering or the market, which will adversely affect the share price and the profitability of the Company and the shareholder.

2.3.5 Risks related to Potential Dilution of Ownership

If the holders of the Rights do not fully exercise their Rights, their shareholding percentage and voting rights in the Company will be reduced. There can be no assurance that the returns, received by those who wish to sell their rights from the registered priority rights holders during the Trading Period will be sufficient to fully compensate for the decrease in their ownership percentage in the Company's capital.

2.3.6 Risks related to Failure to Exercise the Priority Rights in a Timely Manner

The Subscription Period starts on Monday 27/07/1443H (corresponding to 28/02/2022G) and ends on Thursday 07/08/1443H (corresponding to 10/03/2022G). The eligible shareholders and the financial brokers representing them must act to ensure meeting all necessary instructions before the Subscription Period expires. The subscription application may be rejected in case the priority rights holders and the financial brokers fail to follow the necessary procedures. (Please refer to the section "Information Relating to the Shares and Offering Terms and Conditions".

If the eligible shareholders are not able to properly exercise the subscription rights by the end of the Subscription Period, based on their priority rights, there is no guarantee that there will be a compensation amount distributed to the deserving shareholders who have not subscribed or who have not properly performed the procedures for practicing the subscription.

2.3.7 Risks related to Dividends

The Company's decision for dividends will depend on, amongst other things, the future profit, financial condition, capital requirements, distributable reserves and available credit of the Company, the Company's investment requirements, general economic conditions, and other factors that the Directors deem significant from time to time. The capital increase will lead to a decrease in earnings per share in the future, and therefore may affect the market value of the Company's shares as the Company's profits will be divided by a larger number of shares as a result of the capital increase.

The Company does not guarantee that any dividends will be paid to shareholders in the future, nor does it provide any guarantee as to the amount to be paid in any given year. Dividend distribution is subject to certain conditions and controls stipulated in the Company's Articles of Association.

2.3.8 Risks related to Selling a Large Number of Shares

Selling a large number of the Company's shares in the financial market after the subscription or anticipating such transaction will negatively affect the prices of these shares in the market.

2.3.9 Risks related to Issuance of New Shares

If the Company decides to issue new shares in the future, the ownership of the shares will proportionately decrease, as well as the voting rights and dividends, which may adversely affect the market price of the share.



3. Company Background

3.1 Introduction

Al-Baha Investment and Development Company is a Saudi public joint stock company pursuant to His Excellency the Minister of Commerce Resolution No. 600, dated 05/06/1413H (corresponding to 30/11/1992G), and Commercial Registration No. (5800005960) issued by the Commercial Registry Office in the city of Al-Baha dated 19/07/1413H (corresponding to 12/01/1993G). The current capital of the Company is (177,000,000) one hundred and seventy-seven million Saudi Riyals divided into (17,700,000) seventeen million seven hundred thousand ordinary shares with a nominal value of (10) ten Saudi Riyals per share, and all of those shares are fully paid.

As of the date of this Prospectus, there are no major shareholders among the shareholders of Al-Baha Investment and Development who own 5% or more of the Company's shares.

The head office of the Company is located in the city of Al-Baha, King Fahd Road - Building No. 7050.

3.2 Vision, Mission and Strategy

3.2.1 Vision

Working on continuous development by setting strategic goals to develop the Company's performance, which makes Al-Baha one of the main companies in the multi-investment sector.

3.2.2 Mission

Commitment to work with high transparency, continue to find the best investment opportunities and increase the value of investments in accordance with the capabilities that the Company possesses.

3.2.3 Strategy

Expansion in the field of markets to cover the demand and investment of lands by leasing them and establishing market centers in the field of central markets.

3.3 Strengths and Competitive Advantages

1. Strategic relations with a number of well-known leading companies in the retail sector.
2. The quality of the projects and commercial centers established.
3. The ability to enter into multiple investments with flexibility in diversifying these investments.
4. The presence of a management with great experience and knowledge in the field of investment in the central markets of all kinds.
5. The ability to enter into profitable partnerships in different sectors.
6. Having an ambitious vision and clear and applicable strategic plans to improve the Company's overall performance.
7. The ability to attract qualified cadres to activate its work.

3.4 The Company Activity

The Company's activities, according to its Articles of Association, are as follows:

1. Establishment, management, operation and maintenance of central markets, commercial and residential complexes, furnished apartments, restaurants, hotels, gas stations, cafes, buffets, bakeries, sweets, cooked and uncooked catering services, wholesale and retail trade of foodstuffs, wholesale and retail trade of building materials and steel, general contracting for buildings, electrical, electronic and mechanical works, management, maintenance and development of real estate, maintenance, operations and cleaning contracting, buying and renting lands to construct buildings on them, and investing them by selling or renting for the benefit of the Company.
2. Establishing various industrial projects.
3. Owning and reclaiming agricultural land for use in establishing agricultural and livestock production projects.





4. Establishing, investing, managing, operating and maintaining recreational and tourism facilities and projects.
5. Wholesale and retail trade of what falls within the scope of the Company's industrial, agricultural and tourism business, and establishment of cold stores, repair and maintenance workshops for that.
6. Commercial agencies.

The Company operates the activity of establishing and operating central markets and commercial complexes, through the management of its subsidiary company "Al Marakiz Al Raqiyah Company", as well as through the subsidiary company of Al Marakiz Al Raqiyah Company, which is the Regional Ishraqa Company for Real Estate Development and Investment.

3.5 Subsidiaries

3.5.1 Al Marakiz Al Raqiyah Company

A limited liability company owned by 86.96% by Al-Baha Investment and Development Company, and 13.04% by Mr. Mishaaal Muhammad Hassan Mufti. The Company's capital is (57,500,000) fifty-seven million five hundred thousand Saudi Riyals, divided into (5,750,000) five million Seven hundred and fifty thousand shares of equal value of (10) ten Saudi Riyals per share.

The Company's main activity, according to its articles of incorporation, is as follows:

1. Construction and building.
2. Financial, business and other services.
3. Social, group and personal services.
4. Trading.

The main activity of the Company is the establishment and management of markets and commercial complexes. The Company owns, manages and operates the following:

3.5.1.1 University Plaza Complex

It is a commercial complex located in the city of Riyadh, Al-Malaz District. It is built on a land with a total area of (14,379,29) fourteen thousand three hundred and seventy-nine square meters owned by the Al Marakiz Al Raqiyah Company. The complex consists of (3) three floors with a total built-up area of (13,036) thirteen thousand and thirty-six square meters. The complex includes (18) eighteen trade fairs, a supermarket with a total area of (3,685) three thousand six hundred and eighty-five square meters, and (33) thirty-three offices.

3.5.1.2 Al-Hazm Commercial Complex

It is a commercial complex located in the city of Riyadh, Al-Hazm District. It is built on a land with a total area of (4,718) four thousand seven hundred and eighteen square meters owned by Al Marakiz Al Raqiyah Company, and the build-up area is (4,152) four thousand one hundred and fifty-two square meters. The complex consists of (14) fourteen trade fairs and (13) thirteen offices.

3.5.2 Ishraqa Regional Real Estate Development and Investment Company

A limited liability company wholly owned by Al Marakiz Al Raqiyah Company, with a capital of (50,000) fifty thousand Saudi Riyals, divided into five thousand shares of equal value of (10) ten Saudi Riyals per share.

Ishraqa Regional Company is a subsidiary of Al Marakiz Al Raqiyah Company. The main activity of the Company, according to its Articles of Association, is as follows:

1. Food trading.
2. Trading in building materials, electrical and sanitary ware.
3. Operation, maintenance and cleaning of facilities.
4. Recruitment.
5. Commercial and administrative services.
6. Accommodation activities.
7. Activities of restaurants and catering services.
8. Buying and selling land and real estate.
9. Specialized subcontracting (specialized construction activities).
10. General contracting for buildings (construction, repair, demolition, restoration).
11. Management and leasing of owned or leased real estate (residential).



12. Leasing of owned or leased real estate (non-residential).
13. Real estate management activities for a commission.
14. Real estate development and investment activities.
15. Commercial agencies.

Ishraqa Co. manages and operates the following complexes:

3.5.2.1 Al-Izdihar Complex

It is an office commercial complex located in the city of Riyadh, Al-Izdihar district. It is built on a land with a total area of (13,838) thirteen thousand eight hundred and thirty-eight square meters. The complex consists of (3) three floors with a total built-up area of (11,661) eleven thousand six hundred and sixty-one square meters, including (34) thirty-four commercial exhibitions and (44) forty-four offices. The entire complex was leased from Abdullah Saud Ibrahim bin Muslim, under a twenty-year lease contract, starting 14/11/1438H (corresponding to 27/07/2017G), and the Company is re-letting it.

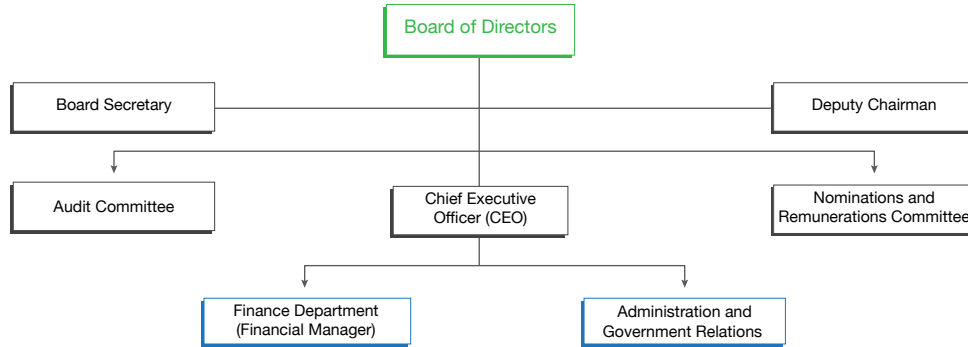
3.5.2.2 Al-Suwaidi Complex

It is a commercial complex located in the city of Riyadh, Al-Suwaidi district. It is built on a land with a total area of (7,425) seven thousand four hundred and twenty-five square meters. The complex consists of two floors with a total built-up area of (8,732) eight thousand seven hundred and thirty-two square meters, including (19) Nineteen stores on the ground floor, in addition to an office on the first floor. The entire complex was leased from Badr bin Muhammad Al-Deghaither, under a lease contract for a period of (15) fifteen years, starting 10/11/1438H (corresponding to 02/08/2017G), and the Company is re-letting it.



4. Company's Organizational Structure

4.1 Organization Structure



4.2 Board of Directors

The Company is managed by a board of directors consisting of eight (8) members elected by the Ordinary General Assembly of shareholders for a period not exceeding (3) three years, on 02/5/1440H (corresponding to 08/01/2019G), the Ordinary General Assembly approved the appointment of members of the Board of Directors for a new term starting from 10/02/2019G for a period of three years ending on 09/02/2022G. The following table shows the members of the Board of Directors as of the date of this Prospectus.

Table No. (1): Members of the Board of Directors elected by the Ordinary General Assembly of Shareholders on 12/12/2018G

Name	Position	Nationality	Age	Membership	Direct ownership Percentage ⁽¹⁾	Indirect ownership Percentage ⁽¹⁾	Membership Date ⁽³⁾
Mohammed Saleh Mohammed Al Hammadi	Chairman of Board of Directors	Saudi	50	Non-Executive	3.72%	-	10/02/2019G
Ibrahim Abdullah Rashid bin Kulaib	Deputy CEO	Saudi	45	Executive	2.46%	-	10/02/2019G
Abdulaziz Saleh Mohammed Al Hammadi	Member	Saudi	45	Non-Executive	4.67%	-	10/02/2019G
Saad Abdul Mohsen Abdul Aziz Al-Hamidi	Member	Saudi	45	Independent	0.00005%	-	10/02/2019G
Turki Abdulrahman Abdullah Al-Rassis	Member	Saudi	48	Independent	0.00005%	-	10/02/2019G
Mishaal Mohammed Hassan Mufti	Member	Saudi	38	Executive	0.0042%	-	10/02/2019G
Ziyad Mohammed Sultan Al-Amr	Member	Saudi	40	Independent	0.0033%	-	10/02/2019G
Saad Mohammed Hamad bin Saif	Member	Saudi	49	Independent	0.000005%	-	10/02/2019G

Source: The Company

⁽¹⁾ The ownership percentages mentioned are approximate.

⁽³⁾ The dates mentioned represent the dates of their appointment to the current positions.

**** According to the Corporate Governance Regulations, a member of the Board of Directors acquires the status of "Executive Member" when he is a member of the Company's Executive Management and participates in the daily management of the Company or receives a salary in return.

- As for the "Non-executive Member", he is a member of the Board of Directors who is not engaged in full-time to manage the company or does not receive a salary except for the membership Remuneration for the Board and Committees.
- "Independent Member": is a non-executive board member who enjoys complete independence in his position and decisions, and none of the independence characteristics stipulated in the following apply to him:
 - He owns five percent or more of the Company's shares or shares of another company in its group, or he is related to a person who owns this percentage.
 - He is a representative of a legal person who owns five percent or more of the Company's shares or of the shares of another company in its group.
 - He is a relative of any of the members of the Board of Directors of the Company or in another company of its group.
 - He is relative to any senior executive in the Company or in another company of its group.
 - To be a member of the board of directors in another company from the group of the company nominated for membership in its board of directors.
 - He has worked or worked as an employee during the past two years for the company or any party dealing to it or another company of its group, such as



- auditors and major suppliers, or he has been the owner of controlling stakes in any of those parties during the past two years.
- g. He has a direct or indirect interest in the business and contracts that are made for the Company's account.
 - h. He receives sums of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees exceeding (SAR 200,000) or 50% of his remuneration in the previous year that he received in return for membership of the Board of Directors or any of its committees, whichever is less.
 - i. He has spent more than nine consecutive or separate years as a member of the Company's Board of Directors.
 - j. To participate in a business that would compete with the Company, or to trade in one of the branches of the company's activity.

4.2.1 Biographies of the members of the board of directors

Name	Mr. Mohammed Saleh Mohammed Al Hammadi
Nationality	Saudi.
Current Position	Chairman of the Board of Directors of Al Baha Investment and Development Company
Appointment Date	February 10, 2019G
Academic Qualifications	<ul style="list-style-type: none"> He holds a bachelor's degree in Business Administration from Weber University - Florida, in 1996. He holds a bachelor's degree in Marketing from Weber University - Florida, in 1996.
Practical Experience	Managing Director and CEO of Al Hammadi Company for Development and Investment from 1996 to date.
Memberships on other Boards	<ul style="list-style-type: none"> Member of the Board of Directors of Al Hammadi Company for Development and Investment "listed joint stock company" Since 1996 to date. Member of the Board of Directors of Aziz Company for Contracting and Industrial Investment "closed joint stock" from 2018G to date. Member of the Board of Directors of Well spoon Middle East Pipe Industry "limited liability company" from 2010G to date.

Name	Mr. Ibrahim Abdullah Rashid bin Kulaib
Nationality	Saudi.
Current Position	Deputy Chairman and CEO
Appointment Date	February 10, 2019G
Academic Qualifications	He holds a Bachelor's degree in Administrative Sciences from the University of Jordan in 2004G
Practical Experience	<ul style="list-style-type: none"> General Manager of the Medical Industries Company Ltd. from 2019G to date. CEO of Al Baha Investment and Development Company from 2014G to date. General Manager of the Al Marakiz Al Raqiyah Company Ltd., from 2014G to date. General Manager of Ishraqa Regional Company for Real Estate Development and Investment from January 2018G to date. General Manager of the Direct Vision Foundation for Advertising and Public Relations from 2007G to 2015G working in the field of advertising, public relations, management and organization of conferences. General Manager of the Foundation, Fikra Fund Agency for Public Relations, from 2008G to 2015G working in the field of public relations and preparing media reports.
Memberships on other Boards	Member of the Board of Directors of the Transport Intermediary (Waseet) Company for Communications and Information Technology since 2017G to date.

Name	Mr. Abdulaziz Saleh Mohammed Al Hammadi
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company, Secretary of the Board, and Member of the Audit Committee.
Appointment Date	February 10, 2019G.
Academic Qualifications	He holds a bachelor's degree in Medicine and General Surgery from Al-Azhar University, in 2004G.
Practical Experience	<ul style="list-style-type: none"> Worked at King Khalid University Hospital from 2004G to 2005G. Worked at King Saud University Hospital for Chest Diseases from 2005G to 2008G. Operations Department Manager at Al Hammadi Company for Development and Investment from 2010G to date "listed Joint Stock Company".
Memberships on other Boards	<ul style="list-style-type: none"> Member of the Board of Directors of Al Hammadi Company for Development and Investment, "listed joint stock company" from 2010G to date. Member of the Board of Directors of Aziz Company for Contracting and Industrial Investment "closed joint stock" from 2018G to date.



Name	Mr. Mishaal Mohammed Hassan Mufti
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company and Financial Officer (CFO).
Appointment Date	February 10, 2019G
Academic Qualifications	Holds a bachelor's degree in Business Administration - Financial Management from King Saud University in 2004G.
Practical Experience	<ul style="list-style-type: none"> General Manager of the Arab Hospitals Company Ltd. from 2004G to date. General Manager of the Pharmaceutical Services Company Ltd., from 2002G to date. General Manager of the Supportive Medical Services Company Ltd., since 2004G to date.

Name	Mr. Saad Abdulmohsen Abdulaziz Al-Hamidi
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company and Chairman of the Audit Committee.
Appointment Date	February 10, 2019G
Academic Qualifications	Bachelor of Accounting from the University of Northern Colorado in 2004G.
Practical Experience	<ul style="list-style-type: none"> General Manager of the Advanced Time Company for Investment and Development, from 2014G to date. Compliance Manager and Board Secretary for Amana Insurance Company from 2009G to 2014G. Auditor at Ernst & Young from 2007G to 2009G. Credit Officer at Rajhi Bank from 2006G to 2007G. External auditor at PricewaterhouseCoopers, from 2005G to 2006G.
Memberships on other Boards	Member of the Board of Directors of Al Hammadi Company for Development and Investment "listed joint stock company" from 2019G to date.

Name	Mr. Saad Mohammed Hamad bin Saif
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company and Chairman of the Nomination and Remunerations Committee.
Appointment Date	February 10, 2019G
Academic Qualifications	High school.
Practical Experience	<ul style="list-style-type: none"> General Manager of Actel Trading Co., Ltd. from 1998 to 2019G. General Manager of Artal Food Trading Est. from 2017G to date.

Name	Mr. Ziyad Mohammed Sultan Al-Amr
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company.
Appointment Date	February 10, 2019G
Academic Qualifications	He holds a bachelor's degree in Mass Communication from King Saud University, in 2006G.
Practical Experience	<ul style="list-style-type: none"> Marketing Manager of Fahd International Co., Ltd., from 2008G to date. CEO of Al Baha Investment and Development Company from 2016G to 2017G.
Memberships on other Boards	None



Name	Mr. Turki Abdulrahman Abdullah Al-Rassis
Nationality	Saudi.
Current Position	Member of the Board of Directors of Al Baha Investment and Development Company
Appointment Date	February 10, 2019G
Academic Qualifications	Bachelor of Marketing from Cleveland University, USA, in 2005G
Practical Experience	<ul style="list-style-type: none"> Head of Business Development at Olayan Holding Company from 2018G to 2020G. General Manager of Olayan Real Estate Company from 2012G to 2015G. Business Development Manager at Hamat Real Estate Company from 2015G until 2016G. Manager of the Commercial Sector at Bin Saedan Company from 2017G to 2018G
Memberships on other Boards	Member of the Board of Directors of Akram Asas Company from 2019G to date.

4.3 Executive Management

Name	Position	Nationality	Age	Membership	Direct ownership Percentage ⁽¹⁾	Indirect ownership Percentage ⁽²⁾	Membership Date ⁽³⁾
Ibrahim Abdullah Rashid bin Kulaib	Chief Executive Officer	Saudi	45	Executive	2.46%	-	17/08/2017G
Mishaal Mohammed Hassan Mufti	Financial Officer	Saudi	38	Executive	0.0042%	-	19/01/2015G
Faisal Hamid Saad Al-Ghamdi	Administration and Government Relations Manager	Saudi	45	Non-Executive	-	-	01/01/2016G

Source: The Company.

⁽¹⁾ The ownership percentages mentioned are approximate.

⁽³⁾ The dates mentioned represent the dates of their appointment to the current positions

4.3.1 Biographies of the Executive Management

The biography of the CEO - Ibrahim Abdullah Rashid bin Kulaib, and the Financial Manager - Mishaal Mohammed Hassan Mufti, were included in the biographies of the members of the Board of Directors.

Name	Mr. Faisal Hamid Saad Al-Ghamdi
Nationality	Saudi.
Current Position	Head of Administration and Government Relations
Appointment Date	01 January 2016G
Academic Qualifications	None
Practical Experience	Head of Administration and Government Relations from 2016G to date. Worked at Dar Al-Ghamdi Printing Est. from 1/5/2011G until 30/6/2011G..
Memberships on other Boards	None



4.4 Board of Directors' Committees

4.4.1 Audit Committee

The Audit Committee consists of (3) three members. The members of the Audit Committee were appointed by the Ordinary General Assembly held on 05/05/1440H (corresponding to 12/12/2018G) and ends at the end of the current Board term on 09/02/2022G. The committee consists of the following members:

Member	Position
Saad AbdulmohsenAl-Hamidi	Chairman of the Committee
Turki Abdulrahman Al-Rassis	Member
Abdulaziz Saleh Al Hammadi	Member

Source: The Company

4.4.1.1 CVs of the Members of the Audit Committee

The CVs of the members of the Audit Committee were included in the CVs of the members of the Board of Directors.

4.4.2 Nominations and Remuneration Committee

The Nomination and Remunerations Committee is composed of (3) three members. The members of the Nomination and Remunerations Committee were appointed by the Board of Directors' decision on 11/06/1440H (corresponding to 16/02/2019G). and ends at the end of the current Board term on 09/02/2022G. The committee consists of the following members:

Member	Position
Saad Hamad bin Saif	Chairman of the Committee
Mohammed Saleh Al Hammadi	Member
Ziyad Mohammed Al-Amr	Member

Source: The Company

4.4.2.1.1 CVs of the Members of the Nominations and Remuneration Committee

The CVs of the members of the Nomination and Remuneration Committee were included in the CVs of the members of the Board of Directors.



5. Employees

As at the date of this Prospectus, the Company does not have any employee stock programs or any arrangements that involve employees in the Company's capital.





6. Financial information and Management Discussion and Analysis.

The following discussion and analysis of the financial position and results of operations are based on the audited financial statements Al Baha Investment and Development Company and its subsidiary Al Marakiz Al Raqiyah for the financial years ending on December 31, 2018G, 2019G and 2020G, and the notes attached thereto, which were reviewed and audited by Al Azem, Al Sudairy, Al Shaikh & Partners CPA's & Consultants- Member firm of Crowe Global.

The two Company's financial statements for the years 2018G, 2019G and 2020G, were prepared in accordance with the International Standards (IFRS) approved in the Kingdom and the standards and other publications issued by the Saudi Organization for Chartered and Professional Accountants.

The audited financial statements for the financial years, and the accompanying notes which were included in the Prospectus, have been prepared in accordance with the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants. The Company issues its financial statements in Saudi Riyals.

6.1 Board members' declarations regarding the financial statements

The members of the Board of Directors acknowledge the following:

1. There has been no material adverse change in the company's financial and commercial position of the Company during the three years ending on December 31, 2018G, and 2019G and 2020G as well as the period covered by the Auditor's report until approval of this Prospectus.
2. The financial information presented in this Prospectus has been extracted without material changes and is presented to be consistent with the Audited Financial Statements for the year ended 31 December 2018G, 2019G, and 2020G, and accompanying notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA).
3. To the best of their knowledge and belief, the Company is not aware of any seasonal factors or economic cycles related to the activity that may have an impact on the business and the financial position of the Company, except for what was disclosed in the section "Risk Factors".
4. To the best of their knowledge and belief, the Company has no information about any governmental, economic, financial, monetary or political policies or any other factors that have materially affected, or could materially affect, directly or indirectly affect the company's operations except as disclosed in the "Risk Factors" section.
5. Other than what was mentioned in "Use of Offering Proceeds" section (for more information, please refer to Section No. (7)), the Company does not have any important fixed assets that it intends to buy or lease.
6. That, to the best of their knowledge and belief, the Company or any of its subsidiaries do not have any loans or other indebtedness, including overdrafts from bank accounts, and they acknowledge that there are no guarantee obligations, including personal or not covered by a personal guarantee, or secured by mortgage, or not secured by mortgage, commitments under acceptance, acceptance credit, lease-purchase commitments, any issued and existing debt instruments, approved and unissued debt instruments, or term loans.
7. The Directors declare, to the best of their knowledge and belief, that there are no mortgages, rights, or any burdens or costs on the properties of the Company and its subsidiaries as on the date of this Prospectus.
8. The Company and its subsidiaries do not have any potential obligations or guarantees other than the obligations of the Zakat, Tax and Customs Authority, which were disclosed in Section (10-15) "Continuing Obligations according to the Requirements of the Zakat, Tax and Customs Authority" in addition to the obligations of stock trusts disclosed in the "Use of Offering Proceeds" Section (7-1-3) "Payment of deposits of the under-settlement auction shares".
9. The capital of the Company or subsidiaries is not subject to the right of option as on the date of this Prospectus.
10. The Board of Directors acknowledges that no commissions, discounts, brokerage fees, or non-cash compensation have been granted by the Company (or its subsidiaries) to any of the members of the Board of Directors, senior executives, or those presenting or offering securities or experts during the past three years immediately preceding the date of submitting the Registration and Offering of securities until the date of approval of this Prospectus.
11. The Company and its subsidiaries do not own any contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to verify and which may have a significant impact on the assessment of the Company's financial condition.





6.2 Financial Analysis of the Consolidated Statement of Financial Position

The following table shows the financial statements of Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G:

Item	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Current assets	20,272,771	20,806,242	23,046,174	3%	11%	7%
Non-current assets	245,108,478	274,886,585	260,941,497	12%	(5%)	3%
Total assets	265,381,249	295,692,827	283,987,671	11%	(4%)	3%
Current liabilities	102,691,337	105,606,753	128,264,207	3%	21%	12%
Non-current liabilities	1,286,421	33,724,884	29,174,945	2522%	(13%)	376%
Total Liabilities	103,977,758	139,331,637	157,439,152	34%	13%	23%
Equity	161,403,491	156,361,190	126,548,519	(3%)	(19%)	(11%)
Total liabilities and equity	265,381,249	295,692,827	283,987,671	11%	(4%)	3%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Assets increased at the end of 2019G by 11% compared to the end of 2018G, as a result of the increase in current and non-current assets, which increased by 3% and 12%, respectively. The reason for the increase is mainly due to the increase in each item of Receivables in current assets by SAR 2,233,629, in addition to the right-of-use item within non-current assets, which arose as a result of the application of IFRS 16, amounting to SAR 39,132,814.

Assets decreased at the end of the year 2020G by 4% compared to the end of 2019G despite the increase in the item of current assets by 11%. The reason is due to the decrease in the item of non-current assets by 5% due to the decrease in intangible assets, goodwill and the right of use the asset by 25% and 19 % and 10%, respectively.

6.2.1 Current Assets

The following table shows the current assets of Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Current Assets						
Cash and cash equivalents	1,078,918	1,001,403	1,724,570	(7%)	72%	26%
Receivables, net	17,317,283	19,550,912	20,869,525	13%	7%	10%
Inventory, net	118,057	118,057	-	0%	(100%)	(100%)
Prepayments and debit balances	1,758,513	135,870	452,079	(92%)	233%	(49%)
Total current assets	20,272,771	20,806,242	23,046,174	3%	11%	7%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Current assets increased at the end of 2019G by 3% compared to the end of 2018G, despite the decrease in most items of current assets. The reason for the increase is mainly due to an increase in the Receivables' item by 13%, by an amount of SAR 2,233,629.

Current assets increased by 11% at the end of the year 2020G, and the main reason for this increase is due to the rise in the Receivables' items, cash and cash equivalent, Prepayments and other Receivables balances by 7%, 72% and 233%, respectively.



6.2.1.1 Cash and Cash Equivalent

Cash decreased during the year 2019G by 7%, where it increased by 72% in the year 2020G, as a result of the Company's normal operating activities.

6.2.1.2 Receivables' Net

The table below represents the receivables, net item for Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Receivables from sale of property and equipment	8,542,906	8,542,906	8,542,906	0%	0%	0%
Miscellaneous Receivables	7,302,993	7,302,993	7,302,993	0%	0%	0%
Lease customers	1,450,367	3,728,431	8,248,804	157%	121%	138%
Clients	1,129,419	1,084,984	1,084,984	(4%)	0%	(2%)
	18,425,685	20,659,314	25,179,687	12%	22%	17%
Provision for doubtful debts	(1,108,402)	(1,108,402)	(4,310,162)	0%	289%	97%
Net	17,317,283	19,550,912	20,869,525	13%	7%	10%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The net Receivables' item at the end of 2019G increased by 13% compared to 2018G, as a result of an increase in the item of Lease customers by 157%, amounting to SAR 2,278,064, which represents the amounts owed by the tenants. The reason for the increase is due to the Company's start at the end of 2019G to operate the university complex, in addition to the decrease in rent collections for Al-Izdihar Complex, Al-Hazm Complex and Al-Suwaidi Complex, as shown in the table below:

Complex name	2018G	2019G	2020G
Al-Hazm Complex	157,908	567,725	796,844
University Plaza Complex	-	400,331	380,630
Al-Izdihar Complex	977,899	2,183,601	5,134,978
Al-Suwaidi Complex	314,560	576,775	1,936,353
Total	1,450,367	3,728,432	8,248,805

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The Receivables' item increased in the year 2020G by an amount of SAR 1,318,613 or by 7%. The reason behind that is the increase in the rental customers' item by 121%. It should be noted that the provision for doubtful debts increased by 289% at the end of 2020G.

6.2.1.3 Accrued Revenue

The item of accrued revenues in the years 2018G and 2019G has been reclassified to appear under the item of rental customers in debtors.



6.2.1.4 Prepayments and Other Debit Balances

The table below represents the prepayments and other receivable balances for Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Advance rents	1,678,113	-	-	(100%)	-	(100%)
Accrued revenue	-	-	412,882	-	-	-
Employees Receivables	-	-	26,872	-	-	-
Advance Professional Fee	-	71,400	-	-	(100%)	-
Advances to Suppliers	34,576	34,576	-	0%	(100%)	(100%)
Other	45,824	29,894	12,325	(35%)	(59%)	48%
Total	1,758,513	135,870	452,079	(92%)	233%	(49%)

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

In the year 2019G, the Prepayments item and other receivable balances decreased by 92%, as a result of a 100% decrease in prepaid rents, amounting to SAR 1,678,113, as a result of the Company's application of International Financial Reporting Standard No. (16), which led to the reclassification of contracts Operating leases classified as advances to the right-of-use component of the asset.

The item of Prepayments and other receivable balances increased in 2020G by 233%, due to the emergence of the accrued revenues item by SAR 412,882 and the item of staff property by SAR 26,872 in 2020G.

6.2.2 Non-Current Assets

The following table shows the non-current assets of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Non-Current Assets						
long term investments	17,136,823	17,136,823	17,136,823	0%	0%	0%
Payments for the purchase of investment property	9,000,000	9,000,000	9,000,000	0%	0%	0%
Goodwill	28,389,288	28,389,288	23,110,413	0%	(19%)	(10%)
Intangible assets	38,903	47,656	35,903	22%	(25%)	(4%)
Property, plant and equipment, net	75,536,787	54,542,053	54,521,121	(28%)	0%	(15%)
Real estate investment	115,006,677	126,637,951	121,985,027	10%	(4%)	-
Right to use of an asset	-	39,132,814	35,152,210	-	(10%)	-
Total non-current assets	245,108,478	274,886,585	260,941,497	12%	(5%)	3%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

6.2.2.1 Property, Plant and Equipment, Net

Non-current assets increased at the end of 2019G by 12% compared to the end of 2018G, as a result of the emergence of the right to use asset clause, which arose as a result of the application of IFRS 16, amounting to SAR 39,132,814.

The non-current assets decreased at the end of the year 2020G by 5%, due to the decrease in intangible assets, goodwill and the right to use the asset by 25%, 19% and 10%, respectively.



6.2.2.2 Property, Plant and Equipment, Net

The following table shows the property, plant and equipment of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Lands	39,323,988	39,323,988	39,323,988	0%	0%	0%
Buildings	8,804,091	-	-	(100%)	-	(100%)
Office equipment and supplies	9,268	9,460	5,918	2%	(37%)	(20%)
Furniture and furnishings	24,761	18,237	109,480	(26%)	500%	110%
Projects in progress	27,374,679	15,190,368	15,081,735	(45%)	(1%)	(26%)
Total	75,536,787	54,542,053	54,521,121	(28%)	0%	(15%)

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Property and equipment decreased at the end of 2019G by 28% compared to 2018G. This is due to:

- 1- Board Decision No. (1) of 2020G approving the disposal of the buildings shown in the table below, amounting to 8,804,091 Saudi Riyals.

Asset	Present value
Buildings and structures of the Athrib cable car	4,606,087
Poultry farm buildings and structures	3,219,378
Leather factory buildings and structures	224,465
Depreciation for the year 2019G	754,161
Total	8,804,091

Source: The Company

- 2- Transfers were also made from the item of projects in progress, amounting to 12,318,606 Saudi Riyals to appear under the investment properties.

6.2.2.3 Investment properties

The following table shows the investment properties of Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
lands	110,217,738	110,217,738	105,703,979	0%	(4%)	(2%)
Buildings and constructions	4,788,939	16,420,213	16,281,048	243%	(1%)	84%
Total	115,006,677	126,637,951	121,985,027	10%	(4%)	3%

Source: The Company

The real estate investment item arose at the end of the year 2018G, amounting to SAR 115,006,677 in the form of lands, in addition to buildings and constructions with a value of SAR 4,788,939 that were transferred from property, plant and equipment.

Buildings and constructions increased by 243% at the end of 2019G compared to 2018G. The reason for the increase is due to the transfer of SAR 12,318,616 from projects under implementation within property, plant and equipment item. It represents the costs of establishing a commercial and investment complex in Al-Malaz district.



The Company's investment properties are as follows:

- 1- Al-Hazm complex: Its cost amounted to SAR 20,095,736, and the accumulated depreciation was SAR 457,785. There are no losses as a result of depreciation, and its net book value amounted to SAR 19,637,951 as of December 31, 2019G (SAR 7,434,108: 2018G).
- 2- University Plaza Complex: Its cost amounted to SAR 107,572,569, and the accumulated depreciation complex was SAR 188,165, and impairment losses were SAR 384,404, and its net book value was SAR 107,000,000 as of December 31, 2019G (SAR 107,572,569: 2018G).

Land and buildings classified as investment properties were evaluated by an external valuer to determine their fair value as of December 31, 2019G. The assessment was carried out by an external valuer accredited by the Saudi Authority for Accredited Valuers (Taqeem).

Following are the fair value measurement data in accordance with International Financial Reporting Standard No. (13) as of December 31, 2019G:

Properties	Evaluation method	Purpose	Key Assumptions	Fair value (SAR)
Al-Hazm Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 6.1% Cash flow period is 12 years 	19,900,000
University Plaza Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 6.1% Cash flow period is 12 years 	107,000,000

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The impairment losses for the University Complex and Al Hazm Complex amounted to SAR 384,404, respectively, for the year ended December 31, 2019G.

The Company uses the assessment reports from the independent valuer (Al Nama Evaluation Office - Abdul Aziz Al-Ghamdi) who was appointed by the management to evaluate the fair value of the investment properties on the valuation date.

In the year 2020G, the Company's investment properties are as follows:

- 1- Al Hazm Complex: Its cost amounted to SAR 20,095,736, the accumulated depreciation amounted to SAR 610,709 and the impairment losses were nil, and its net book value amounted to SAR 19,485,027 as of December 31, 2020G (2019G: SAR 19,637,951).
- 2- University Plaza Complex: Its cost amounted to SAR 107,572,569, and the accumulated depreciation was 943,214 Saudi Riyals, and impairment losses were SAR 4,129,355, and its net book value amounted to SAR 102,500,000 as on December 31, 2020G, (2019G: SAR 107,000,000).

The lands and buildings classified as investment properties were evaluated by an external valuer to determine their fair value as on December 31, 2020G. The assessment was conducted by an external valuer approved by the Saudi Authority for Accredited Valuers (Taqeem).

Following are the fair value measurement data in accordance with International Financial Reporting Standard No. (13) as of December 31, 2020G:

Properties	Evaluation method	Purpose	Key Assumptions	Fair value (SAR)
Al-Hazm Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 9% Cash flow period is 12 years 	19,800,000
University Plaza Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 9% Cash flow period is 12 years 	102,500,000

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The impairment losses for the University Plaza and Al Hazm complex amounted to SAR 4,129,355 for the year ended December 31, 2020G (2019G: SAR 384,404).

The Company uses the assessment reports from the independent valuer (Al Nama Assessment Office - Abdul Aziz Al-Ghamdi) who was appointed by the management to determine the fair value of the investment properties on the valuation date.

• Right to use Asset

- The right to use assets item was created in 2019G in the statement of financial position, which is represented in the right to use assets in the rented buildings represented in Al Izdihar Complex and Al Suwaidi Complex.



6.2.2.4 Investing in Income-Generating Assets

The Company intends to use an amount of SAR (90,429,923) ninety million four hundred and twenty-nine thousand nine hundred and twenty-three Saudi Riyals, from the net proceeds of the Offering to invest in income-generating assets. The investment will be in the purchase of shopping centers (Plaza) in the city of Riyadh.

6.2.3 Current Liabilities

The following table shows the total current liabilities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Payables	1,093,133	1,639,255	1,146,255	50%	(30%)	(2%)
Auction stocks under settlement	10,847,966	10,787,672	10,730,917	(1%)	(1%)	(1%)
Accrued expenses and other payables	4,623,202	4,150,242	4,345,188	(10%)	5%	(3%)
Revenue received in advance	1,414,770	2,050,964	2,780,184	45%	36%	40%
Current portion of lease liabilities	-	6,064,437	9,500,024	-	(57%)	-
Provision for potential claims	66,703,158	66,703,158	84,003,717	0%	26%	12%
Zakat provision	18,009,108	14,211,025	15,757,922	(21%)	11%	(6%)
Total current liabilities	102,691,337	105,906,753	128,264,207	3%	21%	12%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Current liabilities increased by 3% at the end of 2019G compared to the end of 2018G, as a result of the application of IFRS 16 by Al-Baha Company, where the Company recognizes lease liabilities at the current value of lease payments paid during the contract period, which led to the emergence of the current portion item of lease contract liabilities, which amounted to SAR 6,064,437 at the end of the year 2019G.

Current liabilities at the end of the year 2020G increased by 21% compared to the end of the year 2019G, due to the increase in the revenues item received in advance by 36% and the increase in the provision for potential claims by 26% at an amount of SAR 17,300,559, which was constant in the past years due to the issue Al Sateaa Modern Construction Co.

6.2.3.1 Payables

The following table shows the details of payables for Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Various payables	589,024	589,024	189,024	0%	(68%)	(43%)
Suppliers	491,041	921,870	921,870	88%	0%	(37%)
Other	13,068	128,361	35,361	882%	(72%)	64%
Total	1,093,133	1,639,255	1,146,255	50%	(30%)	2%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The Payables' item increased by 50% at the end of the year 2019G, Due to the increase in the item of suppliers at the end of the year 2019G, with an amount of SAR 430,829. And due to the company's payment of some of the Receivables owed by it and the other receivables as a result of the company's operational activities.

The item of Payables at the end of the year 2020G decreased by 30% due to the decrease in the item of miscellaneous Payables and other items by 68% and 72%, respectively.

6.2.3.2 Securities auction shares under settlement

The deposits of under-settled auction shares item decreased slightly and, respectively, at the end of the year 2019G and the year 2020G, as a result of the Company paying the refunds to the shareholders who defaulted on the payment of installments, whose shares were sold by public auction following the sale process that the Company carried out on 06/28/2009G according to the approval of the CMA on 22/03/2009G, after which the Company sold 984,022 shares for a sum of SAR 14,325,234.



6.2.3.3 Accrued Expenses and Other Payables Balances

The item of accrued expenses and other credit balances decreased at the end of the year 2019G by an amount of SAR 472,960, which represents what the Company paid for the accrued expenses during the year as salaries, social security and value added tax. It also increased in 2020G by 5% and by SAR 194,946 as a result of the Company's normal operations.

6.2.3.4 Revenue Received in Advance

Revenues received in advance at the end of 2019G increased by 45% compared to the end of 2018G with an amount of SAR 636,194. The item of revenues received in advance at the end of the year 2020G increased by 36%, by an amount of SAR 729,220 where this item represents the revenue received in advance from the tenants in Al Hazm Complex, University Plaza, Al Izzidhar and Al Suwaidi.

6.2.3.5 The Current Portion of Lease Contract Liabilities

As a result of Al-Baha Company applying IFRS 16, where the Company recognizes lease liabilities at the present value of lease payments paid during the contract period, that led to the emergence of the current portion of lease liabilities clause.

6.2.3.6 Zakat Provision

It was noticed that the Zakat provision increased at the end of the year 2018G by 1,318% compared to what it was during the year 2017G, with an amount of SAR 16,738,754, of which the amount of SAR 16,849,347 represented the assessment by the Zakat, Tax and Customs Authority for the years from 2000G to 2010G, where the assessment to 3 Sha'ban 1434H corresponding to 12 June 2013G was objected, due to the existence of substantial differences in the assessment based on the opinion of the Zakat advisor. Additionally, an objection letter was submitted explaining the essential differences and the correct basis for calculating each item based on the Zakat advisor's opinion. On 26 Shawwal 1436H corresponding to 11 August 2015G, the first primary Zakat objection committee in Riyadh rejected the objection submitted by the Company. Accordingly, the Company, on 20 Safar 1437H corresponding to 2 December 2015G submitted an appeal against the decision of the first tax objection committee in Riyadh on 12 Dhul Qi'dah 1439H corresponding to 25 July 2018G. The Company received the decision of the Tax Appeal Committee to reject the appeal submitted by the Company. Accordingly, the Company recognized the amount of Zakat in the statement of profit or loss and other comprehensive income for the current year.

At the end of the year 2019G, the provision for Zakat decreased by 21% from what it was at the end of 2018G by an amount of SAR 3,798,083. This represents the value of the Zakat amount charged for the year 2019G in the amount of SAR 2,026,754 minus the amount paid during the year amounting to SAR 1,043,559 in addition to SAR 4,781,278 of Zakat adjustments Zakat. On 29 December 2019G, the Company received a decision from the Zakat and Tax Disputes Settlement Committee stating that the committee approved the settlement of the dispute for the period in question from 2000G to 2010G, so the Zakat assessment after settlement became SAR 12,068,069, a decrease of SAR 4,781,278. Accordingly, the Company recognized the amount of the reduction as other income in the statement of profit or loss and other comprehensive income for the current year.

Zakat returns were submitted for the period between 2011G and 2020G, and the final assessment has not been made by the Zakat, Tax and Customs Authority so far.

6.2.3.7 Non-Current Liabilities

The following table shows the details of the non-current liabilities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Non-current portion of lease liabilities	-	32,410,439	28,075,633	-	(13%)	-
Provision for end of severance pay	102,558	130,582	165,449	27%	27%	27%
Due to related parties	1,183,863	1,183,863	933,863	0%	(21%)	(11%)
Total non-current liabilities	1,286,421	33,724,884	29,174,945	2522%	(13%)	376%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Non-current liabilities increased by 2522% at the end of 2019G compared to the end of 2018G by an amount of SAR 32,438,463, as a result of the application of IFRS 16 by Al-Baha Company, where the Company recognizes lease liabilities at the current value of the lease payments paid during the period of the contract which increases the non-current portion of lease liabilities clause.

In 2020G, non-current liabilities decreased by 13% compared to 2019G, mainly due to the decrease in the liabilities item to related parties by 21%. This is due to the Al-Baha Company paying the sum of SAR 250 thousand to Mr. Mishaal bin Muhammad bin Hassan Mufti. The non-current portion of lease contract liabilities decreased by 13% compared to 2019G.



6.2.3.8 Equity

The following table shows the details of the equity of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Capital	177,000,000	177,000,000	177,000,000	0%	0%	0%
Accumulated losses	(35,381,326)	(40,707,326)	(69,300,223)	15%	70%	40%
Equity attributable to shareholders	141,618,674	136,292,674	107,699,777	(4%)	(21%)	(13%)
Non-controlling interest	19,784,817	20,068,516	18,848,742	1%	(6%)	(2%)
Total Equity	161,403,491	156,361,190	126,548,519	(3%)	(19%)	(11%)

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

At the end of the year 2019G equity decreased by 3% at the end of 2019G compared to the end of 2018G. The reason for the decrease is mainly due to the rise in the accumulated losses item to SAR 40,707,326, due to the Company incurring a net loss of SAR 5,326,000 in the year 2019G bearing in mind that the equity item of the non-controlling rights, which represents the non-controlling rights in the subsidiaries, increased by 1%, and amounted to SAR 283,699.

Also, property rights decreased at the end of 2020G by 19%, due to the increase in the accumulated losses item by 70%.

6.3 Financial analysis of the consolidated statement of profit or loss and other comprehensive Income

The following table shows the consolidated statement of profit or loss and other comprehensive income for Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Revenues	9,679,177	10,435,145	11,175,312	8%	7%	7%
Cost of revenue	(4,881,835)	(4,755,245)	(4,863,644)	(3%)	2%	0%
Gross profit	4,797,342	5,679,900	6,311,668	18%	11%	15%
General and administrative expenses	(2,568,499)	(3,459,527)	(2,929,900)	35%	(15%)	7%
Impairment losses in the value of investment properties	-	(384,404)	(4,129,355)	-	974%	-
Possible claims losses	-	-	(17,300,559)	-	100%	-
Expected credit losses	-	-	(3,201,760)	-	100%	-
Impairment losses on goodwill	-	-	(5,278,875)	-	100%	-
Losses on disposal of property, plant and equipment	-	(8,049,930)	-	-	(100%)	-
Operational Profit/Loss	2,228,843	(6,213,961)	(26,528,781)	(379%)	327%	-
Other income	4,564,375	4,834,647	18,788	6%	(100%)	(94%)
(Loss)/profit from operations	6,793,218	(1,379,314)	(26,509,993)	(120%)	1822%	-
Financing costs	-	(1,636,233)	(1,455,781)	100%	(11%)	-
Net profit before Zakat	6,793,218	(3,015,547)	(27,965,774)	(144%)	827%	-
Zakat	(17,019,651)	(2,026,754)	(1,846,897)	(88%)	(9%)	(67%)
Net profit/(loss) for the year	(10,226,433)	(5,042,301)	(29,812,671)	(51%)	491%	71%
Other comprehensive income items						
Total comprehensive income for the year	(10,226,433)	(5,042,301)	(29,812,671)	(51%)	491%	71%





Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Net profit (loss) for the year attributable to:						
Company shareholders	(11,325,325)	(5,326,000)	(28,592,897)	(53%)	437%	59%
Non-controlling interest	1,098,892	283,699	(1,219,774)	(74%)	(530%)	-
	(10,226,433)	(5,042,301)	(29,812,671)	(51%)	491%	71%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

We note through the business results of Al-Baha Investment and Development Company the following:

- Gross profit at the end of 2019G increased by 18%. This is due to the increase in revenues more than the increase in the cost of revenues, so that the gross profit in the years 2018G and 2019G amounted to 50% and 54%, respectively.
- The gross profit also increased again in 2020G by 11%, due to the fact that revenues are still higher than the cost of revenues. The gross profit constituted 56% of the revenues in the year 2020G.
- The Company's net losses decreased at the end of the year 2019G by 51% compared to the year 2018G, by an amount of SAR 5,184,132.
- In 2020G, the Company's net loss increased by 491%, in an amount of SAR 24,770,370, despite the decrease in Zakat expense by 9%. due to the increase in the items of potential claims losses, expected credit losses and impairment losses in the value of goodwill by 100%. Also, there was a significant increase of 974% Impairment losses in the value of investment properties item in 2020G, which negatively affected the Company's net profit/loss results.

6.3.1 Revenues

The following table shows the revenue details of Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Rental income	9,266,335	10,435,145	11,175,312	13%	7%	10%
Revenue from the sale of merchandise	412,842	-	-	(100%)	-	(100%)
Total	9,679,177	10,435,145	11,175,312	8%	7%	7%

Source: The Company

The Company's revenues gradually increased at the end of the years 2019G and 2020G by 8% and 7%, respectively, and with a cumulative growth rate of 7%. The Company's revenues are distributed between:

1. Rental income, which was gradually increased at the end of the years 2019G and 2020G by 13% and 7%, respectively. Due to the revenues generated by Ishraqa Company, which was acquired by Al-Baha Company in the second half of 2017G, in addition to revenues from the initial operation of the university complex in the second half of the year 2019G for Marakez Company, which was also acquired by Al-Baha Investment and Development Company in the second half of 2017G.
2. Revenue from the sale of merchandise: We noted that at the end of the years 2019G and 2020G, the Company did not achieve any revenue from the sale of goods, which is the purchase of iron from the local market and reselling it again, because the Company ceased practicing this activity in the second half of the year 2018G.

Al-Baha Company does not conduct any commercial activity, while all the Company's revenues are from its subsidiaries. The following table shows the details of Al-Baha Company's revenues for the years 2018G, 2019G and 2020G:

The Company's name	2018G	2019G	2020G
Revenues from the sale of merchandise (steel)	412,842	-	-
Al Marakiz Al Raqiyah Company (rental income)	1,210,456	2,393,760	3,174,877
Ishraqa Regional Company (rental income)	8,055,879	8,041,385	8,000,435
Total	9,679,177	10,435,145	11,175,312



6.3.2 Cost of revenue

The cost of revenues decreased at the end of the year 2019G by 3% compared to 2018G, As the costs of revenue constituted 45.5% of the total revenue.

The cost of revenues at the end of the year 2020G increased by 2% compared to 2019G, which constituted 44% of the total revenues.

Cost of revenue	2018G	2019G	2020G
Cost of revenue from the sale of merchandise	369,619	-	-
Rental income cost	4,512,216	4,755,245	4,863,644
Total	4,881,835	4,755,245	4,863,644

Source: The Company

Balance 2020G	
Item	Amount
Complexes maintenance expenses	96,860
Electricity expenses for complexes	95,188
Water expenses for the complexes	242,086
Depreciation of investment properties	4,429,510
Total	4,863,466

Below is a breakdown of the cost of revenue for the year 2020G

6.3.3 General and Administrative Expenses

The following table shows the details of the general and administrative expenses of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Employee salaries and benefits	1,064,856	1,285,678	1,261,925	21%	(2%)	9%
Depreciation	752,138	763,985	20,932	2%	(97%)	(83%)
Social insurance	162,924	67,523	58,952	(59%)	(13%)	(40%)
Post office, telephone, water and electricity	138,844	5,188	22,700	(96%)	338%	(60%)
Inventory write-off	-	-	118,057	-	-	-
Advertising	46,899	-	-	(100%)	-	(100%)
Amortization of intangible assets	-	10,147	11,753	-	16%	-
Government fees and endorsements	44,980	56,319	199,790	25%	255%	111%
professional fee	38,000	642,585	502,800	1591%	(22%)	264%
Bad debt expense	-	-	34,944	-	-	-
Rent	22,860	74,663	74,663	227%	0%	81%
Other	296,998	553,439	623,384	86%	13%	45%
Total	2,568,499	3,459,527	2,929,900	35%	(15%)	7%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The general and administrative expenses increased at the end of the year 2019G by 35% compared to the end of the year 2018G, where the Employee salaries and benefits item increased by 21% due to the increase in the salaries of the Company's current employees in addition to the appointment of new employees, as the professional fees expense increased by 1,591%. This is because Al-Baha Investment and Development Company contracted with a Zakat consultant to object to the Zakat assessment on the Company, whose fees amounted to SAR 500 thousand, in addition to the increase in other expenses by 86%, amounting to SAR 256,441.



General and administrative expenses decreased at the end of the year 2020G by 15%, by an amount of SAR 529,627, despite the increase in the item of Post office, Telephone, Water and Electricity, and the item of Government fees and endorsements by 338% and 255%, respectively. The main reason for this is due to the significant decrease in the Depreciation item by 97%, by an amount SAR 743,053.

6.3.4 Impairment losses of property, plant and equipment

During the years 2018G, 2019G and 2020G, the Company did not incur any losses related to the impairment of property, plant and equipment.

6.3.5 Other income

The following table shows the details of the other revenues of Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Refund part of the Zakat provision	-	4,781,278	-	-	(100%)	-
Profits arising from related parties' assignment of their dues	4,557,875	-	-	(100%)	-	(100%)
Other	6,500	53,369	18,788	721%	(65%)	70%
Total	4,564,375	4,834,647	18,788	6%	(100%)	(94%)

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Other revenues increased in 2019G by 6%, as a result of the increase in other revenues, amounting to SAR 270,272, in addition to the Company's realization of revenues resulting from refunding part of the Zakat provision, as a result of the Company receiving a decision from the Zakat and Tax Disputes Settlement Committee stating that the committee approved the dispute settlement for the disputed period from 2000G until 2010G. The Zakat assessment after settlement became SAR 12,068,069, with a decrease of SAR 4,781,278. Accordingly, the Company recognized the amount of the reduction as other income in the statement of profit or loss and other comprehensive income for the current year.

In 2020G, the other income item decreased by 100%, as no transactions were classified under this item, except for the amount of SAR 18,788 from the "others item".

6.3.6 Impairment Losses in the Value of Real Estate Investments

- The impairment losses in the value of investment properties at the end of 2019G amounted to SAR 384,404, resulting from the revaluation of Al Malaz Complex and Al Hazm Commercial Complex.
- In 2020G, the losses in the impairment of investment properties amounted to SAR 4,129,355 after an increase of 974% compared to 2019G, which resulted from a reassessment of the University Plaza and Al Hazm complexes.

6.3.7 Losses on Disposal of Property, Plant and Equipment

In 2019G, the Company made losses amounting to SAR 8,049,930 resulting from the exclusion of the Company's buildings in accordance with Board Members Decision No. (1) for the year 2020G, which stipulates the exclusion of the buildings shown in the table below:

Asset	Purchase value	Total depreciation	Current value
Buildings and installations of Athrib cable car	7,283,517	2,677,429	4,606,087
Poultry farm buildings and structures	13,484,228	10,264,850	3,219,378
Leather factory buildings and structures	4,024,713	3,800,248	224,465
Total	24,792,458	16,742,527	8,049,930

Source: The Company

6.3.8 Financing Costs

The financing costs item arose at the end of the year 2019G, amounting to SAR 1,636,233, as a result of the Company's application of International Financial Reporting Standard No. (16). In addition, financing costs resulting from the application of the same standard were charged at a value of SAR 1,455,781 in 2020G.





6.4 Financial analysis of the consolidated statement of cash flows

The following table shows the consolidated statement of cash flows for Al-Baha Investment and Development Company as of December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Net cash received from operating activities	(1,146,231)	4,759,358	3,328,167	(515%)	(30%)	-
Net cash used in investing activities	(1,487,542)	(255,712)	-	(83%)	(100%)	(100%)
Cash used in financing activities	-	(4,581,161)	(2,605,000)	-	(43%)	-
Net change in cash and cash equivalents	(2,633,773)	(77,515)	723,167	(97%)	(1033%)	-
Cash and cash equivalents at the beginning of the year	3,712,691	1,078,918	1,001,403	(71%)	(7%)	48%
Cash and cash equivalents at the end of the year	1,078,918	1,001,403	1,724,570	(7%)	72%	26%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

The net change in cash and cash equivalents at the end of the year 2019G increased by an amount of SAR 2,556,258 compared to 2018G, as it resulted mainly from cash used in financing activities, especially in the paid lease liabilities item. This amount was mainly financed through opening cash and cash equivalents and cash generated from operating activities during the year.

At the end of 2020G, the net change in cash and cash equivalents increased by SAR 800,682, as it was mainly caused by cash used and generated from operating activities and the fact that the Company did not incur any cash flows in investment activities in 2020G.

6.4.1 Cash flows – operating activities

The following table shows the cash flow statement for the operating activities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Net profit for the year before Zakat	6,793,218	(3,015,547)	(27,965,774)	(144%)	827%	-
Modifications for:						
Depreciation of property, plant and equipment	752,138	763,985	20,932	2%	(97%)	(83%)
Depreciation of investment properties	150,247	401,953	523,569	168%	30%	87%
Amortization of intangible assets	-	10,147	11,753	-	16%	-
Amortization of the right of use of assets	-	3,980,604	3,980,604	-	-	-
Composed of provision for expected credit losses	-	-	3,201,760	-	-	-
Financing costs	-	1,636,233	1,455,781	-	(11%)	-
Profits resulting from assignment of dues by a related party	(4,557,875)	-	-	(100%)	-	(100%)
Refund of provisions	-	(4,781,278)	-	-	(100%)	(100%)
Composed of provision for potential claims	-	-	17,300,559	-	-	-
Impairment losses on goodwill	-	-	5,278,875	-	-	-
Composed of end of service provision	18,955	28,024	34,867	48%	24%	36%
Impairment losses on property, plant and equipment	-	8,049,930	-	-	(100%)	-



Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Impairment losses in the value of investment properties	-	384,404	4,129,355	-	974%	-
Net profit for the year before Zakat (Adjusted)	3,156,683	7,458,455	7,972,281	136%	7%	59%
Changes in Working Capital:						
Receivable, net (Receivables)	(42,685)	(2,233,629)	(4,520,373)	5133%	102%	929%
Inventory	-	-	118,057	-	-	-
Accrued revenue	(805,956)	-	-	(100%)	-	(100%)
Prepayments and other debit balances	(630,012)	(70,971)	(316,209)	(89%)	346%	(29%)
Payables	(739,178)	546,122	(493,000)	(174%)	(190%)	(18%)
Accrued expenses and other Payables	(186,995)	(472,960)	194,946	153%	(141%)	
Under-Settlement Auction Shares	(36,976)	(60,294)	(56,755)	63%	(6%)	24%
Revenue received in advance	71,414	636,194	729,220	791%	15%	220%
Provision for potential claims	-	-	-	-	-	-
Due to related parties	(1,651,629)	-	-	(100%)	-	(100%)
Cash from operations	(865,334)	5,802,917	3,628,167	(771%)	(37%)	-
Paid severance pay						
Zakat paid	(280,897)	(1,043,559)	(300,000)	272%	(71%)	3%
Net cash received from (used in) operating activities	(1,146,231)	4,759,358	3,328,167	(515%)	(30%)	-

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Net cash from operating activities increased by 515% to SAR 4,759,358 in 2019G compared to 2018G. This increase was mainly driven by the applying of IFRS 16 during 2019G, which led to an increase in non-cash adjustments (depreciation on right-of-use assets and leased assets financing costs) in addition to (the impairment value of property, plant and equipment). This was partially offset by an increase in cash invested in working capital, mainly due to an increase in accounts receivable.

The net cash flow from operating activities at the end of the year 2020G decreased by 30% despite the increase in the net profit for the year before Zakat by 7%. Due to changes in the working capital in the receivables item at a value of SAR (4,520,373), which negatively affected the results of net cash from operating activities for the year 2020G.

6.4.2 Cash flows – investment activities

The following table shows the statement of cash flows for the investment activities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Investment activities:						
Additions of intangible assets	(38,903)	(18,9000	-	(51%)	(100%0	(100%)
Purchase of property, plant and equipment	(1,415,703)	(137,787)	-	(90%)	(100%)	(100%)
Acquisition of investment properties	(32,936)	(99,025)	-	201%	(100%)	(100%)
Net cash used in investing activities	(1,487,542)	(255,712)	-	(83%)	(100%)	(100%)

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.



The net cash inflow for investment activities in the year 2018G mainly resulted from the purchase of property, plant and equipment, amounting to SAR 1,415,703, which represents the value of:

- Projects under implementation, amounting to SAR 1,407,639.
- Devices and equipment amounting to SAR 2,869.
- Furniture and furnishings, amounting to SAR 5,195.

The net cash flow for investment activities in 2019G resulted from the additions to the investment properties of Al Hazm Complex and Al Malaz Complex, amounting to SAR 99,025, in addition to the purchase of property, machinery and equipment, amounting to SAR 137,787, which represents the value of:

- Projects under implementation, amounting to SAR 134,295.
- Devices and equipment with an amount of SAR 3,492.

In 2020G, no cash flow was generated from investing activities.

6.4.3 Cash Flows – financing activities

The following table shows the cash flow statement of the financing activities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease) 2020G
Due to a related party	-	-	(250,000)	-
Paid lease liabilities	-	(4,581,161)	(2,355,000)	(49%)
Cash used in financing activities	-	(4,581,161)	(2,605,000)	(43%)

The following table shows the cash flow statement for the financing activities of Al-Baha Investment and Development Company as on December 31, 2018G, 2019G and 2020G.

The net cash flow for financing activities in 2019G was mainly a result of the payment of lease contract liabilities for the buildings leased by the Company in 2019G. The net cash flow from financing activities in the year 2020G resulted from the payment of SAR 250,000 to a related party and the payment of SAR 2,355,000 of lease liabilities.

6.5 Key Performance Indicators

The following table shows the main performance indicators for the consolidated financial statements of Al-Baha Investment and Development Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

Description	Fiscal year ended on December 31		
	2018G	2019G	2020G
Sales	9,679,177	10,435,145	11,175,312
Growth of sales	31%	8%	7%
Operating profit	2,228,843	(6,213,961)	(26,528,781)
Operating profit margin	23%	(60%)	(237%)
Weighted average of the number of shares	17,700,000	17,700,000	17,700,000
Earning/Loss per share (SAR)*	(0.64)	(0.30)	(1.62)
Total Assets	265,381,249	295,692,827	283,987,671
Return on assets %	(4%)	(2%)	(10%)
Total equity	161,403,491	156,361,190	126,548,519
Return on equity %	(6%)	(3%)	(24%)
Debt ratio (Leverage) %	39%	47%	55%
Debt to Total Equity Ratio	64%	89%	124%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

* Earnings/losses per share (SAR): is the net profit/(loss) for the year attributable to the shareholders of the company/weighted average number of shares.





6.6 Capital Financing Structure

The following table shows the capital financing structure of Al-Baha Investment and Development Company for the financial years ending on December 31, 2018G, 2019G and 2020G:

Fiscal year ended on December 31			
Items	2018G	2019G	2020G
Current liabilities	102,691,337	105,606,753	128,264,207
Non-current liabilities	1,286,421	33,724,884	29,174,945
Total debt	103,977,758	139,331,637	157,439,152
Cash and Cash Equivalents	1,078,918	1,001,403	1,724,570
Capital	177,000,000	177,000,000	177,000,000
Accumulated profit/loss	(35,381,326)	(40,707,326)	(69,300,223)
Capital (shareholders equity + total debt)	265,381,249	295,692,827	283,987,671
Total Shareholders' Equity	161,403,491	156,361,190	126,548,519
Borrowing rate (total debt/equity)	39%	47%	55%

Source: The audited consolidated financial statements of Al-Baha Company for the financial years ended on December 31, 2018G, 2019G and 2020G.

6.7 Financial Analysis of Al Marakiz Al Raqiyah Company Ltd.

6.7.1 Financial Analysis of the Statement of Financial Position

The following table shows the financial statements of Al Marakiz Al Raqiyah Company Ltd as of December 31, 2018G, 2019G and 2020G:

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Total current assets	4,159,572	4,676,575	7,438,869	12%	59%	34%
Total non-current assets	170,804,672	209,263,363	195,404,691	23%	(7%)	7%
Total assets	174,964,244	213,939,938	202,843,560	22%	(5%)	8%
Total current liabilities	1,865,932	8,517,113	13,130,762	356%	54%	165%
Total non-current liabilities	19,930,903	50,080,389	43,721,960	151%	(13%)	48%
Total Liabilities	21,796,835	58,597,502	56,852,722	169%	(3%)	62%
Total Partners' Equity	153,167,409	155,342,436	145,990,838	1%	(6%)	(2%)
Total Liabilities and Equity	174,964,244	213,939,938	202,843,560	22%	(5%)	8%

Assets increased by 22%, amounting to SAR 38,975,694 in 2019G compared to 2018G, mainly due to an increase in current assets by 12%, by an amount of SAR 517,003, and an increase in non-current assets by 23%, by an amount of SAR 38,458,691.

Assets decreased at the end of 2020G by 5% compared to the end of 2019G due to the decrease in the value of goodwill and the right of use assets item in the same year.





6.7.1.1 Current Assets

The following table shows the current assets of Al Marakiz Al Raqiyah Company as of December 31, 2018G, 2019G and 2020G:

Current Assets						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Current Assets						
Cash and cash equivalents	1,014,519	937,004	1,660,171	(8%)	77%	28%
Receivables	1,450,367	3,728,431	5,326,619	157%	43%	92%
Prepayments	1,694,686	11,140	452,079	(99%)	3958%	(48%)
Total current assets	4,159,572	4,676,575	7,438,869	12%	59%	34%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The current assets of Al Marakiz Al Raqiyah Company increased by 12%, by an amount of 517,003 Saudi Riyals in 2019G, compared to 2018G. The increase is mainly due to the increase in the item of Receivables by 157%.

Also, the current assets at the end of the year 2020G increased by 59% due to the increase in the receivables item by 43% amounting to 1,598,188 Saudi Riyals due to the Corona pandemic, which affected all sectors, and consequently affected collection movement. The prepayments increased by 3958% by the amount of 440,939 Saudi Riyals, and the reason for this is due to the emergence of 412,000 Saudi Riyals resulting from the application of IFRS 15 for lease contracts.

6.7.1.2 Non-Current Assets

The following table shows the non-current assets of Al Marakiz Al Raqiyah Company as on December 31, 2018G, 2019G and 2020G:

Non-Current Assets						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Non-Current Assets						
Goodwill	28,389,288	28,389,288	23,110,413	0%	(19%)	(10%)
property and equipment	27,408,707	15,218,064	15,197,132	(44%)	(0.14%)	(26%)
Real estate investment	115,006,677	126,637,951	121,985,027	10%	(4%)	3%
Right to use of an asset	-	39,018,060	35,112,119	-	(10%)	-
Total non-current assets	170,804,672	209,263,363	195,404,691	23%	(7%)	7%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The non-current assets of Al Marakiz Al Raqiyah Company increased by 23% at the end of 2019G. The increase is due to the increase in investment properties by 10% in the same year.

Non-current assets decreased by 7% in 2020G amounting to SAR 13,858,672. The decrease is due to a decrease in the value of goodwill by SAR 5,278,875, by 19% as a result of the decrease in the book value of goodwill for Ishraqa Company owned by Al Marakiz Al Raqiyah Company and to a decrease in the right of use assets item by 3,905,941 Saudi Riyals as a result of calculating depreciation.



6.7.1.2.1 Goodwill

The following table shows the calculation of impairment of value on goodwill:

Goodwill			
Items	2018G	2019G	2020G
Cost:			
On January 1	28,389,288	28,389,288	28,389,288
On December 31	28,389,288	28,389,288	28,389,288
Accumulated Impairment:			
On January 1			
Impairment during the year	-	-	5,278,875
On December 31	-	-	5,278,875
Net book value:			
On January 1	28,389,288	28,389,288	-
On December 31	28,389,288	28,389,288	23,110,413

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

Impairment Test for goodwill			
Items	2018G	2019G	2020G
Discount rate	8%	7.20%	7.16%
EBITDA growth rate	4.21%	7.70%	2%

The discount rate is a rate estimated based on a weighted average cost of capital, assuming no leverage is used.

- 2019G: The projections of future cash flows included specific estimates for a period of fifteen years for the expected rental receipts (collections) from 2020G until 2034G, with an occupancy rate of 99%.

The estimated recoverable amount of Ishraqa Regional Real Estate Development and Investment Company exceeds its book value by SAR 3,470,140; therefore, there is no impairment in the carrying value of the goodwill.

- 2020G: The projections of future cash flows included specific estimates for a period of 10 years for the expected rental receipts from 2021G until 2030G with an occupancy rate of 90%.

The estimated recoverable value of Ishraqa Regional Real Estate Development and Investment Company is less than its book value by SAR 5,278,875; therefore, there is a decrease in the book value of goodwill that was recorded as impairment losses in the consolidated statement of profit or loss and other comprehensive income during the year.

6.7.1.2.2 Property and Equipment, Net

The following table shows property and equipment as of December 31, 2018G, 2019G and 2020G.

Property and Equipment, Net						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Office equipment and supplies	9,268	9,460	5,918	2%	(37%)	(20%)
Furniture and furnishings	24,760	18,236	109,479	(26%)	500%	110%
Projects in progress	27,374,679	15,190,368	15,081,735	(45%)	(1%)	(26%)
Total	27,408,707	15,218,064	15,197,132	(44%)	0%	(26%)

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.



The property and equipment of Al Marakiz Al Raqiyah Company for the year 2019G decreased by 44% due to the decrease in the item of projects in progress by 45%, by an amount of 12,184,311 Saudi Riyals. It also declined by negligible percentage in 2020G. The projects in progress represent the construction cost of the Malaz complex, which decreased in 2019G and 2020G, respectively, due to the transfer of the ready-to-work part from under construction to investment properties in 2020G.

6.7.1.2.3 Investment properties

The following table shows the investment properties as of December 31, 2018G, 2019G and 2020G:

Investment properties						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
lands	110,217,738	110,217,738	105,703,979	0%	(4%)	(2%)
Buildings and constructions	4,788,939	16,420,213	16,281,048	243%	(1%)	84%
Total	115,006,677	126,637,951	121,985,027	10%	(4%)	3%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The investment properties of Al Marakiz Al Raqiyah Company increased by 10% in 2019G and decreased by 4% in 2020G.

The lands item is the land of Al Hazm complex at an amount of SAR 15 million and the land of Malaz complex at an amount of SAR 95,217,738. The decrease in 2020G by 4% is due to impairment losses as mentioned in the independent auditor's report.

The group's investment properties in 2019G are as follows:

- **Al-Hazm Complex:** its cost amounted to 20,095,736 Saudi Riyals, the accumulated depreciation was 457,785 Riyals, and its net book value was 19,637,951 Saudi Riyals as of December 31, 2019G (2018G: 7,434,108 Saudi Riyals).
- **Al-Malaz complex:** its cost amounted to 107,572,569 Saudi Riyals, the accumulated depreciation was 188,165 Saudi Riyals, impairment losses were 384,404 Saudi Riyals, and its net book value amounted to 107,000,000 Saudi Riyals as on December 31, 2019G (2018G: 107,572,569 Saudi Riyals).

Land and buildings classified as investment properties were evaluated by an external valuer to determine their fair value as of December 31, 2019G.

The external evaluation was conducted by an external valuer accredited by the Saudi Authority for Accredited Valuers (Taqeem).

Following are the fair value measurement data in accordance with International Financial Reporting Standard No. (13) as of December 31, 2020G:

Properties	Evaluation method	Purpose	Key Assumptions	Fair value (SAR)
Al-Hazm Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 6.1% Cash flow period is 12 years 	19,900,000
Malaz Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 6.1% Cash flow period is 12 years 	107,000,000

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The investment properties of the Al Marakiz Al Raqiyah Company as of 2020G are as follows:

- **Al-Hazm Complex:** its cost amounted to 20,095,736 Saudi Riyals, and the accumulated depreciation amounted to 610,709, and the net book value was 19,485,027 Saudi Riyals as on December 31, 2020G (2019G: 19,637,951 Saudi Riyals).
- **Al-Malaz Complex:** its cost amounted to 107,572,569 Saudi Riyals, and the accumulated depreciation was 943,214 Saudi Riyals, and impairment losses were 4,129,355 Saudi Riyals, and its net book value was 102,500,000 Saudi Riyals as on December 31, 2020G (2019G: 107,000,000 Saudi Riyals).

The lands and buildings classified as investment properties were evaluated by an external valuer to determine their fair value as on December 31, 2020G.

The external evaluation was conducted by an external valuer accredited by the Saudi Authority for Accredited Valuers (Taqeem).



Following are the fair value measurement data in accordance with International Financial Reporting Standard (IFRS - 13) as of December 31, 2020G:

Properties	Evaluation method	Purpose	Key Assumptions	Fair value (SAR)
Al-Hazm Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 9% Cash flow period is 12 years 	19,800,000
Malaz Complex	Discounted cash flow	Rental income and capital development	<ul style="list-style-type: none"> Discount rate 9% Cash flow period is 12 years 	102,500,000

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The impairment losses for Malaz Complex and Al Hazm Complexes amounted to SAR 4,129,355 for the year ended December 31, 2020G (2019G: SAR 384,404).

The Company uses the valuation reports from the independent valuer (Al Nama Assessment Office - Abdulaziz Saleh Al-Ghamdi) who was appointed by the management to determine the fair value of the investment properties on the valuation date.

6.7.1.3 Current Liabilities

The following table shows the total current liabilities of Al Marakiz Al Raqiyah Company as on December 31, 2018G, 2019G and 2020G:

Current Liabilities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Payables	13,068	128,361	35,361	882%	(72%)	64%
Accrued expenses and other payables	438,094	44,407	170,296	(90%)	283%	(38%)
Revenue received in advance	1,414,770	2,050,964	2,780,184	45%	36%	40%
Current portion of lease liabilities	-	6,031,177	9,415,681	-	56%	-
Zakat provision	-	262,204	729,240	-	178%	-
Total current liabilities	1,865,932	8,517,113	13,130,762	356%	54%	165%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The current liabilities of Al Marakiz Al Raqiyah Company increased by 356% at the end of 2019G by an amount of 6,651,181 Saudi Riyals. The increase is due to the increase in the item of revenues received in advance by 45% which is caused by the start of operating Malaz Complex in the second quarter of 2019G. Revenues received in advance are rental income, where the activity of Al-Baha Company and its subsidiaries is represented by rental income, as each tenant is invoiced for every six months and recorded as deferred revenue, then the accrued revenue is recognized for each month. The rise in current liabilities in the same year was also contributed to the emergence of the current portion of lease contract liabilities by SAR 6,031,177 as a result of the application of IFRS 16 for lease contracts.

Current liabilities increased by 54% at the end of the year 2020G due to the increase in Zakat provision by 178% and the increase in the current portion of lease contract liabilities by 56%.



Following is a breakdown of the item of accrued expenses for the years 2019G and 2020G:

Accrued Expenses		
Ishraqa company		
Account Name	2019G	2020G
The custody is Mr. Ibrahim bin Kulaib	390	-
Compass Al-Bunyat Contracting Est	-	(30)
Al-Azm, Al-Sudairi and Al-Sheikh, Certified public accountants and Auditors	-	35,375
Salary and wages due	1,100	-
Due social security	4,246	5,100
Receivable rent	-	21,030
The collected value added tax	1,711	28,272
Total	7,447	89,747
Al Marakiz Al Raqiyah Co. Ltd		
Account Name	2019G	2020G
Al-Azm, Al-Sudairi and Al-Sheikh, Certified public accountants and Auditors	-	21,000
Due social security	4,726	4,786
VAT collected	32,236	54,763
Total	36,962	80,549
The consolidated total of the two companies	44,409	170,296

Source: The Company

6.7.1.3.1 Zakat Provision

(A) Status of Zakat Assessments

The Company has submitted Zakat returns (declarations) for all years until December 31, 2019G. The company has not received any Zakat assessments so far. Note that a consolidated Zakat declaration is submitted by the parent company (Al Marakiz Al Raqiyah Company Limited).

(B) Movement of the provision for Zakat

The following is an analysis of the movement of the Zakat provision:

Description	December 31, 2018G	December 31, 2019G	December 31, 2020G
Balance at the beginning of the year	-	-	262,204
Made during the year	-	490,363	468,036
Paid during the year	-	(228,159)	-
Balance at the end of the year	-	262,204	729,240

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.



6.7.1.4 Non-Current Liabilities

The following table includes a breakdown of the non-current liabilities for the years 2019G and 2020G:

Non-Current Liabilities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Non-Current Liabilities						
Due to related parties	19,911,948	17,699,079	15,564,481	(11%)	(12%)	(12)
Non-current portion of lease liabilities	-	32,334,331	28,075,633	-	(13)	-
Employee benefits obligations	18,955	46,979	81,846	148%	74%	108%
Total non-current liabilities	19,930,903	50,080,389	43,721,960	151%	(13%)	48%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

Non-current liabilities increased in 2019G by 151% due to the increase in employee benefits obligations by 148% as a result of employing seven employees during 2019G.

It decreased by 13% in 2020G caused mainly by emergence of the non-current portion of lease liabilities arising from the application of IFRS 16.

6.7.1.4.1 Payable to related parties

The following table shows the details of liabilities to related parties as on December 31, 2018G, 2019G and 2020G:

Payable to related parties						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Al Baha Investment and Development Company	18,728,085	16,515,216	14,630,618	(12%)	(11%)	(12%)
Mr. Mishaal bin Mohammed bin Hassan Mufti	1,183,863	1,183,863	933,863	0%	(21%)	(11%)
Total	19,911,948	17,699,079	15,564,481	(11%)	(12%)	(12%)

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

During 2020G, short-term benefits for senior management employees amounted to SAR 405,626 (2019G: SAR 390,376).

During 2019G, short-term benefits for senior management employees amounted to SAR 360,000 (2018G: SAR 360,000).

6.7.1.4.2 Transactions with related parties and the resulting balances

The Company deals with related parties in the normal course of business. Transactions with related parties are carried out at prices agreed upon by both parties and approved by the Management. The following are the transactions that took place with related parties during the year and the resulting balances:

Related Parties	Type of relationship	Nature of relationship	December 31, 2018G	December 31, 2019G	December 31, 2020G
Al-Baha Investment and Development Company	partner	Payment of expenses on behalf of the company	1,632,801	2,212,869	1,884,598
Mr. Mishaal bin Mohammed bin Hassan Mufti	A party related to a partner in 2019G / and a partner in 2020G	Payment of expenses on behalf of the Company for the year 2018G / payment of an amount to Mr. Mishaal bin Mohammed bin Hassan Mufti from his balance for the year 2020G	1,183,863	-	(250,000)

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.



6.7.1.4.3 Employee benefits obligations

The following table shows Employee benefits obligations as on December 31, 2018G, 2019G and 2020G.

Employee benefits obligations						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Balance at the beginning of the year	-	18,955	46,979	-	148%	-
Service cost	18,955	28,024	34,867	48%	24%	36%
Paid during the year	-	-	-	-	-	-
Balance at the end of the year	18,955	46,979	81,846	148%	74%	108%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

Employee benefits obligations increased by 148% and 74% during 2019G and 2020G, respectively, as a result of the annual increase in service cost obligations resulting from the employment of seven employees during the period from June 2019G to 2020G.

6.7.1.5 Equity

The following table shows the Equity as on December 31, 2018G, 2019G and 2020G:

Equity						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Capital	57,500,000	57,500,000	57,500,000	0%	0%	0%
Grants from partners	87,717,738	87,717,738	87,717,738	0%	0%	0%
Statutory Reserve	84,248	105,998	105,998	26%	0%	12%
Retained Earnings	7,865,423	10,018,700	667,102	27%	(93%)	(71%)
Total Partners' Equity	153,167,409	155,342,436	145,990,838	1%	(6%)	(2%)

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The equity of Al Marakiz Al Raqiyah Company consists of the capital, grants from partners, statutory reserves, and retained earnings.

The equity of the Al Marakiz Al Raqiyah Company increased by 1% at the end of 2019G due to the increase in the statutory reserve and retained earnings by 26% and 27%, respectively.

The equity of Al Marakiz Al Raqiyah Company decreased by 6% due to the decrease in the item of retained earnings by (93%).

6.7.1.5.1 Capital

The Company's capital amounted to (57,500,000) fifty-seven million five hundred thousand Saudi Riyals divided into (5,750,000) shares of equal value, at a nominal value of (10) Saudi Riyals per share distributed to the partners as follows:

Capital			
Partner's Name	Number of shares	Value per share	Total
Al-Baha Investment and Development Company	5,000,000	10	50,000,000
Mr. Mishaal bin Mohammed bin Hassan Mufti	750,000	10	7,500,000
Total	5,750,000	-	57,500,000

6.7.1.5.2 Partner grants

It is a plot of land located in Malaz District in Riyadh, with an area of (14,379.29) fourteen thousand three hundred and seventy-nine square meters and twenty-nine square centimeters only, where ownership was transferred as a gift to the Company on 15 Rabi' Al-Thani 1436H (corresponding to 4 February 2015G).



6.7.1.5.3 Statutory Reserve

In accordance with the Company's Articles of Association and the Companies Law in the Kingdom of Saudi Arabia, the Company is required to transfer 10% of the net profit for the year to the statutory reserve. This reserve is not currently available for distribution to partners.

6.7.2 Financial analysis of the profit and loss statement

The following is the consolidated statement of profit or loss for the Al Marakiz Al Raqiyah Company for the years 2018G, 2019G and 2020G.

Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Revenues	9,266,335	10,435,145	11,175,312	13%	7%	10%
Cost of revenue	(4,512,216)	(4,755,245)	(4,863,644)	5%	2%	4%
Gross profit	4,754,119	5,679,900	6,311,668	19%	11%	15%
General and administrative expenses	(893,659)	(1,052,499)	(1,433,797)	18%	36%	27%
Impairment losses on goodwill	-	-	(5,278,875)	-	-	-
Expected credit losses	-	-	(2,922,185)	-	-	-
Losses on value decline of investment properties	-	(384,404)	(4,129,355)	-	974%	-
Operational profit/loss	3,860,460	4,242,997	(7,452,544)	10%	(276%)	-
Other income	4,564,375	53,369	18,788	(99%)	(65%)	(94%)
(Loss)/profit from operations	8,424,835	4,296,366	(7,433,756)	(49%)	(273%)	-
Financing costs	-	(1,630,976)	(1,450,806)	-	(11%)	-
Net profit / (loss) before Zakat	8,424,835	2,665,390	(8,884,562)	(68%)	(433%)	-
Zakat	-	(490,363)	(467,036)	-	(5%)	-
Net/ (loss)/profit for the year	8,424,835	2,175,027	(9,351,598)	(74%)	(530%)	-

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

6.7.2.1 Revenues

The following table shows a breakdown of the revenues of the Al Marakiz Al Raqiyah Company for the years 2018G, 2019G and 2020G.

Company's Name	2018G	2019G	2020G
Al Marakiz Al Raqiyah Company (rental income)	1,210,456	2,393,760	3,174,877
Ishraqa Regional Company (rental income)	8,055,879	8,041,385	8,000,435
Total	9,266,335	10,435,145	11,175,312

Source: The Company

- The revenues of the Al Marakiz Al Raqiyah Company consist of the revenues generated from leasing to Malaz and Al Hazm complexes.
- Revenues increased by 13% and 7% in 2019G and 2020G, respectively. The reason for this is due to the start of operation of Malaz Complex and the start of recognizing the rents of showrooms from the second quarter of 2019G.
- The cost of revenue increased by 5% and 2% for the year 2019G and 2020G, respectively, as a result of the Company's regular operational activities resulting from the start of recognizing the operational depreciation of Malaz complex.
- Gross profit increased by 19% and by 11% for the year 2019G and 2020G, respectively. The reason for this is due to the increase in revenues in both years.
- The Company's operating profit increased by 10% in 2019G as a result of its operational activities. Then it decreased by (276%) in 2020G, as a result of the emergence of the items of impairment losses in the value of goodwill and expected credit losses in the same year.





- The loss item in the value of goodwill represents the losses in the goodwill value resulting from the impairment losses in the book value of goodwill according to the assessment of Ishraqa Company, which is 100% owned by the Al Marakiz Al Raqiyah Company.
- The component of the provision for expected credit losses represents the component of doubtful accounts as a result of the Corona pandemic in 2020G.
- The net profit for the year decreased by 6,249,808 Saudi Riyals, or by (74%) in 2019G. Then, a net loss of (9,351,598) was recorded in 2020G. The reason for this is due to the emergence of financing costs for the years 2019G and 2020G as a result of the application of IFRS 16 for lease contracts, as well as the emergence of Zakat expense for both years.
- Impairment losses in the value of investment properties represent impairment losses for Malaz Complex in 2019G and 2020G.

6.7.2.2 Cost of revenue

The following table shows the details of the cost of revenue for the years 2018G, 2019G and 2020G.

Al Marakiz Al Raqiyah Company						
Cost of revenue	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Maintenance expenses of complexes	57,442	44,200	51,908	(23%)	17%	(5%)
Electricity expenses for complexes	-	55,614	49,542	-	(11%)	-
Water Expenses for the complexes	-	75,290	95,726	-	27%	-
Depreciation of investment properties	150,247	401,953	523,569	168%	30%	87%
Total	107,689	577,057	720,745	178%	25%	86%

Ishraqa Company						
Cost of revenue	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Rentals	3,936,239	3,905,941	3,905,941	(1%)	0%	0%
Maintenance expenses of complexes	153,960	45,890	44,952	(70%)	(2%)	(46%)
Electricity expenses for complexes	62,685	52,082	45,646	(17%)	(12%)	(15%)
Water Expenses for the complexes	151,644	174,274	146,360	15%	(16%)	(2%)
Total	4,304,527	4,178,188	4,142,898	(3%)	(1%)	(2%)
Consolidated total of the two companies	4,512,216	4,755,245	4,863,643	5%	2%	4%

Source: The Company

The cost of revenue increased by 5% during 2019G, and by 2% during 2020G. The main reason for this is due to the start-up of the Malaz complex and the start of calculating exhibition rents from the second quarter of 2019G, as the consumption of investment properties increased by 168% and 30% in 2019G and 2020G, respectively.



6.7.2.2.1 General and Administrative Expenses

The following table shows the details of general and administrative expenses for the years 2018G, 2019G and 2020G:

General and Administrative Expenses						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Employee salaries and benefits	411,013	798,178	894,025	94%	12%	47%
Governmental expenses	67,020	56,319	199,790	(16%)	255%	73%
Advertising	-	51,172	120,000	-	135%	-
Insurance	53,255	16,856	21,591	(68%)	28%	(36%)
Depreciation of property and equipment	8,364	9,824	20,932	17%	113%	58%
Communications and the Internet	10,912	6,375	16,003	(42%)	151%	21%
Utilities and electricity	80,499	2,788	3,551	(97%)	27%	(79%)
Stationery and prints	15,040	752	1,173	(95%)	56%	(72%)
Bank commissions	15,014	570	355	(96%)	(38%)	(85%)
Other	232,542	109,665	156,377	(53%)	43%	(18%)
Total	893,659	1,052,499	1,433,797	18%	36%	27%

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

General and administrative expenses increased by 18% in 2019G. The main reason for this is due to the increase in the item of salaries and benefits of employees by 94%, and the percentage of the same year.

- The reason for the increase in employee salaries and benefits in both years 2019G and 2020G is due to the employment of seven employees during the period from June 2019G to 2020G.
- The Company's general and administrative expenses increased by 36% in 2020G. The reason for this is due to a 12% increase in employee salaries and benefits, a 135% increase in advertising and a 43% increase in other items.
- The item of government fees also increased by 143,471 Saudi Riyals, or by of 255%, the reason for this is due to the emergence of government expenses for Al Marakiz Al Raqiyah Company in the year 2020G, amounting to 152,749 Saudi Riyals.

The following table shows the details of the government expenditures item for Al Marakiz Al Raqiyah Company and Ishraqa Company for the years 2018G, 2019G and 2020G.

Analysis of government expenditure items Al Marakiz Al Raqiyah Company			
Account Name	2018G	2019G	2020G
Residence and visa fees	-	-	37,923
Expense for certification fees and subscriptions	-	-	55,342
Penalties and fines expenses	-	-	59,484
Total	-	-	152,749

Analysis of government expenditure items Ishraqa Company			
Account Name	2018G	2019G	2020G
Residence and visa fees	67,020	38,530	22,163
Expense for certification fees and subscriptions	-	17,789	10,668
Penalties and fines expenses	-	-	14,210
Total	67,020	56,319	47,041
Consolidated total of the two companies	67,020	56,319	199,790

Source: The Company



The following table shows the other expenses item in the general and administrative expenses for the year 2020G for Al Marakiz Al Raqiyah Company and Ishraqa Company.

Analysis of other expense items for Al Marakiz Al Raqiyah Company	
Account Name	2020G
Maintenance expenses and equivalents	1,589
Professional fees and equivalents	105,500
Transportation/Relocation expenses	211
Stationery and printing expenses	740
Cleaning supplies expenses	74
Expenses of various materials and supplies	9,286
Total	117,400

Analysis of other expense items for Ishraqa Company	
Account Name	2020G
Insurance expenses and equivalents	3,189
Transportation/Relocation expenses	155
Professional fees	35,375
Cleaning supplies expenses	148
Bank commission expense	110
Total	38,977
The consolidated total of the two companies	156,377

Source: The Company

- As indicated in the tables, the percentage of Al Marakiz Al Raqiyah Company in the item of other expenses under general and administrative expenses is the highest.
- Professional fees for both companies represent the largest percentage of the total, which is the professional fees of the Auditor for preparing the financial statements.

6.7.3 Financial analysis of the cash flow statement

6.7.3.1 Cash flows from operating activities

The following table shows the details of cash flows from operating activities for the years 2018G, 2019G and 2020G.

cash flow - operating activities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Net profit for the year before Zakat						
Modifications for:	8,424,835	2,665,390	(8,884,562)	(68%)	(433%)	-
Depreciation of property, and equipment	8,364	9,824	20,932	17%	113%	58%
Depreciation of investment properties	150,247	401,953	523,569	168%	30%	87%
Depreciation of the right of use assets	-	3,905,941	3,905,941	-	0%	-
Component of employee benefit obligations	18,955	28,024	34,867	48%	24%	36%
Financing costs	-	1,630,976	1,450,806	-	(11%)	-
Losses from impairment of investment properties	-	384,404	4,129,355	-	974%	-





cash flow - operating activities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Composed of provision for expected credit losses	-	-	2,922,185	-	-	-
Impairment losses on goodwill	-	-	5,278,875	-	-	-
Net profit for the year before Zakat (Adjusted)	8,602,401	9,026,512	9,381,968	5%	4%	4%
Changes in operating assets and liabilities						
Receivables	(1,450,367)	(2,278,064)	(4,520,373)	57%	98%	77%
Prepayments	(626,817)	1,683,546	(440,939)	(369%)	(126%)	(16%)
Accounts Payable	(250,109)	115,293	(93,000)	(146%)	(181%)	(39%)
Accrued expenses and other Payables	(146,290)	(393,687)	125,889	169%	(132%)	-
Revenue received in advance	71,414	636,194	729,220	791%	15%	220%
Cash from operations	6,200,232	8,789,794	5,182,765	42%	(41%)	(9%)
Zakat paid during the year	-	(228,159)	-	-	(100%)	-
Net cash received from (used in) operating activities	6,200,232	8,561,635	5,182,765	38%	(39%)	(9%)

Source: The audited consolidated financial statements of Al Marakiz Al Raqiyah Company for the fiscal years ended on December 31, 2018G, 2019G and 2020G.

The net cash collected from operating activities increased by 38% in 2019G, despite the decrease in the net profit for the year before Zakat by (68%). The main reason for this is due to the positive non-cash adjustments to the financing costs item related to lease contract liabilities resulting from the application of IFRS 16, amounting to 1,630,976 Saudi Riyals and depreciation of right-of-use assets amounting to 3,905,941 Saudi Riyals arising from the application of the same standard. There was also a positive non-cash adjustment by SAR 384,404 on the impairment losses in the value of investment properties that represent impairment losses in Malaz Complex.

Net cash received from operating activities decreased by (39%) in 2020G. The main reason for this is due to the decrease in the net profit for the year before Zakat by 433% and the negative change in receivables by (4,520,373) Saudi Riyals in the same year.

6.7.3.2 Cash flows – investment activities

The following table shows the cash flow from investment activities for the years 2018G, 2019G and 2020G:

Cash flows – investment activities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Investment activities						
Purchase of property, and equipment	(1,415,703)	(137,787)	-	(90%)	(100%)	(100%)
Real estate investment additions	(32,936)	(99,025)	-	201%	(100%)	(100%)
Net cash used in investing activities	(1,448,639)	(236,812)	-	(84%)	(100%)	(100%)

Cash flow used in investing activities decreased by 84% in 2019G, and the main reason for this is due to the decrease in the purchase of property and equipment by 90% in 2019G.

In 2020G, there was no cash flow from investing activities.



6.7.3.3 Cash Flows – financing activities

The following table shows the cash flow from financing activities for the years 2018G, 2019G and 2020G:

Cash Flows – financing activities						
Items	2018G	2019G	2020G	Increase (decrease)		CAGR
				2019G	2020G	
Cash flows from financing activities						
Paid from lease contract liabilities	-	(4,525,106)	(2,325,000)	-	(49%)	-
Net change in related party balances	(7,196,144)	(3,877,232)	(2,134,598)	(46%)	(45%)	(46%)
Cash used in financing activities	(7,196,144)	(8,402,338)	(4,459,598)	17%	(47%)	(21%)

- The cash used in the financing activities of Al Marakiz Al Raqiyah Company consists of cash resulting from the change in the balances of related parties and paid from the liabilities of the lease contracts.
- Cash used in financing activities increased by 17% in 2019G as a result of the payment of SAR 3,877,232 to related parties and payment of SAR 4,525,106 as lease contract liabilities resulting from the application of IFRS 16 for lease contracts.
- Cash used in financing activities decreased by 47% in 2020G as a result of the payment of SAR 2,134,598 to related parties and SAR 2,325,000 of lease liabilities.

6.7.4 Key Performance Indicators

The following table shows the main performance indicators for the consolidated financial statements of the Al Marakiz Al Raqiyah Company for the financial years ending on December 31, 2018G, 2019G and 2020G.

Description	Fiscal year ended on December 31		
	2018G	2019G	2020G
Sales	9,266,335	10,435,145	11,175,312
Growth of sales	718%	13%	7%
Operating profit	3,860,460	4,242,997	(7,452,544)
Operating profit margin	42%	41%	(67%)
Weighted average of the number of shares	5,750,000	5,750,000	5,750,000
Net profit/(loss) for the year	8,424,835	2,175,027	(9,351,598)
Earning/Loss per share (SAR)	1.47	0.38	(1.63)
Total Assets	174,964,244	213,939,938	202,843,560
Return on assets %	4.82%	1.02%	(4.61%)
Total equity	153,167,409	155,342,436	145,990,838
Return on equity %	5.50%	1.40%	(6.41%)
Debt Ratio % (Total Liabilities/Total Assets)	12%	27%	28%
Debt to Equity Ratio (Total Current Liabilities/Total Equity)	1%	5%	9%





6.7.5 Capital Financing Structure

The following table shows the capital financing structure of Al Marakiz Al Raqiyah Company for the financial years ending on December 31, 2018G, 2019G and 2020G.

Fiscal year ended on December 31			
Items	2018G	2019G	2020G
Current liabilities	1,865,932	8,517,113	13,130,762
Non-current liabilities	19,930,903	50,080,389	43,421,960
Total debt	21,796,835	58,597,502	56,852,722
Cash and Cash Equivalents	1,014,519	937,004	1,660,171
Capital	57,500,000	57,500,000	57,500,000
Accumulated profit/loss			
Capital (shareholders equity + total debt)	29,662,258	68,616,202	57,519,824
Total Shareholders' Equity	7,865,423	10,018,700	667,102
Borrowing rate (total debt/equity)	38%	102%	99%

6.8 Bases for Development of Company's Financial Statements

6.8.1 Historical Cost Principle

The consolidated financial statements have been prepared on the historical cost basis, except for the following important items included in the consolidated statement of financial position:

- Derivative financial instruments are measured on a fair value basis.
- Available for sale investments are measured at fair value.
- Accruals for defined benefit obligations are recognized at the present value of the future obligations using the unit payable method.

6.8.2 Functional currency and Presentation Currency

These consolidated financial statements are presented in Saudi Riyals, which is the Group's functional and presentation currency. All amounts shown in these consolidated financial statements are rounded to the nearest Saudi Riyal, unless otherwise indicated.

6.8.3 Basis of Consolidation

These consolidated financial statements comprising the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity and the consolidated statement of cash flows, as well as the notes supplementing the consolidated financial statements of the group, which include the assets, liabilities and results of the operations of the Company and its subsidiaries as set out in Note No. (1). the company and its subsidiaries are collectively referred to as the "Group". subsidiaries are entities controlled by the group. the Group controls entity when it is exposed, or has the right, to variable returns from its involvement with the entity and has the ability to effect those returns power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group uses the acquisition method to account for the transfer of control to the Group. The specific cost of the acquisition obtained and the fair value of the existing equity share are measured by the subsidiary. The increase in the cost of the acquisition is recorded in addition to the fair value of the non-controlling share in proportion to its share of the net assets of the acquired company at the date of acquisition. If the business combination is achieved in stages, the carrying amount at the acquisition date of the previously owned shares of the acquired company in the acquiring company is re-measured to fair value at the acquisition date and any gains or losses arising from the re-measurement are recognized in profit or loss. Transactions and balances as well as unrealized profits and losses resulting from intra-group transactions are eliminated. The accounting policies of subsidiaries are modified when necessary to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

6.8.4 Accumulation of Business and Goodwill

Business combinations (mergers) are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of non-controlling interest in the acquiree. For each business combination (merger), the Group measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.



In the event that the merger is achieved within stages, the retained part of the acquired company is calculated at fair value, provided that the difference is calculated in the profit and loss account.

When the Group acquires a business, the pledged financial assets and financial liabilities are estimated for appropriate classification and allocation in accordance with the contractual terms, economic conditions and conditions prevailing at the acquisition date. This includes separating the derivatives included in other financial instruments in the main contracts by the acquiring company.

Any potential future obligation of the buyer will be added to the fair value on the acquisition date. All contingent liabilities (except those classified as equity) are measured at fair value and changes in fair value are accounted for in profit and loss. Contingent liabilities classified as equity are not reassessed or settled and any subsequent payments are accounted for on an equity basis.

Goodwill is originally measured at cost (which is the excess of the total compensation transferred and the amount of non-controlling interest recognized and any interests held, over the net identifiable assets acquired and liabilities assumed) and in the case of an increase in the fair value of the net assets acquired for the total compensation transferred, the Group re-estimates to ensure that it has correctly identified all assets acquired and all liabilities that have been pledged, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If this reassessment still results in an excess of the fair value of the net assets acquired over the total compensation transferred, the gain is recognized in the consolidated statement of profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and for the purpose of impairment testing, goodwill acquired in the combination from the acquisition date is allocated to the cash-generating unit of the group that is expected to benefit from the business combination regardless of other assets or liabilities considered in the Company acquired for these units, a "cash-generating unit" is the smallest group of assets that generates cash inflows from continuing use and is largely independent of cash flows from other assets or groups. The cash-generating unit is consistently determined from period to period to exclude assets or types of assets, unless the change is justified.

When goodwill is allocated to the cash-generating unit and part of the operations within the cash-generating unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the retained portion of the cash-generating unit.

6.8.5 Goodwill

Goodwill arising from the acquisition of the operations is recorded at cost as it is originated on the date of the acquisition of the operations less accumulated impairment losses, if any.

For the purposes of reviewing impairment of goodwill, goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the business combination.

The cash-generating unit to which goodwill is allocated is reviewed to determine the decline in its value on an annual basis or more when there is an indication of a decrease in the value of unit. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to Reduce the book value of any goodwill allocated to the unit and then to other assets in the unit in a proportional To the book value of each asset in the unit. Any impairment loss on goodwill is recognized directly in the consolidated statement of profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the related cash-generating unit, the amount attributable to goodwill is included when determining the gain or loss on disposal.

6.8.6 Intangible Assets

Intangible assets excluding goodwill are measured at cost less accumulated amortization and accumulated impairment loss if any. Intangible assets are amortized on a straight-line basis over the economic life of 5 years.

Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditures will flow to the Group and the expenditures can be measured reliably.

The residual values of intangible assets, their useful lives and indicators of impairment are reviewed at the end of each Fiscal year and adjusted prospectively, if necessary.



6.8.7 Revenue Recognition

Revenue is measured at the fair value of the compensation received or receivable. Revenue is reduced by estimated customer returns, refunds, and other similar rebates.

Revenue from the sale of goods is recognized when the goods are delivered, and ownership has been transferred, when the following conditions are met:

- The Group transfers the risks and rewards of ownership of the material goods to the buyer.
- When the Group does not maintain a continuing management relationship to the extent normally associated with ownership or effective control of the goods sold.
- The ability to measure the value of revenue reliably
- It is probable that the economic benefits associated with the transaction will flow to the group; and
- The costs incurred or to be incurred in connection with the transaction can be measured reliably.

Rental income is recognized on a straight-line basis over the term of the lease, unless there is another systematic basis that is more representative of the time pattern in which the beneficial use of the leased asset diminishes.

6.8.8 Lease Contracts

Leases are classified as finance leases when, under the terms of the leases, the risks and rewards of ownership have substantially transferred to the lessee. Other lease contracts are classified as operating leases. The Group does not have any finance lease contracts.

Operating lease payments are recorded as an expense using the straight-line method based on the term of the lease, except when there is a systematic basis that is more typical of the time plan in which the economic benefits from the leased asset will be exhausted.

6.8.9 Foreign Currency Translation

The Group presents the consolidated financial statements in Saudi Riyals, which is the functional currency. Items included in the financial statements of each entity are measured using the entity's functional currency. Transactions made in foreign currencies are converted into Saudi Riyals at the exchange rates prevailing at the time of the transaction. Monetary assets and liabilities in foreign currencies as on the date of the financial statements are converted into Saudi Riyals at the rates prevailing on that date. Gains and losses arising from repayments and conversion of transactions in foreign currencies are included in the statement of profit or loss.

6.8.10 Estimated Zakat

The group calculates Zakat and records a provision for it in accordance with the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia, and it is recorded in the consolidated statement of profit or loss. Adjustments resulting from the final Zakat assessment are processed through the fiscal year in which the final assessment is issued.

6.8.11 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. When spare parts are expected to be used in more than one period, they are accounted for as property, plant and equipment.

Historical cost includes expenditures that are directly attributable to the acquisition of an item. Subsequent costs are included in the asset's carrying amount or recorded as a separate asset, as appropriate, and only when it is probable that the economic benefits associated with the item will flow to the group and the cost can be measured reliably.

Depreciation is achieved to write off the cost of assets after deducting the residual values over their useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each consolidated financial statement period, and any changes are accounted for on a prospective basis.

The Group applies the following annual rates of depreciation to its property, plant and equipment:

Buildings	3%
Machinery and equipment	5%
Cars	25%
Office equipment and supplies	15%
Furniture and furnishings	10%
Tools	15%
Land and projects under construction are not depreciated.	



An item of property, plant and equipment is derecognized when it has been disposed of or when no economic benefits are expected to arise from the continuing use of the asset. Any gain or loss on disposal or disposal of an item of property, plant and equipment is determined as the difference between the net sale proceeds and the carrying amount of the asset, and is recognized in the statement of profit or loss.

6.8.12 Investment Properties

Investment properties are non-current assets kept generate rental income and/ or to increase capital appreciation, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured in accordance with the cost model upon initial recognition and are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Investment properties are derecognized when they are sold, when they are occupied by the owner, or if they are not kept to increase their value.

Any gain or loss on disposal of investment properties (the difference between the net proceeds from disposal and the net book value of the property) is recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the asset revaluation reserve is transferred to retained earnings.

Expenditure incurred replace separately accounted of components of investment properties that are accounted for separately is capitalized, and the carrying amount of the replaced component is written off. Subsequent expenditures are capitalized only when the future economic benefits embodied in the related investment property item increase. All other expenses are recorded in the statement of profit or loss and other comprehensive income when incurred.

The Group follows the straight-line method of depreciating buildings and constructions according to the annual rate of 5%.

6.8.13 Impairment of Non-Financial Assets

At the end of each period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that these assets have suffered an impairment loss. An annual test is carried out for goodwill and assets with indefinite useful lives, such as land, for which an impairment test is performed annually. If there is any indication to this, the recoverable amount of the asset is estimated in order to determine the impairment losses (if any). If it is not possible to estimate the recoverable amount of a specific asset, the Group estimates the recoverable amount of the cash-generating unit to which the same asset belongs. When reasonable and consistent bases of distribution can be determined, the joint assets are allocated to specific cash-generating units, or they are allocated to the smallest group of cash-generating units for which reasonable and consistent bases of distribution can be determined.

The recoverable amount is the asset's fair value less disposal cost or value in use, whichever is higher. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the assessment of future cash flows has not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized directly in the consolidated statement of profit or loss.

If the impairment loss subsequently recovers, the carrying amount of the asset (or cash-generating unit) is increased to its re-estimated recoverable amount, so that the revised carrying amount does not exceed the carrying amount of the asset (or cash-generating unit) had the impairment loss not been accounted for in previous years. Reversal of impairment losses are recognized immediately in the consolidated statement of profit or loss.

6.8.14 Inventory

Inventory is stated at cost the lower of cost and net realizable value. The cost of inventory is determined using the weighted average basis method. Net realizable value is the estimated selling price of inventory less the estimated costs of completion and the costs necessary to make the sale.

6.8.15 Segment Reports

An operating segment is a element of the Group that is related to its activities through which it earns revenue and incurs expenses, including revenue and expenses relating to transactions with any other components of the Group.

The CEO monitors the operating results of his business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on profit and loss basis and is measured consistently with profit or loss in the consolidated financial statements.

The Group's Board of Directors is the operational decision maker, as it assesses the performance and consolidated financial position of the group and takes strategic decision.



6.8.16 Use of Judgments and Uncertainty of Estimates

For the purpose of preparing these consolidated financial statements, management uses judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates is recognized prospectively.

6.8.17 Cash and Cash Equivalent

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and deposits with banks which are available for use by the Group unless otherwise noted, have a maturity of 90 days or less, and are subject to an insignificant risk of changes in value.

6.8.18 Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The group must, upon initial recognition, measure the financial asset or financial liability at its fair value plus and minus, in the case of a financial instrument not at fair value through profit or loss.

6.8.18.1 Financial Assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognized or derecognized on a trade date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

6.8.18.2 Effective Interest Rate

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the period to which it relates.

The effective interest rate is the rate that effectively discounts estimated future cash flow payments (including all fees, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate a shorter period, to the net carrying amount on initial recognition.

6.8.18.3 Financial Assets at Fair Value through Profit or Loss

A financial asset will be designated at fair value through profit or loss when the financial asset is (i) the possible consideration that the buyer would pay as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) It is classified at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It was initially acquired with the purpose of selling it in the near future;
- On initial recognition, it is part of a portfolio of specific financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking. Or
- Unidentified derivatives are effective as a hedging instrument

A financial asset other than a financial asset held for trading or a contingent compensation that a buyer might pay as part of a business combination may be designated at fair value through profit or loss on initial recognition if:

- This classification removes or significantly reduces a situation in which a measurement or recognition inconsistency would have arisen if the classification had not been made; or
- This financial asset forms part of a group of financial assets or financial liabilities or both, which are managed and their performance evaluated on the basis of fair value, in line with the group's documented strategy related to risk management or investment so that information related to the formation of these groups is provided internally on this basis; or
- It forms part of a contract that includes one or more embedded derivatives. IAS 39 permits the classification of the entire combined contract at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are carried at their fair value. Any gain or loss arising from the re-measurement of financial liabilities held for trading is recognized in the statement of profit or loss. The net gain or loss recognized in the statement of profit or loss includes any dividends or interest earned on the financial asset.



6.8.19 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or renewable payments that are not quoted in an active market. Loans and receivables, including trade and other receivables, bank balances and cash are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

6.8.20 Impairment of Financial Assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed to determine whether there is evidence of impairment at the end of each consolidated financial reporting period. Financial assets are considered impaired when there is objective evidence that the estimated future cash flows of the investment have been affected as a result of one or more events that occurred after the initial recognition of the financial asset.

For certain categories of financial assets such as trade receivables, the assets are assessed for impairment on a collective basis, even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments in the portfolio in advance of credit periods 120-180 days as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. An impairment loss is not reversed in subsequent periods.

The carrying amount of the financial asset is reduced by an impairment loss directly for all financial assets except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When the receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss.

For financial assets measured at amortized cost, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively so that it occurred after the impairment was recognized, the impairment loss previously recognized through profit or loss is reversed to the extent to which the carrying amount of the investment at the date the impairment was reversed exceeds its amortized cost had the impairment not been recognized.

6.8.21 Derecognition of Financial Assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and all the risks and rewards associated with ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the associated assets and liabilities for amounts it may have to settle. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset.

When a financial asset is fully derecognized, the difference between the asset's carrying amount and the sum of the compensation received and receivables and the cumulative gain or loss that has been recognized in the statement of other comprehensive income and accumulated in equity is recognized in profit or loss.

When a financial asset is partially derecognized (for example: when the Group retains an option to repurchase a portion of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the portion that will continue to be recognized as a result of continuing involvement and the portion that will be derecognized on a fair value basis for each one of them on the transfer date. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the compensation received for the part that is no longer recognized, and any cumulative gain or loss allocated to it that has been recognized in other comprehensive income is recognized in profit or loss. The cumulative gain or loss that was recognized in other comprehensive income is allocated between the portion that continues to be recognized and the portion that is no longer recognized on the basis of the fair values of each portion.



6.8.22 Financial Liabilities and Equity Instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in line with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

6.8.23 Equity Instruments

An equity instrument is any contract that evidences a residual share in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the amounts received immediately after deducting the issuance costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's equity instruments.

6.8.24 Financial Liabilities

Financial liabilities are classified as 'at fair value through profit or loss' or as 'other financial liabilities'.

6.8.25 Financial Liabilities at Fair Value through Profit or Loss

A financial liability is designated at fair value through profit or loss when the financial liability is (i) the contingent compensation that the buyer would pay as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) It is classified at fair value through profit or loss.

- A financial liability is classified as held for trading if:
- It was initially acquired with the purpose of repurchasing it in the near future;
- On initial recognition that it is part of a portfolio of specific financial instruments that the Group manages and has a recent actual pattern that shows short-term profits; or
- Undefined derivatives are effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are carried at fair value, with any gain or loss arising from re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

6.8.26 Other Financial Liabilities

Other financial liabilities (including loans and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the period to which it relates. The effective interest rate is the rate that effectively discounts estimated future cash flow payments (including all fees, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate a shorter period, to the net carrying amount on initial recognition.

The Group derecognizes financial liabilities only when the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the derecognized financial liability and the amount paid and accrued is recognized in profit or loss.

6.8.27 Clearing of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when, and only if, the following two conditions are met:

- The Group has a legally enforceable right to set off the recorded amounts, or
- The Group intends to settle the transactions on a net basis or to sell the asset and settle the liability at the same time.

6.8.28 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets which are assets that require a significant period of time to be ready for their intended use or sale are added to the cost of those assets until they are substantially ready for use or sale.

Investment income earned on the temporary investment of specific loans until they are spent on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.



6.8.29 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the compensation required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is substantial). When discounting is used, the increase in the provision as a result of the passage of time is recognized as a finance cost.

6.8.30 Government Grants

Non-monetary government grants that do not have an active market are evaluated by an independent valuator who has a recognized and relevant professional qualification, and who has recent experience in the location and quality of the awarded assets being valued and is recognized in profit or loss in the same period in which the grant was granted. Similarly, grants related to depreciable assets are usually recognized in profit or loss over the periods and at the rates in which the depreciation expense of those assets is recognized.

6.8.31 Provision for End of Service Benefits

6.8.31.1 Short-term Obligations

Obligations related to wages, salaries and any short-term benefits that are expected to be fully settled within 12 months after the end of the financial year in exchange for employees rendering their services and are measured at the amounts expected to be paid when the obligations are paid. They are presented as employee benefit obligations in the consolidated statement of financial position.

6.8.32 Post-Employment Employee Benefits

6.8.32.1 Definition of Employee Contributions

It is the Group's participation to pension contribution plans and is recognized as an expense when employees provide the service that provides them with the value of contributions.

Retirement benefits in the GOSI model are a defined contribution plan. The Group has no obligation, except for the contributions due to the General Organization for Social Insurance. The Group recognizes contributions payable to the General Organization for Social Insurance as an expense when the employee renders the related service.

6.8.32.2 Employee Benefit Obligations

End of service award is calculated using the projected unit credit method at the end of each listing period. The remeasured net defined benefit liability, which includes actuarial gains and losses, is recognized immediately in the consolidated statement of financial position with an expense or credit balance being recorded in other comprehensive income in the period in which they occur. The re-measurement recognized in other comprehensive income is immediately recognized in retained earnings and is not recognized in profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from changes and reductions in plans are recognized directly in profit or loss as unrecognized past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the identified net liability or asset. Defined benefit costs are categorized as follows:

- Service costs (including the cost of the current service and the cost of the previous service, as well as gains and losses from reductions and adjustments)
- Interest expenses
- Re-measurement

The group presents the first two components of defined benefit costs in profit or loss in the respective items. The re-measurement is included in other comprehensive income.



6.8.33 Transactions with Related Parties

6.8.33.1 Related Party

The related party is the person or entity associated with the Company whose financial statements are prepared:

1. If the person or one of his family members is closely related to the Company whose financial statements are prepared:
 - has control or joint control of the Company that prepares its financial statements;
 - It has a substantial impact on the Company that prepares its financial statements. Or
 - He is a member of the senior management of the Company that prepares its financial statements or the parent company of the Company that prepares its financial statements.
2. If the facility is related to the Company whose financial statements are prepared if any of the following conditions are met:
 - The entity and the Company whose financial statements are prepared are members of the same group (which means that each of the parent company, subsidiaries and associates are related to each other)
 - One of the two companies is an associate or joint venture of the other company (or an associate or joint venture of a member of a group of which the other company is a member)
 - Both companies are joint ventures of the same third party.
 - One of the two companies is a joint venture of a third company, and the other company is an associate of the third company.
 - The Company is a post-employment benefit plan for the benefit of the employees of any company that prepares its financial reports, or a company related to the Company that prepares its financial statements. If the Company whose financial statements are prepared is the same as that which prepares those plans, then the sponsoring business guarantors are also related to the Company that prepares its financial statements.
 - The Company controls or is jointly controlled by a person specified in paragraph (1).
 - The person specified in paragraph (1) has a substantial influence on the Company or is a member of the senior management of the Company (or the parent company).
 - The Company or any member of a group thereof provides part of the services of the senior management staff of the Company that prepares its financial statements or to the parent company of the Company that prepares its financial statements.

6.8.34 Statutory Reserve

In accordance with the regulations of the Companies Law in the Kingdom of Saudi Arabia, the Company must transfer 10% of the income from each year to the statutory reserve as per its articles of association. The Company can cease forming this reserve when it reaches 30% of the share capital. This reserve is not available for distribution.

6.8.35 General and Administrative Expenses

General and administrative expenses include direct and indirect costs that are not specifically related to cost of sales. Common expenses are allocated between general and administrative expenses and cost of sales, when needed, on a consistent basis.

6.8.36 Operating Sectors

The chief operating officer monitors the operating results of his business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Operating segments are reported in a manner consistent with the internal reports submitted to the decision maker, the Chief Operating Officer. The Group's Board of Directors is the operational decision maker, assessing the performance and consolidated financial position of the Group and making strategic decisions.





6.9 New Standards, Interpretations and Amendments adopted by the Company on 01 January 2018G

6.9.1 International Standard No. 15: Revenue from Contracts with Customers

The Group has applied IFRS 15 and there are no changes resulting from the application of this standard.

Revenue is measured based on the amount specified in the contract with the customer and excludes the amount collected on behalf of third parties.

The Group recognizes revenue when control of a product or service is transferred to a customer. The principles in IFRS 15 are applied using the following five steps:

First Step: the group accounts for the contract with the customer in the following cases:

- The parties to the contract have agreed to the contract and are committed to performing their obligations.
- The Company can determine the rights of each party in relation to the goods or services to be transferred.
- The Company can specify the payment terms for the goods or services to be transferred.
- The contract has commercial content.
- It is expected to receive compensation.

Step two: The group identifies all the promised goods or services in the contract with the customer and must determine whether each good or service is to be counted as a separate performance obligation.

A good or service is considered distinct and is separated from other obligations in the contract if both:

- The customer can benefit from a good or service in itself, or benefit from the good or service along with other immediately available resources.
- That the good or service does not depend to a high degree or is not linked to a high degree to other goods or services promised in the contract.

Step Three: The Group determines the transaction value, which is the compensation amount that the Group expects to be entitled to in exchange for transferring the promised goods or services to the customer.

Step Four: The Group allocates the transaction price to each performance obligation in an amount that describes the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step Five: Revenue is recognized when control of the goods or services is transferred to the customer. The transfer of goods or services occurs when the customer has control over those goods or services transferred to him. A customer obtains control of a good or service if it has the ability to directly use or entitle an interest in the good or service.

In the comparative period, revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be measured reliably, regardless of when the benefit was received.

Revenue is measured at the fair value of the compensation or amounts receivable, subject to contractually defined payment terms and excluding taxes or fees. The Group has concluded that it is the asset in all of its revenue arrangements meaning that the entity is primarily responsible for fulfilling the contract, bears the risk for inventory and has the ability to set prices.



6.10 Significant Accounting Judgments and Estimates

6.10.1 Sale of Goods

Revenue is recognized when control of those products or services is transferred, which is when the products or services are delivered to the customer. Delivery occurs when the products are shipped to the specified location. The risk of obsolescence and loss has been transferred to the client.

6.10.2 Accounting Policies of Financial Instruments

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions for performance. At initial recognition, the Group must measure the financial asset or financial liability at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability excluding a financial asset or financial liability at fair value through profit or loss.

6.10.2.1 Financial Assets

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all financial assets to be classified and subsequently measured at amortized cost or fair value. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, which are determined at the time of initial recognition. Financial assets are classified into the following specific categories under IFRS 9:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (with reclassification in the statement of profit or loss) or
- Equity instruments at fair value through other comprehensive income (with no reclassification to profit or loss) or
- Financial assets at fair value through profit or loss

6.10.2.2 Financial Assets Classified as Depleted Cost

Subsequent measurement of debt instruments is measured at amortized cost less impairment losses if both of the following conditions are met (except for debt instruments designated at fair value through profit or loss upon initial recognition):

1. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
2. The contractual terms of the financial asset create cash flows on specified dates for payments of principal and interest on the principal amount.

If a financial asset does not meet these two conditions, it is measured at fair cost.

The Group makes an assessment of the business model at a portfolio level as this reflects the best way in which the business is managed, and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets for all contractual cash flows, the Group considers:

- The management's stated policies and portfolio objectives and the operation of these policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within the business model), and in particular, the manner in which those risks are managed;
- How the management assesses the performance of the portfolio;
- Whether management's strategy is focused on earning contractual commission income;
- The frequency with which any sales of assets are expected;
- The reason behind any sales of assets and
- Whether the assets being sold are held for an extended period of time relative to their contractual maturity or sold shortly after acquisition or long before maturity.

In assessing whether the contractual cash flows are simply payments of principal or interest, the Group will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognized on the basis of the effective interest of debt instruments, which is subsequently measured at amortized cost, and the interest is recognized in the statement of profit or loss.

Debt instruments that are subsequently measured at amortized cost are subject to impairment testing.



6.10.2.3 Financial Assets at Fair Value through Other Comprehensive Income with Reclassification to the Statement of Profit or Loss

Debt instruments that meet the following conditions are subsequently measured at Fair Value through Other Comprehensive Income):

- Financial assets are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset create cash flows on specified dates for payments of principal and interest on the principal amount.

For debt financial instruments measured in (fair value through other comprehensive income), commission income and impairment are recognized in the statement of profit or loss and are calculated in the same way as in financial assets that are measured at depleted cost.

All other changes in the carrying amount of these instruments are recognized in the statement of other comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified to the statement of profit or loss.

6.10.2.4 Financial Assets at Fair Value through Profit or Loss

Equity investment instruments are classified at fair value through profit or loss if the Group designates that investment as held for non-trading and at fair value through other comprehensive income on initial recognition.

Debt instruments that do not meet the amortized cost criteria of fair value through other comprehensive income are measured at fair value through profit or loss. In addition, debt instruments that meet the amortized cost criteria, which have been designated at fair value through profit or loss to avoid account mismatches, are measured at fair value through profit or loss.

Debt instruments may be classified through profit or loss upon initial recognition if such classification eliminates or significantly reduces measurement or recognition inconsistencies that may arise from measuring assets or liabilities or recognizing gains and losses on different bases. The Group has not designated any debt instrument at fair value through profit or loss since the date of initial application of IFRS 9 as on 1 January 2018G.

Debt instruments are reclassified from amortized cost to fair value through profit or loss when the business model is changed such that it no longer meets the depleted cost criteria. Reclassification of debt instruments designated at fair value through profit or loss is not permitted upon initial recognition.

Financial assets are measured at fair value at the end of each review period, with any gain or loss arising from re-measurement recognized in profit or loss.

Commission income on debt instruments at fair value is included in the statement of profit or loss.

Dividend income on investments in equity instruments at fair value through profit or loss is recognized in the statement of profit or loss when the Group's right to receive dividends is established in accordance with IFRS 15 "Revenue from Contracts with Customers".

(A) Investing In Equity Instruments at Fair Value through Other Comprehensive Income

Upon initial recognition, the Company can make an irreversible (on an instrument-by-instrument basis) representation to designate investments in equity instruments at fair value through other comprehensive income. It is not permitted to designate these investments at fair value through other comprehensive income if they are held for trading.

A financial asset or financial liability is held for trading in the following cases:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition, this is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a real pattern of short-term profit taking. Or
- Derivative, excluding the derivative of a specific or financial security contract and an effective hedging instrument.

Initially, investments in equity instruments are measured at fair value through other comprehensive income plus transaction costs. Thereafter, it is measured at fair value with gains and losses recognized for changes in fair value in other comprehensive income and accumulated in other reserves. Gains and losses on equity instruments are never reclassified to the statement of profit or loss and no impairment is recognized in the statement of profit or loss. Investments in unquoted equity that were previously recorded at cost in accordance with IAS 39 are now measured at fair value. The cumulative gain or loss will not be reclassified to profit or loss upon selling the investments.

Dividends on these investments are recognized in profit or loss when the Group's right to receive dividends is established in accordance with IAS 18, unless the dividends clearly represent a recovery of part of the cost of the investment.



The investment revaluation reserve includes the cumulative net change in the fair value of an equity investment measured at fair value through other comprehensive income. When these financial instruments are disposed of, the amount accumulated in the fair value reserve is transferred to retained earnings.

6.10.2.5 Impairment of Financial Assets

The Group determines the provision for Expected Credit Loss for debt instruments that are measured at amortized cost or at the fair value of other comprehensive income, such as lease contracts receivables, trade receivables, in addition to loan commitments and financial guarantee contracts.

Impairment losses are not recognized for investments in equity instruments. The amount of ECL reflects the changes in credit risk since the initial recognition of the relevant financial instrument.

The Group applies the simplified method or approach to calculating the impairment of trade receivables, taking into account the expected credit losses over the life of the estimated cash flows. Expected credit losses on financial assets are estimated using a flow rate based on the Company's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and an assessment of both current and future conditions at the reporting date, including the time value of money if appropriate.

For all other financial instruments, the Group applies the general method or approach for calculating the impairment amount. Lifetime ECL is recorded when there has been a significant increase in credit risk since initial recognition and 12-month ECL is recorded if the credit risk on the financial instrument has not increased significantly since initial recognition. Assess whether the credit risk of a financial instrument has increased significantly since initial recognition by considering the change in the risk of default over the remaining life of the financial instrument.

Measuring and Estimating Expected Credit Losses

The ECL measurement is a function of the probability of default, or a given default loss (meaning the magnitude of the loss if there is a default). The assessment of the probability of default is based on historical information modified by forward-looking information that can be expected as described above.

For defaults on financial assets, this is represented by the total book value of the assets at the reporting date. Exposure on off-balance sheet defaults is reached by applying the balance transfer factor to the uncalculated portion of the exposure.

When lifetime ECL is measured for situations in which there may be no evidence of significant increases in credit risk at the individual instrument level, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. trade and other receivables, finance lease receivables and amounts due from customers as separate groups. For related party loans, ECL is assessed on an individual basis)
- Previous defaults
- The nature and size of the business sector of debtors; and
- External credit ratings, if available

The Group recognizes impairment gains or losses in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying value through a loss allowance account, with the exception of investments in debt instruments that are measured through other comprehensive income, for which the loss allowance is recognized through the income statement. The other comprehensive investment revaluation reserve does not reduce the carrying amount of the financial asset in the statement of financial position.

Exclusion of Financial Assets

The Group derecognizes a financial asset only when the contractual contracts for the cash flows from the asset expire; Or transfer the financial asset or all the risks and rewards of ownership to another place. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group recognizes its retained share in the assets and associated liabilities for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred financial asset, the Group continues to recognize the financial asset and also recognizes a secured borrowing for the proceeds received.

Financial Liabilities

Financial liabilities carried at amortized cost are classified and measured using the effective yield method.

For financial liabilities designated at fair value through profit or loss, the amount of change in the fair value of the financial liabilities attributable to changes in the credit risk of that obligation is recognized through other comprehensive income, unless the effects of changes in the liabilities' credit risk are recognized in other comprehensive income will create or widen an accounting mismatch in the statement of profit or loss. The credit risk arising from the financial liability has not been reclassified to the income statement.



The liability credit reserve includes the cumulative changes in the fair value of financial liabilities at fair value through profit or loss that are attributable to changes in the credit risk of those liabilities that will not create or mismatch in the accounting in the statement of profit or loss. The amount provided in the credit reserve is not subsequently transferred to the statement of profit or loss. When these investments are disposed of, the amount accumulated in the liability credit reserve is transferred to retained earnings. Since the date of initial application of IFRS 9 (01 January 2018G), the Group has not designated financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The group derecognises financial liabilities only when the group's liabilities are discharged, cancelled or expired.

6.10.3 Change in Accounting Policies

The members of the Board of Directors confirm that there is no material change in the accounting policies of the Company or its subsidiary during the years ending on December 31, 2018G, 2019G and 2020G with the exception of the new standards that were applied during the years 2018G and 2019G as mentioned in the audited financial statements that require submission as per Annex (15) of the Rules on the Offer of Securities and Continuing Obligations.

6.10.3.1 IFRS 9 "Financial Instruments"

Reclassification from Loans and Receivables to Financial Assets at Depleted Cost.

Financial assets classified as loans and receivables under IAS 39 are measured at depleted cost under IFRS 9 as they are held in a business model of collecting contractual cash flows and these cash flows consist only of unpaid capital and interest payments.

Measurement of financial instruments

The application of IFRS 9 has material changed the group's accounting for impairment losses on financial assets by replacing the incurred losses approach in IAS 39 with the expected credit losses (ECL) approach.

IFRS 9 requires the Group to record an allowance for expected credit losses for all loans and financial assets for which the Group does not hold Fair value through Profit or Loss (FVTPL).

The expected credit loss approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is discounted when rounding off the original interest rate of the asset.

- a. For other trade and other debtors, the Group has applied the simplified approach of the standard and calculated the provision for credit losses based on lifetime ECL. The Group has established a credit matrix based on the historical experience of expected credit losses, which have been adjusted for future factors specific to the debtors and the economic environment. The application of the future ECL requirements from IFRS 9 has not resulted in any change in the impairment provisions for the Group's debt financial assets.
- b. International Financial Reporting Standard No. 15 - Revenue from contracts with customers.

Under IAS 18, the Group recognized revenue from rendering services in the reporting period under which the services are rendered and revenue from the sale of goods when the customer obtains controls for the goods at a point in time, i.e. upon delivery, which is in line with the requirements of IFRS 15. As a result, there is no material impact on the adoption of IFRS 15 Contracts with Customers.

Under IFRS 15, any contingent earned provision should be considered as a contract asset and not accrued.

There is no impact resulting from the previous change in accounting policy.

6.10.4 New Standards, Amendments to Standards and Interpretations on 01 January 2019G

6.10.4.1 IFRS 16 "Leasing Contracts"

IFRS 16 supersedes IAS 17 "Leases," International Financial Reporting Interpretations Committee "IFRIC" 4 "Determining Whether an Arrangement Contains a Lease," IFRIC 15 "Operating Leases - Incentives," and IFRIC 15 Criteria for Report No. 27 "Evaluation of the substance of transactions involving the legal form of lease"

IFRS 16 provides lessees with a single model of accounting for leases. The lessee recognizes a right-of-use asset that represents its right to use the related asset in addition to a lease obligation that represents its obligation to make lease payments.

There are optional exemptions for short-term leases and leases for low-value assets.



For IFRS 16, the accounting for the lessor has not changed significantly from IAS 17. Lessors continue to classify leases as operating leases or finance leases using approach principles close to those in IAS 17. Therefore, IFRS No. 16 has an no impact on lease contracts where the Group is the lessor.

The Group has applied IFRS 16 using the modified retrospective method with the primary application being on 01 January 2019G.

For IFRS 16, the accounting for the lessor has not changed significantly from IAS 17. Lessors shall continue to classify leases as operating leases or finance leases using principles close to those in IAS 17. Therefore, IFRS No. 16 has an impact on lease contracts where the Group is the lessor.

The Group has applied IFRS 16 using the modified retrospective method with the primary application being on 01 January 2019G.

The Group has elected to use the practical exception available upon transition to IFRS 16. Therefore, whether or not the contract contains a lease will not be reassessed, allowing the standard to be applied to contracts previously recognized as leases only by applying IAS 17 and the Interpretation of the Standards Committee Reports No. 4 on the date of the primary application.

The Group has also applied practical exceptions when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applying a standardized reduction rate for a portfolio of lease contracts with similar specifications within a reasonable framework.
- Application of the exception not to recognize the right of use and liabilities for contracts ended during the year 2019G.
- Excluding initial direct costs from calculating the right-of-use asset on the date of primary application.

The Group has also elected to apply the practical exception to lease contracts that, at the inception date, have a lease term of 12 months or less or no purchase option ("short-term leases"), and lease contracts involving a low-value asset ("impaired asset").

Nature of the impact related to the application of IFRS 16

(A) Pre-application of IFRS 16

Prior to the application of IFRS 16, the Group classified each of its lease contracts (as a lessee) at the establishment date as a finance lease or as an operating lease based on the substance of the arrangement at the date the contract was enacted.

The contract is classified as a lease that substantially transfers to the Group all the risks and benefits consistent with ownership of the leased item. Capitalization is made at the inception date of the lease at the fair value of the leased property or, if lower, at the present value of the minimum future payments of the lease. Lease payments are allocated between finance charges and reductions in lease liabilities proportionally to achieve a fixed rate of interest on the remaining balance of the liabilities.

In the case of an operating lease, the leasehold is not capitalized, and the lease payments are recognized as operating costs in the statement of comprehensive profit or loss on a straight-line basis over the term of the lease. Amounts of prepayments and accruals are recognized under other prepayments and payables, respectively.

(B) After the Application of IFRS 16

In applying IFRS 16, the Group has applied a single recognition and measurement principle to all leases where it is the lessee, with the exception of short-term leases and leases involving an impaired asset. The Group has recognized a liability for lease payments and right-of-use assets representing the right to use the assets underlying the contracts. In compliance with the modified retrospective method of application, the Group has applied IFRS 16 on the initial date of application. Under the modified retrospective method, the right-of-use assets were measured at an amount equal to the lease liability and adjusted by the amounts of prepayments and lease payments due related to those leases recognized in the statement of financial position as of 31 December 2018G without any impact on the accumulated losses. Therefore, the comparative information is not recalculated.

Impact of change in accounting policy on items contained in the consolidated statement of financial position on 01 January 2019G

- Recognition and presentation of right-of-use assets amounting to SAR 43,113,418 separately in the consolidated statement of financial position
- Recognition and presentation of lease liabilities amounting to SAR 41,419,804 separately in the consolidated statement of financial position.
- Reclassification of SAR 1,693,614 related to operating leases previously classified as advances to right-of-use assets.



Impact on the consolidated statement of financial position (increase / (decrease)) as on January 1, 2019G:

Assets	
Assets right to use	43,113,418
Advance payments	(1,693,614)
	41,419,804
Liabilities	
Lease contract liabilities	41,419,804
	41,419,804

For the year ended December 31, 2019G:

- An increase in the depreciation expense by an amount of SAR 3,980,604 related to the depreciation of the recognized right to use assets.
- Decrease in rental expense by SAR 5,254,371 related to previous operating lease contracts.
- An increase in financing costs by SAR 1,636,233 related to recognized interest expense on additional lease liabilities.

Impact on the consolidated statement of profit or loss for the year ended December 31, 2019G:

Depreciation expense (included in revenue costs and general and administrative expenses)	(3,980,604)
Rental expense (including revenue and general and administrative expenses)	5,254,371
Profit from operations	1,273,767
Financing costs	(1,636,233)
loss for the year	(362,466)

Amounts recognized in the consolidated statement of financial position

As of 31 December 2019G, the cost of right-of-use assets is SAR 43,113,418 and accumulated depreciation is SAR 3,980,604.

For the year ended on 31 December 2019G, the Group recognized financing costs of SAR 1,636,233 on lease liabilities and the total cash flow for lease contracts is SAR 4,581,161.

The following are the new accounting policies of the Group after the application of IFRS 16:

Lease Contracts

The group assesses whether a contract contains a lease at the time of commencement of the contract. For similar contract arrangements, the Group recognizes right-of-use assets and lease liabilities with the exception of short-term leases and contracts involving an impaired asset as follows:

Right to Use Assets

The Group recognizes the right to use assets on the commencement date of the lease (for example, when the asset is ready for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and the amount is adjusted for any remeasurement of lease liabilities. The cost of a right-of-use asset includes the amount of recognized lease liability, potential direct initial costs, and the amount of lease payments paid at, or before the commencement date less any lease incentives received, unless the Group is reasonably certain to acquire ownership of the underlying asset Lease at the end of the contract term. The right to use the assets recognized is amortized using the straight-line principle over the expected life of the asset or the term of the contract, whichever is shorter. Right-of-use assets are subject to impairment.

Lease Contract Liabilities

At the commencement date of the lease, the Group recognizes a lease liability at the present value of the lease payments made during the term of the lease. Lease payments include fixed payments (which include intrinsically fixed payments) minus any incentives to be received under the lease, variable lease payments based on an index or rate, and any amounts expected to be paid to secure the residual value. The lease payments also include the exercise price of the purchase option in the event that the option is reasonably certain to be exercised by the Group and any penalty clauses for termination, if the term of the



contract reflects the Group's execution of the option to terminate. Lease payments that do not depend on an index or rate are recognized as an expense in the period in which the condition or event that triggers the payment occurs.

When measuring the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date of the contract if the contract's implicit interest rate cannot be readily calculated.

After the start date of the contract, the amount of the lease liability is increased to reflect the interest accrued on the liability and the amount of the payments on the lease contract is reduced. In addition, the carrying amount of the lease liability is returned in the event of a modification, a change in the term of the contract, a change in the substance of the fixed payments in the lease contract or a change in the assessment of the purchase of the underlying asset.

Short-Term Leases and Leases Involving Impaired Assets

The Group applies the recognition exception for short-term leases (e.g. leases of 12 months or less that do not include a purchase option). The recognition exception also applies to leases that contain impaired assets such as office impaired assets are recognized as an expense using the straight-line principle over the term of the contract.

Significant Assumptions in Determining the Duration of the Contract for Contracts Including Renewal Options

The Group defines the lease term as the irrevocable term of the lease, combined with the periods covered by an option to extend the contract if exercise of the option is reasonably certain, or any periods covered by an option to terminate the lease, if the non-execution of the option is reasonably certain.

The Group applies assumptions in assessing whether the exercise of the renewal option is reasonably certain. Accordingly, all relevant factors that make the implementation of the renewal option economically feasible are taken into consideration. After the commencement date of the contract, the Group reassesses the term of the contract when a significant event or change in circumstances occurs that is within its control and affects its ability to exercise (or not) a renewal option (for example, a change in business strategy).

Interpretation (23) Issued by the International Financial Reporting Interpretation Committee "Uncertainty over Income Tax Treatment"

This interpretation explains how the recognition and measurement requirements of IAS 12 Income Taxes are applied when there is uncertainty about income tax treatments. The IFRIC has previously clarified that IAS 12, not IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", applies to accounting for uncertain income tax transactions. Interpretation (23) issued by the IFRIC explains how assets and liabilities for deferred and current income tax are recognized and measured when there is uncertainty about tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity when there is uncertainty as to whether such treatment will be accepted by the tax authorities. For example, the decision to claim a specific expense deduction or not include a specific item of income on a tax return is an uncertain tax treatment if its acceptance is uncertain under tax law. Interpretation (23) of the IFRIC applies to all aspects of income tax accounting when there is uncertainty regarding the treatment of an item, including taxable profit or loss, tax bases of assets and liabilities, tax losses, exemptions and tax rates.

The application of this clarification does not have any material impact on the consolidated financial statements during the year.

New Standards, Amendments to Standards and Interpretations on 01 January 2020G

The Group has adopted the following new standards as of 01 January 2020G:

Amendments to International Financial Reporting Standard No. (3) - Definition of a Business

This amendment revises the definition of a business. According to the responses received by the International Accounting Standards Board, the implementation of the current guidance is believed to be too complex, and results in too many eligible transactions to form a business combination.

Amendments to International Accounting Standard No. 1 and International Accounting Standard No. 8 regarding the definition of "the essential".

These amendments to International Accounting Standard No. (1) "Presentation of Financial Statements", and International Accounting Standard No. (8) "Accounting Policies, Changes in Accounting Estimates and Errors" and subsequent amendments to other International Financial Reporting Standards:

1. The use of a consistent definition of material in all IFRS and the Conceptual Framework for Financial Reporting;
2. Clarification of the explanation of the definition of material;
3. Incorporate of some guidelines in International Accounting Standard No. (1) about Immaterial information.





Amendments to IFRS 9 and IFRS 7 - Interest Rate Benchmark Reform.

These adjustments provide some exemptions in connection with the reform of the benchmark interest rate. The exemptions relate to hedge accounting and have the effect that the reform of the SIBOR should generally not cause the termination of hedge accounting. However, any ineffective hedge should continue to be recorded in the statement of profit or loss.



7. Use of Offering Proceeds

7.1 Net Offering Proceeds

The total Offering Proceeds amount to (120,000,000) one hundred and twenty million Saudi Riyals, while the net proceeds from the Offering amount to (116,000,000) one hundred and sixteen million Riyals, after deducting an amount of (4,000,000) four million Riyals representing the Offering expenses and costs. Such expenses include Fees of the Financial Advisor, Legal Advisor, Lead Manager, Underwriter and other expenses related to the Offering.

The Offering Proceeds will be used as indicated in the following table:

Item	Amount in Saudi Riyals	Percentage of total Offering Proceeds
Investing in diversified income generating assets	90,429,923	75,36%
Paying dues to the Zakat, Tax and Customs Authority	14,849,232	12,37%
Payment of deposits of auction shares under settlement	10,720,845	8,93%
Payment of the Offering fees and costs	4,000,000	3,33%
Total	120,000,000	100%

Item	The first quarter of 2022G	The second quarter of 2022G
Investing in diversified income generating assets	-	90,429,923
Paying dues to the Zakat, Tax and Customs Authority	14,849,232	-
Payment of deposits of auction shares under settlement	The value of the shares sold in the auction will be paid upon application by the eligible shareholders.	
Payment of the Offering fees and costs	4,000,000	-

7.1.1 Investing in income-generating assets

The Company intends to use an amount of (90,429,923) ninety million four hundred and twenty-nine thousand nine hundred and twenty-three Saudi Riyals, from the net Offering Proceeds to invest in income-generating assets. The investment will be in the purchase of shopping malls (Plaza), provided that these assets are in Riyadh. The investment in the purchase of shopping malls (Plazas) will be fully financed from the Offering Proceeds. It is worth noting that until the date of this Prospectus, there is no agreement to purchase any mall, and no memoranda of understanding have been signed regarding the purchase of any mall.

The Executive Management of the Company will determine the asset to be acquired and submit it to the Board of Directors to vote on the investment decision based on the recommendation of the Executive Management. The Company will use more than one approved real estate appraiser to evaluate the real estate asset to be purchased, in accordance with the recognized professional real estate appraisal mechanisms, by using more than one appraisal method and taking the average value. It is worth noting that the potential investment will not involve any related party transactions.

7.1.2 Payment of the dues to the Zakat, Tax and Customs Authority

An amount of (14,849,232) fourteen million eight hundred and forty-nine thousand two hundred thirty-two Saudi Riyals will be used to pay the amounts owed to the Zakat, Tax and Customs Authority. These amounts are due to the Zakat, Tax and Customs Authority according to the following:

1. An amount of (11,068,069) eleven million sixty-eight thousand and sixty-nine Saudi Riyals, due for the Zakat assessment for the years from 2000G to 2010G.
2. An amount (643,342) six hundred thousand and forty-three thousand three hundred and forty-two Saudi Riyals, due for the year 2014G.
3. An amount (438,893) four hundred and thirty-eight thousand eight hundred and ninety-three Saudi Riyals due for the year 2016G.
4. An amount of (926,625) nine hundred and twenty-six thousand six hundred and twenty-five Saudi Riyals due for the year 2018G.





5. An amount of (892,539) eight hundred and ninety-two thousand five hundred and thirty-nine Saudi Riyals due for the year 2019G.
6. An amount (879,861) eight hundred and seventy-nine thousand eight hundred and sixty-one Saudi Riyals due for the year 2020G.

7.1.3 Payment of deposits of the under-settlement auction shares

The Company obtained approval of the Capital Market Authority on 25/03/1430H (corresponding to 22/03/2009G) to sell (984,032) shares of the shareholders who defaulted on paying the full value of the shares upon subscription. The Company started the sale process on 28/06/2009G until 31/12/2009G. 984,032 shares were sold for an amount of 14,325,234 Riyals, according to the bids submitted in the auction. An amount of 2,113,074 Saudi Riyals was used to complete the capital, so that the Company's share capital became (150,000,000) one hundred and fifty million Saudi Riyals fully paid, while the rest of the amount (12,212,160) twelve million two hundred and twelve thousand one hundred and sixty Saudi Riyals will be refunded as a surplus to the shareholders who defaulted on the payment of installments and whose shares were sold by auction. An amount of (1,491,675) one million four hundred and ninety-one thousand six hundred and seventy-five Saudi Riyals has been paid, and an amount of (10,720,845) ten million seven hundred and twenty thousand eight hundred and forty-five Saudi Riyals will be used to pay the deposits of the under-settlement auction shares.

A special Escrow Account will be opened to save the remaining amounts (unpaid to Eligible Shareholders) and keep them to settle the unpaid amounts when one of the Eligible Shareholders submits a request to disburse his dues.



8. Experts Statement

Written consents have been obtained from the Financial Advisor, Legal Advisor, Underwriter and Lead Manager of the Company whose names appear on page (v) to include their names, logos and statements in the form contained in this Prospectus. A written approval of the Company's auditors was also agreed to include their names, logos and statements in the form contained in this Prospectus. These approvals have not been withdrawn as on the date of this Prospectus. None of the aforementioned parties nor their relatives have any shares or interest whatsoever in the Company as on the date of this Prospectus.





9. Directors Declarations

As on the date of this Prospectus, the Company's Directors declare that:

1. There was no interruption in the business of the Company or any of its subsidiaries that could affect or have had a significant impact on the financial condition during the last (12) months.
2. No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company or any of its subsidiaries during the three (3) years immediately preceding the date of submitting the application for registration and the Offering of securities in relation to the issuance or Offering of any securities.
3. There has been no material negative change in the Company or any of its subsidiaries' financial and commercial position during the three years immediately preceding the date of submitting the registration application and Offering of the securities subject to this Prospectus, in addition to the period covered by the auditor's report until the issuance of the Prospectus.
4. Except as stated in pages (72) and (76) of this Prospectus, neither the members of the Board of Directors nor any of their relatives have any shares or interest of any kind in the Company or any of its subsidiaries.
5. The Company does not keep any Treasury Shares, and the EGM of the Company has not approved the purchase of the Company's shares





10. Legal Information

10.1 The Company and Prominent Changes to the Capital

Al-Baha Investment and Development Company is a Saudi public joint stock company established under the resolution of His Excellency the Minister of Commerce No. (600) dated 05/06/1413H (corresponding to 29/11/1992G) and was registered in the Commercial Register under the number (5800005960) issued at Al-Baha city on 19/07/1413H (corresponding to 12/01/1993G). The Company's capital upon incorporation amounted to one hundred and fifty million (150,000,000) Saudi Riyals, divided into fifteen million shares, with a nominal value of (10) ten Saudi Riyals per share. The number of shareholders in the Company is one hundred and one (101), and none of them owns 5% or more of the Company's shares upon incorporation.

The Company's shares were listed on the Saudi Stock Exchange (Tadawul) (15,000,000) fifteen million shares on 30/11/1992G, after obtaining the approval of the Ministry of Commerce and the Saudi Central Bank "SAMA" (formerly known as "The Saudi Arabian Monetary Authority"), and that was before the automated system for trading shares was established in 2001G.

On 17/07/1435H (corresponding to 06/05/2015G), the Board of Directors decided to recommend to the (Extraordinary) General Assembly to acquire the Al Marakiz Al Raqiyah Company Limited (a limited liability company established under Commercial Registration No. (1010428696) dated 18/02/1436H (corresponding to 10/12/2014G) and its head office is located in the city of Riyadh, Al-Malaz District, Al-Gamaa Street (PO Box: 231028) (Postal Code 11321), by increasing the Company's capital by issuing new shares, the value of which is one hundred and forty-five million (145,000,000) Saudi Riyals. Upon completion of the acquisition, the capital became two hundred and ninety-five million (295,000,000) Saudi Riyals, divided into 29,500,000 ordinary shares, with a nominal value of (10) Riyals per share.

On 14/06/1438H (corresponding to 13/03/2017G), the Capital Market Authority approved the Company's request to increase its capital from one hundred and fifty million (150,000,000) Saudi Riyals to two hundred and ninety-five million (295,000,000) Riyals by issuing fourteen million five hundred thousand (14,500,000) new shares as compensation shares for the partners of Al Marakiz Al Raqiyah Company Ltd. in return of acquiring their entire shares.

On 25/05/1438H (corresponding to 22/02/2017G), the Board of Directors decided to recommend to the (Extraordinary) General Assembly to reduce the Company's capital from (295,000,000) Saudi Riyals to (177,000,000) Saudi Riyals, with a decrease of (40%), through cancellation of (11,800,000) shares and, consequently, reducing the number of shares from (29,500,000) shares to (17,700,000) shares, i.e. at the rate of (4) shares for every (10) shares.

On 07/07/1438H (corresponding to 04/04/2017G), the CMA's approval was issued to reduce the capital, and the decision to increase and decrease the capital was approved by the (Extraordinary) General Assembly on 06/08/1438H (corresponding to 02/05/2017G). It was approved to increase the Company's capital from (150,000,000) one hundred and fifty million Riyals to (295,000,000) Riyals for the purpose of acquiring Al Marakiz Al Raqiyah Company Limited. Also, it was approved to reduce the capital from (295,000,000) Riyals to (177,000,000) Riyals by canceling 11.8 million shares in order to extinguish part of the accumulated losses to become 38% of the Company's capital after the reduction.

On 14/08/1438H (corresponding to 10/05/2017G), the procedures for acquiring all of the partners' shares in Al Marakiz Al Raqiyah Company Limited were completed. As on the date of publishing this Prospectus, the Company owns (86.96%) of the shares of Al Marakiz Al Raqiyah Company Limited (for more details about the subsidiary, please refer to subparagraph No. (10-1-12) of paragraph No. (Al Marakiz Al Raqiyah Company Ltd.) of this section).

10.2 The Company's Current Capital

The current capital of the Company is (177,000,000) one hundred and seventy-seven million Saudi Riyals divided into (17,700,000) seventeen million seven hundred thousand nominal shares of equal value of ten (10) Saudi Riyals per share, all of which are ordinary cash shares. There are no major shareholders among the Company's shareholders who own (5%) or more of the shares.

On 24/03/1442H (corresponding to 10/11/2020G), the Board of Directors recommended to the (extraordinary) general assembly of the shareholders to increase the Company's capital by an amount of (120,000,000) one hundred and twenty million Saudi Riyals, so that the Company's capital becomes (297,000,000) two hundred and ninety-seven million Saudi Riyals by issuing priority rights shares. The capital increase will be conditional on the Company obtaining the approvals of the competent authorities (the Capital Market Authority "CMA", the Capital Market Company "Tadawul" and the Ministry of Commerce) and the shareholders in the (extraordinary) general assembly.



The Company obtained the approval of the CMA for the request to increase its capital by issuing priority rights shares on 09/05/1443H (corresponding to 13/12/2021G), and also obtained the approval of Tadawul Group on 29/12/1442H (corresponding to 08/08/20221G), as well as the approval of the (Extraordinary) General Assembly on Monday 20/07/1443H (corresponding to 21/02/2022G).

10.3 The Company's Head Office

The head office of the Company is located in the city of Al-Baha, and it may establish branches, offices or agencies inside or outside the Kingdom by a decision of the Board of Directors. On 09/06/2019G, the address of the head office was changed from (Baljurashi - Industrial Area - Artificial Leather Factory) to the new address (Al-Baha City - King Fahd Road - Building No. 7050). The address has been modified in the commercial registration certificate.

10.4 The Company's Duration

Article (6) Six of the Company's Articles of Association stipulates that the term of the Company shall be (99) ninety-nine calendar years starting from the date of its registration in the Commercial Register. The term of the Company may be extended by a decision issued by the Extraordinary General Assembly at least one year before the expiry of its term. The commercial registry data indicates the expiry of the Company's term on 19/07/1513 (corresponding to 20/01/2090G).

10.5 Articles of Association

Based on Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G) to introduce amendments to the Companies Law, the Company has not updated its Articles of Association accordingly (in terms of legal periods for holding assemblies, committee reports and financial documents in accordance with Articles (30), (41) and (45) to become twenty-one days instead of ten days) as the latest version of the Company's Articles of Association was issued and it was audited and approved by the Ministry of Commerce (General Administration of Companies) on 13/08/1438H (corresponding to 09/05/2017G). It has been published and a copy of it was uploaded to the Tadawul website. According to the Company, all updates will be made in the next extraordinary general meeting related to the capital increase.

10.6 The Company's Activity

According to the commercial registry certificate, the Company may carry out the following activities: General construction of non-residential buildings including (schools, hospitals, hotels, etc.); Management and leasing of owned or leased properties (residential); Management and leasing of owned or leased properties (non-residential) and real estate management activities for a commission.

The Company is committed to implementing its own activities included in its commercial register, which is compatible with the National Guide for Economic Activities (ISIC4).

10.7 The Company's Management

The Company is managed by a Board of Directors consisting of eight (8) members elected by the ordinary general assembly of shareholders for a period not exceeding (3) three years. On 02/5/1440H (corresponding to 08/01/2019G), the Ordinary General Assembly approved the appointment of members of the Board of Directors for a new term starting from 10/02/2019G for a period of three years ending on 09/02/2022G.

The Company's Board of Directors consists of the following members.

Table No. (2): Members of the Board of Directors elected by the Ordinary General Assembly of Shareholders on 12/12/2018G

Name	Position	Nationality	Age	Membership	Direct ownership Percentage (%)	Indirect ownership Percentage (%)	Membership Date ⁽³⁾
Mohammed Saleh Mohammed Al Hammadi	Chairman of Board of Directors	Saudi	50	Non-Executive	3.72%	-	10/02/2019G
Ibrahim Abdullah Rashid bin Kulib	Deputy Chairman - CEO	Saudi	45	Executive	2.46%	-	10/02/2019G
Abdulaziz Saleh Mohammed Al Hammadi	Member	Saudi	45	Non-Executive	4.67%	-	10/02/2019G
Saad Abdulmohsen Abdul Aziz Al-Hamidi	Member	Saudi	45	Independent	0.00005%	-	10/02/2019G



Name	Position	Nationality	Age	Membership	Direct ownership Percentage ⁽¹⁾	Indirect ownership Percentage ⁽¹⁾	Membership Date ⁽³⁾
Turki Abdulrahman Abdullah Al-Rassis	Member	Saudi	48	Independent	0.00005%	-	10/02/2019G
Mishaal Muhammad Hassan Mufti	Member	Saudi	38	Executive	0.0042%	-	10/02/2019G
Ziyad Muhammad Sultan Al-Amr	Member	Saudi	40	Independent	0.0033%	-	10/02/2019G
Saad Mohammed Hamad bin Saif	Member	Saudi	49	Independent	0.000005%	-	10/02/2019G

Source: The Company

⁽¹⁾ The ownership percentages mentioned are approximate.

⁽³⁾ The dates mentioned represent the dates of their appointment to the current positions.

10.8 Appointment to Mandatory Positions

According to Article (21) of the Company's Articles of Association, the Board of Directors shall appoint from among its members a chairman and a Deputy Chairman and may appoint a Managing Director. It is not permissible to combine the position of the chairman of the Board of Directors with any other executive position in the Company, and the Board of Directors must appoint a secretary to the board. The Company is committed to the Articles of Association and the Governance Regulations in terms of mandatory appointment in these positions. The Board of Directors approved the appointment to these positions according to the following:

The date of decisions to appoint the Chairman, Deputy Chairman, Secretary to the Board		
Position	Date of the Appointment Decision by the Board or the Assembly	Name of the Appointed Person
Chairman of the Board	05/04/1440H (corresponding to 12/12/2018G) Minutes of the Ordinary General Assembly meeting	Mohammed bin Saleh bin Mohammed Al Hammadi
Deputy Chairman/ Managing Director	05/04/1440H (corresponding to 12/12/2018G) Minutes of the Ordinary General Assembly meeting	Ibrahim bin Abdullah bin Rashid bin Kulib
Secretary	11/04/1440H (corresponding to 18/12/2018G) Decision of the Board of Directors	Abdulaziz bin Saleh bin Mohammed Al Hammadi
Chief Executive Officer	25/11/1438H (corresponding to 17/08/2017G) Decision of the Board of Directors	Ibrahim bin Abdullah bin Rashid bin Kulib

Source: The Company

10.9 Board Committees

10.9.1 Audit Committee

The Audit Committee consists of (3) three members. The members of the Audit Committee were appointed by the (ordinary) General Assembly held on 05/04/1440H (corresponding to 12/12/2018G) and ends at the end of the current Board session on 09/02/2022G. The committee consists of the following members:

Table No. (3): Audit Committee Members

Member	Position	Capacity of Membership in the Council
Saad Abdulmohsen Al-Humaidi,	Chairman of the Committee	Independent
Turki Abdulrahman Al-Rassis	Member	Independent
Abdulaziz Saleh Al Hammadi	Member	Non-Executive / Non-Independent

Source: The Company

The Audit Committee was formed in accordance with the requirements of the Companies Law and the Corporate Governance Regulations. The work regulation of the Audit Committee was updated by the Ordinary General Assembly in its meeting on 23/03/1439H (corresponding to 11/12/2017G). The committee meets at the invitation of its chairman periodically, provided that its meetings are not less than (4) meetings during the Company's financial year. The committee held (4) four meetings during the year 2018G, (4) four meetings during the year 2019G, and (4) four meetings during the year 2020G.





10.9.2 Remuneration and Nominations Committee

The Remuneration and Nominations Committee consists of (3) three members. The members of the Nominations and Remunerations Committee were appointed by the Board of Directors' decision on 11/04/1440H (corresponding to 16/02/2019G) and ends at the end of the current Board session on 09/02/2022G. It consists of the following members:

Table No. (4): Remuneration and Nomination Committee Members

Member	Position	Capacity of Membership in the Board
Saad Hamad bin Saif	Chairman of the Committee	Independent
Mohammed Saleh Al Hammadi	Member	Chairman of the Board of Directors - Non-Executive / Non-Independent
Ziad Mohammad Al-Amr	Member	Non-executive/non-independent

Source: The Company

The Charter of the Remuneration and Nominations Committee was updated by the Ordinary General Assembly in its meeting on 23/03/1439H (corresponding to 11/12/2017G). The Committee meets periodically at least every (6) months, i.e. an average of two meetings during the Company's financial year. The Committee held two meetings during the year 2018G, two meetings during the year 2019G and two meetings during the year 2020G.

On 25/11/1438H (corresponding to 17/08/2017G), the Board of Directors approved the amendment of the organizational structure and two committees of the Board of Directors were abolished: the Executive Committee and the Rescue and Acquisition Committee.

10.10 Government Approvals and Licenses


The Company and its subsidiaries have obtained several legal and operational licenses and certificates from the competent authorities, and these licenses and certificates are renewed periodically. The following tables show the current licenses and approvals obtained by the Company.

Table No. (5): Government approvals and licenses obtained by the Company

Approvals and Licenses obtained by Al-Baha Investment & Development Company						
Type of License	Purpose	License No.	Date of Issue/ Renewal	Expiry Date	Issued by	Notes
Commercial Register	Registering the Company in the Commercial Companies Register at Al-Baha city	5800005960	19/07/1413H (Corr. to 12/01/1993G)	19/07/1443H (Corr. to 20/02/2022G)	Ministry of Commerce - Commercial Registry Office in Al-Baha City	-
Chamber of Commerce and Industry Membership Certificate (First Class)	The Company's commitment to the commercial registry system, which requires the Company to subscribe to the Chamber of Commerce	703000116245	28/12/1438H Corr. to (19/09/2017G)	19/07/1443H (Corr. to 20/02/2022G)	Chamber of Commerce and Industry	-
Certificate of Zakat and Income	To enable the Company to refer to all government agencies and finalize its transactions with them.	300000447	02/08/1441H Corr. to (26/03/2020G)	18/09/1442H (Corr. to 30/04/2021G)	Zakat, Tax and Customs Authority	-
VAT registration certificate	To indicate that the Company is registered with value added tax (VAT)	300000447	03/12/1438H Corr. to (25/08/2017G)	--	Zakat, Tax and Customs Authority	Taxpayer Branches: Al-Baha Investment and Development Company Branch





Approvals and Licenses obtained by Al-Baha Investment & Development Company						
Type of License	Purpose	License No.	Date of Issue/ Renewal	Expiry Date	Issued by	Notes
Saudization certificate	To indicate that the Company is committed to the required Saudization rate according to the Nitaqat program	2002109007164	05/02/1443H (Corr. to 12/09/2021G)	08/05/1443H (Corr. to 12/12/2021G)	Ministry of Human Resources and Social Development	-
Company Structure Evaluation Certificate	Evaluation of the Company's structure according to Nitaqat program	6143-20	03/03/1443H Corr. to (27/12/2020G)	--	Electronic Services Department of the Ministry of Human Resources	-
GOSI certificate	The Company's commitment to the regulations of the General Organization for Social Insurance (GOSI)	40869444	04/02/1443H (Corr. to 11/09/2021G)	04/03/1443H (Corr. to 10/10/2021G)	General Organization for Social Insurance	-
Municipal License (Professional)	License to practice business activities	40092162572	04/09/1440H Corr. to (09/05/2019G)	03/09/1443H Corr. to (04/04/2023G)	Ministry of Municipal and Rural Affairs	-
Trademark registration certificate		1436015419	28/10/1436H Corr. to (13/08/2015G)	16/07/1446H Corr. to (16/01/2025G)	Saudi Authority for Intellectual Property	-

Source: The Company

* The Company will not be able to obtain a new Zakat certificate due to the existence of dues on it (for more details, please see paragraph 10-15 "Continuing Obligations according to the Requirements of the Zakat, Tax and Customs Authority").

10.11 Company Branch

The Company may establish branches, offices or agencies for it inside or outside the Kingdom by a decision of the Board of Directors or the CEO.

The Company has one branch that was established in the city of Riyadh, according to the following details:

Table No. (6): Branch Register Details- Riyadh city

Scope	Information Details
Company Name	Al-Baha Investment and Development Company Branch
Activity	Establishing, managing and operating of central markets, commercial and residential complexes, maintenance of hotels and gas stations, wholesale and retail trading in foodstuffs, building materials and iron, purchasing and renting lands to construct buildings on them and investing them by selling or renting for the benefit of the Company.
Commercial Registration No.	1010384107
Date of the Commercial Registration	15/09/1434H (corresponding to 23/07/2013G)
Validity (Expiry Date)	15/09/1443H (corresponding to 16/04/2022G)
Address	Riyadh - Malaz - Al-Gamaa Street
Director	Mr. Ibrahim bin Abdullah bin Kulib
Notes	The branch of Al-Baha Development and Investment Company in Riyadh is just only a commercial registry. The Company has not completed the procedures for establishing the branch, as it does not carry out any activities through it.

Source: The Company



10.12 Subsidiaries

The Company may establish companies on its own with limited liability or closed joint stock, provided that the capital is not less than (5) million Riyals. The Company may also participate in any way with bodies or companies that carry out business similar to its business or that may cooperate with it to achieve its purpose. It may also own stocks and shares in other existing companies, merge with them, enter into them, buy them or trade in them inside and outside the Kingdom. It has the right to participate with others in establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The Company may also dispose these stocks or shares, provided that this does not include mediation in their trading.

As of the date of this Prospectus, the Company has two subsidiaries as follows:

10.12.1 Al Marakiz Al Raqiyah Company Ltd.

A limited liability company, established under Commercial Registration Certificate No. (1010428696) dated 18/02/1436H (corresponding to 10/12/2014G) and its head office is in Riyadh. (According to the commercial registry, the Company engages in real estate and construction activities.

The Company is committed to implementing its own activities included in its commercial register, which is compatible with the National Guide for Economic Activities (ISIC4).

The Company's current capital is (57,500,000) Riyals, and the Company is managed by Mr. Ibrahim Abdullah Rashid bin Kulib.

- On 02/05/2017G, the Extraordinary General Assembly of shareholders approved increasing and decreasing the capital for the acquisition of Al Marakiz Al Raqiyah Company Limited for 14.5 million ordinary shares at a rate of (100%) for Al-Baha Investment and Development Company.
- In 2017G, the subsidiary company "Al Marakiz Al Raqiyah Company Limited" increased its capital from 50 million to 57.5 million, and transferred the ownership of 750,000 shares of its shares to the partners of "Ishraqa Regional Development and Real Estate Investment Company" in exchange for acquiring their entire shares in the "Ishraqa Regional Development and Investment Company" Real Estate" to decrease the ownership of "Al-Baha Investment and Development Company" after transferring shares from 100% to 86.96% in Al Marakiz Al Raqiyah Company Limited.
- The table shows the details of the ownership of Al Marakiz Al Raqiyah Limited Company as of the date of publishing this Prospectus.


Table No. (7): Ownership Structure in Al Marakiz Al Raqiyah Company

	Number of shares	Ownership percentage	Share Value	Total
Al-Baha Investment and Development Company	5,000,000	86.96%	10	50,000,000
Mishaal bin Mohammed bin Hassan Mufti	750,000	13,04%	10	7,500,000
Total	5,750,000	100%	-	57,500,000

Source: The Company



The table below shows the licenses, approvals and certificates obtained by Al Marakiz Al Raqiyah Company:

Type of License	Purpose	License No.	Date of Issue/ Renewal	Expiry Date	Issued by
Commercial Register	Registering the Company in the Commercial Companies Register (Limited Liability Company) at Riyadh city	1010428696	18/02/1436H (10/12/2014G)	18/02/1447H (Corr. to 17/08/2025G)	Ministry of Commerce - Commercial Registry Office – Riyadh City
Chamber of Commerce and Industry Membership Certificate (First Class)	The Company's commitment to the commercial registry system, which requires the Company to subscribe to the Chamber of Commerce	96869	19/02/1442H (06/10/2020G)	18/02/1447H (Corr. to 17/08/2025G)	Chamber of Commerce and Industry
GOSI Certificate	The Company's commitment to the regulations of the General Organization for Social Insurance (GOSI)	40869390	04/02/1443H (11/09/2021G)	04/03/1443H (Corr. to 10/10/2021G)	General Organization for Social Insurance- Riyadh
Saudization Certificate	To indicate that the Company is committed to the required Saudization rate according to the Nitaqat program	2000210907156	05/02/1443H (12/09/2021G)	08/05/1443H (Corr. to 12/12/2021G)	Ministry of Human Resources and Social Development
Company Structure Evaluation Certificate	Evaluation of the Company's structure according to Nitaqat program	1195268	-	-	Electronic Services Department of the Ministry of Human Resources
VAT registration certificate	To indicate that the Company is registered with value added tax (VAT)	3013732685	08/04/1439H (26/12/2017G)	-	Zakat, Tax and Customs Authority
Zakat Certificate	To enable the Company to refer to all government agencies and finalize its transactions with them.	3013732685	21/01/1443H (29/03/2021G)	29/09/1443H (Corr. to 30/04/2022G)	Zakat, Tax and Customs Authority
Municipality License (Professional)	License to practice business activities	41012564435	Undefined	18/01/1444H (Corr. to 15/08/2022G)	Ministry of Municipal and Rural Affairs
Civil Defence Certificate	The Company's commitment to the safety conditions of Civil Defence	511	11/01/1441H (10/09/2019G)	Renewed	General Directorate of Civil Defense
Trademark registration certificate		1436011815	06/09/1436H Corr. to (23/06/2015G)	29/05/1446H (Corr. to 01/12/2024G)	Saudi Authority for Intellectual Property

Source: The Company



10.12.2 Ishraqa Regional for Real Estate Development & Investment Company Limited (One Person Company)

A Saudi limited liability company established under Commercial Registration Certificate No. (1010714580) dated 18/10/1438H (corresponding to 12/07/2017G) and its head office is in Riyadh. According to the commercial register, the Company is engaged in real estate activities.

The Company is committed to implementing its own activities included in its commercial register, which is compatible with the National Guide For Economic Activities (ISIC4).

The current capital of the Company is (50,000) Riyals, and the Company is managed by Mr. Ibrahim Abdullah Rashid Bin Kulib. On 26/03/1439H (corresponding to 14/12/2017G), Al Marakiz Al Raqiyah Company (a subsidiary of Al-Baha Investment and Development Company) signed an acquisition agreement to purchase all of the partners' shares in Ishraqa Regional for Real Estate Development & Investment Company" by 100%.

Table No. (8): Ishraqa Regional for Real Estate Development & Investment Company

Shareholders	Number of shares	Ownership percentage	Share Value	Total
Al Marakiz Al Raqiyah Company Ltd	5,000	10	100%	50,000

Source: Memorandum of Association of Ishraqa Regional Company

Table No. (9): Approval and Licenses obtained by Ishraqa Regional for Real Estate Development & Investment Company

Approval and Licenses obtained by Ishraqa Regional for Real Estate Development & Investment Company					
Type of License	Purpose	License No.	Date of Issue/ Renewal	Expiry Date	Issued by
Commercial Register	Registering the Company in the Commercial Companies Register at Al-Baha city	1010714580	18/10/1438H (Corresponding to 12/07/2017G)	18/10/1445H (Corresponding to 27/04/2024G)	Ministry of Commerce - Commercial Registry Office – Riyadh City
Chamber of Commerce	The Company's commitment to the commercial registry system, which requires the Company to subscribe to the Chamber of Commerce	41507	25/11/1440H (Corresponding to 28/07/2019G)	18/10/1445H (Corresponding to 27/04/2024G)	Chamber of Commerce and Industry
GOSI Certificate	The Company's commitment to the regulations of the General Organization for Social Insurance (GOSI)	40873709	04/02/1443H (Corresponding to 11/09/2021G)	04/03/1443H (Corresponding to 10/10/2021G)	General Organization for Social Insurance- Riyadh
Company Structure Evaluation Certificate	Evaluation of the Company's structure according to Nitaqat program	1554592-1	12/03/1442H (Corresponding to 29/10/2020G)	-	Electronic Services Department of the Ministry of Human Resources and Social Development
VAT registration certificate	To indicate that the Company is registered with value added tax (VAT)	30101042957	13/04/1439H (Corresponding to 31/12/2017G)	-	Zakat, Tax and Customs Authority
Zakat Certificate	To enable the Company to refer to all government agencies and finalize its transactions with them.	3101032957	03/11/1442H (Corresponding to 12/06/2021G)	29/09/1443H (Corresponding to 30/04/2022G)	Zakat, Tax and Customs Authority
Saudization Certificate	To indicate that the Company is committed to the required Saudization rate according to the Nitaqat program	20002109007198	05/02/1443H (Corresponding to 12/09/2021G)	08/05/1443H (Corresponding to 12/12/2021G)	Ministry of Human Resources and Social Development
Municipality License	License to practice business activities	40031928846	Undefined	17/08/1444H (Corresponding to 09/03/2023G)	Ministry of Municipal and Rural Affairs





Approval and Licenses obtained by Ishraqa Regional for Real Estate Development & Investment Company					
Type of License	Purpose	License No.	Date of Issue/ Renewal	Expiry Date	Issued by
Membership Certificate	Permit to practice real estate leasing activity	14767	01/05/1442H (Corresponding to 16/12/2020G)	18/10/1445H (Corresponding to 17/04/2024G)	Ministry of Housing, Online Rental Services Network

Source: The Company

10.13 Continuing Obligations according to the Statutory Requirements Imposed by Government Agencies on the Company and its subsidiaries as being the “License Holder”

The regulatory authorities below obligate the Company and its subsidiaries to comply with some substantial requirements as follows:

10.13.1 Continuing Obligations according to the Requirements of the Ministry of Commerce

Al-Baha Investment and Development Company

- The Company is compliant with the commercial registry system in terms of registration with the Commercial Registry Department in Al-Baha city (where the head office is) under Commercial Registration Certificate No. (5800005960) dated 19/07/1413H (corresponding to 12/01/1992G), which expires on 19/07/1443H (corresponding to 20/02/2022G).
- The Company is compliant with the commercial registry system, as the Company must update the commercial registry based on any changes made to the data registered in the commercial registry within a period of 30 days from the occurrence of the amendment. The Company has updated the commercial register according to the new address of the Company, as the address of the Company's Head Office has been changed from (Baljurashi - Industrial Area – Artificial Leather Factory) to the new address (Al-Baha City - King Fahd Road - Building No. 7050) as of 09/06/2019G, while keeping other means of communication as they are: - P.O. Box 448 - Postal Code 22888, Tel: 0177223333.
- The Company is also compliant with the commercial registry system in relation to obtaining a membership certificate from the Chamber of Commerce and Industry for the head office under certificate No. (703000116245) dated 28/12/1438H (corresponding to 08/09/2018G) and expires on 19/07/1443H (corresponding to 20/02/2022G). The Company did not obtain a membership certificate from the Chamber of Commerce and Industry in Riyadh for its sub-register.
- The Company is not compliant with the Companies Law, as the Company's Memorandum of Association has not been updated in line with the new amendments made to the Companies Law based on Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G), as the last version of its Memorandum of Association was issued on 13/08/1438H (corresponding to 09/05/2017G). According to the Company, all updates will be made in the upcoming Extraordinary General Assembly meeting regarding the capital increase.
- The Company has a trademark that was registered with the Saudi Authority for Intellectual Property under Certificate No. (1436015419) and expires on 16/07/1446H (corresponding to 16/01/2025G)

Al Marakiz Al Raqiyah Co. Ltd.

- The Company has adhered to the commercial registry system in terms of registration with the Commercial Registry Department in the city of Riyadh under the Commercial Register Certificate No. (1010428696) dated 18/02/1436H (corresponding to 10/12/2014G) and expires on 18/02/1447H (corresponding to 12/08/2025G)
- Al Marakiz Al Raqiyah Company has adhered to the commercial registry system in terms of registration with the Chamber of Commerce and Industry.
- The Article of Association of Al Marakiz Al Raqiyah Limited Company has been updated in accordance with the new Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and published in the Official Newspaper (Umm Al-Qura) on 22/01/1437H (corresponding to 04/12/2015G), as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).
- The subsidiary company “Al Marakiz Al Raqiyah Company” has registered a trademark under number (1436011815) and it expires on 29/05/1446H (corresponding to 01/12/2024G).



Ishraqa Regional for Real Estate Development & Investment Company

- Ishraqa Regional for Real Estate Development & Investment Company has adhered to the commercial registry system in terms of registration with the Chamber of Commerce and Industry.
- The Article of Association of Ishraqa Regional for Real Estate Development & Investment Company has been updated in accordance with the new Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G) and published in the Official Newspaper (Umm Al-Qura) on 22/01/1437H (corresponding to 04/12/2015G), as amended by Royal Decree No. (M/79) dated 25/07/1439H (corresponding to 11/04/2018G).

10.14 Continuing Obligations according to the Requirements of the Ministry of Human Resources and Social Development

Al-Baha Development and Investment Company

- A file has been opened with the Ministry of Human Resources and Social Development (Labour Office) under the unified number (6143-2), according to the Saudization certificate obtained from the Labour Office. As on the date of publishing this Prospectus, the Company benefits from the electronic services of the Ministry. The Saudization certificate was issued on 05/02/1443H (corresponding to 12/09/2021G) and expires on 08/05/1443H (corresponding to 12/12/2021G) to indicate that the Company is committed to the Saudization rate required from it according to Nitaqat program. It is classified under the services (of the collection offices and real estate services) and the size of the entity is (small class A).
- The Company has an internal work regulation (HR Manual) approved by the Labour Office on 28/04/1442H (corresponding to 13/12/2020G) and bearing No. (496724)

Al Marakiz Al Raqiya Co. Ltd

- A file has been opened with the Ministry of Human Resources and Social Development (Labour Office) under the unified number (1-1195268)) according to the Saudization certificate obtained from the Labour Office. As on the date of publishing this Prospectus, the Company's benefits from the electronic services of the Ministry of Human Resources and Social Development. The Saudization certificate was issued on 05/02/1443H (corresponding to 12/09/2021G) and will expire on 08/05/1443H (corresponding to 12/12/2021G), to indicate that the Company is committed to the required rate of Saudization according to the Nitaqat program. It is classified under the services (collection offices and real estate services) and the size of the entity (small class A)
- The Company has its own internal work regulation (HR Manual) approved by the Labour Office on 25/04/1442H (corresponding to 10/10/2020G) and bearing No. (158915)

Ishraqa Regional for Real Estate Development & Investment Company

- A file was opened with the Ministry of Human Resources and Social Development (Labor Office) with the unified number (1-554592) according to the Saudization certificate obtained from the Labor Office. As of the date of publishing this Prospectus, the Company benefits from the electronic services of the Ministry of Human Resources and Social Development. The Saudization certificate was issued on 05/02/1443H (corresponding to 12/09/2021G, and expires on 08/05/1443H (corresponding to 12/12/2021G) to indicate that the Company is committed to the required percentage of localization according to the Nitaqat program. It is classified under the services (collection offices and real estate services) and the size of entity is (small class A),
- The Company has its own internal work regulation (HR Manual) approved by the Labor Office on 25/04/1442H (corresponding to 10/10/2020G) and bearing the number (246394).

10.15 Continuing Obligations according to the Requirements of the Zakat, Tax and Customs Authority

Al-Baha Investment and Development Company

- The Company, like other registered establishments and companies operating in the Kingdom, is obliged to submit its Zakat and tax returns within 120 days from the end of the fiscal year, for the purpose of renewing the certificate issued by the Zakat, Tax and Customs Authority.
- The Company submits a Zakat declaration under the distinguished tax number (300000447). It has obtained a Zakat certificate until 2019G with certificate number (1110567022) dated 02/08/1441H (corresponding to 26/03/2020G) and it expired on 18/09/1442H (corresponding to 30/04/2021G). The Company will not be able to obtain a new Zakat certificate due to the existence of dues on it as explained below.





- On 21/12/1436H (corresponding to 04/10/2015G), the Company received a letter from the Zakat, Tax and Customs Authority confirming the existence of differences in Zakat dues amounting to (16,849,347) Riyals for the years from 2000G to 2010G due to be paid by the Company. The Company filed an objection to this claim within the legal period of sixty days from the date of the request.
- On 12/11/1439H (corresponding to 25/07/2018G), the Company received the committee's decision rejecting the appeal submitted by the Company against the decision of the Primary Objection Committee and approving the committee's decision of the Ministry of Finance. According to the decision, the Company recorded exceptional non-recurring Zakat expenses in the amount of (16,849,347) Saudi Riyals in the second quarter of 2018G.
- On 03/03/1441H (corresponding to 29/12/2019G), the Company received a decision from the Zakat Tax Settlement Committee stating that the Committee approved the settlement of the dispute for the period in question from 2000G to 2010G on the mentioned amount (16,849,347) Riyals, to become after the settlement an amount of (12,068.069) Riyals, with a decrease of (4,781,278) Riyals. As of the date of publishing this Prospectus, (1,000,000) Saudi Riyals were paid in three installments: the first payment of (400,000) Riyals was paid on August 28, 2019G, the amount of (300,000) Riyals was paid on October 1, 2019G, and the amount of (300,000) Riyal was paid on February 2, 2020G, and action is underway with the Authority to pay the amount in installments from the net proceeds of the Offering of rights shares subject of this Prospectus.
- The Company is committed to the value-added tax system and its implementing regulations, and it is registered with the Zakat, Tax and Customs Authority under the tax number (30000447600003) and date of 25/08/2017G (corresponding to 03/12/1438H). It is a subscription certificate issued once without the need to renew it and has no expiry date.

Al Marakiz Al Raqiyah Company

- The Company submits a Zakat declaration under the distinguished tax number (3013732685) and has obtained a Zakat certificate until 2019G with certificate number (1020945197) and date of 21/01/1443H (corresponding to 29/08/2021G) and it is valid until 29/09/1443H (corresponding to 30/04/2022G).
- The Company is committed to the value-added tax system and its implementing regulations, and it is registered with the Zakat, Tax and Customs Authority under the tax number (301373268500003) and date of 26/12/2017G (corresponding to 08/04/1439H). It is a subscription certificate issued once without the need to renew it and has no expiry date.

Ishraqa Regional for Real Estate Development & Investment Company

- The Company submits a Zakat declaration under the distinguished tax number (3101042957) and has obtained a Zakat certificate until 2019G with certificate number (1020806903) and date of 03/11/1442H (corresponding to 12/06/2021G) and it is valid until 29/09/1443H (Corresponding to 30/04/2022G).
- The Company is committed to the value-added tax system and its implementing regulations, and it is registered with the Zakat, Tax and Customs Authority under the tax number (310104295700003) and date of 31/12/2017G (corresponding to 13/04/1439H). It is a subscription certificate issued once without the need to renew it and has no expiry date.

10.16 Continuing obligations according to the requirements of the General Organization for Social Insurance (GOSI)

Al-Baha Investment and Development Company

Subscription number (330003235). The Company has subscribed to the pension and occupational hazards branch for Saudi, and to the occupational hazards branch for non-Saudi, in accordance with the GOSI Certificate No. (40869444) dated 04/02/1443H (corresponding to 11/09/2021G) which ends on 04/03/1443H (corresponding to 10/10/2021G).

Al Marakiz Al Raqiyah Company

Subscription number (508965192). The Company has subscribed to the pension and occupational hazards branches for Saudi, and to the occupational hazards branch for non-Saudis, in accordance with the GOSI Certificate No. (40869390) dated 04/02/1443H (corresponding to 11/09/2021G) which expires on 04/03/1443H (corresponding to 10/10/2021G).





Ishraqa Regional for Real Estate Development & Investment Company

Subscription number (524363879). The Company has subscribed to the pension and occupational hazards branches for Saudi contributors. For non-Saudis, the subscription is to the occupational hazards branch, in accordance with the Social Insurance Certificate No. (40873709) dated 04/02/1443H (corresponding to 11/09/2021G) which expires on 04/03/1443H (corresponding to 10/10/2021G).

It is worth noting that the General Organization for Insurance grants the establishments registered with it commitment certificates valid for one month (maximum), and renewable for a similar period.

Unemployment System (Sanid): The Company has committed to the unemployment insurance system in accordance with Royal Decree No. (M/18) dated 12/03/1435H (corresponding to 14/01/2014G) approving the unemployment insurance system "Sanid." In accordance with the honorable Royal decree to support Saudi workers in private sector facilities affected by the repercussions of the emerging corona virus through the unemployment insurance system (Sanid), and in accordance with the Royal decree to extend the support period for an additional three months, provided that the support percentage shall be a maximum of 70% of the Saudi workers in the facilities most affected by the pandemic, and a maximum of 50% of Saudi workers in the least affected facilities to achieve full benefit from the initiatives announced since the beginning of the pandemic. The Company submitted its first request for support in April 2020G and received support of 50% of the active Saudi workers in the Company and its subsidiaries.

10.17 Continuing obligations according to requirements of the Ministry of Municipal and Rural Affairs ("Ministry of Municipalities")

- A municipal license should be obtained for administrative offices and industrial facilities so that the Company can operate them, bearing in mind that the municipality requires the following documents:

A copy of the commercial register, a copy of the memorandum of association (the articles of association), a copy of the lease contract, a copy of the building permit for the building, industrial facility, commercial store and warehouse where the lease was made, a copy of the real estate office license, a photo of the building from a distance, including the store sign (with a copy of the sign invoice and the registration of the trademark ownership for the Company to be used on the storefront) in addition to the civil defense license.

The Company and its subsidiaries have obtained a municipal license and civil defense licenses for the sites in which the Company conducts its business according to the following:

The Company	Location	Municipal license for the site	Municipal license expiry date	Civil defense approval	Civil defense license expiry date
Al-Baha Investment and Development Company	Al-Baha City, King Fahd Road	40092162572	30/09/1443H (Corr. to 01/05/2022G)	Not committed	-
Al Marakiz Al Raqiyah Company	Riyadh, Al-Malaz District, University Street	41012564435	18/01/1443H 26/08/2021G	Committed according to Certificate No. (511)	Renewed
Ishraqa Regional for Real Estate Development & Investment Company	Riyadh, Al-Izdihar District, Al-Hassan Bin Ali Street	40031928846	17/08/1442H (Corr. to 30/03/2021G)	Not committed	The Company has (installation work completion certificate) issued by Al-Mehmad Safety Corporation (MSFCO) stating that it has installed the alarm system and the firefighting system.

Source: The Company

Failure to obtain a civil defense license (Salama) will expose the Company and Ishraqa Regional for Real Estate Development & Investment Company to penalties and fines stipulated in Article (30) of the Civil Defense Law issued by Royal Decree No. (M/10) dated 10/05/1406H (corresponding to 21/01/1986G) and amended by Royal Decree No. (M/66) dated 02/10/1424H (corresponding to 26/11/2003G), which states that "the violator of any of the provisions of this system or its regulations or the decisions issued pursuant to it shall be punished with imprisonment for a period not exceeding six months, or a fine of not more than SAR 30,000, or both.

- Al Marakiz Al Raqiyah Company has a commercial complex project (Al-Gamaa Plaza), and the Company has obtained municipal, safety and security licenses to open and operate the complex.



10.18 Continuing obligations according to the requirements of the Capital Market Authority (“CMA”)

- The CMA obliges listed companies to abide by the rules for Offering securities, continuing obligations, special instructions issued by the CMA, and listing rules, especially the obligation to periodically disclose substantial and financial developments and the Board of Directors’ report. The forms of announcements included in the instructions for companies’ announcements of their financial results must be adhered to. The Company must also provide a statement of all reasons and influences for the change in the financial results of the current fiscal year with the comparison period, so that the reasons include all items of the financial results announcement.
- The CMA also obligated the companies listed in the Capital Market to disclose, in stages, their compliance with the transition to international accounting standards. On 30/01/2017G, the Company announced on the Tadawul website its commitment to this.
- It should also be noted that with regard to the solvency of public shareholding companies, the Capital Market Authority Board Resolution No. (1-130-2016) was issued on 23/01/1438H (corresponding to 24/10/2016G) to amend the procedures and instructions for companies their shares are listed in the market and their accumulative losses amounted to 50% or more of their capital in light of the Companies Law. Their name was modified to become “Procedures and instructions for companies with shares listed in the market and cumulative losses amounted to 20% or more of their capital”. They were implemented starting from 25/07/1438H (Corresponding to 22/04/2017G), which stipulates that if the Company’s accumulated losses amount to 20% or more of its capital, the Company must announce this event immediately.
- Article (3) specified the Procedures and Instructions for listed companies with accumulated losses reaching 50% or more of their share capital as follows:
 - a. When Accumulated Losses of a company reach 20% or more and less than 35% of its Share Capital a) The Company should, immediately and without delay, disclose to the public in a separate announcement when its Accumulated Losses reach 20% or more and less than 35% of its Share Capital. The announcement should reflect the total Accumulated Losses, its percentage of the capital, and the main reasons that caused the losses, with reference that these procedures will be applicable. In case the announcement coincides with the interim or annual financial results announcement, the Company is exempt from the disclosure as a separate announcement if it disclosed the required information as per this paragraph in the interim or annual financial results announcement.
 - b. Following the public announcement referred to in paragraph (a) of this Article, the Exchange shall add a flag next to the Company’s name on the Exchange website indicating that the Company’s Accumulated Losses reached 20% or more and less than 35% of its Share Capital.
 - c. Upon receiving an external auditor’s report illustrating its financial position, the Company should, immediately and without delay, disclose to the public by a separate announcement upon reduction of its Accumulated Losses from 20% of its Share Capital. The announcement should reflect the remedial steps taken by the Company to restore its position including attaching the external auditor’s report referred to in this paragraph.
 - d. The Exchange shall delete the flag referred to in paragraph (b) of this Article following the Company’s announcement of its financial position remedy as indicated in paragraph (c) of this Article.
 - e. On 07/09/1440H (corresponding to 12/05/2019G), the Company announced that its accumulated losses as of March 31, 2019G, according to the financial statements for the first quarter of 2019G, reached (20.38%), in the amount of 36,068,301 Riyals, of the Company’s capital amounting to 177,000,000 Saudi Riyals. This is due to the increase in Zakat amounting to 776 thousand Riyals. The Company was committed to disclose to the public as soon as its accumulated losses reach 20% or more, provided that the announcement includes the amount of the accumulated losses and their percentage of the capital and the main reasons that led to these losses. As on December 31, 2020G, the accumulated losses amounted to (22.6%) of the capital.
 - f. With regard to the Corporate Governance Regulations, the table below includes a summary of the most important provisions of these regulations that the Company has/has not complied with.



Article of the Corporate Governance Regulations	Details	Responsible Body	Comment
9/B	The Board shall establish a clear policy for the distribution of dividends to achieve the interests of the shareholders and the Company as per the Company's bylaw.	Board of Directors	Compliant – on 13/04/1436H (corresponding to 02/02/2015G)
12 (item 5) and 54	Formation of the Audit Committee	Shareholders' General Assembly	Compliant - on 05/04/1440H (corresponding to 12/12/2018G)
54/C	The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.	Shareholders' General Assembly	Compliant – The committee's bylaw was updated on 23/03/1439H (corresponding to 11/12/2017G).
12/6	Approval of the financial statements for the year 2020G	Shareholders' General Assembly	Compliant- on 20/11/1442H (corresponding to 30/06/2021G)
12/7	Approval of the annual report of the Board of Directors for the year 2020G	Shareholders' General Assembly	Compliant- on 20/11/1442H (corresponding to 30/06/2021G)
12/9 and 81	Appointing the Company's auditors, determining their remuneration, re-appointing and changing them, and approving their reports.	Shareholders' General Assembly	Compliant- on 16/10/1441H (corresponding to 08/06/2020G)
22/2	Setting rules and procedures for internal control and generally overseeing them, including developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities; the mismanagement resulting from transactions with Related Parties; ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports; ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company ; and reviewing the effectiveness of the Company's internal control procedures on an annual basis	Board of Directors	Compliant - on 13/04/1436H (corresponding to 02/02/2015G)
22/3	Setting forth specific and explicit policies, standards and procedures for membership in the Board, and implementing them following approval by the General Assembly;	Shareholders' General Assembly	Compliant - on 23/03/1439H (corresponding to 11/12/2017G)
22/4	Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of the Governance Regulations, and it shall –specifically- cover the following:	Board of Directors	Compliant - on 13/04/1436H (corresponding to 02/02/2015G)
22/13, 50, 60, 60/A and 64	Form specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members	Board of Directors	Compliant
23/1	Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies and responsibilities assigned to the various organizational levels;	Board of Directors	Noncompliant





Article of the Corporate Governance Regulations	Details	Responsible Body	Comment
23/2	Approve a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers.	Board of Directors	Noncompliant
25	Appointment of the CEO	Board of Directors	Compliant - on 25/11/1438H (corresponding to 17/08/2017G)
26/5	Develop the organizational and human resources structures of the Company and present them to the Board for approval.	Board of Directors	Noncompliant
43	Develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders.	Board of Directors	Noncompliant
55/B/4 and 74	Appoint the manager of the internal audit unit or department, or the internal auditor and suggest his remunerations.	Board of Directors	Noncompliant
60/B and 64/B	The Company's General Assembly, as per the Board recommendation, issues a regulation for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.	Shareholders' General Assembly	Compliant - on 23/03/1439H (corresponding to 11/12/2017G)
61/1	The remuneration and nomination committee prepares clear policy for the remunerations of the Board members and its committees and the Executive Management, and present such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;	Shareholders' General Assembly	Compliant - on 23/03/1439H (corresponding to 11/12/2017G)
65/3	Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions	Remuneration and Nomination Committee	The capabilities and qualifications were mentioned within "clear and specific policies, standards and procedures for membership in the Board of Directors, and have been put them into practice after approval by the General Assembly."
68	The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.	Board of Directors	Compliant
84	Develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations,	Board of Directors	Noncompliant
86	Policy for professional conduct and ethical values	Board of Directors	Noncompliant
89	Written policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law,	Board of Directors	Compliant - on 13/04/1439H (corresponding to 02/02/2015G)



Article of the Corporate Governance Regulations	Details	Responsible Body	Comment
94	Corporate Governance Rules or Manual	Board of Directors	Compliant - on 23/03/1439H (corresponding to 11/12/2017G)
27/8	Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company	Chairman of the Board	Noncompliant
51/C	Chairman of the Board shall not be a member of the audit committee. He may be a member of other committees, provided that he is not the chairman of committees mentioned in these Regulations.	Board of Directors	Compliant- The Chairman is not a member of the Audit Committee, and he is a member of the Nomination and Remuneration Committee.
90 and 93/	The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the Company's businesses. The Board's report shall include (41 items) provided for in Article 90, and disclose the remuneration policy and the method by which remunerations of the Board and executive management are determined; provide an accurate, transparent and detailed disclosure in the Board's report as per Article 93 of the regulation.	Board of Directors	Compliant

- The Company is compliant with the Companies Law and the Corporate Governance Regulations, as the number of board members is not less than (3) three and not more than (11) eleven members.
- The Company is compliant with Article (16) of the Corporate Governance Regulations, where the majority of the members of the Board of Directors should be non-executive members, and the number of independent members should not be less than two members or less than one third of the Board members of the board (whichever is more).
- On 17/11/2020G, the Saudi Capital Market Authority announced the issuance of the Authority's Board decision to impose a fine of 20 thousand Riyals on Al-Baha Investment and Development Company, for violating the rules of Offering securities and continuing obligations regarding incorrect information in announcing its initial financial results for the financial period expiring on June 30, 2020G.

10.19 Substantive Contracts

10.19.1 Contracts and Transactions with Related Party

As of the date of publishing this Prospectus, the Company does not have any business or contracts in which the Company is a party and in which there was an interest for a member of the Company's Board of Directors, senior executives, or any relative related to any of them.

10.19.2 Contracts and Transactions related to Real Estate Assets

10.19.2.1 Real Estate owned by the Company

The Company, Al Marakiz Al Raqiyah Company and Ishraqa Regional for Real Estate Development & Investment Company own a number of real estate and properties under statutory deed issued by the notary public in the Kingdom. For more details about the ownership of these properties, please see the table below:

Table No. (10): Details of real estate owned by Al-Baha Investment and Development Company

SN	Property	City	District	Property type and deed number	Area
1	Agricultural land	Al-Aqiq	Al-Aqiq in Al-Baha District	Granted agricultural land - according to the deed No. 2, dated 6/4/1425H, issued by the Notary Public of Al-Aqiq Governorate	993,300 m ²
2	Residential land consisting of (134) plots in the Al-Morouj scheme	Al-Taif- Al-Sail Al-Saghir	Al-Morouj	Shared scheme under selling of deed from Taif Court No. 197/9/10 on 7/7/1417H owned by the legal deed from the Taif Notary Public No. 133/159/1/1 dated 16/7/1422H	114,000 m ²





- As a result of the asset exchange agreement between Al-Baha Company and “Alsateaa AL Haditha Co.” a court ruling was issued on 25/01/1434H (corresponding to 08/12/2012G) obligating the Al-Baha Company to complete the asset exchange process and obligating the Company to actually transfer at the notary public the ownership of residential plot (134) of land mentioned above. For more details about the case, please see below sub-paragraph No. (10-24) of the “Legal Issues” Section.
- Except for what was mentioned above, there are no rights related to the Company’s real estate, whether it is a mortgage or an endowment.

10.19.2.2 Real Estate owned by Al Marakiz Al Raqiyah Company

Table No. (11): Details of the properties owned by the Al Marakiz Al Raqiyah Company

SN	Property	City	District	Property type and deed number	Area	Notes
1	commercial complex	Riyadh	Malaz (Al Jamea Plaza)	It is a commercial complex built on land owned by the Company, with an area of 14,379 square meters and 29 centimetres, with deed number 410123025944, dated 15/04/1436H	14,379.29 m ²	A gift from one of the former partners of Al Marakiz Al Raqiyah Company, Mr. Mohammed bin Saleh Al Hammadi. On 09/04/1436H (corr. to 29/01/2015G), Mr. Mohammad bin Saleh bin Mohammad Al Hammadi signed a declaration in which he granted Al Marakiz Al Raqiyah Company Ltd. a plot of land.
2	Commercial Complex	Riyadh	Al-Hazm	A commercial complex established on land owned by the Company under three deeds as follows: - <ul style="list-style-type: none"> Deed No. 310118036537, dated 19/8/1438H, with an area of 526 square meters and 958 square millimetres, with a value of 5,000,000 Riyals. Deed No. 310118036538, dated 19/8/1438H, with an area of 3,532 square meters and 95 square centimetres, with a value of 10,000,000 Riyals. Deed No. 610118036539 dated 19/8/1438H, with an area of 658m² and 851 square millimetres, amounting to 5,000,000 Riyals 	4,718 m ²	

Source: The Company

10.19.2.3 Lease Contracts

The Company has lease contracts to set up administrative offices for the Company as a “tenant” according to the following:

	Location	Date of Contract	Expiry Date of Contract	Municipal License	Civil Defense License	Note
The contract has been electronically registered	The Company’s head office. Al-Baha City, King Fahd Road.	25/04/1439H Corresponding to 01/01/2019G	04/06/1441H Corresponding to 29/01/2020G Renewable upon written notice	Compliant	The Company submitted an application to obtain a safety license No 1-000678745-42	<ul style="list-style-type: none"> The contract has been renewed. The contract has been electronically registered

Source: The Company

10.19.3 Loans and Credit facilities

As of the date of publishing this Prospectus, the Company and its subsidiaries do not have any loans or bank facilities, and it has not entered into any agreements of the type of financial lease with any of the Saudi and non-Saudi banks.



10.19.4 Investment Contracts

10.19.4.1 Agreements of Al-Baha Investment and Development Company

There has been an interruption in the Company's business since the date of 23/02/1436H (corresponding to 15/12/2014G), which adversely affected the Company's financial condition due to the failure of projects and their suspension of work, which are as follows:

- The artificial leather factory project, which stopped working completely in the second quarter of 2004G (a land leased from the municipality of Baljuarshi in the city of Al-Baha in 1996 for the establishment of a factory for the production of artificial leather).
- The cable car project which stopped working completely on 15/12/2014G.
- Asset exchange agreement with Alsateaa AL Haditha General Contracting Company in 2011G. Until the date of publishing this Prospectus, the contract is suspended due to the existence of a dispute over it between the parties at the Commercial Court in Jeddah. For more details about the lawsuit, please see below subparagraph No. (10-24) of the "Legal Issues" Section.

As of the date of publishing this Prospectus, Al-Baha Development and Investment Company does not have any products or services that it currently offers and therefore it does not currently have operational activities that generate income for it.

10.19.5 Agreements of Ishraqa Regional Company for Real Estate Development and Investment

Ishraqa Regional for Real Estate Development & Investment Company has some investment contracts to practice its activity in real estate development and investment in accordance with the membership certificate issued by the Ministry of Housing No. (1467) dated 01/05/1442H (Corresponding to 16/12/2020G), and expires on 18/10/1445H (Corresponding to 27/04/2024G), according to which it is authorized to engage in real estate leasing activity until the end of membership date, according to the following details:

#	Type of agreement	Property location	Contract date	Contract expiry date	Notes	Agreement amount
1	Lease contract for the entire centre (including shops, offices, services and annexes) and is ready for operation and investment for the purpose for which it was established	Al-Izdihar complex Riyadh, Al-Hussein Bin Ali Street	04/11/1438H Corr. to 27/07/2017G	According to the basic contract, the term of the contract is (20) Hijri years.	The first party had previously rented the site to a company, and the previous tenant had waived the site and the lease contract to Ishraqa Regional Company, provided that Ishraqa Regional Company abides by everything mentioned in the first contract.	3,360,000 Riyals Annually
2	Lease contract (moving out the tenants, removing the entire existing building and constructing a new building according to the specifications and plans approved by the two parties, provided that the second party (the tenant) rents the entire building to be constructed)	Al-Suwaidi Complex Riyadh	10/11/1438H Corresponding to 02/08/2017G	According to the basic contract, the term of the contract is (15) Hijri years from the date of receiving the premises	The first party had previously rented the site to the "Gulf Holding Company", and the previous tenant had waived the site and the lease contract to Ishraqa Regional Company, provided that Ishraqa Regional Company abides by all of what was mentioned in the first contract".	907,950 Riyals for the first five years, and 946,250 Riyals for the next five years, and then 984,550 Riyals for the next five years.

Source: The Company

10.19.6 Lease Contracts with Shop Occupants

The subsidiaries have several contracts with occupants of shops and units rented as subsidiaries are (the lessor). The following is a list of the five largest clients in terms of revenue:



10.20 Clients of Al Marakiz Al Raqiyah Company

Table No. (12): Top Five Clients at Al-Raqiah Centers

Name of the client	Volume of dealing for the year 2020G (in Saudi Riyals)
Tamimi Markets Company	1,225,000
Alshaya International Company (Starbucks)	800,000
Mohammed Saleh Al-Nahdi (Al-Nahdi Markets)	700,000
Al-Dawaa Medical Services Company (Al-Dawaa Pharmacies)	527,000
Unique Grill Restaurants Est. for Meals	240,250

10.21 Clients of Ishraqa Regional Company

Table No. (13): Top Five Clients at Ishraqa Regional Co.

Name of the client	Volume of dealing for the year 2020G
Saudi Marketing Company (Farm Supermarkets)	860,895
Itisal International Marketing Services Company	804,922
Maghrabi Hospitals Company	475,963
Coffee Time Trading Company Java Time Suwaidi	340,174
Coffee Time Trading Company (Store 31+32) Java Time Al-Izdihar	278,250




It is worth noting the issuance of Cabinet Resolution No. (292) dated 16/05/1438H, which included that the lease contract that is not registered in the electronic network shall not be considered a valid contract that produces its administrative and judicial effects. The electronic network for rental services was launched in cooperation between the Ministries of Justice and Housing on 17/05/1439 H, and a circular from the Ministry of Justice was issued approving the application of this to all contracts concluded after the date of 04/05/1440H (corresponding to 10/01/2019G).

The Company has not documented the lease contracts that it entered into as (the lessor), and they are not according to the electronic form and were not registered in the electronic network. The total of these contracts is (62) sixty-two contracts, which are all contracts concluded with the tenants. Therefore, in the event that any dispute arises between the Company and any of the tenants in relation to these lease contracts, it may not be considered by the Saudi courts and therefore the Company, as a plaintiff, may not be able to protect its rights in the event that any of the tenants breaches their contractual obligations and this will negatively and fundamentally affect the Company's business and future prospects. The Company is currently working on documenting lease contracts electronically at (Ejar platform). As on the date of publishing this Prospectus, actions are underway to replace all contracts and convert them into electronic contracts at "Ejar platform".

10.22 Trademarks

The Company and its subsidiaries have registered a number of trademarks that they rely on as a trademark for their business, according to the following details:

Table No. (14): Summary of the Trademarks for the Company and Al Marakiz Al Raqiyah Co.

Registration No.	Registration Date	Protection Start Date	Protection End Date	Trademark
1436015419	28/10/1436H Corresponding to 13/08/2015G	17/07/1436H Corresponding to 06/05/2015G	16/07/1446H Corresponding to 16/01/2025G	شركة الباحة للاستثمار والتنمية AlBaha Investment & Development Co. 
1436011815	06/09/1436H Corresponding to 23/06/2015G	01/06/1436H Corresponding to 21/03/2015G	29/05/1446H Corresponding to 01/12/2024G	
1442011887	21/07/1442H Corresponding to 04/03/2021G	12/04/1442H Corresponding to 27/11/2020G	11/04/1452H Corresponding to 10/08/2030G	

Source: The Company



10.23 Insurance

In implementation of the Cooperative Health Insurance System issued by Royal Decree No. 10/m dated 01/05/1420H and the Implementing Regulations issued by Minister of Health Resolution No. 1/30/6131 dated 08/06/1430H, the Company entered into a health insurance policy for its employees with the Allied Cooperative Insurance Group ("ACIG"), starting 29/12/2020G and expires on 28/12/2021G.

The Company has not insured against the risks that the Company's offices, construction projects and warehouses may be exposed to, nor provided better protection for their contents from the dangers or damages that may result from dangers of fire, burglary or natural disasters, or those resulting from an overflow or explosion of tanks, devices or water pipes etc.

10.24 Legal Issues

In the course of carrying out its business, the Company was exposed to a number of disputes and lawsuits, according to the following detail.

10.24.1 Lawsuits related to Al-Baha Investment and Development Company

The Company has a contractual liability claim as a result of the asset exchange agreement between Al-Baha Company and "Alsateaa AL Haditha Company". A court ruling was issued on 25/01/1434H (corresponding to 08/12/2012G) obligating Al-Baha Company to complete the asset exchange process and obligating the Company to actually transfer ownership of plots of land with the Notary Public, according to the following detail:

1. Al-Baha Investment and Development Company is obligated to pay Alsateaa AL Haditha Contracting Company Limited an amount of (3,000,000) three million Riyals.
2. Al-Baha Investment and Development Company is obligated to actually transfer ownership of the entire 134 plots with the Notary Public, which it owns by 50% of the entire land in the Al-Morouj scheme, located in Al-Sayl Al-Saghir in the Taif Governorate, in favour of Alsateaa AL Haditha Contracting Company Ltd.
3. Obligating Al-Baha Investment and Development Company to concede in favour of Alsateaa AL Haditha Contracting Company all the contents of the poultry project and the land on which the project is built and owned by Al-Baha Investment and Development Company.

Al-Baha Company received on 29/10/1437H (corresponding to 03/08/2016G) a judicial decision from the execution departments in the General Court in Baljurashi, obligating the Company to implement the entire executive deed issued by the Administrative Court in Jeddah in favour of "Alsateaa AL Haditha Contracting Company", but it did not implement the deed. On 12/05/1438H (corresponding to 09/02/2017G) Al-Baha Company received a copy of the judgment of the Execution Department at the General Court in Baljurashi issued on 04/05/1438H (corresponding to 01/02/2017G), which includes after reviewing the judgment issued by the Board of Grievances, it was found that the items to be implemented in relation to the asset exchange process had not been determined, and the judgment of the Execution Department concluded to have suspension of implementation until the judgment issued by the Board of Grievances is corrected so that the items to be implemented are clearly and accurately identified for each item.

The explanatory decision was issued as follows:

First: Obligating Al-Baha Investment and Development Company to pay the Alsateaa AL Haditha Contracting Company a sum of 3 million Riyals.

Second: Obligating Al-Baha Investment and Development Company to actually transfer ownership of the entire 134 plots with the notary public, which it owns by 50% of the entire land in the Al-Morouj scheme located in Al-Sayl Al-Saghir in Taif Governorate, in favour of Alsateaa AL Haditha Contracting Company.

Third: Obligating Al-Baha Investment and Development Company to concede in favour of Alsateaa AL Haditha Contracting Company all the contents of the poultry project and the land on which the project is located, owned by Al-Baha Investment and Development Company.

- The company appealed against the judgment related to correcting the interpretation of the judgment issued by the Commercial Court of Alsateaa Al-Haditha Contracting Company Ltd., and on 05/07/1442 H (corresponding to 17/02/2021G), the department decided to accept the objection in form and rejected it in substance and supported the judgment of the second circuit (the Commercial Court in Jeddah in the case)

According to the financial statements, the company had previously formed a provision to meet the losses resulting from the asset exchange contract with Modern Bright Company, in the amount of 66,703,158 Saudi riyals,





In addition to the above case, the Company was subjected to a number of lawsuits as follows:

Parties to the case	Subject of the case	Registration	Case Value	Latest Developments	Case Status	Case Scope
Former board member against Al-Baha Investment and Development Company	Claiming attorney's fees	7555	650,000	The Circuit ruled that the case was not accepted for filing prematurely - the opponent submitted his appeal and was registered with No. 1607 and the judgment was confirmed that the case was not accepted for filing prematurely, the judgment was received	A final verdict has been issued.	Commercial
Al-Baha Investment and Development Company against Alsateaa Alhaditha Company	In accordance with the agreement to exchange the Company's assets with Alsateaa Alhaditha Company on 06/02/2011G	6217-1081	3,000,000	The Circuit decided to accept the objection in form and rejected it in substance, and supported the judgment of the second circuit (in Jeddah Commercial Court in the case) ruling first: obligating Al-Baha Company to pay Alsateaa Co. an amount of (3,000,000) three million Riyals. Second: Obliging the Al-Baha Company to actually transfer ownership of the entire 134 plots with the notary public, as it owns 50% of the entire land in the Al-Morouj scheme. Third: Obliging Al-Baha Company to waive in favour of Alsateaa the entire contents of the poultry project and the land on which the project is based, according to a legal authorization not subject to removal or cancellation issued by Al-Baha Company to the employee Abdul-Azim bin Ahmed bin Abdul Rahman or whomever determined by Alsateaa, which authorizes them to transfer all the aforementioned property Al-Baha Company to the property of the Alsateaa Company, and the attorney has the right to appoint a third party as a special authorization, and this authorization is delivered with all the ownership documents of what is mentioned for Alsateaa Company.	A final verdict has been issued.	Commercial
One of the suppliers of Al-Baha Company against Al-Baha Investment and Development Company	Claiming financial entitlements	8941	60,978	The session was attended and the primary judgment was upheld, considering the case as if it had not been, and the judgment was received	A final verdict has been issued.	Commercial
Al-Baha Investment and Development Company against the former members of the Board of Directors	Against the former members of the Board of Directors for the mistakes they committed in the right of the Company to compromise the rights of the shareholders in the process of exchanging the Company's assets with the "Alsateaa AL Haditha Company"	4824-1393	98,699,441	A ruling was previously issued by the third Commercial Circuit of the Commercial Court in Jeddah obligating the defendants to pay an amount of: 1) (68,699,441) Riyals. 2) an amount of (1,000,000) Riyals The judgment was appealed by the defendants and the judgment was overturned and returned to the circuit - and it issued its ruling dismissing the case. An appeal was filed against the rejection of the case with the Court of Appeal in Makkah Al-Mukarramah Region at the Second Commercial Circuit (Jeddah) with the number (1393/2/S/1439) and it issued the judgement on 01/05/1440, ruling: Firstly, upholding the judgment issued for rejecting the case Secondly, the case against the rest of the defendants was not accepted for filing it prematurely for the reasons explained. A revocation request was filed and referred to the Fifth Circuit of the Supreme Court.	work in progress	Commercial



Parties to the case	Subject of the case	Registration	Case Value	Latest Developments	Case Status	Case Scope
Two members of the previous Board of Directors against Al-Baha Investment and Development Company	Claiming attorney fees	758-814	650,000	The session was attended, and the circuit decided to reject the case. An appeal request was submitted, and it was registered. The session was attended, and the circuit requested that the case be referred to the competent circuit.	Follow up on referring the case to the relevant circuit	Commercial
A former subscribed shareholder in the Company who did not pay the premiums against Al-Baha Investment and Development Company	Claim for share certificate and dividend	5207	Request share certificate	The circuit decided not to accept this case, the initial judgment was received, and the plaintiff did not submit his appeal.	Waiting the receipt of the final judgment from the court	Commercial

Source: The Company

10.24.2 Lawsuits related to Ishraqa Regional Company

Table No. (15): Summary of disputes and legal issues related to Ishraqa Regional Company

Parties to the case	Registration	Latest Developments	Case Status	Case Scope
Magrabi Hospitals and Centers Co. against Ishraqa Regional Company	411492558	Since this lawsuit depends on the adjudication of the other lawsuit with Circuit 30, the Circuit has decided to stop proceeding in the lawsuit and they have the right to complete it after the settlement of that lawsuit based on Article (87) of the Law of Procedure Before Sharia Courts	Work is in progress	General / Court of First Instance – Trial court
Ishraqa Regional Company against Magrabi Hospitals and Centers	421032724	It was proven to the circuit that the defendant vacated the property at the end of the mandatory period, and the circuit rejected the plaintiff's lawsuit, released the defendant released, and thus the judgment was passed. The plaintiff filed his appeal and was registered with the Court of Appeal.	In progress, follow-up to the decision of the Court of Appeal	General/ Court of Appeal

Source: The Company



10.25 The substantial information that has changed since the Authority's approval of the last share Prospectus

The following is a summary of the most important information that has changed since the Authority's approval of the last share Prospectus, which was issued on 09/07/1438H (corresponding to 06/04/2017G).

10.25.1 Financial Statements

The preparation method has been modified to be in accordance with International Financial Reporting Standards (IFRS).

10.25.2 Activity

The activity modification process has been completed in line with the list of economic activities recently approved by the Ministry of Commerce - according to ISIC4.

10.25.3 Capital

As of 31/12/2020G, the accumulated losses reached (22.6%) of the capital.

10.25.4 Head Office

The address of the head office has been changed from (Baljurashi - Industrial Zone - Artificial Leather Factory) to the new address (Al-Baha City - King Fahd Road - Building No. 7050).

10.25.5 Management

Appointment of a new Board of Directors.

10.25.6 Al Marakiz Al Raqiyah Company

In 2017G, the subsidiary company "Al Marakiz Al Raqiyah Company Limited" increased its capital from 50 million to 57.5 million and transferred the ownership of 750,000 shares of its shares to the partners of the "Ishraqa Regional Development and Real Estate Investment Company" in exchange for acquiring their entire shares in the "Ishraqa Regional Development and Real Estate Investment Company". The ownership of "Al-Baha Investment and Development Company" decreased after transferring the shares from (100%) to (86.96%) in Al Marakiz Al Raqiyah Company Limited.

10.26 Declarations of Board Members Relating to Legal Information

In addition to other declarations referred to in this Prospectus, the members of the Board of Directors declare that:

- a. The Issue does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- b. The issue does not prejudice any of the contracts or agreements to which the Company or its subsidiaries are a party.
- c. All material legal information relating to the Company and its subsidiaries has been disclosed in the Prospectus.
- d. Other than what is stated on page (10-24) "Legal Issues" of this Prospectus, the Company and its subsidiaries are not subject to any lawsuits or legal procedures that, individually or collectively, may materially affect the business of the Company or its subsidiaries or their financial position.
- e. The members of the Company's Board of Directors are not subject to any lawsuits or legal procedures that, individually or collectively, may materially affect the business of the Company or its subsidiaries or their financial condition.



11. Underwriting

11.1 Underwriter's name and address

Underwriter	
<p>Aljazira Capital Markets Company (Aljazira Capital) P.O. Box 20438, Riyadh 11455 Riyadh, King Fahd Road Kingdom of Saudi Arabia Tel: +966 (11) 2256000 Fax: +966 (11) 2256068 Website: www.aljaziracapital.com.sa E-mail: contactus@aljaziracapital.com.sa contactus@aljaziracapital.com.sa</p>	
 <p>الجزيرة كابيتال ALJAZIRA CAPITAL الجزيرة للأسواق المالية</p>	
Number of Right Issue Shares	(12,000,000) Twelve million ordinary shares.
Share Price	Ten (10) Riyals
The Underwritten percentage of the gross profit	100%

11.2 Summary of Underwriting Agreement

According to the terms and conditions of the Underwriting Agreement:

- The Company undertakes to the Underwriters that, on the date of the allocation, it will issue and allocate to the Underwriter all the Right Issue Shares pledged to be underwritten in this Offering, which the Eligible Shareholders have not subscribed to, as additional shares, at the Offering Price.
- The Underwriters undertakes to the Company that on the date of the allocation, it will purchase all the shares it pledged to underwrite in this Offering, which the Eligible Shareholders did not subscribe to, as additional shares, at the Offering Price.
- The Underwriters shall receive a specific financial consideration in return for his undertaking to underwrite, which will be paid from the Offering Proceeds.



12. Waivers

The Company did not submit and request to be excepted from any requirements relating to the Rules on Offering and Continuing Obligations.



13. Information Relating to the Shares and Offering Terms and Conditions

The Company filed an application with the Capital Market Authority for the registration and Offering of the New Shares to and to the Saudi Stock Exchange Group (Tadawul) to list the New Shares. All requirements were fulfilled in accordance with the Rules on Offer of Securities and Continuing Obligations and Listing Rules.

All Eligible Shareholders and the persons who purchased the Rights and the bidders must very carefully read the information related to the shares and the Subscription Terms and Condition before subscribing electronically or submitting the subscription application through the agent or filling out the Rump Offering form. Submission of the Subscription Application or signature and Submission of the Rump Offering form constitutes approval and acceptance of the aforementioned terms and conditions.

13.1 The Offering

The Offering is a capital increase through a Rights Issue totalling to one hundred and twenty million (120,000,000) Riyals divided into twelve million (12,000,000) new ordinary shares at an Offering Price of (10) ten Saudi Riyals per share, with a nominal value of (10) ten Saudi Riyals, with a nominal value of ten (10) Saudi Riyals per share.

13.1.1 How to Apply for Subscription to the Rights (New Shares)

Registered Shareholders wishing to subscribe to the Rights Issue Shares must submit the subscription application during the Subscription Period through an investment portfolio at Tadawul platforms through which the sale and purchase orders are entered. Subscription applications may be made through any other means provided by the agent and the shares Custodian in the Kingdom during the Subscription Period. In case that there is a Rump Offering Period, subscription applications could be submitted for any remaining shares by Investment Institutions only.

By participating in the Subscription, the Subscriber:

- Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form.
- Ensure that he/she has carefully read the Prospectus and understood all its contents.
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus.
- Declares that he/she has not previously subscribed for this Right Issue, in which case the Company has the right to reject all applications.
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form;
- Ensure not to cancel or amend the Subscription Application Form after submission to the agent.

13.1.2 Subscription Application

Eligible Persons wishing to exercise their full Rights and subscribe for all the Rights to which they are entitled, must subscribe through the investment portfolio at the Trading Platforms through which buying and selling orders are entered or through any other means provided by the agent and the Custodian of shares.

The number of shares that the Eligible Person is entitled to subscribe for is calculated according to the number of Rights he owns. As for the subscription amount that the subscriber is required to pay, it is calculated by multiplying the number of existing tradable Rights that he owns before the end of the Subscription Period by (10).

13.1.3 Trading and Subscription Stage and Rump Offering Period

Eligible Shareholders who wish to subscribe to the Rights must submit a subscription application during the Subscription Period which begins on Monday 27/07/1443H (corresponding to 28/02/2022G) and ends on Thursday 07/08/1443H (corresponding to 10/03/2022G).

The Extraordinary General Assembly held on Monday 20/07/1443H (corresponding to 21/02/2022G) approved the recommendation of the Board of Directors to increase the Company's capital through a Rights Issue. Under this Prospectus, twelve million (12,000,000) ordinary shares will be offered for subscription through the Rights Issue, which represent (67.79%) of the Company's capital prior to subscription at an Offering Price of ten (10) Saudi Riyals per share, with a nominal value of ten (10) Saudi Riyals per share, with a total Offering value of one hundred and twenty million (120,000,000) Saudi Riyals. The New Shares will be issued at a ratio of (0.6779) share for each Right.

Subscription to the Rights will be offered to the shareholders registered in the shareholders' register of the Company at the end of the second trading day following the Extraordinary General Assembly on Monday 20/07/1443H (corresponding to 21/02/2022G) and to the Eligible Persons who have purchased Rights during the Rights Issue Subscriptions Period, including



the Registered Shareholders who have purchased additional Rights in addition to the Rights they originally owned.

If the Rights of the Eligible Persons are not exercised by the end of the Subscription Period, then the remaining shares (as a result of inability to exercise those Rights or being sold by the Eligible Persons) will be offered to the investment institutions during the Rump Offering Period.

The Registered Shareholders will be able to trade the Rights that have been deposited in their portfolios through the Saudi Stock Exchange (Tadawul). These Rights are considered as acquired right for all shareholders recorded in the Company's Register at the end of the second trading day following the EGM that approved the capital increase. Each Right gives its holder the right to subscribe for one New Share, at the Offering Price. Rights will be deposited after the assembly convenes. The Rights will appear in the Registered Shareholders' portfolios under a new code for the Rights, and the Registered Shareholders will then be notified of depositing the Rights in their portfolios.

The schedule and details of the Offering are as follows:

1. **Eligibility Date:** End of trading session on the day of the Extraordinary General Assembly on Monday 20/07/1443H (corresponding to 21/02/2022G).
2. **Trading Period and Subscription Period:** Trading Period and Subscription Period commence on Monday 27/07/1443H (corresponding to 28/02/2022G) provided that the Trading Period ends on Monday 04/08/1443H (corresponding to 07/03/2022G), and the Subscription Period continues until the end of Thursday 07/08/1443H (corresponding to 10/03/2022G).
3. **Rump Offering Period:** Starts at ten o'clock in the morning of Tuesday 12/08/1443H (corresponding to 15/03/2022G) and continues until five o'clock in the evening of the next day on Wednesday 13/08/1443H (corresponding to 16/03/2022G). During this period, the remaining shares will be offered to a number of Institution Investors, (Institutional Investors") provided that those investment institutions submit offers to buy the remaining shares during the Rump Offering Period. Rump Shares will be allocated to the Investment Institutions with the highest bids first, then the lowest and the lowest (provided that it shall not fall below the Offering Price). The Rump shares shall be allocated on a pro rata basis to the Investment Institutions that offer the same price. As for the fractional shares, they will be added to the remaining shares and treated similarly. The subscription price for the New Shares that were not subscribed to during this period will be at the minimum Offering Price. If the price of the unsubscribed shares is higher than the Offering Price, the difference (if any) shall be distributed as compensation to the Right holders who did not subscribe to their Rights and the holders of fractional shares in a proportion of their owned Rights.
4. **Final allocation of shares:** The shares will be allocated to each investor based on the number of Rights that he fully and properly exercised. The total amount of the Offering resulting from the Rump Offering process will be paid to the Company. The rest of the proceeds from the sale of the remaining shares and fractions of shares shall be distributed without calculating any fees or deductions (in excess of the Offering Price) to its beneficiaries, each according to what he is entitled to, no later than on 06/09/1443H (corresponding to 07/04/2022G).
5. **Trading of New Shares in the Market:** Trading of shares offered for subscription in the Tadawul system will begin upon completion of all procedures related to the registration and allocation of the New Shares.

The Company has submitted a request to the Capital Market Authority to register and offer the New Shares, and the Company has also submitted an application to the Saudi Stock Exchange Group (Tadawul) to admit its listing.

13.1.4 Allocation and Refund

The Company and the Lead Manager will open an Escrow Account into which the Offering Proceeds will be deposited.

Shares will be allocated to Eligible Persons based on the number of Rights they have exercised fully and correctly. As for those eligible for fractional shares, the fractional shares will be collected and offered to investment institutions during the Rump Offering Period. The total price of the offer of the remaining shares will be paid to the Company, and the rest of the proceeds from the sale of the remaining shares and fractions of shares (in excess of the Offering Price) will be distributed to those entitled to them, each according to what he is entitled to, no later than 06/09/1443H (corresponding to 07/04/2022G). In the event that shares remain unsubscribed to after that, the Underwriters will purchase such remaining New Shares and they will be allocated to it. There will be no compensation for investors who did not subscribe or did not sell their rights, and to holders of fractional shares during the Rump Offering Period.

It is expected to announce the final number of shares that have been allocated to each Eligible Person without any commissions or deductions by the Lead Manager by crediting them to the subscribers' accounts. For more information, Eligible Persons should contact the Agent through which the subscription application was submitted. The allocation results will be announced no later than 17/08/1443H (corresponding to 20/03/2022G).

The surplus (the rest of the Offering Proceeds in excess of the Offering Price) will be refunded to the Eligible Persons who did not participate in whole or in part in the subscription to the Rights Issue (if any) without any deductions no later than 06/09/1443H (corresponding to 07/04/2022G).





13.1.5 Supplementary Prospectus

The Company must submit to the Authority a Supplementary Prospectus, in accordance with the requirements of the rules on the Offering of Securities and Continuing Obligations, if the Company becomes aware at any time after the date of the publication of this Prospectus and before the completion of the Offering of any of the following:

- The existence of a significant change in substantial matters mentioned in this Prospectus.
- Any important issues have emerged that should have been included in this Prospectus.

The investor who subscribed for the New Shares prior to the publication of the Supplementary Prospectus may cancel or amend his subscription for these shares before the end of the Offering Period.

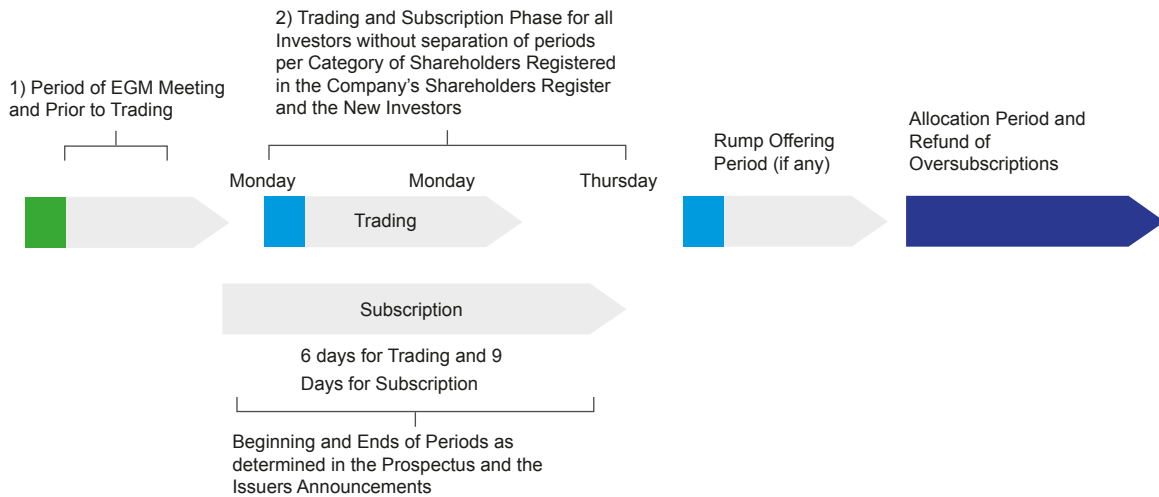
13.1.6 Suspension or cancellation of the Offering

The Capital Market Authority may at any time issue a decision to suspend or cancel the Offering if it deems that the Offering may result in a breach of the Capital Market Law, its Implementing Regulations, or the market rules. In addition, the Offering will be cancelled if the Extraordinary General Assembly does not approve any of the details of the Offering.

The following figure shows the mechanism of trading and subscription to tradable Rights:

13.1.7 Illustration of the modified mechanism for trading and subscription of traded rights

Figure (1): The mechanism for trading and subscription of traded rights



13.2 Decisions and approvals according to which shares will be offered

13.2.1 Recommendation of the Company's Board of Directors to increase the Company's capital

The Company's Board of Directors, in its meeting held on 24/03/1442H (corresponding to 10/11/2020G), recommended increasing the Company's capital through a rights issue at a value of (120,000,000) one hundred twenty million Saudi Riyals.

13.2.2 Approval of the Capital Market Authority on the Company's request to increase its capital through a rights issuance

On 09/05/1443H (corresponding to 13/12/2021G), the Company obtained approval of the Capital Market Authority on the Company's request to increase its capital by issuing rights shares.

13.2.3 Approval of the Extraordinary General Assembly to increase the Company's capital

On 20/07/1443H (corresponding to 21/02/2022G), the Company's Extraordinary General Assembly approved an increase in the Company's capital through the issuance of rights issue shares at a value of one hundred twenty million (120,000,000) Saudi Riyals.

13.2.4 Approval of the Saudi Tadawul Group on the request to list the new shares

On 29/12/1442H (corresponding to 08/08/2021G), the Saudi Tadawul Group approved the application for listing the new shares.

13.3 Statement of any arrangements in place to prevent disposal of certain Shares

There are no arrangements in place to prevent disposal of any shares.



14. Changes in the Share Price

The closing price of the Company's share on the day of the EGM is (33.55) Saudi Riyals, and it is expected to decrease and reach (24.04) Saudi Riyals at the opening of the following day. This change represents a decrease of (28.34%).

In the event that none of the shareholders appear in the Company's Shareholders Register at the Depository Center subscribed to at the end of the second trading day following the date of the Extraordinary General Assembly, this will lead to a decreasing their ownership percentage in the Company.

14.1 Method of calculating the share price as a result of the capital increase

The share price is calculated as a result of the capital increase according to the following stages:

First: Calculating the market value of the Company upon closing on the day of the EGM:

The number of shares at the end of the day of the EGM x the closing price of the Company's share on the day of the EGM = The market value of the Company at the close on the day of the EGM.

Second: Calculating the share price at the opening day of the day that follows the day of the EGM:

(The market value of the Company at the close on the day of the EGM + the value of the offered shares) / (number of shares at the end of the day of the EGM + the number of shares offered for subscription) = The expected share price at the opening of the day following the day of the EGM.



15. Covenants relating to the Subscription

It is possible to subscribe using the trading platforms or through any other means provided by the agent to the investors. The New Shares will be subscribed to in one stage, according to the following:

1. During this period, all Registered Shareholder and New Investors will be able to subscribe to the New Shares.
2. The Registered Shareholder will be able to subscribe directly to the number of his shares or less than them during the Subscription Period, and if he acquires new Rights, he will be able to subscribe to them after the end of its settlement period (two working days).
3. New Investors will be able to subscribe to the New Shares directly after the Rights purchase is settled (two working days).
4. Subscription will be made available electronically through the investment portfolio in trading platforms and applications through which buy and sell orders are entered, in addition to subscribing through other channels and means made available by the Agent.

Each Right gives its holder the right to subscribe to one new share, at the Offering Price. The subscriber to the New Shares declares the following:

- He accepts all the subscription terms and conditions stated in this Prospectus.
- He has read this Prospectus and all its contents carefully and understood its content.
- His acceptance of the Company By-Laws.
- He undertakes not to cancel or amend the subscription application after its submission.

15.1 Allocation

The Rights will be allocated to Eligible Persons based on the number of Rights they have exercised fully and correctly. As for those entitled to fractional shares, fractions of shares will be collected and added to the remaining shares that were not subscribed to and offered to the Investment Institutions during the Rump Offering Period, and the total price of the Rump Shares will be paid to the Company. The remaining proceeds from the sale of the remaining shares and fractions of shares (if any) (exceeding the Offering Price) shall be distributed to the entitled persons without accounting for any fees or deductions, each according to what he is entitled to, no later than 06/09/1443H (corresponding to 07/04/2022G). In the event that shares remain unsubscribed after that, the Underwriters will purchase those remaining new shares and they will be allocated to it. There will be no compensation for investors who did not subscribe or did not sell their Rights, and to those who owned fractional shares during the Rump Offering Period.

Eligible Persons should contact the agent through which they were subscribed to obtain any additional information. The allocation results will be announced no later than 17/08/1443H (corresponding to 20/03/2022G).

15.2 Saudi Stock Exchange Group (Tadawul)

Tadawul system was established in 2001G as an alternative system for the electronic securities information system. The electronic stock trading started in the Kingdom in 1990G. The trading process is carried out through an integrated electronic system from the execution of the transaction to the settlement. Trading is conducted on each business day at one go from 10 a.m. until 3:00 p.m., from Sunday to Thursday of each week, during which orders are executed. Beyond such times, orders are permitted to be inserted, amended, and cancelled from 9:30 a.m. until 10 a.m.

The transactions are executed through automatic order matching according to the price. In general, market orders are executed first, which are the orders that have the best prices, followed by fixed-price orders, and in the event that several orders are entered at the same price, they are executed according to the timing of the entry.

Tadawul system distributes a comprehensive range of information through different channels, most notably the Tadawul website on the Internet, which provides up-to-date market information for major information providers such as Reuters. Transactions are automatically settled within two business days (T + 2).

The Company must disclose all decisions, material and important information to investors through Tadawul, which is responsible for monitoring the market in order to ensure fair trading and efficient market operations.





15.3 Trading of the Company Shares on the Saudi Stock Exchange

An application was filed with the Authority to register and offer the rights shares in the Saudi stock Exchange, and to the stock market (Tadawul) to list them. The Company's request to increase its capital by issuing Rights was approved, and all requirements were met. It is expected that the registration and start of trading in the rights issue shares in the Saudi stock Exchange will be approved after the final allocation of the rights issue shares is completed. This will be announced in due course on the Tadawul website. The dates mentioned in this Prospectus are tentative and may be changed with the approval of the Capital Market Authority.

Although the existing shares are listed on the Saudi Stock Exchange (Tadawul), the New Shares can only be traded after their final allocation to the Subscribers and depositing them in the subscribers' Portfolios. Trading in the New Shares is strictly prohibited before that.

Subscribers and bidders in the Rump Offering who engage in prohibited trading activities shall bear full liability for them and the Company shall not be liable in such a case.





16. Documents Available for Inspection

The following documents will be available for review at the headquarters of the Company, located in Al-Baha, King Fahd Road, from nine (9:00) in the morning until four (4:00) in the evening, 14 days before the Extraordinary General Assembly related to the capital increase. These documents will remain available for inspection until the end of the Offering:

1. Company By-Laws.
2. Company Articles of Association.
3. Company Commercial Registration.
4. Board of Directors' decision recommending the increase of capital through Rights Issue.
5. The Exchange (Tadawul) approval to list the Rights.
6. A copy of the announcement of the Capital Market Authority's approval of the Company's request to increase its capital through a Rights Issue.
7. The decision of the Extraordinary General Assembly to increase the Company's capital. This decision will be available for inspection at the Company's head office on the day following the EGM.
8. Underwriters Agreement.
9. Lead Manager Agreement.
10. Written approvals by:
 - Financial Advisor, Aldukheil Financial Group, to use their name, logo and statements in the Prospectus.
 - Legal Advisor, Al-Saleh & Al-Sahli Law Firm, to use their name, logo and statements in the Prospectus.
 - Lead Manager, Aljazira Capital Markets Company, to use their name, logo and statements in the Prospectus.
 - Auditor, Al Azem, Al Sudairy, Al Shaikh & Their Partners, to use their name, logo and statements in the Prospectus.



شركة الباحة للاستثمار والتنمية
AlBaha Investment & Development Co.