



A Saudi closed joint stock company with Commercial Registration No. 1010488618, dated 29/11/1437H (corresponding to 01/09/2016G) and Ministerial Resolution No. Q/5368, dated 07/04/1442H (corresponding to 22/11/2020G) approving the conversion of the Company into a closed joint stock company, and Ministerial Resolution No. Q/5369 dated 29/05/1442H (corresponding to 13/01/2021G) approving the announcement of the Company's transformation into a closed joint stock company.

Offering three million three hundred thirty-three thousand three hundred and thirty-three (3,333,333) new ordinary shares representing 10% of the Company's capital after the Offering (constituting about 11.11% of the Company's capital before the increase), by offering them in the Parallel Market to Qualified Investors at a price of **١٠٠** Saudi riyals per share.

**Offering Period from Tuesday 19/05/1444H (corresponding to 13/12/2022G) until Wednesday 20/05/1444H (corresponding to 14/12/2022G)**

Al Ramz Real Estate Company (hereinafter referred to as **"the Company"** or **"Alramz"**) is a Saudi closed joint stock company incorporated under Ministerial Resolution No. Q/5368 dated 07/04/1442H (corresponding to 22/11/2020G) approving the conversion of the Company into a closed joint stock company and Ministerial Resolution No. Q/5369 dated 29/05/1442H (corresponding to 13/01/2021G) approving the announcement of the Company's transformation into a closed joint stock company. It is registered in the Commercial Register No. 1010488618 dated 29/11/1437H (corresponding to 01/09/2016G). The Company's head office is located in Riyadh, P.O. 2608, Wadi Hajar, Al-Majma District, Postal Code 13524, Kingdom of Saudi Arabia. The Company's current capital is three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares at a nominal value of ten (10) Saudi riyals per share.

The Company was initially established as a limited liability Company (one person company) with a capital of five hundred thousand (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares, at ten (10) Saudi riyals per share, and it is wholly owned by Rasheed Abdul Rahman Nasser Al-Rasheed in the commercial name "Al Ramz Real Estate Company (one person company), a Limited Liability company" under contract No. 84330, contract copy number 1, and its article of incorporation was registered with the notary public of the Ministry of Commerce No. 371636930, dated 29/11/1437H (corresponding to 01/09/2016G). On 14/01/1439H (corresponding to 04/10/2017G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend Article Nine of the Company's Memorandum of Association, pursuant to the partners' decision registered with the notary public at the Ministry of Commerce No. 3969736 dated 14/01/1439H (corresponding to 04/10/2017G). On 29/11/1437H (corresponding to 01/09/2016G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the Memorandum of Association electronically by memorandum No. 27606, copy number 2. This Memorandum of Association was checked and documented by the Ministry of Commerce. On 24/05/1440H (corresponding to 30/01/2019G), the owner of the capital, Rasheed Abdul Rahman Nasser Al-Rasheed, decided to amend the Memorandum of Association electronically by amending the third article relating to the name of the Company to become "Al Ramz Real Estate Company (a limited liability one person company), pursuant to Memorandum of Association No. 27606, copy number 3. This Memorandum of Association was checked and documented by the Ministry of Commerce. On 07/04/1442H (corresponding to 22/11/2020G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the memorandum of association with the entry of seven (7) new partners so that he assigned part of his shares in favor of: (1) Fatima Abdullah Nasser Al-Majed (1,250 shares, worth 12,500 Saudi riyals), (2) Haya Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), (3) Haroon Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (4) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (5) Rakan Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (6) Modi Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), and (7) Sarah Rasheed Abdul Rahman Al-Rasheed (with a number of 972 shares, the value of which is 9,720 Saudi riyals) as new partners in the Company, and all the partners agreed to this assignment and the ownership of the shares assigned to them was transferred to them with their rights and obligations. The partners also agreed to convert the Company from a limited liability Company to a closed joint stock company, and to increase the Company's capital from five hundred thousand (500,000) Saudi riyals to fifty million (50,000,000) Saudi riyals - by transferring the additional capital amount from the partner's current account - divided into five million (5,000,000) at ten (10) Saudi riyals per share, and accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (owning 4,000,020 shares with a value of 40,000,020 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owning 125,000 shares worth 1,250,000 Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares), (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares with a value of 1,944,500 Saudi riyals, or 3.89% of the shares), (7) Modi Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, i.e. a percentage of about 1.94% of the shares). This decision was checked by the Ministry of Commerce under request number 152036, and it was approved by the decision of the employee of the Ministry of Commerce with the number 100003037, dated 05/05/1442H (corresponding to 20/12/2020G). On 07/04/1442H (corresponding to 22/11/2020G), Ministerial Resolution No. Q/5368 was issued approving the license to convert the Company from a (one person company) with limited liability to a closed joint stock company. On 29/05/1442H (corresponding to 13/01/2021G) Ministerial Resolution No. Q/5369 was issued approving the announcement of the transformation of Al Ramz Real Estate Company from a limited liability Company (one person company) to a closed joint stock company. On 15/05/1443H (corresponding to 19/12/2021G), the General Assembly agreed to increase the Company's capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, divided into thirty million (30,000,000) shares at a nominal value of ten (10) Saudi riyals per share - by transferring two hundred and thirty-eight million three hundred and fifty-eight thousand six hundred and fifty-three (238,558,653) Saudi riyals from the additional capital account and transferring the amount of eleven million six hundred and forty-one thousand three hundred and forty-seven (11,641,347) Saudi riyals from the balance of retained earnings - provided that five (5) bonus shares shall be granted for every (1) share owned by the shareholders registered in the Company's records on the day of the Extraordinary General Assembly. Accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (owns 24,000,012 shares, worth 240,000,120 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owns 750,000 shares, worth 7,500,000) Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth SAR 11,667,000, or 3.89% of the shares), (7) Modi Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares worth SAR 5,832,960, or about 1.94% of the shares), and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares). (For more details, please see subsection 4.2 **"Date of the Company Incorporation"** of Section 4 **"Company Background and Nature of Business"** of this Prospectus). On 12/07/1443H (corresponding to 13/02/2022G), the Board of Directors recommended increasing the Company's capital from three hundred million (300,000,000) Saudi riyals to three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (333,333,333) Saudi riyals divided into thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares at a nominal value of ten (10) Saudi riyals per share (hereinafter referred to as the **"shares"**) through offering three million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares for subscription to Qualified Investors in the Parallel Market. On 16/07/1443H (corresponding to 17/02/2022G) the General Assembly approved this recommendation.

The initial public offering in the Parallel Market (hereinafter referred to as the **"Offering"**) consists of offering three million three hundred thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares of the Company (collectively referred to as the **"Offer Shares"** and severally as: **"Offer Share"**) at an offer price of **١٠٠** Saudi riyals per share (the **"offer price"**) at a nominal value of ten (10) Saudi riyals per share.

The Company has one class of ordinary shares. Each share gives its holder the right to one vote, and each shareholder in the Company (**"Shareholder"**) has the right to attend and vote at the meetings of the general assembly of shareholders (the **"General Assembly"**). Each shareholder shall have the right to delegate another person other than the members of the Company's Board of Directors or the Company's employees to represent him in attending the meetings of the General Assembly. No shareholder shall have any preferential voting rights. The Offer Shares are entitled to any dividends announced by the Company from the date of this Prospectus (the **"Prospectus"**) and the following fiscal years (for more details about the dividend policy, please see Section 7 **"Dividend Distribution"** of this Prospectus).

As on the date of this Prospectus, the Company has one Substantial Shareholder (who owns 5% or more of the Company's capital), who is Rasheed Abdul Rahman Nasser Al-Rasheed, who owns 24,000,012 shares, representing about 80.00% of the Company's shares. Substantial Shareholders are prohibited from disposing of their shares for a period of twelve (12) months from the date of commencing trading of the Company's shares in the Parallel Market (the **"Lock-up Period"**), and they may dispose of their shares after the expiry of this period without obtaining prior consent of the Capital Market Authority (the **"Authority"**).

Subscription to the Offer Shares is limited to the categories of Qualified Investors, as the Qualified Investor has been defined by the Capital Market Authority (**"the Authority"**) in the list of terms used in the regulations and rules of the Capital Market Authority and in the list of terms used in the rules of the Saudi Tadawul Group (**"the Exchange"** or **"Tadawul"**). The subscription is limited to two tranches of Qualified Investors categories as follows:

**Tranche (a): Qualified Investors (Non-Individuals):**

- Financial market institutions acting on their own account.
- Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.

1 It should be noted that there was an error in the date of submitting this contract so that the date of submitting the decision of capital's owner on 29/11/1437H (corresponding to 01/09/2016G) should be a later date to the previous documented decision of 14/01/1439H (corresponding to 04/10/2017G).

This Prospectus includes information provided in compliance with the Rules on the Offer and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the **"Authority"**). The directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omissions of which would make any statement in the Prospectus misleading. The Authority and Saudi Tadawul Group (Tadawul) 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. Those wishing to buy listed shares under this Prospectus shall verify the information related to the shares being offered; and consult a licensed financial advisor when facing any difficulty understanding the contents of this Prospectus.

- The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.
- Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.
- Companies and funds established in the GCC states.
- Investment funds.
- Non-resident foreigners who are allowed to invest in the Parallel Market and who fulfill the requirements stipulated in the Investment Guide of Non-Resident Foreigners in the Parallel Market.
- Eligible foreign financial institutions.
- Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
- Any other persons designated by the Authority.

(referred to hereinafter jointly or individually as **"Qualified Investors (non-individuals)"**)

Qualified Investors (non-individuals) will participate via the book building process (for more details, please refer to section 11 **"Information Related to Shares and Offering Terms and Conditions"** of this prospectus). The number of offer shares that will be primarily allocated to Qualified Investors (non-individuals) who are participating in the subscription is three million, three hundred and thirty-three thousand and three hundred and thirty-three (3,333,333) ordinary shares representing 100% of total offer shares. The final allocation will be made after the completion of the subscription period for Qualified Investors (individuals). In the event Qualified Investors (individuals) identified in tranche (b) below have subscribed to the entire shares allocated to them, the bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (non-individuals) to a minimum of three million (3,000,000) ordinary shares, representing around 90% of total offer shares. The subscription period for Qualified Investors (non-individuals) will begin on Tuesday 12/05/1444H (corresponding to 06/12/2022GG) and will run until the end of Monday 18/05/1444H (corresponding to 12/12/2022G) in accordance with the subscription terms and instructions.

**Tranche (b): Qualified Investors (Individuals):**

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria:

- He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months.
- His net assets value shall not be less than five million Saudi Riyal.
- He is working or has worked for at least three years in the financial sector.
- He holds a general certificate for dealing in securities approved by the Authority.
- He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body.

(referred to herein jointly as **"Qualified Investors (individuals)"**).

In the event of subscribing twice, the second subscription application will be considered null and only the first application will be taken into account, and the second application will be considered as if it had never been. A maximum of three hundred and thirty-three thousand and three hundred and thirty-three shares, representing around 10% of total offer shares will be allocated to Qualified Investors (individuals) in the event Qualified Investors (non-individuals) have subscribed to the entire shares allocated to them. The bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (individuals) in proportion to the number of shares subscribed thereby.

The existing shareholders (collectively referred to as the **"Existing Shareholders"**) whose names appear on page (xvi) of this Prospectus own all the shares of the Offering before the Offering, and after completion of the Offering, they will own 90% of the Company's shares, and therefore the Existing Shareholders will retain a controlling stake in the Company. The net proceeds of the Offering will be used to finance part of the Company's current development projects, and the Existing Shareholders will not receive any of the Offering Proceeds (for more details, please see Section 8 **"Using the Offering Proceeds"**).

The Offering Period for Qualified Investors (individuals) will begin on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will run until the end of Wednesday 20/05/1444H (corresponding to 14/12/2022G), (the **"Offering Period"**). Subscription applications to the Offer Shares may be submitted by Qualified Investors (individuals) via the electronic channels of the receiving agents during the Offering Period (for more details, please see section 11 **"Information Related to Shares and Offering Terms and Condition"** of this Prospectus). Qualified Investors (non-individuals) may register their applications in relation to the offer shares via the Bookrunner during the book building process carried out prior to offering of shares to Qualified Investors (individuals) (For more details on the contact information, please see page (v) of this prospectus. All Qualified Investors will be allowed to study the investment opportunity and view any additional information available through a data room in which all the documents referred to in Section 14 **"Documents Available for Inspection"** are displayed.

All Qualified Investors (individuals) who subscribe to the offer shares shall submit an application to subscribe to a minimum of no less than ten (10) shares, and a maximum of three hundred and thirty-three thousand and three hundred and thirty-three (333,333) offer shares. The minimum number of shares that will be allocated to each Qualified Investor (individual) is ten (10) offer shares. The remaining offer shares (if any) will be allocated on pro rata basis, in proportion to percentage of shares requested by each Qualified Investor (individual) to the total offer shares subscribed to. If the number of Qualified Investors (individuals) exceeded three hundred and thirty-three thousand and three hundred and thirty-three (333,333) subscribers, the company will not guarantee the minimum number of share allocation that will be made as suggested by the bookrunner. The final allocation of the Offering shares will be announced no later than Thursday 21/05/1444H (corresponding to 15/12/2022G) and the surplus (if any) will be refunded within two working days from the date of allotment without any commissions or deductions by the entity receiving the offering proceeds, the Lead Manager or the Company. (For more details about the Offering terms, conditions and instructions, please refer to Section 11 **"Information Related to Shares and Offering Terms and Conditions"** of this Prospectus).

Prior to the Offering, there has been no public market for the Company Shares in Saudi Arabia or elsewhere. The Company has filed an application to the Capital Market Authority to register and offer its shares in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations. It also submitted a request to the Saudi Tadawul Company to list its shares in the Parallel Market in accordance with the Listing Rules. All supporting documents requested by the Authority and Tadawul were submitted, all requirements were met, and all approvals related to the Offering process were obtained, including approval of this Prospectus. It is expected that shares will start trading on Tadawul - the Parallel Market - soon after completion of the shares allocation process, refund of the surplus amounts and fulfillment of all relevant regulatory requirements (please refer to page (xii) of this Prospectus **"Important Dates for Subscribers"**). After the shares are registered in the Parallel Market, Qualified Investors who meet the conditions, whether inside or outside the Kingdom, will be allowed to trade in the Company's shares. The **"Important Notice"** and **"Risk Factors"** sections of this Prospectus should be carefully studied by potential investors before they make a decision to subscribe to the Offer Shares.

Financial Advisor, Lead Manager and Bookrunner

**anb capital**

Receiving Agents

**SNB Capital**

**الجزيرة كابيتال**  
ALJAZIRA CAPITAL







## Important Notice

This Prospectus provides complete detailed information about Al Ramz Real Estate Company, a closed joint stock company (“**the Company**” or “**Alramz**”) and the shares offered for subscription in the Parallel Market. Investors who apply to subscribe to the offered shares will be treated on the basis that their applications are based on the information contained in this Prospectus, copies of which can be obtained from websites of the Company ([www.alramzre.com](http://www.alramzre.com)), the Financial Advisor and Lead Manager ([www.anbcapital.com.sa](http://www.anbcapital.com.sa)), or the Capital Market Authority ([www.cma.org.sa](http://www.cma.org.sa)). The Financial Advisor and Lead Manager “**ANB Capital**” will also announce on the Saudi Tadawul Company website about publishing the Prospectus and making it available to Qualified Investors during the period specified in accordance with the Rules on the Offer of Securities and Continuing Obligations (within a period of no less than (14) days before the listing) and any other developments.

The Prospectus contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority. The Directors whose names appear on page (iv) collectively and individually assume full responsibility for the accuracy of the information contained in this Prospectus, and confirm, to the best of 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 Authority and the Saudi Stock Exchange Group 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.

The Company has appointed (ANB Capital Company) as a Financial Advisor to the Offering (“**Financial Advisor**”) and Lead Manager (“**Lead Manager**”) in relation to the Offering of shares indicated in this Prospectus (“**the Offering**”).

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial state of the Company and the value of the Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political, and other factors, over which the Company has no control (See Section 2 “**Risk Factors**” of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer Shares is intended to be or should be construed as or relied upon in any way as a promise or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, or any of its advisors to participate in the Offering. The information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of investors wishing to subscribe in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor who is licensed by CMA in relation to the Offering and for considering the appropriateness of the information herein, with regard to his individual objectives, financial situations and needs, including the advantages and risks related to investing in the Offer Shares. Investment in the Offer Shares may be suitable for some investors and not others. Prospective investors should not rely on the decision of another party to invest or not to invest as a basis for the study they are supposed to carry out regarding the opportunity to invest or the special circumstances of those investors.



Subscription to the Offer Shares is limited to the categories of Qualified Investors, as the Qualified Investor has been defined by the Capital Market Authority in the list of terms used in the regulations and rules of the Capital Market Authority and in the list of terms used in the rules of the Saudi Tadawul Group. The subscription is limited to two tranches of the categories of Qualified Investors as follows:

**Tranche (a): Qualified Investors (non-individuals)**

- 1- Financial market institutions acting on their own account.
- 2- Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.
- 3- The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.
- 4- Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.
- 5- Companies and funds established in the GCC states.
- 6- Investment funds.
- 7- Non-resident foreigners who are allowed to invest in the Parallel Market and who fulfill the requirements stipulated in the Investment Guide of Non-Resident Foreigners in the Parallel Market.
- 8- Eligible foreign financial institutions.
- 9- Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
- 10- Any other persons designated by the Authority.

**Tranche (b): Qualified Investors (Individuals)**

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria:

- a- He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months.
- b- His net assets value shall not be less than five million Saudi Riyal.
- c- He is working or has worked for at least three years in the financial sector.
- d- He holds a general certificate for dealing in securities approved by the Authority.
- e- He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body.

The Offering Period for Qualified Investors (individuals) will begin on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will run for two days until the end of Wednesday 20/05/1444H (corresponding to 14/12/2022G). (“**the Offering Period**”) Applications for subscription in the offer shares can be submitted by Qualified Investors (individuals) who have an investment account with the one of the receiving agents (SNB capital ) and Aljazira Financial Markets Company (Aljazira Capital) activated to invest in the Parallel Market via the electronic channels of the receiving agent during the offering period (for more details, please refer to Section 11 “**Information Related to Shares and the Offering Terms and Conditions**” of this prospectus. Qualified Investors (non-individuals) may register their applications to the offering shares via the bookrunner during the book building process, carried out prior to offering shares to Qualified Investors (individuals). (for more details, please refer to section 11 “**Information Related to Shares and Offering Terms and Conditions**” of this prospectus. All Qualified Investors will be allowed to study the investment opportunity and review any additional information available in a data room in which all documents referred to in section 14 “**Documents Available for Inspection**” are displayed. Both the Company and the Financial Advisor require the recipient of this Prospectus to view all the statutory restrictions related to the offering or sale of the Offering Shares and to observe compliance with them.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy any of the Offer Shares, by any person in any country in which the applicable law in that country does not permit such a person to make such an offer or solicitation. The distribution of this Prospectus or the sale of shares is expressly prohibited to any person in any country other than the Kingdom, except for the category of non-resident foreigners who are permitted to invest in the Parallel Market, and who meet the requirements set forth in the Investment Guide of Non-Resident Foreigners in the Parallel Market, Qualified Foreign Financial Institutions and/or foreign investors, companies and funds established in the GCC States through a swap agreement, provided that the regulations and instructions regulating this Offering shall be observed.



## Financial Information

The Company's audited financial statements for the fiscal year ending on December 31, 2021G (including the comparative statement for the financial year ending on December 31, 2020G) and the accompanying notes, and the reviewed interim financial statements for the six-month period ending on June 30, 2022G (which includes comparative figures for the six-month period ending on June 30, 2021G) and the accompanying notes attach, have been prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances adopted by the Saudi Organization for Certified Public Accountants (SOCPA).

The financial statements for the financial year ending on December 31, 2021G were audited by Ibrahim Ahmed Al-Bassam and Partners Company - a member of PKF International, and the financial statements for the 6 months ending on June 30, 2022G were reviewed also by Ibrahim Ahmed Al-Bassam and Partners Company (PKF). The Company issues its financial statements in Saudi riyals.

## Forecasts and Forward-looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of specific and announced assumptions. Future operating conditions may differ from those assumptions, and therefore, there is no guarantee or representation as to the accuracy or completeness of any such forecasts. The Company confirms, to the best of its reasonable knowledge, that representations made in this Prospectus have been made with due 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 Article (79) of the Rules on the Offer of Securities and Continuing Obligations, the Company will 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: (a) There has been a significant change in any material information contained in this Prospectus; or (b) 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 information contained 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 forward-looking statements in the light of these interpretations and not rely primarily on such statements



## Company Directory

**Table No. (1): Members of the Board of Directors and Secretary \***

Name	Position	Nationality	Age	Membership Capacity		Owned Shares		Percent-age (%) of the Capital
				Executive Non-Executive **	Independence ***	Directly	Indirectly ****	
Rasheed Abdul Rahman Nasser Al-Rasheed	Chairman of the Board of Directors	Saudi	56	Non-Executive	Non-Independent	24,000,012	-	80.00%
Faisal Abdullah Ali Al-Nassar	Deputy Chairman of the Board	Saudi	43	Non-Executive	Independent	-	-	0.00%
Haroon Rasheed Abdul Rahman Al-Rasheed	Managing Director	Saudi	26	Executive	Non-Independent	1,166,700	-	3.89%
Abdulaziz Mohammed Abdullatif Al-Mulhim	Member of the Board of Directors	Saudi	47	Non-Executive	Independent	-	-	0.00%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	Member of the Board of Directors and Secretary	Saudi	24	Executive	Non-Independent	1,166,700	-	3.89%

Source: The Company

\* The Conversion Assembly, held on 19/05/1442H (corresponding to 03/01/2021G), approved the appointment of the Board of Directors for a period of five (5) years. On 24/11/1442H (corresponding to 04/07/2021G), the (Extraordinary) General Assembly of shareholders agreed to accept (retirement - resignation) of the two members of the Board of Directors, Mr. Anas Nasser Al-Rasheed and Mr. Ibrahim Nasser Al-Rasheed, and the re-formation of the Board of Directors from the members mentioned in the above table to complete the mandate of the Board. Mr. Rasheed Abdul Rahman Nasser Al-Rasheed was previously appointed as Chairman of the Board of Directors according to the minutes of the transformational Assembly meeting held on 19/05/1442H (corresponding to 03/01/2021G). Mr. Faisal Abdullah Ali Al-Nassar was appointed as Vice-Chairman according to the minutes of the Extraordinary General Assembly meeting held on 24/11/1442H (corresponding to 04/07/2021G) and Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed assigned as Secretary of the current Board of Directors of the Company in accordance with the minutes of the Board of Directors meeting held on 23/01/1443H (corresponding to 31/08/2021G).

\*\* A member of the Board of Directors gets hold of 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 from it for that. As for the "Non-executive Member", he is a member of the board of directors who does not work full-time to manage the Company or does not receive a salary from it, except for the membership remuneration for the board and committees.

\*\*\* The Corporate Governance Regulations issued by the Capital Market Authority are the basis for determining the independence for members of the board of directors. Following are peculiarities of independence for members of the board of directors of the Company:

- To own 5% or more of the shares of the Company or its subsidiaries, or to be an immediate relative of one who owns this percentage.
- To be a representative of a legal person who owns 5% or more of the Company's shares or of the shares of another company in its group.
- To be a relative to any of the members of the Board of Directors in the Company or in another company of its group.
- To be a relative to any of the senior executives of the Company or any other 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.
- To work or have been an employee during the past two years for the Company or any party dealing with it or another company of its group, such as auditors and major suppliers, or to have been the owner of controlling interests with any of those parties during the past two years.
- To have a direct or indirect interest in the business and contracts made for the account of the Company.
- He receives amounts of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of two hundred thousand (200,000) Saudi riyals or 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever is less.
- To participate in a business that would compete with the Company, or to trade in one of the branches of the Company's activity.
- To have spent more than nine consecutive or separate years as a member of the Company's board of directors (which has become mandatory starting from the term of the board of directors of a listed joint-stock company that is after 01/01/2019).

\*\*\*\* As at the date of this Prospectus, none of the Board members owns any indirect ownership.



## Company address and representatives

### Company Address

**Al Ramz Real Estate Company**

Wadi Hajar - Al-Malqa District – 6926

P.O. Box. 2608 - Riyadh 13524

Kingdom Saudi Arabia

Tel: +966 11 2080441

Fax: +966 11 2193335

E-mail: info@alramzre.com

Website: www.alramzre.com



### Company representatives

**Rasheed Abdul Rahman Nasser Al-Rasheed**

Chairman of Board of Directors

3769 Al Thumama Street

P.O. Box. 8580 - Riyadh 13316

Kingdom Saudi Arabia

Tel: +966 11 2506300 Ext.: 1010

Fax: +966 11 4791818

E-mail: Alrasheed@alramzre.com

Website: www.alramzre.com

**Abdul Malik Rasheed Abdul Rahman Al Rasheed**

Finance and Administration Manager

Wadi Hajar - Al-Malqa District - 6926

P.O. Box. 2608 - Riyadh 13524

Kingdom Saudi Arabia

Tel: +966 11 2080441

Fax: +966 11 2193335

E-mail: abdulmalik@alramzre.com

Website: www.alramzre.com

### Stock Exchange

**Saudi Tadawul Company**

King Fahd Road - Olaya 6897

Unit No: 15

Riyadh 12211 - 3388

Kingdom Saudi Arabia

Tel: +966 11 920001919

Fax: +966 11 218 9133

E-mail: csc@saudiexchange.sa

Website: www.saudiexchange.sa



## Advisors

### Financial Adviser

#### Al-Arabi Financial Company (ANB Capital)

King Faisal Street - Al-Arabi Financial Company Building  
P.O. Box. 220009 - Riyadh 11311  
Kingdom Saudi Arabia  
Tel: +966 11 406 2500  
Fax: +966 11 406 2548  
E-mail: Investment.Banking@anbcapital.com.sa  
Website: www.anbcapital.com.sa



### Legal Advisor

#### Alsaleh, Alsahli and Partners Law Firm

King Abdullah Road, Al Worood District  
P.O. Box. 90549 - Riyadh 11623  
Kingdom Saudi Arabia  
Tel: +966 11 205 4555  
Fax: +966 11 205 4222  
Website: www.ssfirm.com.sa  
E-mail: corporate@ssfirm.com.sa



### Financial Due Diligence Advisor

#### PricewaterhouseCoopers Certified Public Accountants (PWC)

Kingdom Tower - 21st floor  
King Fahd Road - Olaya  
P.O. Box. 13933 - Riyadh 11414  
Kingdom Saudi Arabia  
Tel: +966 11 2110400  
Fax: +966 11 2110401  
Website: www.pwc.com  
E-mail: info@pwc.com



### Certified Public Accountant

For the fiscal year ending on December 31, 2021, and the six-month period ending on June 30, 2022G

#### Ibrahim Ahmed Al-Bassam & Partners

Certified Public Accountants  
Al-Bassam & Partners - PKF  
Prince Abdul Aziz bin Musa'ed Road – Sulaymaniyah District  
P.O. Box. 69658 - Riyadh 11557  
Kingdom Saudi Arabia  
Tel: +966 11 206 5333  
Fax: +966 11 206 5444  
Website: www.pkfalsbassam.com  
E-mail: info.sa@pkf.com





## Receiving Agents

**Alahli Capital (SNB Capital)**

King Saud Road

P. O. Box 22216, Riyadh 12624

Kingdom of Saudi Arabia

Tel: 920000232

Fax: +966 11 406 0049

E-mail: alahlitadawul@alahlicapital.com

Website: alahlicapital.com

**Aljazira Financial Markets Company (Aljazira Capital)**

King Faisal Road

P. O. Box 20438, Riyadh 11455

Kingdom of Saudi Arabia

Tel: +966 11 225 6000

Fax: +966 11 225 6068

E-mail: aljaziracapital.com.sa

Website: info@aljaziracapital.com.sa

**Notice:**

All the above-mentioned advisors and the auditor have given their written consent to indicate their names and logos and to include their statements in the form and content stated in this Prospectus. None of them has withdrawn this consent until the date of this Prospectus. None of the Advisors or their employees - within the work team - or any of their relatives own any shares or interest of any kind in the Company that may affect their independence.

## Offering Summary

This summary aims to provide a brief background on the information provided in this Prospectus. Hence, this summary does not contain all information that may be of interest to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and investors wishing to subscribe to the Offering shares should read and review this Prospectus in full, and any decision related to subscribing to the Offering shares by potential investors should be based on this Prospectus as a whole. In particular, it is necessary to take into account the “**Important Notice**” section on page (i) and Section 2 “**Risk Factors**” before making any investment decision related to subscribing to the subject Offer Shares.

<p><b>Company's Name, Description, and Incorporation</b></p>	<p>Al Ramz Real Estate is a Saudi closed joint stock incorporated under Ministerial Resolution No. Q/5368 dated 07/04/1442H (corresponding to 22/11/2020G) approving the conversion of the Company into a closed joint stock company and Ministerial Resolution No. Q/5369 dated 29/05/1442H (corresponding to 13/01/2021G) approving the announcement of the Company's transformation into a closed joint stock company. It is registered in the Commercial Register No. 1010488618 dated 29/11/1437H (corresponding to 01/09/2016G). The Company's head office is located in Riyadh, P.O. 2608, Wadi Hajar, Al-Malqa District, Postal Code 13524, Kingdom of Saudi Arabia.</p> <p>The Company was initially established as a limited liability Company (one person company) with a capital of five hundred thousand (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares, with a value of ten (10) Saudi riyals per share, and it is wholly owned by Rasheed Abdul Rahman Nasser Al-Rasheed in the commercial name “<b>Al Ramz Real Estate Company (One person company), a Limited Liability company</b>” under contract No. 84330, contract copy number 1, and its article of incorporation was registered with the notary public entrusted by the Ministry of Commerce No. 371636930, dated 29/11/1437H (corresponding to 01/09/2016G). On 14/01/1439H (corresponding to 04/10/2017G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend Article Nine of the Company's Memorandum of Association, pursuant to the partners' decision registered with the notary public in charge of work at the Ministry of Commerce No. 3969736 dated 14/01/1439H (corresponding to 04/10/2017G). On 29/11/1437H (corresponding to 01/09/2016G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the Memorandum of Association electronically by memorandum No. 27606, copy number 2. This Memorandum of Association was checked and documented by the Ministry of Commerce<sup>2</sup>. On 24/05/1440H (corresponding to 30/01/2019G), the owner of the capital, Rasheed Abdul Rahman Nasser Al-Rasheed, decided to amend the Memorandum of Association electronically by amending the third article relating to the name of the Company to become “<b>Al Ramz Real Estate Company (one person company) one person company with liability Limited</b>”, pursuant to Memorandum of Association No. 27606, copy number 3. This Memorandum of Association was checked and documented by the Ministry of Commerce. On 07/04/1442H (corresponding to 22/11/2020G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the memorandum of association with the entry of seven (7) new partners so that he gave up part of his shares in favor of: (1) Fatima Abdullah Nasser Al-Majed (1,250 shares, worth 12,500 Saudi riyals), (2) Haya Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), (3) Haroon Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (4) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (5) Rakan Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (6) Modi Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), and (7) Sarah Rasheed Abdul Rahman Al-Rasheed (with a number of 972 shares, the value of which is 9,720 Saudi riyals) as new partners in the Company, and all the partners agreed to this assignment and the ownership of the shares assigned to them was transferred to them with their rights and obligations. The partners also agreed to convert the Company from a limited liability Company to a closed joint stock Company, and to increase the Company's capital from five hundred thousand (500,000) Saudi riyals to fifty million (50,000,000) Saudi riyals - by transferring from the partner's current account - and divided into five million 5,000,000 shares and the value of each share is ten (10) Saudi riyals, and accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (he owns 4,000,002 shares with a value of 40,000,020 Saudi riyals, or about 80% of the shares), (2) ) Fatima Abdullah Nasser Al-Majed (owning 125,000 shares worth 1,250,000 Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares with a value of 1,944,500 Saudi riyals, or 3.89% of the shares), (7) Mudi Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, i.e. a percentage of about 1.94% of the shares). This decision was audited by the Ministry of Commerce under application number 152036, and it was approved by the decision of the employee of the Ministry of Commerce with the number 100003037, dated 05/05/1442H (corresponding to 20/12/2020G). On 07/04/1442H (corresponding to 22/11/2020G), Ministerial Resolution No. Q/5368 was issued approving the license to convert the Company from a (one person company) with limited liability to a closed joint stock Company. On 29/05/1442H (corresponding to 13/01/2021G) Ministerial Resolution No. Q/5369 was issued approving the announcement of the transformation of Al Ramz Real Estate Company from a limited liability Company (one person company) to a closed joint stock Company. On 15/05/1443H (corresponding to 19/12/2021G), the General Assembly agreed to increase the Company's capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, divided into thirty million (30,000,000) shares at a nominal value of ten (10) Saudi riyals per share - by transferring two hundred and thirty-eight million three hundred and fifty-eight thousand six hundred and fifty-three (238,358,653) Saudi riyals from the additional capital account and transferring the amount of eleven million six hundred and forty-one thousand three hundred and forty-seven (11,641,347) Saudi riyals from the balance of retained earnings - provided that five (5) bonus shares shall be granted for every (1) share owned by the shareholders registered in the Company's records on the day of the Extraordinary General Assembly. Accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (owns 24,000,012 shares, worth 240,000,120 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owns 750,000 shares, worth 7,500,000 Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (7) Modi Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares worth 5,832,960, or about 1.94% of the shares). and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares). (For more details, please see subsection 4.2 “<b>Date of the Company Incorporation</b>” of Section 4 “<b>Company Background and Nature of Business</b>” of this Prospectus). On 12/07/1443H (corresponding to 13/02/2022G), the Board of Directors recommended increasing the Company's capital from three hundred million (300,000,000) Saudi riyals to three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) ) Saudi riyals divided into thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares at a nominal value of ten (10) Saudi riyals per share (hereinafter referred to as the “<b>shares</b>”) through offering three million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares for subscription to Qualified Investors in the Parallel Market. On 16/07/1443H (corresponding to 17/02/2022G) the General Assembly approved this recommendation.</p>
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2 It should be noted that there was an error in the date of submitting this contract so that the date of submitting the decision of capital's owner on 29/11/1437H (corresponding to 01/09/2016G) should be a later date to the previous documented decision of 14/01/1439H (corresponding to 04/10/2017G).



<b>Company Activities</b>	<p>According to its commercial registration, the Company's activities are to purchase and sale of lands and properties and their division, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as schools, hospitals, hotels, etc., renovation of residential and non-residential buildings, preparation of sites for excavation and levelling, casting concrete for bases and foundations, and finishing buildings.</p> <p>The activities of the Company according to its Articles of Association are as follows: (1) real estate activities, (2) construction and building, (3) manufacturing industries, (4) agriculture, forestry and fishing, (5) mining and quarrying, (6) electricity, gas, steam and air conditioning supply, (7) water supply and sanitation activities, waste management and treatment, (8) wholesale and retail trade and repair of motor vehicles and motorcycles, (9) transportation and storage, (10) accommodation and catering service activities, (11) Information and communication, (12) education, (13) human health and social work activities, (14) administrative and support services, (15) arts, recreation and leisure and (16) other service activities.</p> <p>As at the date of this Prospectus, the Company has (4) business segments:</p> <ol style="list-style-type: none"> <li>1- Residential Leasing (Leasing of Apartments)</li> <li>2- Sale of villas</li> <li>3- Sale of apartments</li> <li>4- Sale of residential floors</li> </ol> <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>																																
<b>Substantial shareholders, number of their shares and their ownership percentage before and after the Offering</b>	<p>They are the persons who directly and indirectly own 5% or more of the Company's share capital.</p> <table> <tr> <th rowspan="2">Name</th><th colspan="3">Before Offering</th><th colspan="3">After Offering</th></tr> <tr> <th>No. of Shares</th><th>Nominal Value per share</th><th>Percent-age</th><th>No. of Shares</th><th>Nominal Value per share</th><th>Percent-age*</th></tr> <tr> <td>Rasheed Abdul Rahman Nasser Al-Rasheed</td><td>24,000,012</td><td>240,000,120</td><td>80.00%</td><td>24,000,012</td><td>240,000,120</td><td>72.00%</td></tr> <tr> <td><b>Total</b></td><td><b>24,000,012</b></td><td><b>240,000,120</b></td><td><b>80.00%</b></td><td><b>24,000,012</b></td><td><b>240,000,120</b></td><td><b>72.00%</b></td></tr> </table> <p>Source: The Company</p> <p>* Approximate percentage</p>						Name	Before Offering			After Offering			No. of Shares	Nominal Value per share	Percent-age	No. of Shares	Nominal Value per share	Percent-age*	Rasheed Abdul Rahman Nasser Al-Rasheed	24,000,012	240,000,120	80.00%	24,000,012	240,000,120	72.00%	<b>Total</b>	<b>24,000,012</b>	<b>240,000,120</b>	<b>80.00%</b>	<b>24,000,012</b>	<b>240,000,120</b>	<b>72.00%</b>
Name	Before Offering			After Offering																													
	No. of Shares	Nominal Value per share	Percent-age	No. of Shares	Nominal Value per share	Percent-age*																											
Rasheed Abdul Rahman Nasser Al-Rasheed	24,000,012	240,000,120	80.00%	24,000,012	240,000,120	72.00%																											
<b>Total</b>	<b>24,000,012</b>	<b>240,000,120</b>	<b>80.00%</b>	<b>24,000,012</b>	<b>240,000,120</b>	<b>72.00%</b>																											
<b>Company's capital before the Offering</b>	Three hundred million (300,000,000) Saudi riyaIs.																																
<b>Company's capital after the Offering</b>	Three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) Saudi riyaIs.																																
<b>Total number of the Company's shares before the Offering</b>	Thirty million (30,000,000) fully paid ordinary shares.																																
<b>Total number of the Company's shares after the Offering</b>	Thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares.																																
<b>Nominal value of the share</b>	Ten (10) Saudi riyaIs per share.																																
<b>Number of offered shares</b>	Three million three hundred thirty-three thousand three hundred and thirty-three (3,333,333) shares.																																
<b>Percentage of offered shares from the capital before the Offering</b>	About 11.11% of the capital.																																
<b>Percentage of offered shares from the capital after the Offering</b>	10% of the capital.																																
<b>Offering price</b>	SAR 10.00 per share.																																
<b>Total Offering value</b>	SAR 333,333,330.																																



<b>Use of the Offering Proceeds</b>	<p>It is expected that the net Offering Proceeds will amount to about ٥ million Saudi riyals, after deducting all the Offering costs, which amount to about ٥ million Saudi riyals, knowing that this amount is an estimate. The net Offering Proceeds will be used to finance part of the Company's current development projects. The shareholders will not receive any of the proceeds from the Offering.</p>
<b>Categories of targeted investors</b>	<p>Subscription to the Offer Shares is limited to categories of Qualified Investors, namely:</p> <p><b>Tranche (a): Qualified Investors (non-individuals)</b></p> <ol style="list-style-type: none"> <li>1- Financial market institutions acting on their own account.</li> <li>2- Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.</li> <li>3- The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.</li> <li>4- Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.</li> <li>5- Companies and funds established in the GCC states.</li> <li>6- Investment funds.</li> <li>7- Non-resident foreigners who are allowed to invest in the Parallel Market and who fulfil the requirements stipulated in the Investment Guide of Non-Resident Foreigners in the Parallel Market.</li> <li>8- Eligible foreign financial institutions.</li> <li>9- Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.</li> <li>10- Any other persons designated by the Authority.</li> </ol> <p><b>Tranche (b): Qualified Investors (individuals)</b></p> <p>Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfil any of the following criteria:</p> <ol style="list-style-type: none"> <li>a- He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months.</li> <li>b- His net assets value shall not be less than five million Saudi Riyal.</li> <li>c- He is working or has worked for at least three years in the financial sector.</li> <li>d- He holds a general certificate for dealing in securities approved by the Authority.</li> <li>e- He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body.</li> </ol>
<b>Method of subscription to the Offering shares for each category of targeted investors</b>	<p><b>Method of subscription for Qualified Investors (non-individuals):</b> Qualified Investors (non-individuals) may submit the application for participating in the book building process and the bookrunner will provide the application forms for the Qualified Investors (non-individuals) during the book building process. After the initial allocation, the bookrunner will provide the subscription forms that will be completed by the Qualified Investors (non-individuals) to whom the shares were allocated.</p> <p><b>Method of subscription for Qualified Investors (individuals):</b> Forms of subscription to offer shares may be submitted by the Qualified Investors (individuals) who have an investment account with one of the receiving agents activated to invest in the Parallel Market via the electronic channels of the receiving agents during the offer period (For more details, please see Section 11 "Information Related to Shares and Offering Terms and Conditions" of this Prospectus).</p>
<b>Minimum number of shares that can be subscribed to by each category of the targeted investors</b>	<p>The minimum number of shares that each Qualified Investor (non-individuals) can subscribe to is ten thousand (10,000) shares.</p> <p>The minimum number of shares that each Qualified Investor (individuals) can subscribe to is ten (10) shares.</p>
<b>Value of the minimum number of shares that can be subscribed to by each category of targeted investors</b>	<p>The minimum value of the number of shares that can be subscribed to by each Qualified Investor (non-individual) is ٥ Saudi Riyals (SAR ٥).</p> <p>The minimum value of the number of shares that can be subscribed to by each Qualified Investor (individuals) is ٥ Saudi Riyals (SAR ٥).</p>



<b>Maximum number of shares that can be subscribed to by each category of targeted Qualified Investors</b>	<p>The maximum number of shares that each Qualified Investor (non-individuals) can subscribe to is one million six hundred and sixty-six thousand six hundred and sixty-six (1,666,666) shares.</p> <p>The maximum number of shares that each Qualified Investor (individuals) can subscribe to is three hundred and thirty-three thousand, and three hundred and thirty-three (333,333) shares.</p>
<b>Value of the maximum number of shares that can be subscribed to by each category of targeted investors</b>	<p>The maximum value of the number of shares that can be subscribed to by each Qualified Investor (non-individual) is <b>SAR ٥٠٠</b>.</p> <p>The maximum value of the number of shares that can be subscribed to by each Qualified Investor (individual) is <b>SAR ٥٠٠</b>.</p>
<b>Allocation method and refund of Surplus amounts for each category of targeted investors</b>	<p><b>Allocation Method for Qualified Investors (non-individuals):</b> The provisional allocation of offer shares will be made as deemed appropriate by the Financial Advisor in coordination with the Company, applying the elective shares allocation mechanism. The final allocation of offer shares for Qualified Investors (non-individual) will be made by the bookrunner after completions of the Qualified Investors (individuals) subscription process. The number of offer shares that will be provisionally allocated to Qualified Investors (non-individuals) participating in the subscription is three million, three hundred and thirty-three thousand and three hundred and thirty-three (3,333,333) shares, representing 100% of total offer shares. In the event of sufficient demand by Qualified Investors (individuals) on offer shares, the bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (non-individuals) to three million (3,000,000) ordinary shares, representing around 90% of total offer shares after completion of the subscription process for Qualified Investors (individuals)</p> <p><b>Allocation Method for Qualified Investors (individuals):</b> The allocation of offer shares is expected to take place no later than Thursday 21/05/1444H (corresponding to 15/12/2022G). A maximum of three hundred and thirty-three thousand and three hundred and thirty-three (333,333) ordinary shares, representing around 10% of total offer shares will be allocated to Qualified Investors (individuals). The minimum number of shares that will be allocated to each Qualified Investor (individual) is ten (10) offer shares. The remaining offer shares (if any) will be allocated on pro rata basis, based on the percentage of shares requested by each Qualified Investor (individual) to the total offer shares to be subscribed to. If the number of Qualified Investors (individuals) exceeded thirty-three thousand and three hundred and thirty-three (33,333) subscribers, the Company will not guarantee the minimum allocated shares, and allocation will be made as suggested by the bookrunner (please refer to Section 11 “<b>Information Related to Shares and Offer Terms and Conditions</b>” of this prospectus).</p> <p>Refund of Excess Money: The Lead Manager and the issuer will open an escrow account to receive the subscription monies. Each subscriber must submit the subscription application and deposit the subscription monies in this account.</p> <p>After the end of the offering period, announcement of allocation will be made by informing the investors no later than Thursday 21/05/1444H (corresponding to 15/12/2022G). Shares offered for subscription will be allocated as suggested by the Financial Advisor in consultation with the issuer. The surplus (if any) will be refunded within three working days from the date of allotment, without any commissions or deductions by the Receiving Entity of the Offering Proceeds. Excess money will be deposited in the subscriber’s account specified in the subscription application (please refer to Section 11 “<b>Information Related to Shares and Offering Terms and Conditions</b>” of this Prospectus).</p>
<b>Offering Period</b>	From Tuesday 19/05/1444H (corresponding to 13/12/2022G) until Wednesday 20/05/1444H (corresponding to 14/12/2022G).
<b>Eligibility to profits</b>	The Offering Shares will be eligible to receive any profits announced by the Company from the date of this Prospectus and the following fiscal years (for more details about the dividend policy, please see section 7 “ <b>Dividend Distribution</b> ” of this Prospectus).
<b>Voting rights</b>	The Company has one class of ordinary shares, and each share gives its holder the right to one vote. Every shareholder in the Company has the right to attend and vote at the meetings of the General Assembly. Each shareholder has the right to delegate another person other than members of the Company’s Board of Directors or the Company’s employees to represent him in attending the meetings of the General Assembly. No shareholder will have any preferential voting rights. The shareholder may authorize any other shareholder, other than the members of the Company’s Board of Directors or its employees, to represent him in attending the meetings of the general assembly and voting on its decisions.
<b>Restrictions on shares</b>	Substantial Shareholders whose names are mentioned on page (ix) of this Prospectus are prohibited from disposing of their shares for a period of twelve months from the starting date of trading of the Company’s shares on the Parallel Market. The Securities Depository Center will lift the restrictions on those shares directly after the end of the imposed Lock-up period.
<b>Shares previously listed by the Company</b>	The Company’s shares have never been listed and traded on any exchange, whether inside or outside the Kingdom, before they were offered in the Parallel Market.



## Key Dates and Subscription Procedures

**Table No. (2): Expected Timeline of the Offering**

Event	Date
Bidding and book-building period for Qualified Investors (non-individuals)	Begins on Tuesday 28/04/1444H (corresponding to 22/11/2022G) and continues for eight (8) days until the end of Thursday 07/05/1444H (corresponding to 01/12/2022G).
Subscription Period for Qualified Investors (individuals)	Begins on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will run for two days until the end of Wednesday 20/05/1444H (corresponding to 14/12/2022G).
Deadline for submitting the subscription applications for Qualified Investors (non-individuals) based on the number of shares allocated initially to each of them	On Monday 18/05/1444H (corresponding to 12/12/2022G).
Deadline for paying the value of subscription for Qualified Investors (non-individuals) based on the number of shares allocated provisionally to each of them	On Monday 18/05/1444H (corresponding to 12/12/2022G).
Deadline for submitting the subscription applications and payment of subscription value for Qualified Investors (individuals)	On Wednesday 20/05/1444H (corresponding to 14/12/2022G).
Announcement of final allocation of offer shares and notifying investors	On Thursday 21/05/1444H (corresponding to 15/12/2022G).
Refund of Surplus Amounts (if any)	On Tuesday 26/05/1444H (corresponding to 20/12/2022G).
Expected starting date of trading of the Shares	It is expected that the Company's shares will start trading on the Parallel Market after all the requirements are met and all related regulatory procedures are completed. The start of trading in the shares will be announced in the local newspapers and on Saudi Tadawul Group's website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ).

Note: All dates mentioned in the above Timetable are approximate, and the actual dates will be announced in the local newspapers, and on Saudi Tadawul Group's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Company's website ([www.alramzre.com](http://www.alramzre.com)) and the Financial Advisor and Lead Manager's website ([www.anbcapital.com.sa](http://www.anbcapital.com.sa)).

## How to apply for subscription

According to the requirements of the Rules on the Offer of Securities and Continuing Obligations, subscription to the Offer Shares in the Parallel Market is limited to the categories of Qualified Investors, as the Qualified Investor has been defined in the list of terms used in the regulations and rules of the Authority and in the list of terms used in the rules of the Saudi Tadawul Group. In Chapter Eight of the Rules on the Offer of Securities and Continuing Obligations, it means any of the following:

### Tranche (a) Qualified Investors (Non-Individuals)

- 1- Financial market institutions acting on their own account.
- 2- Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.
- 3- The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.
- 4- Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.
- 5- Companies and funds established in the GCC states.
- 6- Investment funds.
- 7- Non-resident foreigners who are allowed to invest in the Parallel Market and who fulfill the requirements stipulated in the Investment Guide of Non-Resident Foreigners in the Parallel Market.
- 8- Eligible foreign financial institutions.
- 9- Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
- 10- Any other persons designated by the Authority.



**Tranche (b): Qualified Investors (Individuals)**

Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria:

- a- He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months.
- b- His net assets value shall not be less than five million Saudi Riyal.
- c- He is working or has worked for at least three years in the financial sector.
- d- He holds a general certificate for dealing in securities approved by the Authority.
- e- He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body.

The following is a brief overview of the method of subscription for Qualified Investors (non-individuals) and Qualified Investors (individuals):

**Qualified Investors (Non-Individuals):** The Qualified Investors (non-individuals) may obtain the application form for participating in the book building process from the bookrunner during the book building process and may obtain the subscription forms from the bookrunner after the provisional allocation. The bookrunner – after obtaining the Authority approval – offers the shares to Qualified Investors (non-individuals) during the book building process. The subscription process for Qualified Investors (non-individuals) will commence during the offering period, which includes Qualified Investors (individuals), in accordance with the conditions and instructions detailed in the subscription applications forms. The application form must be delivered to the bookrunner and shall be a binding agreement between the Company and the Qualified Investor who submitted the application.

**Qualified Investors (Individuals):** Applications for subscription in the offer shares may be submitted by Qualified Investors (individuals) who have an investment account with one of receiving agents Alahli Capital (SNB Capital) and Aljazira Financial Markets Company (Aljazira Capital), activated to invest in the Parallel Market, via the electronic channels of the receiving agents during the offering period.

The subscription applications forms must be completed in accordance with the instructions stated in section 11 “**Information Related to Shares and Offering Terms and Conditions**” of this prospectus. Each applicant must complete all the relevant items in the subscription application. The Company shall have the right to reject in full or in part any subscription application if it has not satisfied any of the offer terms and conditions. The subscription application may not be amended or withdrawn after submission. The subscription application, as soon as delivered to the Lead Manager, shall constitute a binding agreement between the relevant subscriber and the Company.

No guarantee will be made to accept applications of Qualified Investors (individuals) who have not activated their investment account with the Bookrunner to invest in the Parallel Market before Wednesday 20/05/1444H (corresponding to 14/12/2022G).

Excess money (if any) will be refunded to the qualified investor’s account stated in the subscription form, without commissions or deductions by the Lead Manager of the receiving agent. The value of the subscription will not be refunded in cash to the accounts of a third party.

For more information on the subscription of Qualified Investors (non-individuals) and Qualified Investors (individuals), please refer to section 11 “**Information Related to Shares and Offering Terms and Conditions**” of this prospectus.



## Summary of Key Information

This summary of key information is intended to give a brief overview of the information contained in the Prospectus. Since it is a summary, it does not include all information that may be of interest to subscribers. Those wishing to subscribe to the Company's shares should read the entire Prospectus before deciding whether or not to invest in the Offering Shares. In particular, it is necessary to take into account the **"Important Notice"** section on page (i) and Section 2 **"Risk Factors"** before making any investment decision related to subscribing to the Offering shares under this Prospectus. Definitions and abbreviations in this Prospectus have the meanings given to them in Section 1 **"Terms and Definitions"** and elsewhere in this Prospectus.

## Company Overview

- The Company was initially established as a limited liability Company (one person company) with a capital of five hundred thousand (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares, with a value of ten (10) Saudi riyals per share, and it is wholly owned by Rasheed Abdul Rahman Nasser Al-Rasheed in the commercial name **"Al Ramz Real Estate Company (One person company), a Limited Liability company"** under contract No. 84330, contract copy number 1, and its article of incorporation was registered with the notary public entrusted by the Ministry of Commerce No. 371636930, dated 29/11/1437H (corresponding to 01/09/2016G).
- On 14/01/1439H (corresponding to 04/10/2017G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend Article Nine of the Company's Memorandum of Association, pursuant to the partners' decision registered with the notary public in charge of work at the Ministry of Commerce No. 3969736 dated 14/01/1439H (corresponding to 04/10/2017G).
- On 29/11/1437H (corresponding to 01/09/2016G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the Memorandum of Association electronically by memorandum No. 27606, copy number 2. This Memorandum of Association was checked and documented by the Ministry of Commerce<sup>3</sup>.
- On 24/05/1440H (corresponding to 30/01/2019G), the owner of the capital, Rasheed Abdul Rahman Nasser Al-Rasheed, decided to amend the Memorandum of Association electronically by amending the third article relating to the name of the Company to become **"Al Ramz Real Estate Company (one person company) one person company with liability Limited"**, pursuant to Memorandum of Association No. 27606, copy number 3. This Memorandum of Association was checked and documented by the Ministry of Commerce.
- On 07/04/1442H (corresponding to 22/11/2020G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the memorandum of association with the entry of seven (7) new partners so that he gave up part of his shares in favor of: (1) Fatima Abdullah Nasser Al-Majed (1,250 shares, worth 12,500 Saudi riyals), (2) Haya Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), (3) Haroon Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (4) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (5) Rakan Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (6) Modi Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), and (7) Sarah Rasheed Abdul Rahman Al-Rasheed (with a number of 972 shares, the value of which is 9,720 Saudi riyals) as new partners in the Company, and all the partners agreed to this assignment and the ownership of the shares assigned to them was transferred to them with their rights and obligations. The partners also agreed to convert the Company from a limited liability Company to a closed joint stock Company, and to increase the Company's capital from five hundred thousand (500,000) Saudi riyals to fifty million (50,000,000) Saudi riyals - by transferring from the partner's current account - and divided into five million 5,000,000 shares and the value of each share is ten (10) Saudi riyals, and accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (he owns 4,000,002 shares with a value of 40,000,020 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owning 125,000 shares worth 1,250,000 Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares with a value of 1,944,500 Saudi riyals, or 3.89% of the shares), (7) Mudi Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, i.e. a percentage of about 1.94% of the shares). This decision was audited by the Ministry of Commerce under application number 152036, and it was approved by the decision of the employee of the Ministry of Commerce with the number 100003037, dated 05/05/1442H (corresponding to 20/12/2020G).



- On 07/04/1442H (corresponding to 22/11/2020G), Ministerial Resolution No. Q/5368 was issued approving the license to convert the Company from a (one person company) with limited liability to a closed joint stock Company.
- On 29/05/1442H (corresponding to 13/01/2021G) Ministerial Resolution No. Q/5369 was issued approving the announcement of the transformation of Al Ramz Real Estate Company from a limited liability Company (one person company) to a closed joint stock Company.
- On 15/05/1443H (corresponding to 19/12/2021G), the General Assembly agreed to increase the Company's capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, divided into thirty million (30,000,000) shares at a nominal value of ten (10) Saudi riyals per share - by transferring two hundred and thirty-eight million three hundred and fifty-eight thousand six hundred and fifty-three (238,358,653) Saudi riyals from the additional capital account and transferring the amount of eleven million six hundred and forty-one thousand three hundred and forty-seven (11,641,347) Saudi riyals from the balance of retained earnings - provided that five (5) bonus shares shall be granted for every (1) share owned by the shareholders registered in the Company's records on the day of the Extraordinary General Assembly. Accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (owns 24,000,012 shares, worth 240,000,120 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owns 750,000 shares, worth 7,500,000) Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (7) Modi Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares worth 5,832,960 Saudi riyals, or about 1.94% of the shares). and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares). (For more details, please see subsection 4.2 "**Date of the Company Incorporation**" of Section 4 "**Company Background and Nature of Business**" of this Prospectus).
- On 12/07/1443H (corresponding to 13/02/2022G), the Board of Directors recommended increasing the Company's capital from three hundred million (300,000,000) Saudi riyals to three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) Saudi riyals divided into thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares at a nominal value of ten (10) Saudi riyals per share (hereinafter referred to as the "**shares**") through offering three million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares for subscription to Qualified Investors in the Parallel Market. On 16/07/1443H (corresponding to 17/02/2022G) the General Assembly approved this recommendation.
- The Company's current capital is three hundred million (300,000,000) Saudi Riyals divided into thirty million (30,000,000) ordinary shares at a nominal value of ten (10) Saudi Riyals per share.
- As on the date of this Prospectus, the Company has one Substantial Shareholder (who owns 5% or more of the Company's capital), who is Rasheed Abdul Rahman Nasser Al-Rasheed, who owns about 80.00% of the Company's shares before the Offering.



## The Company's ownership structure before and after the Offering

The following table shows the ownership structure of the Company's shares before and after the Offering:

**Table No. (3): The Company's ownership structure before and after the Offering**

Name	Before the Offering					After the Offering				
	Number of shares owned directly	Nominal value of shares owned directly	Number of shares owned indirectly	Nominal value of shares owned indirectly	Percentage of the capital	Nominal value of shares owned indirectly	Number of shares owned directly	Nominal value of shares owned directly	Number of shares owned indirectly	Nominal value of shares owned indirectly
Rasheed Abdul Rahman Nasser Al-Rasheed	24,000,012	240,000,120	-	-	80.00%	24,000,012	240,000,120	-	-	72.00%
Fatima Abdullah Nasser Al-Majed	750,000	7,500,000	-	-	2.50%	750,000	7,500,000	-	-	2.25%
Haya Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Haroon Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Rakan Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Modi Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Sarah Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Qualified Investors	-	-	-	-	-	3,333,333	33,333,330	-	-	10.00%
<b>Total</b>	<b>30,000,000</b>	<b>300,000,000</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>33,333,333</b>	<b>333,333,330</b>	<b>-</b>	<b>-</b>	<b>100%</b>

Source: The Company





## Main activities of the Company

- According to its commercial registration, the Company's activities are to purchase and sale of lands and properties and their division, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as schools, hospitals, hotels, etc., renovation of residential and non-residential buildings, preparation of sites for excavation and levelling, casting concrete for bases and foundations, and finishing buildings
- The Company's activity, according to its commercial register, is the purchase and sale of lands and real estate, its division and off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as Schools, hospitals, hotels, etc., residential and non-residential buildings repairs, preparation and preparation of sites for excavation and leveling, pouring foundations and foundations, finishing buildings.
- The Company conducts its activities in accordance with the applicable regulations and after obtaining all the necessary licenses from the competent authorities, such as Contractor Membership Certificate, city service provider classification certificate, real estate developer qualification certificate, credit rating certificate, Zakat certificate, value-added tax registration, commercial records certificates and the Chamber of Commerce certificate.
- In addition to its main branch in the Riyadh, the Company has a subsidiary branch, "**Osos Al Ramz Contracting Company**" in Riyadh. The activity of this branch, according to its commercial registration, is the general construction of residential buildings, the general construction of government buildings, and restoration of residential and non-residential buildings.
- As of the date of this Prospectus, the Company does not have any commercial activity outside the Kingdom, and it has not opened branches outside the Kingdom of Saudi Arabia.
- As of the date of this Prospectus, Al Ramz Real Estate Company has one subsidiary, which is "**Osos Al Ramz Contracting Company**".

## Vision

Excellence and creativity in the development of housing units in the Kingdom of Saudi Arabia.

## Mission

Development and sale of modern housing units of high quality and sustainability.



## Company's Objective

The main objective of the Company is to develop high quality residential units and villas that meet the aspirations of customers and provide them with the best experience.

## Company strategy

- Providing modern and high-quality housing projects
- Increasing the Company's ability to construct projects
- Maintaining an efficient capital structure and enhancing returns for shareholders
- Take advantage of technology

## Company business model

The central elements of the Al Ramz business model are:

- Assessment the opportunity and study its feasibility
- Land acquisition
- Design, planning and issuance of licenses
- Bill of Quantities (BOQ) and appointment of contractors
- Supervision and follow-up
- Marketing, sales and after-sales service

## Company project development steps

- Project evaluation and feasibility study
- Land acquisition
- Design and Planning
- Bill of Quantities (BOQ) and contractor selection
- Marketing, Sales and After Sales

## Strengths and competitive advantages of the Company

- Attractive residential real estate market and strong government support
- Proven track record in implementing and delivering projects
- High quality construction with modern and contemporary designs
- Development of internal projects and the ability to implement, which increases shareholder value
- A stock of land for business development and securing profits for the coming years
- Strong financial performance and strong financial position
- Deep inherited family experience in real estate development
- Establishing an experienced leadership team led by members of the founding family of the Company



## Market and Sector Overview

### Economy of Saudi Arabia

- **The Overall Macroeconomic landscape**

The Kingdom of Saudi Arabia is the largest economy in the Gulf Cooperation Council (GCC), with the Kingdom's GDP reaching 2,533 billion Saudi Riyals in 2020. The Saudi economy grew at a compounded annual growth rate of 3.3% from 2010 to 2019G, bringing the GDP to 2,642 billion Saudi Riyals. In 2020G, the GDP contracted by about 4.1% to reach 2,533 billion Saudi riyals as a result of the outbreak of the Corona virus pandemic and the decline in the level of oil production and prices.

- **Demographics**

The Kingdom of Saudi Arabia is the largest country in the Gulf Cooperation Council (GCC) in terms of population, which reached 35.0 million people in 2020G. An analysis of the demographics of the Kingdom in 2020G indicates that the population is somewhat young, as 69% of the population is under the age of forty. The growing population, along with the young demographics, presents great opportunities for the real estate sector.

- **Urbanization**

The urbanization rate in Saudi Arabia reached 84.3% in 2020G, mainly driven by job opportunities in major cities. The urbanization rate is expected to reach 88% by 2025G. This increase in urbanization will increase the demand for housing in major cities.

### Vision 2030 Programs

As a result of the Kingdom's heavy dependence on oil, the fluctuations in global oil prices, as well as the inefficiency in the economy, the Kingdom's Government is focusing on reducing its economy's dependence on the oil and gas sector. Transformation and growth depend on various initiatives from Vision 2030 and the thirteen Vision Realization Programs which include:

- Housing Program
- White Lands Program
- Mortgage
- Tax exemption
- Saudi Real Estate Refinance Company
- Ownership of homes percentage



## Residential Real Estate Market

### • Market Size

Saudi Arabia is divided into 13 regions. According to the data of the General Authority for Statistics, about 66% of the total population of the Kingdom of Saudi Arabia in 2019 resides in three regions: Riyadh, Makkah and the Eastern Province.

The largest population gathering in the Riyadh region. The city's population has more than doubled over the past two decades and the city's demographic makeup has changed rapidly, with nearly half of the city's population currently under the age of 29.

Historically, it has been the norm for generations of the same family to live in the same house. This young generation is now showing a desire to move away from the multigenerational family structure. As a result of these growing challenges, affordability is the top priority especially as cultural and social conditions change at a rapid pace.

In terms of the number of housing units owned by Saudi families, Riyadh, Makkah, and the Eastern Province have constituted 63% of the total housing units in the Kingdom since mid-2019G. The total owned units represent 62% of the total housing units, while the total rented units represent 35%.

### • Key Growth Drivers

The main drivers of the residential real estate market include:

- Vision 2030 and Government initiatives
- Population count
- Urbanism
- Mortgage

### • Real Estate Price Index

Residential real estate prices rose in 2020G despite the Coronavirus pandemic, with the demand for residential units continuing to rise. The residential real estate market has performed better than the commercial sector even during the ongoing pandemic, as the residential sector price index showed an upward trend from 2019 to 2021G.

### • Competitive Environment

There are a large number of real estate developers in the Kingdom, including big players, small businesses and individuals. According to the Real Estate Developers Association, the number of real estate developers increased from 164,144 in 2019G to 175,672 in 2021G.

With the introduction of the new Contractors Law, the market will be reformed as ministries, Government agencies and public corporate bodies may not accept any bid or tender for any project subject to classification unless the contractor is classified, and the project is within the scope and degree in which the contractor is classified.<sup>4</sup>



## Summary of Financial Information

The summary of the financial statements below is based on the audited financial statements for the financial year ending on December 31, 2021G (which includes comparative figures for the financial year ending on December 31, 2020G) and the accompanying notes, and the interim audited financial statements for the six-month period ending on June 30, 2022G (which includes comparative figures for the six-month period ending on June 30, 2021G) and the accompanying notes.

**Table No. (4): Summary of Income Statement**

Income Statement (SAR'000)	Fiscal year ended on 31 December 2020G (Audited)	Fiscal year ended on 31 December 2021G (Audited)	six-month period ended on 30 June 2021G (Non-Audited)	six-month period ended on 30 June 2022G (Non-Audited)
Revenue	75,378	343,372	98,527	85,267
Cost of revenue	(49,066)	(248,799)	(80,217)	(54,770)
<b>Gross profit</b>	<b>26,312</b>	<b>94,574</b>	<b>18,310</b>	<b>30,496</b>
General and administrative expenses	3,546	4,789	1,408	3,141
Selling and Marketing Expenses	1,270	1,935	855	2,356
Other Expenses, net	1,926	(158)	156	1
<b>Net Profit from Operations</b>	<b>19,570</b>	<b>88,008</b>	<b>16,203</b>	<b>25,000</b>
Cost of financing and bank facilities		523		-
<b>Net Profit before Zakat</b>	<b>19,570</b>	<b>87,486</b>	<b>16,203</b>	<b>25,000</b>
Zakat	2,261	4,346	2,564	4,194
<b>Net Profit</b>	<b>17,309</b>	<b>83,139</b>	<b>13,639</b>	<b>20,806</b>
<b>Other Comprehensive income</b>				
<b>Total Comprehensive income</b>	<b>17,309</b>	<b>83,139</b>	<b>13,639</b>	<b>20,806</b>

Source: Financial Statements

**Table No. (5): Summary Statement of Financial Position**

Statement of Financial Position (SAR'000)	As on December 31, 2020G (Audited)	As on December 31, 2021G (Audited)	As on June 30, 2022G (Non-Audited)
Total current assets	244,872	380,445	615,165
Total Non-current assets	100,303	92,968	43,413
<b>Total assets</b>	<b>345,175</b>	<b>473,413</b>	<b>658,578</b>
Total Current liabilities	27,544	33,159	231,649
Total Non-current liabilities	24	37,283	33,152
<b>Total Liabilities</b>	<b>27,568</b>	<b>70,442</b>	<b>264,801</b>
Total Shareholders' Equity	317,607	402,971	393,777
<b>Total shareholders' equity and liabilities</b>	<b>345,175</b>	<b>473,413</b>	<b>658,578</b>

Source: Financial Statements





**Table No. (6): Summary Cash Flow Statement**

Cash Flow (SAR'000)	As on December 31, 2020G (Audited)	As on December 31, 2021G (Audited)	As on June 30, 2021G (Non-Audited)	As on June 30, 2022G (Non-Audited)
Net cash generated from operating activities	(112,878)	(60,306)	(14,896)	6,793
Net cash (used in) investing activities	(1)	5,123	(300)	(657)
Net cash generated from (used in) financing activities	117,741	55,488	55,488	1,145
Net increase (Decrease) in cash and cash equivalents	4,861	304	40,292	7,281
Cash and cash equivalents at the beginning of the year	3,828	8,689	8,689	8,993
Cash and cash equivalents at the end of the year	8,689	8,993	48,281	16,274

Source: Financial Statements

**Table No. (7): KPIs**

Financial Indicators	As on December 31, 2020G	As on December 31, 2021G	As on June 30, 2022G
Revenue growth rate	244.50%	355.50%	-13.50%
Return on Asset	6.5%	20.3%	7.4%
Return on Equity	6.9%	23.1%	10.4%
Current Ratio	8.89x	11.47x	2.66x
Quick Liquidity Ratio	6.11x	11.40x	2.66x
Gross profit margin	34.91%	27.54%	35.80%
Net Profit Margin	22.96%	24.21%	24.40%
Debt/Equity Ratio	Not Applicable	13.42%	13.80%

Source: The Company



## Summary of Risk Factors

### 1- Risks related to Challenging the Ownership, Expropriation or Seizure of Real Estate Assets

- Risks related to Related Party Transactions
- Risks related to Financing
- Risks related to Mortgage of the Company's Assets
- Risks related to Future Availability of Financing
- Liquidity Risks
- Credit Risks
- Risks related to Rented Sites
- Risks related to Zakat Differences and Potential Zakat Obligations
- Risks related to the Localization of Jobs and Foreign Labor
- Risks related to Labor Availability
- Risks related to Employees Misconduct and Errors
- Risks related to Reliance on Key Personnel
- Risks related to Senior Executives
- Risks related to Business Interruption
- Risks related to the Operating Systems, Information Technology and Accounting Systems
- Risks related to Inadequate Insurance Coverage
- Risks related to Reliance on Trademark
- Risks related to Litigation, Claims, Arbitration and Administrative Proceedings
- Risks related to the Outsourcing of the Internal Audit Department
- Risks related to the Recent Composition of Audit Committee
- Risks related to Non-compliance with the Capital Market Law and its Implementing Regulations
- Risks related to Raw Material Prices
- Risks related to the Vacancy of the Business Development Manager Position
- Risks related to the Market and the Sector in which the Company Operates
- Risks related to the Economic Performance of the Kingdom
- Risks related to Political and Economic Instability in the Region and its Impact on the Company's Operations
- Risks related to Natural Disasters
- Risks related to Changing the Regulatory Environment
- Risks related to Fluctuations in the Real Estate Sector
- Risks related to Real Estate Development
- Risks related to Real Estate Evaluation and Assessment
- Risks related to the Competitive Environment
- Risks related to Growth Opportunities
- Risks related to Real Estate Tax
- Risks related to White Land Fees
- Risks related to Non-compliance with the Requirements of the Companies Law
- Risks related to the Implementation of the Governance Regulations
- Risks related to Interest Rate Fluctuations
- Risks related to the Imposition of New Taxes or Fees
- Risks related to Government Fees Applicable to non-Saudi Employees
- Risks related to Changing the Mechanism for Calculating Zakat and Income Tax
- Risks related to the offered shares
- Risks related to Possible Fluctuations in the Share Price
- Risks related to Future Data
- Risks related to Control by Existing Shareholders



- Risks related to the Lack of a Previous Market for the Company's Shares
- Risks related to Dividends Distribution
- Risks related to Offering Additional Shares
- Risks related to Selling a Large Number of Shares in the Parallel Market after the Offering Process
- Risks related to the Failure to Meet the Requirements of Transition to the Main Market or any Future Regulatory Requirements
- Risks related to the Liquidity of the Offer Shares
- Risks related to the Company's Desire to Continue in the Parallel Market
- Risks related to the Market and the Sector in which the Company Operates

## 2- Risks related to the Economic Performance of the Kingdom

- Risks related to Political and Economic Instability in the Region and its Impact on the Company's Operations
- Risks related to Natural Disasters
- Risks related to Changing the Regulatory Environment
- Risks related to Fluctuations in the Real Estate Sector
- Risks related to Real Estate Development
- Risks related to Real Estate Evaluation and Assessment
- Risks related to the Competitive Environment
- Risks related to Growth Opportunities
- Risks related to Real Estate Tax
- Risks related to White Land Fees
- Risks related to Non-compliance with the Requirements of the Companies Law
- Risks related to the Implementation of the Governance Regulations
- Risks related to Interest Rate Fluctuations
- Risks related to the Imposition of New Taxes or Fees
- Risks related to Government Fees Applicable to non-Saudi Employees
- Risks related to Changing the Mechanism for Calculating Zakat and Income Tax

## 3- Risks related to the offered shares

- Risks related to Possible Fluctuations in the Share Price
- Risks related to Future Data
- Risks related to Control by Existing Shareholders
- Risks related to the Lack of a Previous Market for the Company's Shares
- Risks related to Dividends Distribution
- Risks related to Offering Additional Shares
- Risks related to Selling a Large Number of Shares in the Parallel Market after the Offering Process
- Risks related to the Failure to Meet the Requirements of Transition to the Main Market or any Future Regulatory Requirements
- Risks related to the Liquidity of the Offer Shares
- Risks related to the Company's Desire to Continue in the Parallel Market



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## 1. Terms and Definitions

The following table shows a list of definitions and terms mentioned in the prospectus:

**Table No. (8): Terms and Definitions**

Term or abbreviation	Definition
<b>The Company or Al Ramz or the Issuer</b>	Al Ramz Real Estate Company, a closed joint stock company
<b>Company management, Management, or Senior Management</b>	The executive management team or senior executives in Al Ramz Real Estate Company, which includes, for example, the CEO, Marketing and Sales Manager, Projects Management Manager, Property Manager, Finance and Administrative manager, Business Development Manager, in addition to the Internal Auditor and occupants of any other approved positions in other departments or sections as well as shown in the organizational chart (for more information, please see subsection 5.2 “ <b>The Company’s Management Structure</b> ” of Section 5 “ <b>The Company’s Ownership Structure</b> ” of this Prospectus).
<b>Board or Board of Directors</b>	The Board of Directors of Al Ramz Company was elected by the General Assembly in accordance with the provisions of the Company’s Articles of Association and the requirements of the competent authorities related to the membership of the Boards of Directors of joint stock companies.
<b>The Kingdom</b>	Kingdom Saudi Arabia.
<b>The Government / governmental</b>	Government of the Kingdom of Saudi Arabia.
<b>Share</b>	One share of Company’s shares is fully paid with a nominal value of ten (10) Saudi riyals.
<b>Capital Market Authority or the Authority</b>	The Capital Market Authority of the Kingdom of Saudi Arabia.
<b>Tadawul or the Exchange</b>	Saudi Tadawul Company, the automated system for trading shares
<b>Capital Market Law or the Law</b>	The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 01/08/2003g), amended by CMA Board Decision No. 1-104-2019 dated 01/02/1441H (corresponding to 30/09/2019g)
<b>Financial Statements</b>	Financial statements for the financial year ending on December 31, 2021G (which includes comparative figures for the financial year ending on December 31, 2020G) and the accompanying notes, and the reviewed interim financial statements for the six-month period ending on June 30 June 2022G (which includes comparative figures for the six-month period ending on 30 June 2021G) and the accompanying notes, which were prepared in accordance with International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Certified Public Accountants.  The financial statements for the fiscal year ending on December 31, 2021G were audited and the financial statements for the period ending on June 30, 2022G were reviewed by Ibrahim Ahmed Al-Bassam & Partners Certified Public Accountants (PKF). The Company issues its financial statements in Saudi riyals.
<b>International Financial Reporting Standards (IFRS)</b>	A set of accounting standards and their interpretations issued by the Board of International Accounting Standards.
<b>H</b>	Hijri calendar.
<b>G</b>	Gregorian calendar.
<b>Shareholders</b>	Shareholders at any time.
<b>Financial Advisor</b>	Al-Arabi Financial Company (ANB Capital).
<b>Lead Manager</b>	Al-Arabi Financial Company (ANB Capital).
<b>Bookrunner</b>	Al-Arabi Financial Company (ANB Capital).
<b>Receiving Agents</b>	Alahli Capital (SNB Capital) and AlJazira Financial Markets Company (Aljazira Capital).
<b>Legal Advisor</b>	Alsaleh, Alsahli and Partners Law Firm.
<b>Advisors</b>	The Company’s advisors regarding the Offering process, whose names are listed on pages (vi) of this Prospectus.





Term or abbreviation	Definition
<b>Subscriber</b>	Each Eligible Shareholder subscribes or submits an application to subscribe to the Company's shares in accordance with the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules and the terms of the subscription provisions.
<b>By-Laws</b>	The Articles of Association of joint stock companies, which is the document that contains the rules and regulations for the management of the Company, which should be issued in accordance with the provisions of the Saudi Companies Law and approved by the general assembly of shareholders; With regard to Al Ramz Company, the latest version of the Company's Articles of Association was issued based on the resolution of the (Extraordinary) General Assembly on 16/07/1443H (corresponding to 17/02/2022G), and it was checked and approved by the Ministry of Commerce (Corporate Governance Department) on 28/07/1443H (corresponding to 01/03/2022G).
<b>Articles of Association</b>	Articles of Association of the Company registered with the notary public in charge of the Ministry of Commerce No. 371636930 dated 29/11/1437H (corresponding to 01/09/2016G) and the amendments thereto.
<b>Ministry of Commerce</b>	Ministry of Commerce in the Kingdom of Saudi Arabia (formerly Ministry of Commerce and Investment).
<b>Ministry of Human Resources</b>	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia (formerly Ministry of Labor and Social Development).
<b>Ministry of Municipal and Rural Affairs and Housing</b>	Ministry of Municipal and Rural Affairs and Housing* in the Kingdom of Saudi Arabia. * (On 11/06/1442H (corresponding to 24/01/2021G), Royal Decree No. A/322 was issued to merge the Ministry of "Housing" into the Ministry of "Municipal and Rural Affairs", and amend its name to be the "Ministry of Municipal and Rural Affairs and Housing")
<b>Offering</b>	An initial public offering of three million, three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares representing 10% of the Company's capital after the Offering, for the purpose of listing in the Parallel Market.
<b>Shareholders' shares before the Offering</b>	Thirty million (30,000,000) ordinary shares.
<b>Shareholders' shares after the Offering</b>	Thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares.
<b>Offering shares</b>	Three million three hundred thirty-three thousand three hundred and thirty-three (3,333,333) shares.
<b>Nominal Value</b>	Ten (10) Saudi Riyals per share.
<b>Offering Price</b>	١٠ (10) Saudi Riyals for each share of the Offering.
<b>Offering Period</b>	The Offering period begins on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will run for two (2) days that will end by the end of Wednesday 20/05/1444H (corresponding to 14/12/2022G).
<b>Offering Proceeds</b>	The total value of the subscribed shares.
<b>Net Offering Proceeds</b>	The net proceeds of the Offering after deducting the costs of the Offering.
<b>SAR or Saudi riyal</b>	Saudi Riyal, the local currency of the Kingdom of Saudi Arabia.
<b>Rules on the Offer of Securities and Continuing Obligations</b>	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), based on the Companies Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Decision No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G), and was last modified by CMA Board Decision No. 1-94-2022 dated 24/01 / 1444H (corresponding to 22/08/2022G).
<b>Listing Rules</b>	Listing Rules issued by the Saudi Tadawul Company and approved by CMA Board Decision No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017 G), and the last amendment was according to its Resolution No. 3-96-2022 on 10/ 02/1444H (corresponding to 06/09/2022G).
<b>Corporate Governance Regulation</b>	Corporate Governance Regulations 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 a Resolution Board of the Capital Market Authority No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
<b>Companies Law</b>	The Companies Law in the Kingdom of Saudi Arabia issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), which entered into force on 25/07/1437H (corresponding to 02/05/2016G) and amended by Royal Decree No. M/79 dated 25/07/1439H (corresponding to 11/04/2018G).
<b>Prospectus</b>	This Prospectus, prepared by the Company, regarding the Offering.
<b>Subscription Application Form</b>	The Subscription Application Form that Qualified Investors who wish to subscribe to the Offering shares must fill out and submit to the receiving entity when they wish to subscribe.



Term or abbreviation	Definition
<b>Substantial Shareholder</b>	They are the persons who own 5% or more of the Company's share capital. As on the date of this Prospectus, the Company has one Substantial Shareholder who owns 5% or more of the Company's shares, he is Mr. / Rasheed Abdul Rahman Nasser Al-Rasheed, who owns about 80% of the Company's shares before the Offering.
<b>General Assembly</b>	The general assembly 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.
<b>Ordinary General Assembly</b>	Ordinary general assembly of the Company's shareholders.
<b>Extraordinary General Assembly</b>	Extraordinary general assembly of the Company's shareholders.
<b>Gulf Cooperation Council (GCC) countries</b>	These are the Kingdom of Saudi Arabia, the Sultanate of Oman, the United Arab Emirates, the State of Kuwait, the State of Qatar and the Kingdom of Bahrain.
<b>Qualified Investor or Qualified Investors</b>	<p>The two tranches of the categories of the Qualified Investors are:</p> <p><b>Tranche (a): Qualified Investors (non-individuals):</b></p> <ol style="list-style-type: none"> <li>1- Capital Market Institutions acting for their own account.</li> <li>2- Clients of a Capital Market Institution authorized by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.</li> <li>3- The Government of the Kingdom, any government body, any supranational authority recognized by the Authority or the Exchange, and any other stock exchange recognized by the Authority or the Depository Center.</li> <li>4- Government-owned companies either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.</li> <li>5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.</li> <li>6- Investment Funds.</li> <li>7- Non-resident foreigners permitted to invest in the Parallel Market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.</li> <li>8- Qualified foreign financial institutions.</li> <li>9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center</li> <li>10- Any other persons prescribed by the Authority</li> </ol> <p><b>Tranche (b): Qualified Investors (individuals):</b></p> <p>Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfill any of the following criteria:</p> <ol style="list-style-type: none"> <li>a- has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.</li> <li>b- his net assets is not less than 5 million Saudi Riyals.</li> <li>c- works or has worked for at least three years in the financial sector.</li> <li>d- holds the General Securities Qualification Certificate which is recognized by the Authority.</li> <li>e- holds professional certificate that is related to securities business and accredited by an internationally recognized entity.</li> </ol>
<b>Parallel Market</b>	A market parallel to the Main Market in which shares that have been registered and accepted for listing are traded under the Listing Rules and the Rules on the Offer of Securities and Continuing Obligations. Note that investment in this Parallel Market is intended for Qualified Investors only.
<b>Subsidiary</b>	Osos Al Ramz Contracting Company (One person company - Limited Liability) is registered in the Commercial Register in Riyadh under number (1010787199), dated 06/08/1443H (corresponding to 09/03/2022G).
<b>Branch Commercial Registration</b>	The Company has established a branch in Riyadh under the trade name " <b>Ramz Al-Asas Contracting Company</b> ", under Commercial Registration No. 1010682613, dated 12/06/1442H (corresponding to 25/01/2021G). The main activity of the Company's branch is general construction of residential buildings, and government buildings, renovations of residential and non-residential buildings.
<b>Commercial Registration Law</b>	The Commercial Registration Law issued pursuant to Royal Decree No. M/1 dated 21/2/1416H (corresponding to 19/07/1995G) and its implementing regulations issued by Ministerial Resolution No. 1003 dated 21/09/1416H (corresponding to 11/02/1996G).



Term or abbreviation	Definition
<b>Chairman of the Board of Directors (or Chairman of the Board)</b>	A member of the Board (non-executive) elected by the Board to chair its meetings and organize its work.
<b>Deputy Chairman of the Board of Directors (or Deputy Chairman)</b>	A member of the Board (non-executive) who is elected by the Board to replace the Chairman of the Board in his absence.
<b>Secretary</b>	A member of the Board or others who are appointed by the Board of Directors as Secretary. The terms of reference and remuneration of the Secretary are determined by a decision of the Board of Directors in the event that the does not contain provisions in this regard.
<b>CEO</b>	Chief Executive Officer of the Company.
<b>Shareholders Register</b>	The register of shareholders prepared and maintained by the Company, which includes the names of the shareholders, their nationalities, professions, places of residence, addresses and share numbers, in which all actions relating to shares issued by the Company are recorded.
<b>Civil Defense Law</b>	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).
<b>Statutory Reserve</b>	The percentage that the Company must allocate from the net profits in accordance with Article 129 of the Companies Law. The Company has formed a statutory reserve by transferring 10% of the net income of the year until the total reserve reaches 30% of the Company's capital. The statutory reserve amounted to SAR 1,880,943 as on December 31, 2020G, and SAR 10,194,890 as on December 31, 2021G and June 30, 2022G.
<b>Litigation</b>	Recourse to Saudi or international courts or Saudi or international judicial and quasi-judicial committees to reach a dispute settlement.
<b>Value Added Tax (VAT)</b>	<p>The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for value-added tax for the GCC countries, which came into force on January 1, 2018, as a new tax to be added to the system of taxes and other fees to be implemented by specific sectors in the Kingdom, and in the GCC countries. The amount of this tax is 5%, and a number of products have been excluded from it, such as basic foodstuffs and services related to health care and education.</p> <p>The Board of Directors of the General Authority for Zakat and Income No. 20-3-2 dated 17/10/1441H (corresponding to 09/06/2020G) decided to amend the value-added tax system to become 15% starting from 01/07/2020G, with its powers stipulated in the fifth article of the General Authority of Zakat and Income Regulations issued by Cabinet Resolution No. 465 dated 20/07/1438H and after perusal of Royal Decree No. A/638 dated 15/10/1441H issued regarding the amendment of the value-added tax system to allow the basic tax rate to be increased to 15% starting from July 1, 2020.</p>
<b>Vision 2030</b>	The National Strategic Economic Program, which aims to reduce dependence on oil and petrochemical industry, diversify the Saudi economy, and develop services.
<b>Capital</b>	Three hundred million (300,000,000) Saudi Riyals before the Offering, and it will become three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) Saudi Riyals after the Offering.
<b>Zakat Certificate</b>	A certificate issued by the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia, stating that the Company has fulfilled its obligations towards the Authority.
<b>Social Insurance Certificate</b>	The certificate issued by the General Organization for Social Insurance in the Kingdom of Saudi Arabia, which states that the Company has paid its contributions and fulfilled its obligations towards the Organization.
<b>Saudization or Nationalization</b>	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.



Term or abbreviation	Definition
<b>Domains/ Saudization Program</b>	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis. The Saudization program (Nitaqat) was approved by Resolution of the Minister of Human Resources and Social Development No. 4040, dated 12/10/1432H (corresponding to 10/09/2011G) based on the Cabinet Resolution No. 50 dated 12/04/1415H (corresponding to 27/09/1994G). The Ministry of Human Resources and Social Development in the Kingdom has launched the Nitaqat program to provide incentives to businesses to employ Saudi citizens. This program evaluates the performance of any business on the basis of specific bands, namely platinum, green, yellow and red. It should be noted that the yellow range has been canceled in the stimulus program for enterprises to localize jobs (Nitaqat) and all businesses in the yellow range have been transferred to the red range as of 01/06/1441H (corresponding to 26/01/2020G). On 11/10/1442H (corresponding to 23/05/2021G), the Ministry of Human Resources and Social Development launched the developed “ <b>Nitaqat</b> ” program, which offers three main advantages: The first: a clear-vision and transparent Saudization plan for the next three years with the aim of increasing the organizational stability of the private sector’s agents The second: The direct relationship between the number of employees and the required Saudization percentages for each entity is based through a linear equation that is proportionally related to the number of employees at the entity, instead of the current Saudization percentage system based on classifying the entities into specific and fixed sizes, and the third: simplifying the program design and improving the experience through consolidating the classification categories of activities that have common characteristics to be 32 activities instead of 85 activities in “ <b>Nitaqat</b> ”. This program will also contribute to providing more than 340,000 jobs until 2024G.
<b>Control / Controlling Partner</b>	The ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or dependent, through any of the following: a- owning 30% or more of the voting rights in the Company; and b- The right to appoint 30% or more of the members of the Managerial body.
<b>Public</b>	In the Rules on the Offer of Securities and Continuing Obligations means persons not mentioned below: 1- Affiliates of the issuer. 2- Major shareholders of the issuer. 3- Board members and senior executives of the issuer. 4- Board members and senior executives the issuer affiliate. 5- Board members and senior executives of the Substantial Shareholders of the issuer. 6- Any relatives* of the persons referred to in (4,3,2,1 or 5) above. 7- Any company controlled by any of the persons referred to in (5,4,3,2,1 or 6) above. 8- Persons who act jointly and jointly own 5% or more of the class of shares to be listed. * Husband, wife and minor children.
<b>Person</b>	Any natural or legal person recognized by the Kingdom’s regulations.
<b>Relatives</b>	In the Rules on the Offer of Securities and Continuing Obligations, it means husband, wife and minor children. In the Corporate Governance Regulations, it means any of the persons below: a- Fathers, mothers, grandfather and grandmother, (including greats); b- Children and their children, (including greats); c- Full brothers and sisters of a father or a mother; and d- Spouse of any of those.
<b>Related Parties</b>	In the Rules on the Offer of Securities and Continuing Obligations, it means the persons mentioned below: 1- Affiliates of the Issuer. 2- Substantial Shareholders of the Issuer. 3- Directors and senior executives of the Issuer. 4- Directors and senior executives of the 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 described in (1, 2, 3, 4, 5, or 6) above.



Term or abbreviation	Definition
<b>Board Committees</b>	Means any committee or sub-committee of the Board of Directors that is delegated to carry out specialized work emanating from it by decisions specifying the duration of the committee, its powers and responsibilities, and how the Board monitors them, provided that the Board's decision to form the committee shall include naming the members and specifying their tasks, rights and duties, along with evaluating the performance of these committees and their members. As on the date of this Prospectus, the Company has formed two committees, namely, the Audit Committee and the Investment Committee (for more details about Board Committees, please see subsection 5.5 <b>"Board Committees"</b> of Section 5 <b>"Ownership and Organizational Structure of the Company"</b> of this Prospectus).
<b>Guide for non-resident foreign investment in the Parallel Market</b>	The Guide to Investment of Non-Resident Foreigners in the Parallel Market issued by the Board of the Capital Market Authority pursuant to Resolution No. 4-95-2017 dated 26/01/1439H (corresponding to 16/10/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by the Capital Market Authority Board Resolution No. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).
<b>Escrow Account</b>	An account with a commercial bank licensed to operate in the Kingdom to deposit the proceeds of the Offering, and after the Offering process is completed in it, the amounts shall be transferred to the Company's account.
<b>Fiscal Year</b>	The fiscal year ending on December 31 of each Gregorian year.
<b>Working Day</b>	Any business day except for Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, or any day on which banking institutions are closing their business in accordance with applicable regulations and other government procedures.
<b>Lock-up Period</b>	The Substantial Shareholders mentioned on page (ix) of this Prospectus are prohibited from disposing of their shares for a period of twelve (12) months from the date the Company's shares began trading in the Parallel Market, and they may dispose of their shares after the end of this period without obtaining the Authority's prior approval.
<b>Risk Factors</b>	It is a set of potential influences that must be known and hedged before deciding to subscribe to the Company's Offering shares (for more information, please see Section 2 <b>"Risk Factors"</b> of this Prospectus).
<b>Zakat, Tax and Customs Authority</b>	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia (formerly the General Authority for Zakat and Income Tax).
<b>By-Law</b>	The Company by-Laws.
<b>Coronavirus "Covid-19"</b>	It is a viral disease known as ( <b>"Coronavirus"</b> and referred to as <b>"Covid-19"</b> ) that began to spread in most countries of the world, including the Kingdom of Saudi Arabia, at the beginning of the year 2020G, and as a result, the World Health Organization classified it as a pandemic.
<b>Professional Consultants</b>	Any party that provides consulting services to the Company such as internal audit service providers, management consultants, marketing consultants and others who are assigned specific job tasks for the benefit and interest of the Company.
<b>Withholding Tax</b>	It is a direct tax that is deducted from the amounts received by a non-resident from a source in the Kingdom of Saudi Arabia, and the withholding tax began to be applied in 2004.
<b>List of terms used in the regulations and rules of the Capital Market Authority</b>	List of terms used in the regulations and rules of the Capital Market Authority issued by the Board of the Capital Market Authority pursuant to Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G) based on the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H, as amended by CMA Board Decision No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
<b>White Land</b>	Each vacant land designated for residential or commercial residential use within the boundaries of the urban area.
<b>Real Estate Tax</b>	It is a tax of 5% of the total value of real estate disposal, which was imposed by Royal Order No. A/84 dated 14/02/1442H (corresponding to 10/1/2020G), according to which real estate supplies were exempted from value-added tax, and the disposal tax was imposed on real estate.



## 2. Risk Factors

Anyone wishing to invest in the Offering shares must carefully study all the information contained in the Prospectus, including the risk factors set out below in this section, before deciding to purchase the Offering shares. The risks described below are not inclusive all the risks that the Company may encounter, as there could be additional risks that are currently unknown to the Company and that may affect its operations. The members of the Board of Directors are not aware of any other fundamental risks that may negatively affect the Company's activity and financial performance, other than the risks set out below as of the date of this Prospectus.

The Company's activity, business, financial conditions, future prospects, results of operations, and cash flows, may be negatively and materially affected if any of the risks included in this section, which the Company's management currently considers to be material, occur or materialize. This is in addition to any other risks not currently identified, or classified as immaterial by the Board of Directors, but may actually occur and become material risks.

Investment in the Company's shares is only suitable for investors who are able to assess the risks and benefits of this investment and who have sufficient financial resources to bear any loss that may result from this investment. An investor who is eligible for and willing to subscribe to the Offer Shares and who has any doubts about the action he should take regarding the suitability of the investment or not for him, should refer to a licensed financial advisor for advice on investing in the Offer Shares.

In the event of the occurrence or realization of one of the risk factors that the Company's senior management currently believes to be material, or the occurrence of any other risks that the management was not able to identify, or that it considers at the present time to be immaterial, but when it occurs it turns out that it is a material risk, this may lead to a decrease in the price of the Offer shares and potential investors may lose all or part of their investment in the Company's shares due to any of these risks.

The risks and uncertainties set out below are presented in an order that does not reflect their importance. There are also other risks, uncertainties and possibilities, including those that are not currently known or considered by the Company's senior management to be immaterial, that may have the effects described above.

Investing in the shares offered under this Prospectus involves high risks, and investing in them may only be suitable for investors who are able to assess the advantages and risks of this investment and bear any loss that may result from it.

### 2.1 Risks Related to the Company's Activities and Operations

#### 2.1.1 Risks related to Inability to Implement the Business Plan and Achieve the Targeted Growth Strategy

The Company's future performance depends on its ability to successfully implement its objectives and achieve its current strategies. The Company's ability to implement its current strategies is subject to various factors, some of which are beyond its control. In the event that the Company is unable to achieve its objectives and strategies for any reason, this will negatively and materially affect its business, financial condition, results of operations and future prospects. Also, there is no guarantee that the Company's successful implementation of its strategy will reflect positively on the results of its operations. The Company may bear additional costs that include attracting qualified employees and outsourcing additional tasks (specialized consultants) to prepare the necessary studies to reach alternative plans and develop new strategies, which will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.

#### 2.1.2 Risks related to Management Decisions regarding its Business and Activities

The results of the Company's business depend mainly on the ability of its management to take the right and appropriate decisions regarding its activities, including what is related to daily business and strategic decisions that will affect the Company's performance in the short and long term. Consequently, the management's failure to take the right decisions will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.



### 2.1.3 Risks related to Involvement of Board Members or Senior Executives in Business Competing with the Company's Business

Some of the members of the Company's board of directors or its senior executives may compete with the Company, either through their membership in the Boards of Directors or through ownership of businesses that fall within the Company's business framework and such businesses are similar to or completing with the Company's business, directly or indirectly. The Ordinary General Assembly, held on 15/05/1443H (corresponding to 19/12/2021G), agreed that the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Nasser Al-Rasheed, would participate in a work that would compete with the Company, as he is a member of the Board of Directors and a shareholder with (1%) of Bursat Al-Maskan Real Estate Co. which is engaged in a similar activity to the Company. Its activity includes real estate development and licensing for it for the coming year, bearing in mind that this company is under liquidation. It should be noted that on 14/02/1443H (corresponding to 21/09/2021G), the extraordinary general assembly of the shareholders of Bursat Al-Maskan Real Estate Company decided to voluntarily liquidate the Company, bearing in mind that Mr. Rasheed Abdul Rahman Al-Rasheed had previously submitted his resignation from the membership of the Board of Directors of Bursat Al-Maskan Real Estate Company on 18/05/1442H (corresponding to 02/01/2021G). In addition to that, he entered into an agreement on 22/05/1442H (corresponding to 06/01/2021G), to relinquish his shares.

Noting that in the event of a conflict of interest between the Company's business on the one hand and the work of board members or senior executives on the other hand, this will have a fundamentally negative impact on the Company's business, financial condition, results of operations and future prospects.

Board members and senior executives, by virtue of their positions, may also have access to the Company's internal information, and they may use that information for their own interests or in conflict with the Company's interests and objectives. In the event that these board members and senior executives have interests conflicting with the interest of the Company, this will negatively affect the Company's decisions. They may also use the information available to them about the Company to the detriment of its interests, which, if that occurs, will have a fundamentally negative impact on the Company's business, financial condition, results of operations and future prospects.

### 2.1.4 Risks related to Failure to Obtain and Renew Necessary Licenses, Permits and Certificates

The Company and its subsidiaries are subject to many laws and regulations that require obtaining a number of licenses, permits and approvals from the competent regulatory authorities in the Kingdom to carry out their activities. The Company currently operates under a number of licenses, certificates and permits related to real estate activity, which include: a contractor membership certificate, a classification certificate for city service providers, a real estate developer qualification certificate. This is in addition to a commercial registry certificate, the Chamber of Commerce and Industry membership certificate, Saudization certificates, GOSI certificate, Zakat certificate, and registration in value-added tax (VAT) system. For more details on the certificates, licenses and approvals obtained by the Company, please see subsection 10.4 "**Basic licenses, approvals, and certificates**" of Section 10 "**Legal information**".

The Company, as (the license holder), must comply with the terms and conditions of each license and certificate obtained, and comply with the requirements imposed by the authorities that issue these licenses and certificates (for more details on the continuing obligations imposed by the competent authorities, please see subsection 10.4 "**Basic licenses, approvals and certificates**") of Section 10 "**Legal Information**". As of the date of this Prospectus, the Company obtained City Service Providers classification certificate issued by the Ministry of Municipal and Rural Affairs and Housing with the number 0051001202 and dated 01/03/1443H (corresponding to 07/10/2021G) and it is valid until 15/04/1447H (corresponding to 07/10/2025G). Article (10) of the new contractors' classification system issued on 18/01/1443H (corresponding to 26/08/2021G) requires submitting a request to amend the classification certificate if there is any legal change in the contractor's status that affects his classification. Noting that Article (13) of the Implementing Regulations of the Contractors Classification System specified the cases that require submitting the aforementioned application, which is the occurrence of any legal change in the contractor's status in the commercial registry or its equivalent that affects the classification (trade name, ownership, type, nationality, commercial registration number and date and the capital). According to the increase in the Company's capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals based on the decision of the extraordinary general assembly on 15/05/1443H (corresponding to 19/12/2021G), the Company did not submit a request to amend the classification certificate in accordance with the provisions mentioned above. The Company shall be subject to the penalties stipulated in the Contractors Classification System which are (1) downgrading the classification, (2) suspending the classification, and preventing its renewal for a period not exceeding (five) years and (3) canceling the classification, which will have a negative impact on the Company's business and its activities in the event of imposition of such penalties.





In the event that the Company or its subsidiary is unable to comply with the terms and conditions of the certificates it has obtained, it may not be able to renew these licenses and certificates or obtain other new licenses that it may require from time to time for the purposes of expanding its activities. This may result in suspension or interruption of the business of the Company or its subsidiary company or imposition of financial fines on it by government agencies and thus will negatively and materially affect the Company's or the subsidiary's business, financial condition, results of operations and future prospects. Note that the Company is not currently implementing projects for others, but rather focuses its work on the projects it owns, which do not require obtaining a contractors classification certificate.

### **2.1.5 Risks related to the Outbreak of Infectious Diseases or other Threats to Public Health, including the Ongoing Global Spread of the Coronavirus Pandemic**

The consequences of the outbreak of the new Corona virus, which began to spread since late December 2019G, beginning in China and then all over the world, have negative effects on the economy of the Kingdom and the global economy as a whole. Accompanying decisions were issued by the competent authorities in the Kingdom of Saudi Arabia regarding precautionary measures and preventive measures to address and limit the spread of the pandemic, which required, for example, but not limited to: a partial or complete curfew in some cities and governorates of the Kingdom, closing shopping centers and retail showrooms, reducing the number of working hours for some sectors or obligating some of them to work remotely and so on, and suspending all domestic flights, buses, taxis and trains, suspension of entry for the purpose of Umrah and visiting the Prophet's Mosque from outside the Kingdom, imposing temporary restrictions on all pilgrims and Umrah performers residing in the Kingdom to prevent them from visiting the cities of Makkah and Madinah, closing shopping malls and all activities inside them except for food stores and pharmacies. In addition, health measures were taken by the government to contain the outbreak of this pandemic. In view of that, the government has taken economic measures to contain the consequences of the pandemic through financial support for citizens and those affected by the pandemic, family and sick leave paid by the Kingdom, expansion of unemployment compensation, delaying tax payments, and other measures to support companies.

The Company's business was negatively affected during this pandemic, as the Company was exposed to increases in project costs, delays in project implementation due to the pandemic, shortage of workers, shortages in supply chains, and high international shipping costs.

However, on the other hand, the Company's revenues were not affected, as they rose from SAR 21,879,245 in 2019G to SAR 75,377,824 and SAR 343,372,130 in 2020G and 2021G, respectively.

With the spread of the Corona virus mutations that continue to appear, especially the Delta and Omicron mutant, and in the event of an outbreak of any infectious disease, including but not limited to, Middle East Respiratory Syndrome (MERS), Severe Respiratory Syndrome (SARS)- in the Middle East or any other region, this may necessitate the re-imposition of complete or partial closures in some cities of the Kingdom and thus negatively affect the Kingdom's economy in general. It may be difficult to predict the impact of the Corona pandemic on the Company's activity if the full or partial ban is re-imposed in the cities of the Kingdom, which may have a negative impact on the Company's business, financial condition, results of operations and future prospects.

### **2.1.6 Risks related to Inability to Complete the Implementation of Existing Projects**

The Company may be exposed to a number of different risks that may lead to failure to implement projects on time, such as inability to obtain or renew all licenses and approvals necessary to implement projects. There can be no guarantee that any of the Company's current or future projects will be completed within the expected time frame or will be completed at all, whether as a result of the above factors or for any other reason. Therefore, the inability to complete some or all of the Company's projects will cause additional costs to the Company, such as additional costs for contracting with contractors, and thus negatively and fundamentally affect the Company's business, results of operations and financial condition.

### **2.1.7 Risks related to the Possibility of Failure of New Projects**

The Company's strategy includes the expansion of its business and projects. The Company may face obstacles in the implementation of these projects in terms of finding distinguished sites at competitive prices or reaching the best contractual conditions in terms of leasing or purchasing the lands on which the projects will be built. Accordingly, there is no guarantee that the Company's new projects will achieve success and will have the ability to generate revenues and cover capital expenditures, which will have a material negative impact on the Company's business, profitability and financial condition.



## **2.1.8 Risks related to Management Decisions**

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

## **2.1.9 Risks related to Deficiencies or Errors in the Design**

The emergence of any defects in the design or construction of real estate owned by the Company would affect its performance and its competitive position, which would lead to the need to carry out repair works and incur additional costs, and thus negatively affecting the results of the Company's operations and financial condition.

## **2.1.10 Risks related to Monetization of Real Estate Investments**

Real estate investments are by nature long-term investments and their liquidity is less than other investments, especially if the demand for land and real estate in the Kingdom decreases. Therefore, the changing market conditions by their nature may make the Company's real estate portfolio and its commercial properties in an imperfect position at any time in the future. This will make it more difficult to monetize the Company's investments, which will negatively and fundamentally affect the Company's business and financial condition.

## **2.1.11 Risks related to Reliance on External Contractors and Consultants**

Since the Company is engaged in real estate development activity, then it is linked to many contracts with external contractors and consultants in relation to the implementation of projects. Accordingly, if these contractors and consultants are not able to perform their roles as required or on time and at the specified cost, this will lead to interruption in the implementation of projects and increase their cost, which will negatively affect the Company's reputation and lead to delaying or not realizing its revenues from those projects. This will have a material negative impact on the Company's results of operations and financial condition.

## **2.1.12 Risks related to Non-occupation of Real Estate for Long Period**

When any of the residential units (villas, apartments, floors) become vacant for a long period as a result of the expiry of the lease contract without renewing it or the inability to conclude new lease contracts with new tenants or for any other reason, the Company's revenues are negatively and materially affected.

## **2.1.13 Risks related to Geographical Concentration of Investments and Real Estate Assets**

The Company owns a number of real estates under Shariah sukuk, including assets for sale and other assets for rent (for more details about the real estate assets owned by the Company, please see subsection 10.7 "**Real Estates and Properties**" of Section 10 "**Legal information**" of this Prospectus). Most of the Company's real estate assets are concentrated in Riyadh (94.8% in terms of cost and 70.0% in terms of number of units). Therefore, any stagnation in economic and real estate activity in the Riyadh region will negatively and fundamentally affect the Company's business, results of operations and future prospects. It is worth noting that as of the date of this Prospectus, the Company has 3 projects under construction in Al-Khobar (please refer to Table No. 31 "**Company Projects**" of Section 4 "**Background of the Company and Nature of Business**").

## **2.1.14 Risks related to Concentration of Suppliers**

To implement its projects, the Company relies on a group of suppliers to purchase rebar, electrical and plumbing materials, porcelain, ceramics, marble, and concrete. The value of transactions with the Company's five largest suppliers amounted to 21,029,396 Saudi riyals, or 43% of the cost of revenues as on December 31, 2020G, and 44,093,083 Saudi riyals, or 18% of the cost of revenues as on December 31, 2021G, and 16,896,000 Saudi riyals, or 17% of the cost of revenue as on June 30, 2022G (please refer to Table 27 "**The Company's Transactions with Major Suppliers**" of Section 4 "**Background of the Company and Nature of Business**").

The Company's dealings with its suppliers are based on non-contractual basis (purchasing orders) and the Company may be exposed to the risk of the inability or unwillingness of the parties dealing with it to fulfill its obligations. The parties the Company deals with may breach their obligations for any reason, including their bankruptcy, financial insolvency, or disruption of their operations. Also, the Company's dealings with major suppliers may not continue and it will have to search for other suppliers to deal with them on terms that may not yield the same benefit that the Company achieves from its dealings with existing suppliers. All of this would negatively and fundamentally affect the Company's financial condition, cash flows and operational results.



### 2.1.15 Risks related to Breach of Safety Regulations and Claims Arising from

The Company's ability to implement and establish real estate projects depends on reliability, safety and quality of the buildings. Therefore, any defects or errors in matters related to safety 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, owners and visitors to injuries or wounds, which may result in a lawsuit against the Company and high insurance premiums. The occurrence of any of these factors will negatively and materially affect the Company's business, results of operations, financial condition and future prospects.

### 2.1.16 Risks related to Investment Properties under Construction

The Company has investment properties under construction which include capitalized costs of direct materials, direct labor, consultancy costs and financing costs. The value of the investment properties under construction amounted to SAR 154,885,470, SAR 356,948,599 and SAR 549,808,027 as on December 31, 2020G, December 31, 2021G and June 30, 2022G, respectively.

The following table shows the related parties' share of the investment properties under construction:

**Table No. (9): Related Parties' Share of Investment Properties under Construction**

	As of December 31, 2020G	As of December 31, 2021G	As of June 30, 2022G
Real Estate Under Construction Balance (SAR)	154,885,470	356,948,599	549,808,027
Related Parties Portion (SAR)	6,071,156	4,206,616	-
Related Party Ratio (%)	3.92%	1.18%	-

Source: The Company and Financial Statements

The Company may face many challenges and obstacles, including, but not limited to, the delay in completing projects and starting their operations, or not obtaining the necessary licenses, or exposing projects to risks related to disasters, or the lack of demand for such projects. There is no guarantee that the Company's development of its investment properties will achieve success and will have the ability to generate revenues and cover operating expenses and other costs. This may adversely affect the Company's business, results of operations, financial performance and future prospects.

### 2.1.17 Risks related to Investing in Mutual Funds

Investment funds are defined as investment vessels that collect and manage the capital of a group of investors according to a specific investment strategy and objectives set by the fund manager to achieve investment advantages that the individual investor cannot achieve individually in light of the limited resources available. The investment funds aim to achieve the benefit of diversification for the investor in the fund and to avoid the restrictions that usually fall on the investments of individuals, in order to achieve more diversification ability, and a decrease in the costs of buying and selling shares. The Company has subscribed to a fund of Watheq PropTech Venture with a value of 3,000,000 Saudi riyals. This fund aims at direct and indirect acquisition of private equity in limited liability or joint stock companies, and in small and medium-sized enterprises and companies, newly established and/or rapidly growing in the information technology sector that supports the real estate sector in all countries of the world and in accordance with Sharia standards.

Note that the profits of investment funds usually consist of capital gains, i.e. profits resulting from the improvement or change in the prices of the invested securities in addition to the dividend profits of the securities (if any). However, these investment funds may suffer a loss in the event of a decrease in the value of the securities constituting the assets of the fund, which will lead to a negative impact on the financial condition of the Company in the event of any decrease in the value of the securities of the assets of the two funds in which the Company invests.

### 2.1.18 Risks related to Challenging the Ownership, Expropriation or Seizure of Real Estate Assets

The Company may face the risks of challenging the ownership of the real estate assets that it acquires, although it is not permissible to challenge the sukuk except on the basis of their violation of the requirements of the legal principles or their forgery as stipulated in Article 3 of the "Real Estate Registration System" issued on 01/01/1423H. (corresponding to 15/03/2002G). However, the Company may be subject to any legal disputes related to the ownership of these assets, and in some cases this may lead to the Company losing assets it has acquired. Also, the occurrence of disputes and disagreements over the ownership of assets, weakens the Company's ability to dispose of and invest them and leads to a deterioration in their value and thus the value of the Company's property, which will negatively and fundamentally affect the Company's business, financial condition and operations.



Ministries, government departments and other bodies with public legal personality may also expropriate real estate or temporarily seize it for the public benefit, in accordance with the authority granted to them under the “**System of Expropriation of Real Estate for the Public Benefit and Temporary Seizure of Real Estate**” issued on 11/03/1424H. (corresponding to 12/05/2003G). Although this system has ensured that the owner receives fair compensation for the expropriation or seizure, in the event that the Company’s ownership of one or more real estate is expropriated or seized, the Company may not receive compensation equivalent to the expected profit from investing these real estates, or this may lead to a temporary halt to the development and implementation of projects or to complete cancellation, which will affect the Company’s business, financial condition, results of operations and future prospects.

### 2.1.19 Risks related to Related Party Transactions

In the course of its normal business, the Company deals with a number of related parties, including members of the board of directors of companies owned wholly or partly by members of the board of directors, and these transactions take place according to sales invoices without existing agreements and framework contracts. These transactions are based on a purely commercial basis that governs the contractual relationship between the parties.

The Company is committed to the procedures of disclosure to the General Assembly of shareholders and that all transactions are on a purely commercial competitive basis, guaranteeing the rights of shareholders and that those contracts are voted on by the Company’s General Assembly without the participation of shareholders who have interests in those contracts. The approval of the General Assembly held on 15/05/1443H (corresponding to 19/12/2021G) was obtained for the works and contracts that were made with related parties, according to the following:

- Approval of the works and contracts that were made between Tafweed Building Materials Manufacturing Company for Ready Mix Concrete, in which the Chairman of the Board, Mr. Rasheed Abdul Rahman Al-Rasheed, the Managing Director, Mr. Haroun Rasheed Abdul Rahman Al-Rasheed, and the Member of the Board of Directors, Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed, have an indirect interest. Tafweed Building Materials Manufacturing Company for Ready Mix Concrete is partly owned by Mr. Nasser Abdul Rahman Al-Rasheed, who is the brother of the Chairman of the Board and the uncle of the Managing Director, Mr. Haroun Rasheed Abdul Rahman Al-Rasheed, and the uncle of the Board Member Mr. Abdul-Malik Rasheed Abdul Rahman Al-Rasheed. These works and contracts are (supply of concrete for projects of various types (resistant and non-resistant). These works and contracts were carried out without preferential terms or benefits. The total value of these transactions amounted to 6,071,913.11 Saudi riyals during the fiscal year 2020G and 4,284,584.02 Saudi riyals during the fiscal year 2021G, and they are authorized for the next year.
- Approval of the works and contracts that will be concluded between the Company and Romooz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has a direct interest, as Romooz Holding Company is wholly owned by Mr. Rasheed Abdul Rahman Al-Rasheed, and in which the Managing Director of the Board of Directors, Mr. Haroun Rasheed Abdul Rahman Al-Rasheed, and the member of the Board of Directors, Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed, have an indirect interest in it. These works and contracts include the sale of the remainder of the contract of six (6) rest-houses in the north of Riyadh to Romooz Holding Company for 1,267,024 Saudi riyals, and these works and contracts were made without preferential terms or benefits.
- Approval of the works and contracts that will be concluded between the Company and Ramouz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has a direct interest, as Romooz Holding Company is wholly owned by Mr. Rasheed Abdul Rahman Al-Rasheed, and in which the Managing Director of the Board of Directors, Mr. Haroun Rasheed Abdul Rahman Al-Rasheed, and the member of the Board of Directors, Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed, have an indirect interest in it. These works and contracts are the sale of Al-Malqa Villa under the deed No. 910116035850 dated 09/01/1438H (corresponding to 10/10/2016G) to Romooz Holding Company for 5,800,000 Saudi riyals. These works and contracts are without preferential terms or benefits.

On 09/02/1444H (corresponding to 05/09/2022G), the Ordinary General Assembly- based on the recommendation of the Board of Directors on 05/02/1444H (corresponding to 01/09/2022G)- approved the following:

- Approval of the Board of Directors’ recommendation to re-vote on transactions and contracts with related parties, which were approved in the Ordinary General Assembly held on Sunday 15/05/1443H (corresponding to 19/12/2021G) in Item No. (11, 12 & 13) related to the Company’s transactions with related parties, for the purpose of having the amounts and size of the approved transactions fully consistent with what was stated in the financial statements for the year ending on December 31, 2021G, and to be as stated in the minutes of this Assembly.



- Approval of the works and contracts that were made between the Company and Tafweed Building Materials Manufacturing Company for Ready Mix Concrete, in which the Chairman of the Board, Mr. Rasheed Abdul Rahman Al-Rasheed, the Board Member Mr. Haroun Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed have an indirect interest in it. Tafweed Building Materials Manufacturing Company for Ready Mix Concrete is owned by Mr. Nasser Abdul Rahman Al-Rasheed, and he is considered a brother of the Chairman of the Board of Directors and uncle of the Board member Mr. Haroun Rasheed Al-Rasheed and Mr. Abdul-Malik Rasheed Al-Rasheed, and these works and contracts are (supplying concrete for projects of various types, resistant and non-resistant). These works and contracts have been made without preferential conditions or benefits, and the total value of the transactions for the fiscal year ending on December 31, 2020G amounted to (6,071,156) SAR, and the total value of transactions for the fiscal year ending on December 31, 2021G amounted to (4,206,611) SAR.
- Approval of works and contracts that were made between the Company and Romouz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has a direct interest, since the Romooz Holding Company is wholly owned by Mr. Rasheed Abdul Rahman Al-Rasheed, and the Board member Mr. Haroun Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed have an indirect interest in it. These works and contracts are the sale of the remainder of the contract of (6) rest-houses in the north of Riyadh to Romouz Holding Company (including the payment of the rent for the Hijra year (1442H/ 1443H)) and the sale of the Al-Malqa villa to Romooz Holding Company. The total value of transactions for the fiscal year ending on December 31, 2021G amounted to (7,684,003) Saudi riyals, and these works and contracts were made without preferential terms or benefits.

The following table shows the transactions that were made with related parties during the year ended December 31, 2020G:

**Table No. (10): Transactions that were made with related parties during the year ended December 31, 2020G**

Fiscal year ended December 31, 2020G						
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due from related parties during the year/period (thousands of Saudi riyals)	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due from related parties as at the end of the year/period (thousands of Saudi riyals)	Percentage of total assets during the year/period (%)
Affiliate Co. 1- Tafweed Building Materials Manufacturing Company) Concrete purchases)	Affiliate Co	Operational	NA	NA	26%	0,01%
<b>Total</b>			<b>NA</b>	<b>NA</b>	<b>26%</b>	<b>0,01%</b>
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due to related parties during the year/period (thousands of Saudi riyals)	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due to related parties as at the end of the year/period (thousands of Saudi riyals)	Percentage of total assets during the year/period (%)
Affiliate Co. 1- Tafweed Building Materials Manufacturing Company) Concrete purchases)	Affiliate Co	Operational	6,071	12.37%	NA	NA
Shareholder 1 – Haroun Al-Rasheed	Shareholder	Operational	NA	NA	168	0,61%
Major shareholder's relatives – Anas Al-Rasheed	Major shareholder's relatives	Operational	1,137	2,31%	1,137	4.13%
<b>Total</b>			<b>7,208</b>	<b>14,68%</b>	<b>1,305</b>	<b>4.74%</b>

Source: The Company and Financial Statements



The following table shows the transactions that were made with related parties during the year ending on December 31, 2021G:

**Table No. (11): Transactions that were made with related parties during the year ending on December 31, 2021G**

Fiscal year ended December 31, 2021G						
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due from related parties during the year/period (SAR'000))	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due from related parties as at the end of the year/period (SAR'000)	Percentage of total assets during the year/period (%)
Affiliate Co. 2- Romouz Holding Co. (sale of rest-houses and villa)	Affiliate Co.	Operational	7,684	3.09%	NA	NA
<b>Total</b>			<b>7,684</b>	<b>3.09%</b>	<b>NA</b>	<b>NA</b>
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due to related parties during the year/period (SAR'000))	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due to related parties as at the end of the year/period (SAR'000))	Percentage of total assets during the year/period (%)
Affiliate Co. 1- Tafweed Building Materials Manufacturing Company) Concrete purchases)	Affiliate Co.	Operational	4,207	1.69%	132	0.19%
Rasheed Abdul Rahman Al-Rasheed	Major shareholder	Financing	NA	NA	1,271	1.80%
Shareholder 1 – Haroun Rasheed Al-Rasheed	Shareholder	Operational	NA	NA	150	0.21%
Shareholder 2 – Abdul Malik Rasheed Al-Rasheed	Shareholder	Operational	NA	NA	319	0.45%
<b>Total</b>			<b>4,207</b>	<b>1.67%</b>	<b>1,872</b>	<b>2.66%</b>

Source: The Company and Financial Statements



The following table shows the transactions that were made with related parties during the six months ending on June 30, 2022G:

**Table No. (12): Transactions that were made with related parties during the six months ending on June 30, 2022G**

For the six months ending on June 30, 2022G						
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due from related parties during the year/period (SAR'000))	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due from related parties as at the end of the year/period in thousands (SAR'000))	Percentage of total assets during the year/period (%)
NA						
Related party	Nature of the relationship	Nature of the transaction	Total value of transactions due to related parties during the year/period (SAR'000))	Percentage of total contracts and transactions during the year/period (%)	Balance of transactions due to related parties as at the end of the year/period (SAR'000))	Percentage of total assets during the year/period (%)
Tafweed Building Materials Manufacturing Company) Concrete purchases)	Affiliate Co.	Operational	131	0.23%	NA	NA
Rasheed Abdul Rahman Al-Rasheed	Major shareholder	Financing	1,271	2.32%	NA	NA
Shareholder 1 – Haroun Rasheed Al-Rasheed	Shareholder	Operational	150	0.27%	NA	NA
Shareholder 2 – Abdul Malik Rasheed Al-Rasheed	Shareholder	Operational	318	0.58%	NA	NA
<b>Total</b>			<b>1,870</b>	<b>3.4%</b>	<b>NA</b>	<b>NA</b>

Source: The Company and Financial Statements

Note that in the event that contracts and transactions with related parties are not documented in the future under framework agreements, or they are not concluded on commercial grounds, or they do not obtain the general assembly's permission, or the Company is unable to collect these amounts, this would negatively and fundamentally affects the Company's business, financial condition, results of operations and future prospects.





### 2.1.20 Risks related to Financing

As on the date of this Prospectus, the Company has entered into credit facility agreements with a number of local banks with a credit limit of 165.8 million Saudi riyals, and 54.5 million Saudi riyals have been used as of June 30, 2022G. The Company did not have any outstanding indebtedness from credit facility agreements as on December 31, 2020G, as the quick liquidity ratio was 6.11 times. As on December 31, 2021G, the quick ratio reached 11.40 times, and the debt-to-total assets ratio was 11.43%. (For more information on these agreements, please see subsection 10.9 “**Credit Facilities**” of Section 10 “**Legal Information**” of this Prospectus).

The conditions of the existing financing facilities limit the Company’s ability to carry out certain types of procedures. In accordance with the credit facilities agreement concluded with the Arab National Bank, the Company undertakes to maintain its financial, administrative and legal position and the ownership of the facility and not to change its activity. Since the process of offering the Company’s shares and the entry of new shareholders will change the legal status of the Company and make some amendments to the Articles of Association, the Company must inform the financier to obtain their no-objection to the Offering of the Company’s shares in the Parallel Market.

On 27/06/1443H (corresponding to 09/12/2021G), the Company addressed a letter to the Arab National Bank informing it of its desire to increase the capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals. The Company obtained a letter dated (without) from the Arab National Bank stating that it has no objection to carrying out these procedures, and the bank stated that this will not be considered a case of breaching as stipulated in Article (10) of the credit facilities agreement. On 19/07/1443H (corresponding to 20/02/2022G), the Company informed the bank of its desire to take measures to transform the Company from a closed joint stock company to a public joint stock company. Accordingly, new shareholders will enter the Company, and the Company obtained a letter issued on 27/07/1443H (corresponding to 28/02/2022G) stating that the bank has no objection to the Company increasing its capital by offering a percentage of its capital after offering for public subscription and registering and listing its shares in the Parallel Market “**Nomu**” and thus transforming from a closed joint stock company to a public joint stock company that includes the entry of new shareholders

This agreement also includes a pledge to deposit at least 60% of the proceeds of sales of housing units financed under this agreement after the completion of their construction in its account with the Arab National Bank. In the event of non-compliance, a fee of 0.5% of the total value of the facilities granted will be charged.

The credit facility agreement concluded with the Saudi British Bank (SABB) also included obligations on the Company, most notably not to dispose of the acquired assets using the proceeds of the facility without obtaining a prior written approval from the bank, and the obligation at all times to retain at least the value of a two-month installment at all times in the Company’s account. Among the cases of breach included in this agreement, is the case of any change in the control or ownership of the Company without the prior written consent of the Saudi British Bank (SABB). On 23/06/1443H (corresponding to 26/01/2022G), the Company obtained a letter of no objection from the bank for the capital increase. On 19/07/1443H (corresponding to 20/02/2022G), the Company informed the bank of its desire to carry out procedures to transform the Company from a closed joint stock company to a public joint stock company. The transformation is accompanied by an increase in its capital by offering 10% of the Company’s capital after the public offering in the Parallel Market “**Nomu**”, and accordingly, new shareholders will enter the Company. The Company obtained a letter issued on 30/07/1443H (corresponding to 03/03/2022G) stating that the bank has no objection to the capital increase and the public offering.

In return, the Company pledged, under the credit facility agreement concluded with Bank Al-Jazira, to obtain a cooperative insurance policy on its in-kind property and guarantees against all risks and to provide the bank with a copy of them, and to pledge to waive in favor of the bank an amount equivalent to the value of the financing granted to it out of the value of the insurance policy. In accordance with this agreement, the bank has the right to cancel its obligations under this agreement and to demand the Company of all the outstanding amounts owed without regard to their due date in a number of cases covered by the agreement, including the change in the legal form of the Company without the bank’s prior knowledge and approval. Since the process of offering the Company’s shares and the entry of new shareholders will result in a change in the legal status of the Company and making some amendments to the Articles of Association, the Company on 26/01/1444H (corresponding to 24/08/2022G) addressed a letter to the bank to convert the Company from a closed joint stock to a public joint stock and the transition was coupled with an increase in its capital by offering a percentage representing about (10%) of the Company’s capital after the Offering for public subscription in the Parallel Market “**Nomu**”, which will lead to the entry of new shareholders in the Company. The Company obtained a letter issued on 27/01/1444H (corresponding to 25/08/2022G) stating that the bank has no objection to the listing of the Company’s shares in the Parallel Market “**Nomu**” and to the Company’s transformation from a closed to a public company.



Some agreements also include cases of breach, the non-compliance of which will expedite the payment of other debts of the Company. In the event of any breach of the Company's financing agreements, the creditors may decide to terminate the lending obligations and declare that all existing loans, along with the accumulated and unpaid commissions, fees and other obligations, become due and payable. The occurrence of the above factors would have a material negative impact on the Company's business, financial condition, results of operations and future prospects.

The Company has provided guarantees under these agreements, and a breach of any of these agreements will lead the financiers to request implementation of the guarantees provided immediately, which will have a negative and material impact on the Company's business, financial condition, results of operations and future prospects.

#### **2.1.21 Risks related to Mortgage of the Company's Assets**

The Company entered into a credit facility agreement with the Arab National Bank on 11/10/1442H (corresponding to 23/05/2021G) amounting to (40,000,000) Saudi riyals in order to finance the Company's activities. This loan is secured by a registered mortgage for two (2) real estate titles owned by Al Ramz Real Estate Company in favor of the Arab National Bank or its representative (in case there are buildings on these mortgaged properties, they must be insured, and this will be at the expense of Al Ramz Real Estate Company for the duration of the insurance period). Likewise, the credit facility agreement concluded with the Saudi British Bank (SABB) on 17/01/1443H (corresponding to 25/08/2021G), is secured by the registered mortgage of two (2) real estate titles owned by Al Ramz Real Estate Company for the benefit of the Bank.

In the event that the Company is unable to provide any other guarantees that the financier may request, or breaches in the future any of the obligations or pledges of the facilities, the financier may request the payment of the loaned amounts immediately and start judicial execution procedures on the assets pledged in its favor and sell them and collect the value of the loans from the proceeds of sale of assets. Any of these factors will have a negative and material impact on the Company's business, financial condition and future prospects.

#### **2.1.22 Risks related to Future Availability of Financing**

The Company may need to obtain loans and bank facilities to finance its expansion plans in the future. It is worth noting that obtaining financing depends on the Company's capital, financial condition, cash flows, guarantees provided, and its credit history. The Company does not give any assurance or guarantee that it will obtain the appropriate financing if the need arises, so the inability of the Company to obtain the financing it needs from financiers, or financing on preferential terms acceptable to the Company, will have a negative and fundamental impact on the performance of the Company and its operations and future plans.

#### **2.1.23 Liquidity Risks**

Liquidity risk is the inability of the Company to meet its obligations related to financial liabilities as they become due. The liabilities of the Company are from accounts payable represented in trade receivables, lease obligations and accrued expenses. The Company may not be able to meet its current or future obligations on their due dates, as the quick liquidity ratio was 6.11 times for the year ended December 31, 2020G, 11.40 times for the year ended December 31, 2021G and 2.66 times for the six-month period ending on June 30, 2022G. In the event that the Company is unable to manage the payable accounts effectively and pay them on time, the owners of the accounts may resort- for example, but not limited to- to stop dealing with the Company and thus may face difficulties in providing the goods and raw materials necessary to carry out its activity. In addition, the Company may be subject to legal issues that may result in financial losses and damage to the Company's reputation. In addition, the Company may face the risks of its inability to pay the amounts owed by it due to the lack of liquidity of the real estate assets that it owns, as the Company's investment in real estate assets and its exhaustion of liquidity in this way may push it to sell the assets it owns in order to provide the necessary liquidity to meet its financial obligations. This sale may take place in order to provide liquidity without realizing any profits or losses. Therefore, these risks will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

#### **2.1.24 Credit Risks**

Credit risks arise when one party fails to meet a specific financial obligation of the other party. The Company may face credit risks in several temporary or permanent cases, including the existence of receivable balances from customers; and the failure of other creditor parties to fulfill their obligations towards the Company.

The balance of accounts receivable amounted to 2,349,000 Saudi riyals for the financial year ended December 31, 2020G, and 566,559 Saudi riyals as on December 31, 2021G and 24,803,428 Saudi riyals as on June 30, 2022G, representing 0.68%, 0.12% and 3.8% of the Company's assets as on December 31, 2020G, December 31, 2021G and June 30, 2022G, respectively.



The details of the aging of accounts receivable are as follows:

**Table No. (13): Aging of Accounts Receivables**

Age of accounts receivable	As on December 31, 2020G		As on December 31, 2021G		As on June 30, 2022G	
	The value (SAR'000)	Percentage	The value (SAR'000)	Percentage	The value (SAR'000)	Percentage
From 1 day to 30 days	2,349	100%	115	20.36%	24,059	97%
From 31 days to 90 days	-	-	83	14.72%	367	1.47%
From 91 days to 180 days	-	-	73	12.81%	-	-
From 181 days to 270 days	-	-	70	12.31%	-	-
From 271 day and more	-	-	225	39.81%	378	1.52%
<b>Total</b>	<b>2,349</b>	<b>100%</b>	<b>567</b>	<b>100%</b>	<b>24,803</b>	<b>100%</b>

Source: The Company

The delay in the collection of receivables will have a negative impact on the availability of liquidity for the Company's needs, expenses and cash flows, and consequently a negative and fundamental impact on the results of the Company's operations, financial condition and future prospects.

The Company cannot guarantee that the parties it deals with will not fail to fulfil their obligations, and it cannot accurately predict the future ability of those parties to comply. In the event that the creditors fail to pay the Company's dues, this will negatively and fundamentally affect the Company's financial condition and results of operations.

#### **2.1.25 Risks related to Rented Sites**

According to the Cabinet resolution No. 292 issued on 16/05/1438H, the lease contract not registered in the electronic network is not 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 17/05/1439H (corresponding to 03/02/2018G), and the Ministry of Justice issued a circular approving the application of this to all contracts concluded after the date of 04/05/1440H (corresponding to 10/01/2019G). Both the Company and its subsidiary have notarized the two office lease contracts entered into by them in their capacity as the tenant.

As of the date of this Prospectus, the Company and its subsidiary are obligated to register the lease contracts electronically, but in the event of concluding any new contracts without electronic registration, and in the event that any dispute arises between the Company and the lessor in relation to this contract, it may not be considered by the Saudi courts. Therefore, the Company and the subsidiary company, as a plaintiff, may not be able to protect its rights in the event that the lessor breaches its contractual obligations, and this may negatively affect the Company or its subsidiary's business and future aspirations.

#### **2.1.26 Risks related to Zakat Differences and Potential Zakat Obligations**

The Company paid the Zakat according to certificate No. 1110332723 dated 19/12/1443H (corresponding to 18/07/2022G), which states that the Company has submitted its return for the period ending on 31/12/2021G, which is valid until 10/10/1444H (corresponding to 30/04/2023G), noting that the value of the Zakat due amounted to 2,260,806 Saudi riyals as of December 31, 2020G and 4,288,486 Saudi riyals as of December 31, 2021G and was fully paid, The value of the Zakat due amounted to 8,482,734 Saudi riyals as on June 30, 2022G.

The Company does not have any disputes or Zakat claims existing as at the date of this Prospectus.

The Company has not received any final Zakat assessments for any of the previous years from the date of its establishment until the date of issuing the financial statements for the year ending 31/12/2021G. Therefore, the Company cannot predict whether the Zakat, Tax and Customs Authority will accept its Zakat estimates for the previous or subsequent years, or require it to pay any Zakat differences in the future, in which case the Company will bear these differences as it is the person subject to Zakat. If the Zakat, Tax and Customs Authority asks the Company to pay such differences, bearing in mind that the Company has not formed a provision for Zakat, this will have a negative and material impact on the Company's profits, results of operations, financial condition and future prospects.



### 2.1.27 Risks related to the Localization of Jobs and Foreign Labor

The Company was classified as a small establishment (Class B) according to the Nitaqat program, with a Saudization rate of 64.6% as on 24/08/2022G, and it is currently within the “**Platinum**” range. The number of the Company’s employees, as on June 30, 2022G, was 30 employees, including 20 Saudi employees and 10 non-Saudi employees. The residency fees for non-Saudi employees amounted to 123,663 Saudi riyals for the period ending on December 31, 2021G.

On the other hand, the subsidiary company was classified as a small establishment (class B) according to the Nitaqat program, achieving a Saudization rate of 26.15% as on 24/08/2022G, and it currently falls within the “**medium green**” range, as the total number of its employees reached 19 employees, including 7 employees Saudi and 12 non-Saudi employees.

It may be difficult for the Company or its subsidiary to maintain and retain the same percentage of Saudi nationals in the future, and thus not meeting the requirements of the Nitaqat program. If the Company cannot continue to comply with the requirements of the Nitaqat program, it may be classified in the red category. In this case, the Company may be subject to a number of penalties, including:

- Suspension of its applications for new work visas.
- Suspending its requests to transfer sponsorship of a current employee or a potential employee.
- Preventing non-Saudi employees working with it from changing their professions on work visas.
- The possibility of some non-Saudi employees working for the Company transfer their sponsorships to other companies that fall within the “**green**” or “**platinum**” range without obtaining its approval.
- Excluding the Company from participating in government tenders or depriving it of obtaining government loans.
- There is no guarantee that the Company will be able to secure the necessary manpower or employ the required number of foreign workers according to favorable terms for the Company. The Company may also face challenges in maintaining its employees of Saudi nationals, and in the event of a decrease in the number of this category of employees, this will lead to a decrease in its total Saudization ratio, which will have a fundamentally negative impact on the Company’s business, financial condition, results of operations and future prospects.

It is worth noting that on 24/11/1442H (corresponding to 04/07/2021G), a decision of the Minister of Human Resources and Social Development was issued regarding the localization of real estate activities and professions, provided that the decision is effective starting from the date of 24/02/1443H (corresponding to 01/10/2021G). The decision included specifying the Saudization rate of (70%) of the total number of workers in establishments operating in real estate activities in owned or leased properties and real estate activities on the basis of fees or contracts, and their subsidiary activities as explained in the procedural guide complementing this ministerial decision, provided that the number of Saudis in the establishment shall not be less than one Saudi worker as a minimum. Since the Company has specific real estate activities in the commercial registry that are covered by this decision, it must abide by the localization percentage specified in it. Although the Company is classified within the platinum range with a Saudization rate of 64.6% as of the date of this Prospectus, it has not achieved the (70%) Saudization rate required by the aforementioned ministerial decision. Accordingly, the Company will be subject to the penalties contained in the new table of violations and penalties issued by the Minister of Human Resources and Social Development No. 92768 and dated 05/05/1443H (corresponding to 09/12/2021G), which sets the penalty for companies classified in category (B) and employee 11 to 50 workers and not committed to the Saudization percentage for professions and activities for which ministerial decisions are issued, will pay a fine of 10,000 Saudi riyals, multiplied by the number of non-Saudi workers who exceed the prescribed percentage. In the event that the Company is subjected to such fines, this will have a negative impact on its business, results of operations and financial condition.

### 2.1.28 Risks related to Labor Availability

The continuation of work in the projects managed by the Company depends to a large extent on the availability of the necessary professional labor at reasonable prices to complete the implementation according to the specified schedule. Therefore, the inability of the Company or the subcontractors in the project to provide the necessary labor to complete the work on the projects at reasonable prices for any reason, will lead to delaying the implementation of these projects on time or implementing them at a higher cost, which will negatively and fundamentally affect the Company’s business, results of operations and financial condition.



**2.1.29 Risks related to Employees Misconduct and Errors**

Although the Company has developed an internal work organization regulation that was approved by the Ministry of Human Resources and Social Development under No. 186753 and dated 30/12/1442H (corresponding to 09/08/2021G) and placed in a visible place in the Company's facilities for the information of the Company's employees and workers, the Company does not guarantee the non-occurrence of misconduct or errors of its employees, whether intentional or unintentional. For example, carrying out illegal activities, misuse of information and systems, disclosure of confidential information, involvement in the dissemination of misleading information, non-compliance with internal controls, fraud, embezzlement, or misuse of company property or act without the required administrative authorizations, which may result in losses, impose penalties or financial obligations on the Company, or cause damage to its reputation. Since the Company does not guarantee the prevention of employee errors, in the event of occurrence such errors, will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

**2.1.30 Risks related to Reliance on Key Personnel**

The Company relies on the capabilities and expertise of its main employees. Therefore, the Company's success in achieving its goals depends on maintaining its employees and attracting and hiring qualified people to work for it. Therefore, the Company is required to maintain these employees or attract others with the required experience. To achieve this, the Company will have to bear the costs of the fees for non-Saudi employees and their families, and bear the increase in the cost of living or part of it directly or indirectly by raising their wages. On the other hand, the Company must attract and maintain Saudi competencies to ensure long-term continuity, and adherence to the laws and regulations of the labor system in the Kingdom of Saudi Arabia. In addition, in the event of any change in the policies and regulations in force in the Kingdom, this may affect the Company's ability to attract and retain talent. If the Company is unable to achieve the aforementioned, this will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

**2.1.31 Risks related to Senior Executives**

The Company relies on the capabilities and experience of its senior executives to achieve its goals and strategy. Senior executives are young people with between three and ten years of experience. Despite the fact that they are young people, and therefore understand more about the culture and requirements of customers, there is no assurance that their experiences will be sufficient to implement the Company's strategy and objectives, which will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

**2.1.32 Risks related to Business Interruption**

The Company's income depends mainly on operational activities, and therefore the occurrence of any interruption in these operations for any reason, such as issuance or change of any government regulations, accidents of service interruption, delay in the delivery of services- such as water or sewage delivery and electricity outage incidents- or delay in obtaining approvals from the concerned government agencies to carry out some procedures, such as issuing a permit to pour on the site, which will lead to an interruption in the Company's business or delay in the completion of projects. This will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.

**2.1.33 Risks related to the Operating Systems, Information Technology and Accounting Systems**

Before 2021G, the Company relied on an accounting system that required manual collection of information, which hindered easy access to data- for example- detailed reports on unit sales, a list of construction costs by subcontractors and construction costs for long-term projects. During 2021G, the Company agreed and embarked on a plan to adopt and implement an Enterprise Resource Planning (ERP) system, which became complete during 2022G, to improve its overall reporting framework. The Company's ability to expand its business and activities in the future depends on its ability to continue to implement and improve operational financial and administrative information systems efficiently. Consequently, the Company's failure or regression in implementing or improving the systems it adopts, will have a negative impact on its business and operational results.

Before the year 2022G, petty cash represented by small urgent operating expenses to be used in the project sites was paid by Mr. Haroun Rasheed Abdul Rahman Al-Rasheed and Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed on behalf of the Company and would be re-disbursed after obtaining the necessary approvals. During the year 2022G, and with the completion of the Enterprise Resource Planning (ERP) system, the Company pays this petty cash and is reconciled weekly or every two weeks (depending on the size of the project) after the approval of the Financial Department and Administrative Affairs, and then it is posted in the related expenses item related to the projects.



The Company relies mainly on operating systems and information technology in its business to be able to link its business units through the Company's software, systems and devices. Therefore, the Company is exposed to the risks of failure of these systems, such as the failure of the systems, the failure of the protection systems, the penetration of the Company's systems, electronic viruses, natural disasters, fires, communication errors, lack of skilled labor necessary to operate and manage these systems, or the leakage of confidential data and information of the Company, its customers or its employees, or the low degree of security of such data and information. If the Company fails to maintain and develop information technology systems, or in the event of any malfunctions, major failure, repeated failure, data corruption or loss, or any of the above-mentioned events occurs, this will have a negative and material impact on the Company's business, financial condition, and financial and operational results.

#### **2.1.34 Risks related to Inadequate Insurance Coverage**

The Company and its subsidiary have entered into a medical insurance agreement and the Company has also entered into an insurance policy for its property and hidden defect insurance (for more information about insurance coverage, please see subsection 10.11 "**Insurance policies**" of Section 10 "**Legal information**" of this Prospectus).

Insurance contracts include deductible amounts and factors excluded from insurance coverage, in addition to other restrictions related to the insurance cover to be negotiated with insurance companies. The Company's ability to obtain compensation due to it from the relevant insurance company depends on its financial solvency and ability to meet the value of this compensation. Therefore, the insurance may not cover all the losses incurred by the Company and no guarantee is given that the Company will not incur losses that exceed the limits of the insurance policies or outside the scope of coverage contained in these policies. It is possible that cases may arise in which the value of the claim exceeds the value of the insurance held by the Company, or the compensation claim submitted by the Company to the relevant insurance company will be rejected, or the claim and compensation period may be prolonged, which will negatively affect the Company's business, future prospects, results of operations and financial condition.

Also, the property insurance policies concluded by the Company included ten (10) buildings. The Company did not conclude other insurance policies against all risks and fires that the Company, its equipment and furniture for other buildings owned by it may be exposed to. That the Company's inability to conclude the mentioned insurance policies or renew the expired ones may lead to the lack of adequate insurance coverage for an accident, and therefore the Company may lose the capital invested in any of these damaged or destroyed properties and may also lose expected future revenues from them, which may negatively affect its financial results and profits.

#### **2.1.35 Risks related to Reliance on Trademark**

The Company has registered two trademarks in the Kingdom of Saudi Arabia and the subsidiary company has applied to register its logo as a trademark (for more details about the trademarks owned by the Company, please see subsection 10.8 "**Trademarks and Intellectual Property Rights**" of Section 10 "**Legal Information**" of this Prospectus). The Company relies on its trademark in its business in the Kingdom and on its ability to continue using it and protect its rights with respect to that trademark against any illegal use of it by third parties. The Company has registered its two trademarks with the competent authorities, and thus, in the event of any breach of property rights or illegal use of the Company's trademark, the Company may be forced to defend its trademark by entering into costly judicial procedures. This may cause substantial damage to the trademark's reputation, which will have a negative impact on the Company's ability to attract new customers, leading to a decline in the Company's revenues, which will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

#### **2.1.36 Risks related to Litigation, Claims, Arbitration and Administrative Proceedings**

The Company is a party to two lawsuits in its capacity as the plaintiff, one of which the judgment has been definitive, and a party to one lawsuit as the defendant. In the first lawsuit, which was filed by the Company as the plaintiff, it asked the defendant to vacate a property and pay a rent of 32,000 Saudi riyals, and the judgment was issued by the General Court in Riyadh obligating the defendant to pay the required amount and vacate the property. categorical trait. As for the second lawsuit, the Company filed it in its capacity as the plaintiff, in which it asked the defendant to vacate a property and this lawsuit is still under consideration as of the date of this Prospectus by the General Court in Riyadh. In the third lawsuit, which was brought by a plaintiff against the Company as the defendant, the plaintiff requests to see the property that he purchased from the Company and prove its condition and the defects in it, as he claims the existence of bad construction and implementation of the works. This lawsuit is still under consideration by the General Court in Riyadh and no judgment has been issued as of the date of this Prospectus. (for more information about these lawsuits, please see subsection 10.10 "**Judicial Disputes**" of Section 10 "**Legal Information**" of this Prospectus). However, the Company has not made any provisions for those lawsuits, regardless of the results of these lawsuits and procedures. The Company may incur high costs, and may be required to allocate significant resources to its defense, including but not limited to: Zakat and tax issues, labor issues and other damages resulting from negligence or fraud by persons or institutions beyond the control of the Company. The Company cannot accurately anticipate the size of the cost of the lawsuits or judicial procedures that may be instituted by or 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 issues may negatively affect the Company and its results of operations.





**2.1.37 Risks related to the Outsourcing of the Internal Audit Department**

The Company does not have an internal audit department, as the internal audit work has been assigned to an office specialized in these matters. In the event of business interruption with this office or a default by it, the Company will be exposed to operational, administrative, financial and control risks, especially after offering the Company's shares in the Parallel Market, which will have a negative and fundamental impact on the Company's financial results.

**2.1.38 Risks related to the Recent Composition of Audit Committee**

The Extraordinary General Assembly, in its meeting held on 15/05/1443H (corresponding to 19/12/2021G), approved the formation of the Audit Committee, whose mandate began from the date of the Extraordinary General Assembly for a period of three (3) years. Given the recent formation of this committee, the inability of the members of this committee to carry out the tasks assigned to them and to follow a work methodology that ensures the protection of the interests of the Company and its shareholders, may affect the efficiency of the board of directors' control over the Company's business through the Audit Committee effectively. This may expose the Company to non-compliance with the requirements of continuous disclosure after listing on one hand, and to operational, administrative and financial risks on the other hand. Consequently, this will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

**2.1.39 Risks related to Non-compliance with the Capital Market Law and its Implementing Regulations**

After the Offering in the Parallel Market, the Company will be subject to the Capital Market Law and regulations, systems and circulars issued by the Capital Market Authority. In the event the Company is unable to comply with any of the regulations and systems to which it is subject, it will bear costs and penalties such as suspending trading on shares temporarily or canceling the listing of the Company's shares, which will negatively and materially affect the Company's business, results of operations, financial performance and profitability.

**2.1.40 Risks related to Raw Material Prices**

The Company's ability to maintain competitive prices depends on several factors, the most important of which are the prices of raw materials, mainly concrete, steel, stone and other major commodities for the real estate development sector, which are subject to fluctuations in their prices based on the prevailing prices in its local and global markets, which in turn are driven by the quantity of supply and demand at both local and global levels. In addition, the actual changes in the volume of supply and demand, market fluctuations, and international economic factors that may significantly affect the prices of raw materials, are all beyond the control of the Company and are unpredictable. The Company may not be able to pass the increase in prices to its customers. Therefore, any increase in the prices of raw materials will negatively affect the Company's costs and profitability, which will affect the Company's business, results of operations, financial performance and future prospects.

**2.1.41 Risks related to the Vacancy of the Business Development Manager Position**

Although the Company has taken measures to fill the vacancy in the position of Business Development Manager before the end of 2022G, it is still vacant as of the date of this Prospectus. The importance of this position lies in the role of the Business Development Manager in improving and developing the Company's performance, so that his duties are highlighted in: developing the Company's projects, developing the strategies adopted by the Company, studying the market and preparing a business plan in the light of this study, communicating with suppliers and strengthening relations with them to meet the Company's needs, developing the Company's performance internally through improving and developing the work environment, and other tasks that aim to improve the Company's performance. In the event that this position remains vacant, this will have a negative impact on the Company's business, financial performance and future prospects.

**2.2 Risks related to the Market and the Sector in which the Company Operates****2.2.1 Risks related to the Economic Performance of the Kingdom**

The expected future performance of the Company depends on a number of factors related to the economic conditions in the Kingdom in general, including, for example, factors of inflation, GDP growth, average per capita income, and so on. The Kingdom's macro and micro economy depends mainly on oil and oil industries, which still control a large share of the gross domestic product. Accordingly, any unfavorable fluctuations in oil prices will have a direct substantive impact on the plans and growth of the Kingdom's economy and on government spending rates, which will negatively affect the Company's financial performance.





### **2.2.2 Risks related to Political and Economic Instability in the Region and its Impact on the Company's Operations**

The Company's financial performance depends on the economic and political conditions prevailing in the Kingdom, in addition to the global economic conditions, which in turn affect the Kingdom's economy. The oil sector still occupies the largest share of the Kingdom's GDP. Fluctuations in oil prices may occur, which may negatively affect the Kingdom's economy.

Many countries in the Middle East also suffer from political and security instability at the present time, and there are no guarantees that the political, security and economic conditions in those countries or any other countries will not have a negative impact on the Kingdom's economy, foreign direct investment in it or on the capital markets in the Kingdom in general. These factors may affect the Company's business, results of operations, financial condition and future prospects.

Any major unexpected changes in the political, economic or legal environment in the Kingdom and/or any other countries in the Middle East, including, but not limited to: normal market volatility, economic stagnation, high unemployment rates, technological shifts and other developments, will negatively and materially affect the Company's business, results of operations, financial condition and future prospects.

### **2.2.3 Risks related to Natural Disasters**

Any damage from natural disasters outside the Company's control that may affect the Company's facilities or workers such as floods, earthquakes and other natural events, may result in significant and accidental costs to the Company. It also severely affects the Company's ability to perform its operations and thus reduce its operational results. In the event of natural disasters and damage to the Company's facilities, this will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

### **2.2.4 Risks related to Changing the Regulatory Environment**

The Company's business is subject to the systems, implementing regulations, general rules and instructions and circulars in force in the Kingdom of Saudi Arabia, bearing in mind that the regulatory environment in which the Company operates is subject to change. It is worth mentioning that organizational changes resulting from political, economic, technical and environmental factors can affect the Company's operations and limit the development of the Company or its business. If the new laws or regulations impose additional requirements that are difficult or costly to comply with, they may require important additional obligations by the Company, such as complying with new requirements to obtain or renew the licenses under which the Company operates. In the event of a change in any of the rules and regulations that govern the Company's activity, or a violation or wrong implementation of them by the Company's management or employees, the Company's operating costs may increase, or the Company may be subject to fines or penalties, or suffer damage to its reputation, which could reduce the competitive position of the Company and the level of demand for its products and services, which would have a material negative impact on its business, financial condition, results of operations and future prospects.

Like other companies operating in the Kingdom of Saudi Arabia, the Company is subject to a number of regulations and laws such as the Companies Law, the Labor Law, the Municipalities and Civil Defence Regulations, the rules and regulations issued by the Capital Market Authority and the regulations issued by the Ministry of Municipal and Rural Affairs and Housing and others, which may change or be updated by the competent authorities. Also, new laws and regulations may be issued by the relevant official authorities from time to time. Accordingly, the Company's business may be negatively affected in the event of any fundamental change to any of the relevant systems or the introduction of additional systems that have a direct impact on the performance and profitability of the Company.

### **2.2.5 Risks related to Fluctuations in the Real Estate Sector**

The real estate sector in the Kingdom may witness several fluctuations, whether in real estate prices or rental rates, as a result of market factors, supply and demand for real estate as well as economic changes. Therefore, the unfavorable fundamental fluctuations in the real estate sector will negatively and fundamentally affect the Company's business, expectations, results of operations, financial condition and future prospects.

### **2.2.6 Risks related to Real Estate Development**

The Company develops, invests and markets real estate projects, and accordingly it conclude contracts with contractors to implement them. This activity is linked to a number of risks or uncertainties associated with it, such as delays in issuing the necessary licenses or not issuing them at all, or the rise in the prices of building materials and inputs and the cost of construction in general, or the unavailability of the necessary labor or entering into disputes with the implementing contractors. All or some of these matters result in delays in the implementation of the project and/or incurring additional costs, which will affect the projects' operation schedules and their economic feasibility, which will negatively and fundamentally affect the Company's profitability, financial condition and future prospects.



### **2.2.7 Risks related to Real Estate Evaluation and Assessment**

The valuation of the Company's assets may be affected by the method used in the real estate valuation of some of its assets by approved evaluation companies. The Company's real estate investments for the purpose of leasing amounted to SAR 100,273,345 as on December 31, 2020G, SAR 90,614,440 as on December 31, 2021G, and SAR 40,468,617 as on June 30, 2022G. The Company's real estate investments for sale (projects under development and real estate inventory) amounted to SAR 154,885,470 as on December 31, 2020G, SAR 356,948,599 as on December 31, 2021G, and SAR 549,808,027 as on June 30, 2022G.

It is not possible to guarantee or confirm that the evaluation by the real estate evaluators or the opinions issued by them are completely correct or that they do not lack fundamental information regarding the value of the property or that the value of the property will not be negatively affected. Therefore, in the event of a decrease in the value of the Company's investment properties, this will negatively affect the financial performance of the Company and its financial condition and future prospects.

### **2.2.8 Risks related to the Competitive Environment**

The Company operates in a competitive environment in which there are a large number of competing local companies, and the pricing policies of the Company's competitors greatly affect the Company's pricing. There is no guarantee that the Company will be able to currently compete with those companies, which leads to a decrease in the Company's market share and thus will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

### **2.2.9 Risks related to Growth Opportunities**

The Company's ability to develop its business depends on the level of competition in the market, the availability of material and human resources, the ability of its management team, legal systems, and others. The Company achieved a growth in its revenues during the previous period, so that the Company's revenues amounted to 343,372,130 Saudi riyals in 2021G, compared to 75,377,824 Saudi riyals and 21,879,245 Saudi riyals in 2020G and 2019G, respectively. The Company's revenues decreased from SAR 98,562,810 in the six-month period ending on June 30, 2021G to SAR 85,266,846 in the same period ending on June 30, 2022G.

There is no guarantee that a level of continuous growth will be maintained, as the Company may face difficulties in expanding its activity, developing its market share and increasing its sales. Therefore, if the Company is unable to manage its growth in a positive way, its ability to develop its activity, increase or maintain its market share, increase its business profits and enhance returns to its shareholders may be affected, and thus will negatively affects the Company's financial condition.

### **2.2.10 Risks related to Real Estate Tax**

The Kingdom has imposed a real estate tax system at 5% of the value of the property to be sold or transferred, pursuant to Royal Order No. A/84, dated 14/02/1442H (corresponding to 01/10/2020G). According to this decision, real estate sales are exempted from the value added tax of 15% and replaced by the real estate disposal tax of 5% of the value of the property. Accordingly, if the Saudi government decides to increase the rate of real estate tax, or if it decides to cancel this support and re-apply the value-added tax of 15%, this will negatively affect the results of the Company's operations, financial condition and future prospects. In addition, the value-added tax applied to commercial real estate was refundable, unlike the non-refundable real estate disposal tax, and therefore this will limit the purchasing power of the Company and thus have a negative impact on the Company's business, results of operations and future prospects.

### **2.2.11 Risks related to White Land Fees**

On 12/02/1437H (corresponding to 24/11/2015G), the Council of Ministers issued a decision to impose fees on white (undeveloped) lands, and on 01/03/1441H (corresponding to 29/10/2019 G) the Council of Ministers issued a decision to amend the implementing regulations of the White land fee system. Accordingly, if the Company owns white land in the course of its activity, it will be subject to applying fees to it if the Company is not able to develop it immediately, and the prices of the white land may be subject to a decrease due to this decision, which will negatively affect the Company's business, results of operations and financial condition. The Company confirms that it does not own any white lands until the date of this Prospectus.



**2.2.12 Risks related to Non-compliance with the Requirements of the Companies Law**

The Companies Law imposes some statutory requirements that the Company must comply with. This will require the Company to take actions and measures to comply with such requirements, which could affect its business plan or take a long time. The current Companies law also has imposed stricter penalties for violating its mandatory provisions and rules, which reach according to Article 213 of the current Companies law, to 500,000 Saudi riyals. Article 214 of the Companies Law stipulates that penalties are doubled in the event of repeated violations, and therefore the Company will be subject to such penalties in case of non-compliance with these rules and provisions, which would negatively and materially affect the Company's business, financial condition and results of operations.

**2.2.13 Risks related to the Implementation of the Governance Regulations**

The CMA Board issued the Corporate Governance Regulations pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 12/12/2017G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G), as amended by CMA Board Decision No. 1-07-2021 dated 01/06/1442H (corresponding to 14/01/2021G).

Although the Corporate Governance Regulations are indicative for companies listed on the Parallel Market as on the date of this Prospectus, if it is mandatorily applied, the Company's success in properly implementing Corporate Governance depends on the extent to which the Board, its committees, management and employees understand these rules and procedures. Violation of these rules and procedures or failure to implement them exposes the Company to the violations stipulated in Article (59) of the Capital Market Law, which will have a negative and material impact on the Company's business, financial condition, results of operations and future prospects.

**2.2.14 Risks related to Interest Rate Fluctuations**

Interest rates may change according to economic, political, or regulatory variables locally or globally, whether fixed or variable, which are due to the Company's financiers. Therefore this will lead to an increase in the financing costs that the Company needs, which will have a negative impact on the Company's business, results of operations, financial performance and profitability.

**2.2.15 Risks related to the Imposition of New Taxes or Fees**

Although the Company is not currently subject to any kind of taxes other than Sharia Zakat, value-added tax (15%) of the fees for services provided by the Company, and real estate tax of 5% in the event that the Company sells one of its assets, other fees or taxes may be imposed on companies by the government in the future. Accordingly, if new corporate taxes or fees are imposed on companies other than those currently applied, this will have a direct negative impact on the Company's net profits, which will have a negative and material impact on the Company's financial performance, financial condition and future prospects.

**2.2.16 Risks related to Government Fees Applicable to non-Saudi Employees**

The Company essentially faces these risks if it attracts additional numbers of non-Saudi employees. During 2016G, the government approved a number of decisions aimed at carrying out comprehensive reforms of the labor market in the Kingdom of Saudi Arabia, including the approval of imposing additional fees for every non-Saudi employee working for a Saudi entity as of 01/01/2018G at four hundred (400) riyals per month for each non-Saudi employee for the year 2018G, increasing to six hundred (600) Saudi riyals per month for the year 2019G, and then to eight hundred (800) Saudi riyals per month for the year 2020G. In the event that additional fees are imposed or the value of the current fees is increased, this will adversely affect the Company's business, financial performance and results of operations.

In addition, the government imposed fees on the dependents and escorts of non-Saudi employees as of 01/07/2017G, at the rate of one hundred (100) Saudi riyals per month for each dependent in 2017G, and it rises annually to reach four hundred (400) Saudi riyals per month for each dependent in 2020G. Accordingly, the fees that the non-Saudi employee will bear on behalf of his family will lead to an increase in the cost of living for him, which will lead him to work in other countries where the cost of living is lower. If something like this happens, the Company will face difficulty in maintaining its non-Saudi employees, which may force it to bear those costs for non-Saudi employees or part of them directly, or indirectly by raising the wages of its non-Saudi employees, which will lead to an increase in the Company's costs, which will affect negatively the results of its operations.



It is also worth noting that on 18/03/1442H (corresponding to 04/11/2020G), the Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia launched the initiative to improve the contractual relationship, which entered into force on 14/03/2021G, and it aims to support the vision of the Ministry of Human Resources and Social Development to build an attractive labor market, empower and develop human competencies, develop the work environment, and abolish the sponsorship system. The initiative provides three main services: the job mobility service, and the development of exit, return and final exit mechanisms. The initiative services include all expatriate workers in the private sector's facilities, within specific controls that take into account the rights of both parties to the contractual relationship and the terms of the contract between the employer and the expatriate worker. The job mobility service allows the expatriate worker to move to another job upon the expiry of his work contract without the need for the employer's approval. Accordingly, upon the entry of this initiative into force, the Company does not guarantee that it will maintain its cadres of non-Saudi workers and renew their contracts on conditions satisfactory to them, which will push them to move to another job in accordance with the mechanisms referred to above, and if the Company is unable to maintain its cadres from Non-Saudi workers or finding replacements for them with the same skills and experience required, this will lead to an increase in the financial cost of the Company, which would negatively and fundamentally affect the Company's business, financial results and future prospects.

### 2.2.17 Risks related to Changing the Mechanism for Calculating Zakat and Income Tax

The General Authority of Zakat and Tax issued Circular No. (6768/16/1438) on 05/03/1438H (corresponding to 05/12/2016G), obliging Saudi companies listed in the financial market to calculate income and Zakat on the basis of the nationality of the shareholders and the actual ownership between Saudi and Gulf citizens and others, as listed in **"Tadawulaty System"** at the end of the year. Prior to the issuance of this circular, companies listed in the financial market were generally subject to payment of Zakat or tax on the basis of the ownership of their founders in accordance with their Articles of Association, and the impact of listed shares was not taken into account in determining the Zakat base. This circular was to be applied in the year ending on December 31, 2016G and the years thereafter. However, the General Authority of Zakat and Tax issued its letter No. (12097/16/1438) on 19/04/1438H (corresponding to 17/01/2017G), which requires postponing the implementation of the circular for the fiscal year ending on December 31, 2017G and the following years. Until the General Authority of Zakat and Tax issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular including the final requirements that must be met is still under consideration, as well as the rules imposing income tax on all non-Gulf residents who are shareholders in listed Saudi companies, and which apply the withholding tax to the dividends of non-resident shareholders, regardless of their nationalities. The Company has not assessed the financial impact of this circular and taken adequate steps to ensure compliance with it, as it is a closed joint stock company owned by Saudi shareholders. If the financial impact of this circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, this will negatively affect its business, results of operations, financial condition and future prospects.

## 2.3 Risks related to the offered shares

### 2.3.1 Risks related to Possible Fluctuations in the Share Price

The share price in the market can be unstable and subject to a large degree of fluctuation. Therefore, the subscribers may not be able to resell their shares at the subscription price or higher, or they may not be able to sell them at all, as the market price of the subscription shares after the Offering may be negatively affected by many factors including but not limited to:

- The difference in operational results and the performance of the Company's activities.
- Regulatory developments in the market targeted by the Company as it has an impact on the Company, its customers or competitors.
- Changes in financial estimates by stock analysts.
- Increase or decrease in the number of board members, senior management or senior executives.
- The performance of the Saudi and global economy.
- Important developments in the Kingdom's economic policies.
- Fluctuations in global and local stock markets.
- Changes in the economic, legal and regulatory factors (locally and internationally) not related to the Company's performance, such as economic stagnation, imposing obstacles on business, imposing sanctions and other factors, which will negatively and fundamentally affect the Company's financial condition and future prospects, and thus, will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.



A number of factors set out above are beyond the control of the Company, and any fluctuations in stock prices as a result of these factors will negatively affect the Company's financial results, prospects and investment decisions of the subscribers.

The share price in the market can be unstable and subject to a large degree of fluctuation due to a number of factors, including but not limited to: market conditions in relation to shares, any deterioration in the Company's business results, inability to implement future plans and the emergence of stronger competitors. There is also no guarantee that the value of the shares will increase once they are listed in the stock market, which will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.

### **2.3.2 Risks related to Future Data**

The future results and performance data of the Company cannot be actually predicted and may differ from what is contained in this Prospectus, as the achievements and ability of the Company to develop are what determine the actual results, which cannot be predicted or determined. The inaccuracy of data and results is considered one of the risks that the shareholder must know so as not to affect his investment decision.

### **2.3.3 Risks related to Control by Existing Shareholders**

After the completion of the Offering process, the existing shareholders will retain a controlling stake in the Company representing 90.0% of the Company's shares. As a result, existing shareholders will be able to influence all matters that require shareholder approval, including, but not limited to, mergers and acquisitions, selling assets, electing members of the board of directors, approving and ratifying important company contracts and activities, and amendments that may occur to the Company's capital and Articles of Association. Moreover, any change in business strategy and policy by the founding shareholders may negatively affect the Company. It may be used in a way that may materially affect the Company's business expectations, results of operations and financial condition, which in turn will negatively affect the expected returns for subscribers, or lead to the subscribers' loss of part or all of their investment in the Company, which will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

### **2.3.4 Risks related to the Lack of a Previous Market for the Company's Shares**

There is neither currently nor ever a financial market for trading the Company's shares, and there are no assurances about the existence of an effective and continuous market for trading the Company's shares. Trading in the Parallel Market (Nomu) is subject to regulatory restrictions in terms of the categories eligible for trading in the shares listed therein. In the absence or continued existence of an active and liquid market, this may negatively affect the trading price of the shares. Noting that the Offering price was determined based on a variety of factors that affected and may affect the Group and the value of the shares in the future. Various factors, including the Company's financial results, future business prospects, general conditions in the sector in which it operates, economic factors, the regulatory environment and other factors beyond the control of the Group, may cause the market share prices to fall significantly below the Offering price.

### **2.3.5 Risks related to Dividends Distribution**

The distribution of profits in the future depends on many factors, including the achievement of future profits, financial condition, cash flows, working capital requirements, capital expenditures and the Company's distributable reserves, in addition to several other factors. The Company may not be able to distribute dividends to shareholders, and the board of directors may not recommend or approve the distribution of such dividends. The Company may also conclude in the future financing agreements and credit facilities that include restrictions on dividend distributions, which may result in a change in the expected distributions.

On the other hand, the Company may incur new unexpected expenses or obligations that may result in a decrease in the Company's profits or affect the level of its cash liquidity, which may lead to a decrease or absence of dividend distribution. Thus, this may lead to a decrease in the expected return on the Company's shares, as the return of the investors will be limited to the capital profit (if any) in the event that the Company's shares rise, which will negatively and fundamentally affect the expected returns of the subscribers. It is worth noting that the Company does not provide any guarantee regarding the amounts of dividends that will be paid in any given year, and the distribution of profits is subject to certain conditions and controls stipulated in the Company's Articles of Association. (For more details about the dividend policy, please see Section 7 "**Dividend Distribution**"). Based on what has been mentioned, these factors will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.



**2.3.6 Risks related to Offering Additional Shares**

In the event the Company decides to issue new shares in the future, the ownership of the shares will decrease proportionately, as well as the voting rights and dividends, which may negatively affect the market price of the share. This will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

**2.3.7 Risks related to Selling a Large Number of Shares in the Parallel Market after the Offering Process**

Selling a large number of shares in the financial market after the completion of the Offering process will negatively affect the market price of the shares. After the successful completion of the Offering process, the Substantial Shareholders will be subject to a ban period of twelve months from the date of starting the trading of shares in the financial market. Selling any of the Substantial Shareholders to a large number of shares after the ban period ends may negatively affect the Company's stock market and thus may result in a drop in the market price of the shares, which will negatively and fundamentally affect the Company's business, financial condition, results of operations and future prospects.

**2.3.8 Risks related to the Failure to Meet the Requirements of Transition to the Main Market or any Future Regulatory Requirements**

The Company can submit an application for listing in the main market after the statutory period (two years according to the current system of the financial market) has passed since its listing in the Parallel Market, after fulfilling all the statutory requirements issued by the Capital Market Authority and the Saudi Tadawul Group based on the rules of offering securities, continuing obligations and Listing Rules related to the transition of companies listed on the Parallel Market to the Main Market. In the event that the Company is unable to meet these requirements or any additional future regulatory requirements that the CMA may impose on the Company or the market, the Company will not be able to move to the Main Market. Since the Parallel Market until the date of this Prospectus is a market in which trading is restricted to Qualified Investors only, the daily trading volume and liquidity will be less than in the Main Market, thus negatively affecting the liquidity of the Company's share and its market value, which will negatively and materially affect the Company's business, financial condition, results of operations and future prospects.

**2.3.9 Risks related to the Liquidity of the Offer Shares**

There is neither currently nor ever a financial market for trading the Company's shares, and there are no assurances about the existence of an effective and continuous market for trading the Company's shares after the end of the Offering period. If an active market does not develop for the trading of the Company's shares, this will affect the liquidity and trading price of the Company's shares in a negative and significant way, which will negatively and fundamentally affect its business, financial condition, results of operations and future prospects.

**2.3.10 Risks related to the Company's Desire to Continue in the Parallel Market**

After registration and offering in the Parallel Market, and after the elapse of the statutory period under the relevant rules, the Company may fulfill the conditions for transition to the main market, but it wants to continue as a listed company in the Parallel Market and not move to the main market. Since the Parallel Market until the date of this Prospectus is a market in which trading is restricted to Qualified Investors only, the daily trading volume and liquidity will be less than in the main market, thus negatively affecting the liquidity of the Company's share and its market value.



### 3. Market and Sector Overview

The information described below is based on publicly available information and market data from independent studies and market research related to the sector.

In all places where any information has been obtained from third parties, the source of that information has been identified. However, it should not be relied upon to make or refrain from making any investment decisions.

Industry-specific publications and reports used state that the information contained therein is drawn from reliable sources. Members of the Board of Directors believe that this information and data is reliable, however, neither the Company nor its members of its Board of Directors, managers or other advisors have independently reviewed this information and data or verified its accuracy or completeness and therefore cannot make any representation as to its accuracy and completeness, and none of them will be liable for any responsibility for the accuracy or completeness of this information and data. As far as they can be certain, no information or facts that would make such information and data inaccurate or misleading have been omitted.

Prospective investors should also be aware that the statistics, data, statements and other information related to the markets, market size, market shares, market position and other sectoral data contained in this Prospectus may not be accurate indicators of the future performance of the Company in the sector in which it operates. The statements and expectations contained in this section do not guarantee the Company's future performance.

#### 3.1 Economy of Saudi Arabia

##### 3.1.1 The Overall Macroeconomic landscape

The Kingdom of Saudi Arabia is the largest economy in the Gulf Cooperation Council (GCC), with the Kingdom's GDP reaching 2,533 billion Saudi Riyals in 2020. The Saudi economy grew at a compounded annual growth rate of 3.3% from 2010 to 2019G, bringing the GDP to 2,642 billion Saudi Riyals. In 2020G, the GDP contracted by about 4.1% to reach 2,533 billion Saudi riyals as a result of the outbreak of the Corona virus pandemic and the decline in the level of oil production and prices.

**Table No. (14): Gross Domestic Product in the Kingdom of Saudi Arabia**

Year	2015G	2016G	2017G	2018G	2019G	2020G
GDP (SAR billion)	2,545	2,588	2,569	2,633	2,642	2,533

Source: General Authority for Statistics, 2021G

Saudi Arabia has demonstrated a strong recovery from the coronavirus pandemic. The Kingdom's non-oil sector exceeded the pre-pandemic level, recording strong growth in the first half of 2021. Mobility for retail, leisure and the workplace has returned to pre-pandemic levels. According to the General Authority for Statistics, the overall unemployment rate of the working-age population and the unemployment rate among Saudis decreased in the third quarter of 2021G to 6.6% and 11.3%, down from 9.0% and 15.4% during the of the pandemic peak times.

The economy of Saudi Arabia is mainly dependent on oil. Between 2015-2020, the oil and gas production sector were the sectors of the highest contribution to the total GDP, which ranged between 37% and 40%. While Government services were the second largest contributor to the GDP, followed by manufacturing which also includes oil refining.

The real estate sector has grown faster than the Kingdom's GDP. Compared to the GDP compound annual growth rate of 3.3% during the period from 2010G to 2019G, the real estate sector grew at a compound annual growth rate of 5.3% during the same period. In 2020, despite the GDP contraction of 4.1%, the real estate sector recorded a growth of 0.9%.





**Table No. (15): Gross Domestic Product by Sector in the Kingdom of Saudi Arabia**

	Value (SAR Billion)						Percentage (%) of total					
	2015G	2016G	2017G	2018G	2019G	2020G	2015G	2016G	2017G	2018G	2019G	2020G
Farming	60	60	60	61	61	60	2%	2%	2%	2%	2%	2%
Oil and gas*	1,018	1,047	1,010	1,039	1,005	945	40%	40%	39%	39%	38%	37%
Industry**	298	308	312	300	300	273	12%	12%	12%	11%	11%	11%
Electricity and water	33	34	34	31	30	29	1%	1%	1%	1%	1%	1%
Contracting	125	121	117	108	110	113	5%	5%	5%	4%	4%	4%
Retail	232	228	229	223	236	220	9%	9%	9%	8%	9%	9%
Transportation, storage and communication	145	148	152	149	157	147	6%	6%	6%	6%	6%	6%
Real Estate	123	127	134	137	141	142	5%	5%	5%	5%	5%	6%
Financial services and insurance	107	110	115	110	115	122	4%	4%	4%	4%	4%	5%
Social Services	49	50	50	48	47	44	2%	2%	2%	2%	2%	2%
Banking Services Charging	21	21	21	21	22	23	1%	1%	1%	1%	1%	1%
Government services	354	355	356	368	374	374	14%	14%	14%	14%	14%	15%
Taxes on products	21	21	19	80	87	87	1%	1%	1%	3%	3%	3%
Other	(41)	(41)	(42)	(42)	(44)	(47)	-2%	-2%	-2%	-2%	-2%	-2%
Gross domestic product	2,545	2,588	2,569	2,633	2,642	2,533	100%	100%	100%	100%	100%	100%

Source: General Authority for Statistics, 2021G

\* Including crude oil and natural gas production<sup>5</sup>

\*\* Includes petroleum refining and its derivatives

### 3.1.2 Demographics

The Kingdom of Saudi Arabia is the largest country in the Gulf Cooperation Council (GCC) in terms of population, which reached 35.0 million people in 2020G. An analysis of the demographics of the Kingdom in 2020G indicates that the population is somewhat young, as 69% of the population is under the age of forty. The growing population, along with the young demographics, presents great opportunities for the real estate sector.

**Table No. (16): Population distribution by age group in the Kingdom of Saudi Arabia**

	2015G	2016G	2017G	2018G	2019G	2020G	Compound Annual Growth (2015G – 2020G)
Kingdom population (million people)	31.1	31.8	32.6	33.4	34.2	35.0	2.4%
Age group 0-19 (million people)	9.9	10.1	10.3	10.5	10.7	11.0	2.0%
Age group 20-39 (million people)	11.7	12.0	12.3	12.6	12.9	13.2	2.5%
Age group 40-59 (million people)	7.8	8.0	8.2	8.4	8.7	8.9	2.8%
Age group 60-79 (million people)	1.5	1.6	1.6	1.6	1.7	1.7	2.3%
Age group 80+ (million people)	0.2	0.2	0.2	0.2	0.2	0.2	2.0%

Source: General Authority for Statistics, 2021 AD



### 3.1.3 Urbanization

The urbanization rate in Saudi Arabia reached 84.3% in 2020G, mainly driven by job opportunities in major cities. The urbanization rate is expected to reach 88% by 2025G. This increase in urbanization will increase the demand for housing in major cities.

**Table No. (17): Rate of urbanization in the Kingdom of Saudi Arabia**

	2015G	2016G	2017G	2018G	2019G	2020G
Urbanization rate (%)	83.2%	83.4%	83.6%	83.8%	84.1%	84.3%

Source: World Bank, 2021

## 3.2 Vision 2030 Program

As a result of the Kingdom's heavy dependence on oil, the fluctuations in global oil prices, as well as the inefficiency in the economy, the Kingdom's Government is focusing on reducing its economy's dependence on the oil and gas sector. Transformation and growth depend on various initiatives from Vision 2030 and the thirteen Vision Realization Programs.

### 3.2.1 Housing Programs

Housing (the **"Iskan Program"**) is one of the of the Kingdom's Vision Realization Programs. The housing Program was launched in 2018G, with the aim of increasing the percentage of Saudi families' ownership of homes. The program focused on setting new standards for the development of the housing sector.

In the first phase, the housing program facilitated procedures to provide immediate entitlement for homes to the citizens instead of the 15-year waiting period, which significantly increased housing options and contributed to an increase in the ownership percentage from 47% in 2017 to 60% in 2020. <sup>6</sup>

This was achieved by increasing access to real estate through the creation of electronic platforms such as Sakani Platform. The program aims to increase the supply in the housing sector through partnerships with the private sector, represented by real estate developers and housing builders, in addition to the establishment of the National Housing Company and the **"Etmam"** Center, which facilitated the developers' process by providing a comprehensive digital platform. In addition, the Developmental Housing Program was established to fill the gaps of needy families and worked in partnership with the charitable sector to establish and rehabilitate more than 350 housing community associations.

The housing program has also worked on developing and improving regulations and regulatory and legislative activities, through the establishment of the General Real Estate Authority as a central regulatory authority for the real estate sector. The program also launched the rental contract documentation platform **"Ejar platform"** to regulate the real estate rental sector in the Kingdom and protect the rights of the contracting parties.

### 3.2.2 White Land Program

This program is designed to monitor monopolistic practices in the local real estate market and to balance supply and demand. Owners of undeveloped plots in major cities with an area of at least 10,000 square meters are required to register their land and pay 2.5% of the land value annually, otherwise they will be fined up to 100% of the fee amount. <sup>7</sup>

### 3.2.3 Mortgage

The Saudi Central Bank introduced several measures to strengthen the regulatory framework and improve access to finance, including mortgage and financial laws. The maximum mortgage-to-value ratio has been increased in the Kingdom of Saudi Arabia, from 70% to 90% of the property value<sup>8</sup>.

### 3.2.4 Tax exemption

The Government announced a new Tax Law on real estate transactions in the Kingdom, whereby real estate transactions are exempted from value-added tax at a rate of 15% and a new tax of 5% is imposed on real estate transactions. The Government bears the cost of the new tax for Saudi citizens who buy their first home. <sup>9</sup>

6 Source:: <https://idlelands.housing.gov.sa/ar/page/121>

7 Source:: <https://idlelands.housing.gov.sa/ar/page/121>

8 Source:: <https://www.sama.gov.sa/ar-sa/FAQs/Pages/FinanceFAQs.aspx>

9 Source:: <https://vat.housing.gov.sa/>



### 3.2.5 Saudi Real Estate Refinance Company

The Public Investment Fund set up the Saudi Real Estate Refinance Company to help developers and local banks meet the shortage of affordable housing by injecting liquidity into the real estate market. The Company had a loan portfolio of SAR 6.5 billion at the end of 2020G and aims to refinance 20% of the total residential mortgage market in Saudi Arabia by 2025G.

### 3.2.6 Home Ownership Percentage

The housing program aims to increase the proportion of Saudi families who own homes to 70% by 2030<sup>10</sup>. This will be achieved by increasing affordability by reducing the ratio between the average housing unit price to the annual per capita income by five times.

## 3.3 Residential Real Estate Market

### 3.3.1 Market Size

Saudi Arabia is divided into 13 regions. According to the data of the General Authority for Statistics, about 66% of the total population of the Kingdom of Saudi Arabia in 2019 resides in three regions: Riyadh, Makkah and the Eastern Province.

The largest population gathering in the Riyadh region. The city's population has more than doubled over the past two decades and the city's demographic makeup has changed rapidly, with nearly half of the city's population currently under the age of 29.

Historically, it has been the norm for generations of the same family to live in the same house. This young generation is now showing a desire to move away from the multigenerational family structure. As a result of these growing challenges, affordability is the top priority especially as cultural and social conditions change at a rapid pace.

**Table No. (18): Population by region and housing units (Saudi families) in the Kingdom of Saudi Arabia**

Regions	Total population		Total housing units	
	Population (In million)	Percentage	Number of units (In million)	Percentage
	2019G		2019G	
Riyadh	8.66	25%	0.87	24%
Makkah	9.03	26%	0.91	25%
Medina	2.24	7%	0.25	7%
Al-Qassim	1.49	4%	0.17	5%
Eastern Region	5.15	15%	0.53	14%
Aseer	2.31	7%	0.32	9%
Tabuk	0.95	3%	0.13	3%
Hail	0.73	2%	0.08	2%
Northern Border	0.38	1%	0.04	1%
Jazan	1.64	5%	0.18	5%
Najran	0.61	2%	0.07	2%
Al-Baha	0.50	1%	0.07	2%
Al Jouf	0.53	2%	0.06	2%
<b>Total</b>	<b>34.22</b>	<b>100%</b>	<b>3.68</b>	<b>100%</b>

Source: General Authority for Statistics, 2021G

In terms of the number of housing units owned by Saudi families, Riyadh, Makkah, and the Eastern Province have constituted 63% of the total housing units in the Kingdom since mid-2019G. The total owned units represent 62% of the total housing units, while the total rented units represent 35%.



### 3.3.2 Key Growth Drivers

The main drivers of the residential real estate market include:

- **Vision 2030 and Government initiatives**

Vision 2030 is considered one of the most important sources of activity in the residential real estate sector. The Government's efforts are divided into two parts: One is aimed at increasing economic activity in the Kingdom as a whole and diversifying away from dependence on oil. The second goal is to increase home financing solutions and produce the most efficient and affordable housing units for citizens.

The government is seeking to expand the private sector and increase foreign investment in the country, with significant investments in infrastructure, including new cities and transportation hubs, to encourage foreign companies to establish bases in Saudi Arabia. Being the capital, Riyadh is an ideal location to become a regional commercial hub.

Many companies are expected to move their regional headquarters to the Kingdom of Saudi Arabia after the Government's announcement stating that as of January 1, 2024, contracts for development projects submitted by the Government or any of its agencies, institutions and funds will be awarded to international companies and commercial organizations only if their regional headquarters are in the Kingdom. Under this initiative, blue-chip companies, such as those in the fields of information technology, finance, and oil services, can benefit from a wide range of incentives, including a 50-year tax break, waived Saudization quotas, and safeguards against future regulations.

The Royal Commission for Riyadh City aims to attract up to 500 foreign companies to set up their regional headquarters in the capital over the next 10 years, with 24 companies already confirmed.

The Kingdom of Saudi Arabia witnessed a significant rise in the World Bank's rankings for ease of doing business for the year 2020G, as it rose 30 ranks, after it made remarkable progress in reforming the business environment.

Economically, these efforts will attract talent from all over the world as well as increase the disposable income of the local population. Both will act as catalysts for the residential sector in the Kingdom.

The Kingdom's Government considers real estate a future pillar of economic growth, job creation, and investment. The three mega projects laid out in Vision 2030, NEOM City, Qiddiya City and Amaala City, are among the most important real estate projects in the pipeline, providing important long-term opportunities in the commercial real estate market.

The Government has also undertaken several initiatives to enhance access to mortgages and accelerate home ownership rates across the country, with the goal of achieving 70% home ownership by 2030G. The Sakani program will continue to be an engine of growth in the residential sector.

Several large projects have been announced under the Sakani Program, including the Al Khobar residential project in Al Khobar, which is already under construction and will offer 115 villa-type housing units. Similarly, the Obhur Park Residential Project in Jeddah, which is also under construction, will provide 8,000 housing units. These projects are part of nearly 78 building plans planned for the next decade. A similar project is the Murcia Project, which will provide 3,500 housing units in Jeddah. Furthermore, the National Housing Company has signed four agreements worth more than 210 million US dollars. The project will be developed on the basis of a public-private partnership.

- **Population**

Saudi Arabia has a large and growing young population, who are first-time homebuyers. 69% of the population is under the age of 40. Bloomberg research estimates that at least 150,000 Saudis will enter the workforce each year over the next decade. The increase in the number of citizens entering the labor market is expected to boost the demand for new housing units and is expected to remain high in the coming years.

- **Urbanization**

According to Statista website, about 84% of the Saudi population will live in urban areas in 2020G. The Ministry of Municipal and Rural Affairs expected that 88% of the population of the Kingdom will live in urban areas by 2025G, and this increase in urbanization will boost demand for housing.

Riyadh is the largest city with an estimated population of more than 7.4 million in 2021G, followed by Jeddah with about 5.0 million people. <sup>11</sup>Under Vision 2030, the population of Riyadh is expected to increase to 15 million by 2030.



- **Mortgage**

There was a significant growth in mortgages during the year 2020G, the number of mortgage contracts witnessed a growth of 65% compared to 2019<sup>12</sup>. The value of contracts increased by 77% compared to the same period in 2019G. The Kingdom has one of the lowest mortgage penetration rates in the world, and there is still room for growth as residential mortgage financing offered in the Kingdom has been steadily increasing quarterly since 2018G.

**Table No. (19): Residential Mortgage Finance in the Kingdom of Saudi Arabia**

	Annual Home Finance	
	SAR Million Riyals	Growth (%)
Q1 2018G	12,300	-
Q1 2018G	12,671	3%
Q3 2018G	12,906	2%
Q4 2018G	13,339	3%
Q1 2019G	14,114	6%
Q2 2019G	14,866	5%
Q3 2019G	15,813	6%
Q4 2019G	16,940	7%
Q1 2020G	17,883	6%
Q2 2020G	18,589	4%
Q3 2020G	19,333	4%
Q4 2020G	20,141	4%
Q1 2021G	20,827	3%
Q2 2021G	21,361	3%
Q3 2021G	21,735	2%

Source: Saudi Central Bank, 2021G

The real estate loans provided by banks to homes accounted for 66.3% of residential real estate loans in the third quarter of 2021G, where the real estate loans provided by banks for apartments and lands amounted to 27.9% and 5.9%, respectively.



**Table No. (20): Financing the new residential mortgage for individuals provided by financing companies in the Kingdom of Saudi Arabia**

	Mortgage Contracts	Houses	Apartments	Lands	Total
	Number of Contract	SAR Million			
Q1 2018G	562	312	99	27	438
Q1 2018G	993	522	103	25	650
Q3 2018G	758	418	82	32	532
Q4 2018G	1,298	631	188	49	868
Q1 2019G	1,845	864	183	46	1,093
Q2 2019G	2,153	922	218	21	1,161
Q3 2019G	2,295	1,080	244	13	1,337
Q4 2019G	2,649	1,318	330	32	1,680
Q1 2020G	2,025	1,042	278	28	1,348
Q2 2020G	1,295	839	172	23	1,033
Q3 2020G	1,388	708	228	14	950
Q4 2020G	1,625	885	315	17	1,218
Q1 2021G	1,579	914	347	26	1,287
Q2 2021G	925	587	192	12	791
Q3 2021G	1,041	578	243	51	872

Source: Saudi Central Bank, 2021G

The above data indicates that mortgages for apartments have been on the rise since 2019G, while mortgages for homes have decreased. This confirms the trend of the population to the units of lower price.



### 3.3.3 Real Estate Price Index

Residential property prices rose in 2020G despite the Coronavirus pandemic, with the demand for residential units continuing to rise. The residential real estate market has performed better than the commercial sector even during the ongoing pandemic, as the residential sector price index showed an upward trend from 2019 to 2021.

**Table No. (21): Real estate price index based on 2014 prices, Saudi Arabia**

	Real Estate Price Index			Growth	
	Index (2014G = 100)			%	
	2019G	2020G	2021G	2019G – 2020G	2020G – 2021G
Lands	82.39	83.74	84.62	2%	1%
Buildings	92.57	91.33	91.06	-1%	0%
Villas	87.79	87.93	86.54	0%	-2%
Apartments	83.26	83.92	82.53	1%	-2%
Houses	95.18	94.02	93.12	-1%	-1%
Real estate index	82.49	83.81	84.57	2%	1%

Source: General Authority for Statistics, 2021G

### 3.3.4 Competitive Environment

There are a large number of real estate developers in the Kingdom, including big players, small businesses and individuals. According to the Real Estate Developers Association, the number of real estate developers increased from 164,144 in 2019G to 175,672 in 2021G.

With the introduction of the new Contractors Law, the market will be reformed as ministries, Government agencies and public corporate bodies may not accept any bid or tender for any project subject to classification unless the contractor is classified, and the project is within the scope and degree in which the contractor is classified.<sup>13</sup>





## 4. Company Background and Nature of Business

### 4.1 Introduction

Al Ramz Real Estate Company is a closed joint stock company established under Ministerial Resolution No. Q/5368 dated 07/04/1442H (corresponding to 22/11/2020G) approving the license to transform the Company into a closed joint stock company and Ministerial Resolution No. Q/5369 dated 29/05/1442H (corresponding to 13/01/2021G) approving the announcement of the Company's transformation into a closed joint stock company, which is registered in the Commercial Register No. 1010488618 and dated 29/11/1437H (corresponding to 01/09/2016G) and expires on 24/07/1447H (corresponding to 13/01/2026G).

The Company's activities are to purchase and sale of lands and properties and their division, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as schools, hospitals, hotels, etc., renovation of residential and non-residential buildings, preparation of sites for excavation and levelling, casting concrete for bases and foundations, and finishing buildings.

The head office of the Company is located in Wadi Hajar, Al-Malqa District, P.O. 2608, Riyadh 13524, Kingdom of Saudi Arabia. The Company's current capital is three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares at a nominal value of ten (10) Saudi riyals per share.

### 4.2 Date of the Company Incorporation

The Company was initially established as a limited liability Company (one person company) with a capital of five hundred thousand (500,000) Saudi riyals divided into fifty thousand (50,000) cash shares, with a value of ten (10) Saudi riyals per share, and it is wholly owned by Rasheed Abdul Rahman Nasser Al-Rasheed in the commercial name "**Al Ramz Real Estate Company (One person company), a Limited Liability company**" under contract No. 84330, contract copy number 1, and its article of incorporation was registered with the notary public entrusted by the Ministry of Commerce No. 371636930, dated 29/11/1437H (corresponding to 01/09/2016G).

**Table No. (22): Ownership structure upon the Company's Incorporation**

Name	Number of shares owned	Nominal value of shares owned	Percentage of the capital
Rasheed Abdul Rahman Nasser Al-Rasheed	50,000	500,000	100%
<b>Total</b>	<b>50,000</b>	<b>500,000</b>	<b>100%</b>

Source: Company's Articles of Incorporation

- The Company was registered upon incorporation in the Commercial Registry in Riyadh with Certificate No. (1010488618), dated 29/11/1437H (corresponding to 01/09/2016G).
- On 14/01/1439H (corresponding to 04/10/2017G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend Article Nine of the Company's Memorandum of Association, pursuant to the partners' decision registered with the notary public in charge of work at the Ministry of Commerce No. 3969736 dated 14/01/1439H (corresponding to 04/10/2017G).
- On 29/11/1437H (corresponding to 01/09/2016G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the Memorandum of Association electronically by memorandum No. 27606, copy number 2. This Memorandum of Association was checked and documented by the Ministry of Commerce<sup>14</sup>.
- On 24/05/1440H (corresponding to 30/01/2019G), the owner of the capital, Rasheed Abdul Rahman Nasser Al-Rasheed, decided to amend the Memorandum of Association electronically by amending the third article relating to the name of the Company to become "Al Ramz Real Estate Company (one person company) one person company with liability Limited", pursuant to Memorandum of Association No. 27606, copy number 3. This Memorandum of Association was checked and documented by the Ministry of Commerce.

<sup>14</sup> It should be noted that there was an error in the date of submitting this contract so that the date of submitting the decision of capital's owner on 29/11/1437H (corresponding to 01/09/2016G) should be a later date to the previous documented decision of 14/01/1439H (corresponding to 04/10/2017G).



- On 07/04/1442H (corresponding to 22/11/2020G), the capital owner Rasheed Abdul Rahman Nasser Al-Rasheed issued a decision to amend the memorandum of association with the entry of seven (7) new partners so that he gave up part of his shares in favor of: (1) Fatima Abdullah Nasser Al-Majed (1,250 shares, worth 12,500 Saudi riyals), (2) Haya Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), (3) Haroon Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (4) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (5) Rakan Rasheed Abdul Rahman Al-Rasheed (1,945 shares, worth 19,450 Saudi riyals), (6) Modi Rasheed Abdul Rahman Al-Rasheed (972 shares, worth 9,720 Saudi riyals), and (7) Sarah Rasheed Abdul Rahman Al-Rasheed (with a number of 972 shares, the value of which is 9,720 Saudi riyals) as new partners in the Company, and all the partners agreed to this assignment and the ownership of the shares assigned to them was transferred to them with their rights and obligations. The partners also agreed to convert the Company from a limited liability Company to a closed joint stock Company, and to increase the Company's capital from five hundred thousand (500,000) Saudi riyals to fifty million (50,000,000) Saudi riyals - by transferring from the partner's current account - and divided into five million 5,000,000 shares and the value of each share is ten (10) Saudi riyals, and accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (he owns 4,000,002 shares with a value of 40,000,020 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owning 125,000 shares worth 1,250,000 Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares, worth 1,944,500 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 194,450 shares with a value of 1,944,500 Saudi riyals, or 3.89% of the shares), (7) Mudi Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, or about 1.94% of the shares), and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owning 97,216 shares, worth 972,160 Saudi riyals, i.e. a percentage of about 1.94% of the shares). This decision was audited by the Ministry of Commerce under application number 152036, and it was approved by the decision of the employee of the Ministry of Commerce with the number 100003037, dated 05/05/1442H (corresponding to 20/12/2020G).

**Table No. (23): Ownership Structure as on 12/20/2020**

Name	Number of shares owned	Nominal value of shares owned	Percentage of the capital
Rasheed Abdul Rahman Nasser Al-Rasheed	4,000,002	40,000,020	80.00%
Fatima Abdullah Nasser Al-Majed	125,000	1,250,000	2.50%
Haya Rasheed Abdul Rahman Al-Rasheed	97,216	972,160	1.94%
Haroon Rasheed Abdul Rahman Al-Rasheed	194,450	1,944,500	3.89%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	194,450	1,944,500	3.89%
Rakan Rasheed Abdul Rahman Al-Rasheed	194,450	1,944,500	3.89%
Modi Rasheed Abdul Rahman Al-Rasheed	97,216	972,160	1.94%
Sarah Rasheed Abdul Rahman Al-Rasheed	97,216	972,160	1.94%
<b>Total</b>	<b>5,000,000</b>	<b>50,000,000</b>	<b>100%</b>

Source: The Company

- On 07/04/1442H (corresponding to 22/11/2020G), Ministerial Resolution No. Q/5368 was issued approving the license to convert the Company from a (one person company) with limited liability to a closed joint stock Company.
- On 29/05/1442H (corresponding to 13/01/2021G) Ministerial Resolution No. Q/5369 was issued approving the announcement of the transformation of Al Ramz Real Estate Company from a limited liability Company (one person company) to a closed joint stock Company.



- On 15/05/1443H (corresponding to 19/12/2021G), the General Assembly agreed to increase the Company's capital from fifty million (50,000,000) Saudi riyals to three hundred million (300,000,000) Saudi riyals, divided into thirty million (30,000,000) shares at a nominal value of ten (10) Saudi riyals per share - by transferring two hundred and thirty-eight million three hundred and fifty-eight thousand six hundred and fifty-three (238,358,653) Saudi riyals from the additional capital account and transferring the amount of eleven million six hundred and forty-one thousand three hundred and forty-seven (11,641,347) Saudi riyals from the balance of retained earnings - provided that five (5) bonus shares shall be granted for every (1) share owned by the shareholders registered in the Company's records on the day of the Extraordinary General Assembly. Accordingly, the ownership of the Company's capital became as follows: (1) Rasheed Abdul Rahman Nasser Al-Rasheed (owns 24,000,012 shares, worth 240,000,120 Saudi riyals, or about 80% of the shares), (2) Fatima Abdullah Nasser Al-Majed (owns 750,000 shares, worth 7,500,000) Saudi riyals, or 2.5% of the shares), (3) Haya Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares), (4) Haroon Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (5) Abdul Malik Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares) (6) Rakan Rasheed Abdul Rahman Al-Rasheed (owns 1,166,700 shares, worth 11,667,000 Saudi riyals, or 3.89% of the shares), (7) Modi Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares worth 5,832,960 Saudi riyals, or about 1.94% of the shares). and (8) Sarah Rasheed Abdul Rahman Al-Rasheed (owns 583,296 shares, worth 5,832,960 Saudi riyals, or about 1.94% of the shares).

Table No. (24): Ownership Structure as on 19/12/2021G

Name	Number of shares owned	Nominal value of shares owned	Percentage of the capital
Rasheed Abdul Rahman Nasser Al-Rasheed	24,000,012	240,000,120	80.00%
Fatima Abdullah Nasser Al-Majed	750,000	7,500,000	2.50%
Haya Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	1.94%
Haroon Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	3.89%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	3.89%
Rakan Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	3.89%
Modi Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	1.94%
Sarah Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	1.94%
<b>Total</b>	<b>30,000,000</b>	<b>300,000,000</b>	<b>100%</b>

Source: The Company

- On 12/07/1443H (corresponding to 13/02/2022G), the Board of Directors recommended increasing the Company's capital from three hundred million (300,000,000) Saudi riyals to three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) Saudi riyals divided into thirty-three million three hundred and thirty-three thousand three hundred and thirty-three (33,333,333) ordinary shares at a nominal value of ten (10) Saudi riyals per share (hereinafter referred to as the "shares") through offering three million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) ordinary shares for subscription to Qualified Investors in the Parallel Market. On 16/07/1443H (corresponding to 17/02/2022G) the General Assembly approved this recommendation.

The Company's current capital is three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) nominal shares of equal value, at a nominal value of ten (10) Saudi riyals per share, all of which are ordinary cash shares.

#### 4.3 Nature of the Company's Business

The Company operates according to its Commercial Registration Certificate No. (1010488618) dated 29/11/1437H (corresponding to 01/09/2016G), which expires on 24/07/1447H (corresponding to 13/01/2026G). The Company's activities are to purchase and sale of lands and properties and their division, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as schools, hospitals, hotels, etc., renovation of residential and non-residential buildings, preparation of sites for excavation and levelling, casting concrete for bases and foundations, and finishing buildings.



The activities of the Company according Article (3) of its Articles of Association are as follows: (1) real estate activities, (2) construction and building, (3) manufacturing industries, (4) agriculture, forestry and fishing, (5) mining and quarrying, (6) electricity, gas, steam and air conditioning supply, (7) water supply and sanitation activities, waste management and treatment, (8) wholesale and retail trade and repair of motor vehicles and motorcycles, (9) transportation and storage, (10) accommodation and catering service activities, (11) Information and communication, (12) education, (13) human health and social work activities, (14) administrative and support services, (15) arts, recreation and leisure and (16) other service activities.

The Company Conducts its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

#### 4.3.1 Company Activity and Projects

the Company has (4) business main segments through which it conducts its activities:

- 1- Residential Leasing (Leasing of Apartments)
- 2- Sale of villas
- 3- Sale of apartments
- 4- Sale of residential floors

The following table shows the details of the Company's revenues according to these sectors as on December 31, 2020G, as on December 31, 2021G and as on June 30, 2022G:

**Table No. (25): Detail of the Company revenue**

Sector	31, December 2020G		31, December 2021G		30, June 2022G	
	Revenues (SAR'000)	Percentage from revenue	Revenues (SAR'000)	Percentage from revenue	Revenues (SAR'000)	Percentage from revenue
Selling apartments	36,625		203,213		82,941	
sale villas	31,562		97,163		-	
Selling residential floors	-		12,872		-	
Total sales of units	68,187	90.50%	313,248	91.20%	82,941	97.30%
Home Lease	7,191	9.50%	8,659	2.50%	2,176	2.50%
Land sale*	-		21,308	6.20%	-	
Other Revenue**	-		158	0.05%	151	0.20%
<b>Total</b>	<b>75,378</b>	<b>100%</b>	<b>343,372</b>	<b>100%</b>	<b>85,267</b>	<b>100%</b>

Source: The Company

\* In 2021G, one land was sold in Al-Khobar, as it requires licenses that take a long time in terms of their existence, which is not in line with the Company's timetables for the rapid implementation and delivery of its projects.

\*\* Other income is considered incidental and non-periodic revenue, represented in the fees for the equipment and works of modifications of the housing units sold to some customers (outside the scope of the unit sale contract) upon their request.



The following table also shows the Company's revenues according to the Company's most prominent projects for the years 2020G and 2021G and the first half of 2022G (on a joint basis):

**Table No. (26): The Company's revenues from developing new projects for the years 2020G, 2021G and the first half of 2022G (on a joint basis)<sup>15</sup>**

No	Project Name	Financial year	Location	Type	Land area (m²)	Total cost of developing the project (SAR'000)	Revenues (SAR'000)	Gross profit margin	Number of units
1	Ramz 11	2020G	Riyadh Earqa	Apartments	1,000	3,362	4,794	29.88%	9
2	Ramz 13	2020G	Riyadh Al Wadi	Apartments	1,500	8,907	11,723	24.02%	21
3	Ramz 15	2020 – 2021G	Riyadh – Al Nadaa	Apartments/ Villas	8,497	61,671	79,131	22.07%	72/15
4	Ramz 17, 18	2020 – 2021G	Riyadh - Al-Malqa	Apartments/ Villas	10,320	52,425	69,889	24.99%	12/82
5	Ramz 19	2021G	Riyadh - Cortoba	Apartments	6,622	44,221	68,012	34.98%	100
6	Ramz 21	2021G	Riyadh – Al Nakheel	Apartments	1,710	15,657	24,207	35.32%	26
7	Ramz 23	2021G	Riyadh - Al Yasmeen	Apartments	3,240	12,027	17,995	33.16%	24
8	Ramz 24	2021G	Riyadh - Al Yasmeen	Floors		9,761	12,872	24.17%	12
9	Ramz 26	2021G	Riyadh - Al Yasmeen	Villas	5,225	31,738	50,951	37.71%	18
10	Ramz 29	2021G	Riyadh - Al Yasmeen	Apartments	1,860	15,918	20,420	22.05%	26
11	Ramz 30	2021G	Riyadh - Al Yasmeen	Villas	1,860	11,690	15,950	26.71%	6

Source: The Company

#### 4.3.2 Company's dealings with major suppliers

The Company deals with a number of major suppliers (independent local parties) on a non-contractual basis (through purchase orders). The following table shows the transactions with the Company's major suppliers as on December 31, 2020, December 31, 2021G, and June 30, 2022.

<sup>15</sup> Excluding the sale of 170 units worth 79.6 million Saudi riyals, which were previously included in investment properties



Table No. (27): The Company's dealings with major suppliers as on December 31, 2020, December 31, 2021, and June 30, 2022

31, December 2020G				31, December 2021G				30, June 2022G			
Supplier name	Nature of relationship	Purchases (SAR'000)	Percent-age of cost of sales (%)	Supplier name	Nature of relationship	Purchases (SAR'000)	Percent-age of cost of sales (%)	Supplier name	Nature of relationship	Purchases (SAR'000)	Percent-age of cost of sales (%)
Metal Symbols (Ro-mooz Al Maaden) Company for Metal Works	Independ-ent / Non-con-tractual	5,824	12%	Metal Symbols (Ro-mooz Al Maaden) Company for Metal Works	Independ-ent / Non-con-tractual	20,813	8%	Anamel Al Andalus Trading Est	Independ-ent / Non-con-tractual	6,129	6.19%
Bait Al Kayan Contracting Est	Independ-ent / Non-con-tractual	3,859	8%	Intilaqat Al Ghad Est.	Independ-ent / Non-con-tractual	7,056	3%	Musaed Moham-med Bin Ajlan Trading Company	Independ-ent / Non-con-tractual	3,513	3.55%
Ibrahim Moham-med Al Qassim Trading Company	Independ-ent / Non-con-tractual	2,065	4%	Musaed Moham-med Bin Ajlan Trading Company	Independ-ent / Non-con-tractual	7,623	3%	Intilaqat Al Ghad Est.	Independ-ent / Non-con-tractual	3,319	3.35%
Musaed Moham-med Bin Ajlan Trading Company	Independ-ent / Non-con-tractual	3,211	7%	Tafweed Building Materials Manu-facturing Company	Independ-ent / Non-con-tractual	4,207	2%	Elite Stones Trading Est - Taleb	Independ-ent / Non-con-tractual	2,591	2.62%
Tafweed Building Materials Manu-facturing Company	Non-Inde-pendent / Non-con-tractual	6,071	12%	Tafweed Building Materials Manu-facturing Company	Independ-ent / Non-con-tractual	4,395	2%	Metal Symbols (Ro-mooz Al Maaden) Company for Metal Works	Independ-ent / Non-con-tractual	2,591	1.36%
<b>Total</b>		<b>21,029</b>	<b>43%</b>	<b>Total</b>		<b>44,093</b>	<b>18%</b>	<b>Total</b>		<b>16,896</b>	<b>17%</b>

Source: The Company

## 4.4 Vision, Mission, Strategy and Values

### Vision

Excellence and creativity in the development of housing units in the Kingdom of Saudi Arabia.

### Mission

Development and sale of modern housing units of high quality and sustainability.

### Company's Objective

The main objective of the Company is to develop high quality residential units and villas that meet the aspirations of customers and provide them with the best experience.



## Company Strategy

The Company started its operations in Riyadh, where, as at the date of this Prospectus, it has completed 12 projects and has 19 projects under construction, including 16 projects in Riyadh and 3 projects in Al Khobar. The Company intends to grow into a national developer focused on major civil projects in the main cities such as Riyadh, Jeddah, Dammam and Al Khobar.

The Company has a strong reputation for providing high quality residential units and villas. The Company believes that maintaining its strategic focus in launching its projects at the best standards will elevate its trademark. Providing an exceptional customer experience will allow the Company to maintain its growth and position in the market.

- **Providing modern and high-quality housing projects**

Al Ramz Company seeks to build and design modern and high-quality residential projects that meet the aspirations of customers. The inherited family management experience and the strength of the project management team allowed the Company to improve prices and construct and design exceptional housing units.

The Company is installing the latest smart real estate technologies, including electronic locks, lighting control system by mobile, remote home control, air conditioning control system by mobile, intercom system for visual communication with visitors and motion sensors in addition to security systems. Moreover, the Company deals with leading suppliers and uses high-quality materials in the implementation of its projects.

- **Increasing the Company's ability to establish projects**

Al Ramz always strives to improve the construction and delivery process. The Company provides residential complexes in a short period of time, as it has a proven track record of completing its projects with an average time of 13 months. This is due to the Company's in-house ability to carry out all steps including planning, design, construction, sales and maintenance, which has enabled it to efficiently manage its resources and enhance the quality of the projects it delivers each year.

- **Maintaining an efficient capital structure and enhancing returns for shareholders**

Al Ramz intends to maintain a conservative capital structure with sufficient flexibility to maintain sustainable growth while keeping prudential levels of borrowing that will enable it to balance growth and shareholder returns. As of June 30, 2022, the debt-to-equity ratio for Al Ramz Company was 13.8%, giving it a large capacity to borrow if needed.

Al Ramz also has the ability to partner with capital providers to fund all or part of the construction cost in exchange for a share of the profits. For example, on August 21, 2022, the Company signed a term paper with Riyadh Capital, according to which it will share Al Ramz with Riyadh Capital to establish a real estate development fund for four projects in Riyadh and Al-Khobar with a total area of 38,494 square meters. Al Ramz will contribute 17,312 square meters of land as equity to the fund. The fund will collect equity and debt from third parties to finance the acquisition of the remaining land from Al Ramz and construction costs for the projects. In addition, the Company will also receive development fees and marketing fees from the fund which will enhance the overall returns from the development.

- **Take advantage of technology**

Al Ramz continues to look for new ways to take advantage of technology. Al Ramz uses smart technology in its current projects in lighting, air conditioning and other equipment to provide a unique customer experience.

Al Ramz has partnered with Watheeq PropTech Venture Capital Fund, which is a venture Capital Fund, the first PropTech VC fund in the MENA region, as an investor and supporter of a portfolio of startups. Following is an overview of this fund:

**Establishment of the Fund:** On 04/04/1442H (corresponding to 19/11/2020G), the terms and conditions of this fund were issued and the Authority was notified accordingly. On 12/04/1443H (corresponding to 17/11/2021G), the investment (subscription) was made by Al Ramz Real Estate Company in Watheeq PropTech Venture Fund, which is a private closed-end investment fund "Venture Capital" compliant with Sharia standards and offered in Saudi riyals. It was established in the Kingdom of Saudi Arabia under the Investment Funds Regulations issued by the Capital Market Authority.





**Fund Objectives:** This partnership and investment in Watheeq PropTech Venture Fund aims to improve the customer experience in the real estate sector by providing the fund with many technical solutions that will facilitate and improve the customer experience in this sector throughout the real estate cycle. The fund invests in real estate technology startups that are embracing new technologies such as 3D printing, prefabricated buildings and construction robots. This will facilitate housing development and lead to a faster real estate life cycle, from construction to sale and lease, and individual home ownership. Al Ramz seeks to use these products in the future.

**Investment strategy:** To achieve the investment objectives of the fund, the fund manager will work for Watheeq Financial Services Company to follow the following strategy:

**1- Investment Portfolio Distribution**

- 75% of the amounts allocated for investment in early stages companies will be invested in the targeted sector, with amounts ranging between (200,000) Saudi riyals and (4,000,000) Saudi riyals per opportunity, and it may rise to (10,000,000) Saudi riyals in some opportunities if the fund manager sees the feasibility of the targeted opportunity.
- 25% of the amounts allocated for investment in late-stage companies in the targeted sector will be invested in amounts ranging between (4,000,000) Saudi riyals and (10,000,000) Saudi riyals for the targeted opportunities in order to reduce risks.
- 50% of the targeted investments must be in companies operating in the Saudi market and have a Saudi commercial registration.
- The total investment of the fund in any one company shall not exceed (10,000,000) million Saudi riyals or 10% of the fund size.
- The fund's share in any company should not exceed 30% of the targeted company's capital.

**2- Financing:** The fund manager may obtain financing in accordance with Sharia standards for the purpose of partial financing of the acquisition price of new investments made by the fund manager and financing the costs of the fund and working capital in accordance with the investment objectives of the fund, provided that the financing terms are approved by the Fund Board of Directors and the fund manager, not to exceed 50% of the fund's net asset value.

**3- Unused liquidity:** The fund manager has the right to use the unused liquidity that will be available until needed, in transactions that are subject to Shariah standards for short-term and low-risk investment with local banks or in money market funds that are compatible with Sharia investment standards operating in the Kingdom of Saudi Arabia and licensed by the Authority.

**4- Investment Concentration Policy**

- The Fund's investments will be concentrated through investing in direct or indirect acquisitions of non-private properties (whether stake in limited liability companies, shares in closed joint stock companies, stakes in newly established or fast-growing SMEs operating in information technology sector that support the real estate sector (Proptech) in all countries of the world, provided that the opportunities Sharia-compliant and be in line with the investment strategy of the fund.
- Methods and tools that the fund manager can use to make investment decisions: The fund manager will apply a mechanism that is divided into several stages to take investment decisions in line with the fund's strategy, as follows:
  - The stage of research and finding the investment opportunity
  - Initial evaluation phase of opportunities
  - The stage of negotiation and agreement on the basic terms
  - The stage of presenting opportunities to the specialized advisors and the investment committee of the fund
  - Due diligence stage
  - Approval stage
  - Acquisition stage
  - Management and follow-up phase
  - Exit stage



**Fund term:** Ten (10) years from the first closing date (the first closing date means the date on which financial commitments are collected with a minimum target fund size of no less than 25,000,000 Saudi riyals) as:

- The first 4 years, which is the period allocated for investment, and the fund manager will offer the fund units during the investment period for all the remainder of the target fund size through the second offering period until the final closing date and the final size of the fund are determined.
- The last 6 years, which is the period allocated for exiting the invested opportunities, which can be extended for an additional period of one year for the purpose of liquidation at the discretion of the fund manager, after notifying the Capital Market Authority and the unit holders.

**Fund Size:** The target fund size is (100,000,000) Saudi Riyals divided into (10,000,000) units, and the fund manager has the right to start the work of the fund immediately when the value of the financial commitments reaches the minimum target fund size of (25,000,000) Saudi Riyals.

**Nature and type of subscription provided by Al Ramz Real Estate Company:** Cash.

**Number of subscribed units (company share):** 300,000 units, divided into three installments.

**Unit price:** 10 Saudi Riyals.

**Total subscription value (full amount of financial commitment):** 3,000,000 Saudi Riyals, divided into three payments.

**Subscription fee:** 60,000 Saudi Riyals.

**Total amount paid:** 3,000,000 Saudi Riyals, divided into three payments.

**Ownership percentage (share) in the fund:** 12.68%

**Dividends distributed by the fund to unit holders:** None.

Al Ramz has also invested in Dallali Company, an integrated platform provider for landlords, providing several services, including real estate marketing, lease and property management, electronic payments, operation and maintenance orders, and expense tracking.

### Company business model

The central elements of Al Ramz business model are the development of high-end condominiums and villas based on attractive locations, high quality construction, and rapid delivery schedules to improve margins. The Company maintained a gross profit margin above 30% for the developed projects.

### Company project development steps

The Company's project development process includes 5 main steps as follows:



- **Opportunity assessment and feasibility study**

The first stage of any proposed project is the project assessment stage. This phase focuses on the initial and informal master planning of the proposed development, which includes the generation of ideas related to the project's configuration and components (i.e. planning, buildings, utilities, design, etc) and an initial assessment of the feasibility study.

The investment committee studies the project based on the detailed feasibility study, and the acquisition of the land is proceeded after obtaining approval of the committee.

- **Land acquisition**

Historically, the Company purchased land for cash. This stage of the process has been designed to ensure timely land selection and acquisition, taking into account the location, as well as completing the required documents and approvals. Moreover, due to the Company's strong budget, it has the flexibility to increase its properties and obtain loans. In addition, the Company has the ability to enter into partnerships with leading landowners thereby acquiring additional properties and optimizing capital expenditure. For example, on 12/08/1443H (corresponding to 15/03/2022G), the Company entered into a real estate development agreement with Abdul Qadir Al Muhaidib and Sons Company to develop a land area of approximately 30,582 square meters. Under this agreement, the two parties will be equal in this project, as Al Muhaidib contributed the land and Al Ramz was responsible for developing about 114 units and 63 villas and financing the construction costs. The Company also intends to replicate this model in the future in addition to its owned projects alone. This project will be developed within the framework of a real estate fund that will be established and managed by BlomInvest, with Al Muhaidib and Al Ramz contributing their shares in the project by subscribing to units in the fund. The Company received a letter of award on July 22, 2022G from the National Housing Company (NHC) to develop 36,439 square meters representing 544 housing units on land provided by the National Housing Authority. The Company is currently planning to develop these units in fiscal years 2023 and 2024.

- **Design, planning and issuance of licenses**

At this stage, the best engineering offices are contracted to make all engineering plans, including (architectural, construction, electromechanical, safety, air-conditioning, and landscaping). The engineering office designs according to the identity of the Al Ramz Company in its buildings. All building permits are also issued by the engineering office at this stage.

- **Bill of Quantities (BOQ) and appointment of contractors**

After issuance of licenses and blueprints, the Company begins the planning stage and the bidding process. Then a Bills of Quantity ("BOQ") that defines the general scope of work, specifies the materials required, and details the nature of the scope of activities, is prepared to implement the project with robust cost management. It also includes details of the budget estimates for the proposed project. The BOQ is then submitted to a list of approved contractors to receive quotations for the project. The project management team selects the contractor considering the best price and high quality. The bill of quantities and the proposal of the selected contractor are then submitted to the CEO for approval.

- **Supervision and follow-up**

The process of supervision and follow-up of all work items is carried out by the project management team and the receipt of all works from contractors, after which the engineering consultant receives the works from the project management and approves them.

- **Marketing, sales, and after-sales service**

The marketing and sales plan for each project is developed at an early stage. The launch plan and marketing strategy are built through the suggestions of the marketing and sales team. These proposals include a quotation covering the different types of housing units included in each development and their locations within the project. Al Ramz will normally be able to complete unit sales within a period of three (3) months of project completion.



## Company Strengths and Competitive Advantages

### Attractive residential real estate market and strong Government support

With a GDP of 2.5 trillion Saudi riyals and a population of 35 million people as of 2020G, the Saudi economy is the largest and most attractive among the GCC countries.

The residential sector in Saudi Arabia remains a major focus area for Government initiatives in recent years, with attention being focused on enhancing levels of home ownership and providing high-quality housing options. As such, the residential sector has witnessed strong growth since 2019G, providing a huge growth opportunity for residential developers in light of the following:

- Positive demographic trends, as 69% of the population is young people under the age of 40 (in 2021) will lead to an increase in the demand for housing.
- Strong trend towards urbanization.
- Decline in the rate of home ownership currently. Government initiatives seek to increase it from 51.7% in 2018 to 70% by 2030G.
- Government focus and support such as:
  - Facilitating obtaining approvals.
  - Facilitating access to land for development.
  - Offering large affordable housing plans through the Ministry of Housing.
  - Expanding the mortgage market through the establishment of the Real Estate Development Fund and opening borrowing opportunities for previously excluded sectors of society.

**Table No. (28): Annual approvals from the Ministry of Housing**

Annual approvals from the Ministry of Housing (in thousands)	2017G	2018G	2019G	2020G
Units	120	121	108	99
Plots of land for development	77	80	85	89
Home Finance	85	100	160	202
<b>Total</b>	<b>282</b>	<b>301</b>	<b>353</b>	<b>390</b>

Source: GSTAT

Additional Government actions include changes to laws and regulations to speed up the process of approvals and transfers, creating Ejar program to facilitate monthly payments, providing comprehensive insurance for units, protecting parties, and resolving property disputes.

### Proven track record in executing and delivering projects

Since its establishment in the year 2016G, Al Ramz has established a proven track record by implementing, developing and delivering more than 12 high-quality projects for more than 420 housing units including villas, apartments and residential homes. In addition, the Company has very few cases of complaints and claims related to the projects sold.

**Table No. (29): Sold units <sup>16</sup>**

Sold Units	2020G	2021G	30/06/2022G	Total
Apartments	63	316	174	553
Villas	17	36	-	104
<b>Total</b>	<b>80</b>	<b>352</b>	<b>174</b>	<b>594</b>

Source: The Company

Selected completed projects of the Company are listed below. The Company has the ability to complete projects in a relatively short period of time, thus quickly bringing new projects to market.

<sup>16</sup> Including selling 14 units in 2021G and 170 units in the first half of 2022G.



Table No. (30): Completed new projects <sup>17</sup>

Project Name	Year	Location	Type	Land Area (m <sup>2</sup> )	Number of Units	Construction starting date	Completion Date	Construction Period (Months)
Ramz 11	2020	Riyadh Erqa	Apartments	1,000	9	April 2019G	February 2020G	10
Ramz 15	2020	Riyadh - Al-Malqa	Apartments/ Villas	8,497	15/72	June 2019G	November 2020G	17
Ramz 17, 18	2020	Riyadh – Al Nada	Apartments/ Villas	10,320	12/83	November 2019G	December 2020G	13
Ramz 13	2020	Riyadh Al Wadi	Apartments	1,500	21	June 2019G	June 2020G	12
Ramz 19	2021	Riyadh - Cortoba	Apartments	6,622	100	July 2020G	August 2021 G	13
Ramz 29	2021	Riyadh - Al Yasmeen	Apartments	1,860	26	November 2020G	November 2021G	12
Ramz 30	2021	Riyadh - Al Yasmeen	Villas	1,860	6	November 2020G	November 2021G	12
Ramz 21	2021	Riyadh – Al Nakheel	Apartments	1,710	26	August 2020G	November 2021G	15
Ramz 23-24	2021	Riyadh - Al Yasmeen	Residential apartments/ floors	3,240	24/12	August 2020G	November 2021G	15
Ramz 26	2021	Riyadh - Al Yasmeen	Villas	5,225	18	November 2020G	December 2021G	13
<b>Total</b>				<b>35,040</b>	<b>424 Units</b>		<b>Average</b>	<b>13 Month</b>

Source: The Company

### Access to multiple funding sources that facilitate construction

The Company has a flexible financing model with the ability to finance construction through:

#### First: its internally generated cash flows

#### Second: the ability to borrow

The Company has a low level of leverage with a debt of only SAR 54.4 million which means a debt-to-equity ratio of 13.4%.

#### Third: Through partnership with real estate funds

On August 21, 2022, the Company signed a memorandum of terms with Riyadh Capital, according to which Al Ramz will partner with Riyadh Capital to establish real estate development funds for four projects in Riyadh and Al-Khobar with a total area of 38,494 square meters. Al Ramz will contribute 17,312m<sup>2</sup> of equity to the funds. The fund will collect equity and debt from third parties to finance the acquisition of the remaining land from Al Ramz and construction costs for the projects. Al Ramz will receive development and marketing fees for real estate assets, and it will also receive a share of the fund's proceeds.

### High Quality Construction with Modern Designs

Al Ramz designs and plans its projects very carefully so that it chooses the best engineering offices to carry out the design and supervision work to implement its projects with a focus on construction quality and conformity of engineering designs with the actual situation in addition to selecting the best contractors and supervising them by the project management and engineering consultant. Al Ramz Company also deals with the strongest and leading names in supplying its materials for construction and finishing works.

<sup>17</sup> Excludes the sale of 170 units that were previously included in investment properties



#### Brief overview of some of the features of Al Ramz projects:

- **Strategic locations:** near major roads and facilities such as schools, shopping malls and parks; In addition to the concentration in the most powerful neighborhoods of the city of Riyadh and Al-Khobar.
- **Smart solutions:** Al Ramz projects are equipped with smart technology that gives residents the ability to fully manage their housing units through technology solutions linked electronically to smart phones, such as temperature, lighting, and security system and mostly from anywhere, including from outside the house.
- **Landscaping:** Great emphasis is placed on creating an inclusive living environment that includes landscaped features. Al Ramz projects often feature waterfalls and pools.
- **Safety and security:** Al Ramz projects are equipped with the latest security devices such as security cameras, motion sensors, entrance and exit gates, in addition to the presence of firefighting systems and water sprinkler systems for fires, God forbid.
- **Warranties:** Al Ramz Company gives warranties ranging from one to 25 years according to the terms of its projects. This gives customers convenience in terms of project, Al Ramz capacity and quality.

#### Develop internal projects and the ability to implement, which increases shareholder value

Over the years, Al Ramz has developed an in-house ability to define the development and implementation of large-scale real estate projects. Its internal capacity includes:

- **Internal Project Team:** The Company has highly qualified engineers who are involved in supervising the design and construction of Al Ramz development projects. These engineers have extensive experience in developing and supervising real estate projects and are responsible for managing projects from start to finish.
- **Project management processes and systems:** Al-Ramz has developed systems and processes that include the following:
  - **Feasibility study:** A project feasibility study is prepared prior to land acquisition to clearly understand the economics of the project. Once the feasibility study is approved by the investment committee, the Company proceeds with the purchase of the land.
  - **Approvals and permits:** Upon obtaining land for development, the Company submits requests to obtain permits from the relevant Government agencies (such as the Ministry of Municipal and Rural Affairs and Housing). The Company has established internal procedures for completing the necessary documents to apply and receive relevant Government permits prior to commencing construction.
  - **Design:** The Company selects architects from a pre-approved committee who design the project based on previously agreed design features as well as cost considerations.
  - **Bill of Quantity (BOQ) and Contractor Selection:** The Company's in-house team is closely involved in projects from the outset including preparation of bill of quantities and selection of contractors. This allows the Company to exercise control over the quality of the construction as well as the overall cost of the project. It should be noted that the Company is currently achieving profit margins of more than (30%) in most of its projects.
  - **Construction:** The Company has a shortlist of civil and MEP contractors with whom it participates in the implementation of project construction. These contractors were selected on the basis of their credentials and Al Ramz's previous experience working with different contractors. The Company awards projects to contractors based on their capabilities as well as cost considerations.
  - **Sales:** The Company has a sales team that is closely involved in promoting projects for sale. The sales team develops marketing and promotional materials, meets prospective customers, and completes documentation related to the sale. The Company also uses influencers to promote its projects. The Company has a proven track record of projects being completely sold out within 3 months of completion.
  - **Maintenance:** The Company provides maintenance services for completed projects for a period of 12 months after their completion and delivery to their owners. The Company provides such maintenance services through contractors working under the Company's supervision.

#### Stock of land to develop business and secure profits for the coming years

The Company has secured 19 plots of land with an area of more than 135,054 square meters, with a value of approximately 360 million Saudi riyals. The plots are in various stages of development. The Company expects to complete these projects within the next 12-18 months. Accordingly, these projects are expected to drive the Company's growth in performance and financial results during the fiscal years 2022G and 2023G. The projects on the existing lands are expected to generate sales of more than 1.4 billion Saudi riyals.



Table No. (31): Company projects

Project Name	Location	Type	Land Area (m²)	Land acquisition date	Number of Units	Sales Area (m²)	Project Completion percentage
Ramz 27	Al Khabar	Apartments	4,539	November 2020G	77*	11,468	86.20%
Ramz 25	Riyadh - Al Yasmeen	Apartments	7,000	October 2020G	112*	14,513	100%
Ramz 35	Riyadh - Hittin	/ Floors	5,724	March 2021G	20*	3,800	99.10%
Ramz 36		/Villas			9	3,952	
Ramz 33	Riyadh - Cortoba	Apartments	3,375	February 2021G	53*	7,046	95.70%
Ramz 37	Riyadh - Hittin	Apartments	5,617	April 2021G	48*	7,301	93.70%
Ramz 31	Riyadh - Al Yasmeen	Apartments	4,410	December 2020G	57*	8,048	100%
Ramz 48	Riyadh - Al-Rayyan	Villas	5,400	November 2021G	18	11,880	59.50%
Ramz 41	Riyadh - Al-Narjis	Apartments	11,912	September 2021G	106	16,617	71.90%
Ramz 39	Riyadh - Al-Malqa	Villas Offices	1,978	June 2021G	12	3,145	60.20%
Ramz 40	Riyadh - Al-Malqa	Villas	1,500	June 2021G	3	3,150	63.30%
Ramz 43	Riyadh - Al rabie	Villas	1,222	September 2021G	4	2,139	59.10%
Ramz 45	Al Khabar – Al-hamra'	Apartments	7,349	October 2021 G	124	18,600	31.50%
Ramz 49	Riyadh - Al Rimal	Apartments	13,157	December 2021 G	154	22,467	59.60%
Ramz 51	Riyadh - Al Rimal	Apartments	13,869	December 2021 G	159	23,952	34.30%
Al Ramz / Al Muhaidib Partnership Project*	Alkhabar	Floors / Villas	30,582	--	63/113	69,404	5.10%
Ramz 54	Riyadh - Al Rimal	Villas	7,904	June 2022	28	16,598	49.30%
Ramz 55	Riyadh - Al Rimal	Apartments	4,800	June 2022	82	9,020	54.30%
Ramz 59	Riyadh - Al Munisia	Villas	4,717	August 2022	14	9,906	43.50%
<b>Total</b>			<b>135,054</b>	<b>--</b>	<b>1,256</b>	<b>263,703</b>	

Source: The Company

\* Includes signed contracts for 149 apartments and one villa, but the title deed is awaiting transfer





### Strong financial performance and strong financial position

The Company has shown tremendous growth in profitability over the past two years as:

- Revenues grew by 245% and 356% during 2020 and 2021, respectively.
- Gross margin remained above 30% for the majority of the Company's projects, which highlights the Company's ability to obtain attractive rates for its properties while maintaining strict cost control.
- Net profit increased by 150%, 380% and 53% in 2020, 2021G and the first half of 2022G, respectively. The return on shareholders' equity reached 23% in 2021G, which is considered among the highest rates in the sector.

The Company also enjoys a strong balance sheet and low debt risk as:

- The Company's capital increased from 50 million Saudi riyals as on December 31, 2020G to 300 million Saudi riyals as on June 30, 2022G, and it will also rise after the completion of the Offering process.
- The debt-to-equity ratio was 13.8% as of June 30, 2022, which gives great financial flexibility to invest in new projects and grow further.

### Deep inherited family experience in real estate development

Prior to the incorporation of Al Ramz Company in 2016G, Mr. Rasheed Al-Rasheed - Chairman of Al Ramz Board of Directors - had multiple contributions to family and private real estate development companies, which contributed to a deeper understanding of the real estate market in the Kingdom.

In addition, Mr. Rasheed Al-Rasheed family has a long history in real estate development spanning more than 50 years across many real estate projects in Riyadh. This experience has given Mr. Rasheed Al-Rasheed and the management team a deep insight into real estate development, relationships with architects, contractors and suppliers, and credibility with clients.

### Establish an experienced leadership team led by members of the Company's founding family

The Company enjoys a highly skilled management team and board members with extensive experience and knowledge in various sectors including the real estate development sector. The management team includes members of the Company's founding family who have worked to maintain a work culture consistent with the Company's overall values, fulfill their commitment to the Company and achieve its long-term goals of delivering high quality real estate projects to clients while creating value for shareholders.

## 4.5 The Company's commercial Registrations

Article Five (5) of the Company's Articles of Association states that its head office is located in Riyadh in the Kingdom of Saudi Arabia, and branches, offices or agencies may be established for it inside or outside the Kingdom by a decision of the Board of Directors.

As of the date of issue of this Prospectus, the Company has one (1) branch in Riyadh in addition to the main branch. The following is a table showing the most important details of the Company's commercial records:



**Table No. (32): The Company's Commercial Registration Certificates**

Tradename	Type of Legal Entity	Head Office	Commercial Registration No	Activity	Issuance Date	Expiry date	Issuing Agency
Al Ramz Real Estate Company	Saudi closed joint stock company	Riyadh - P.O. 2608 - Wadi Hajar - Al-Malqa District - 6926	1010488618	Buying, dividing and selling land and real estate, off-plan sales activities, management and leasing of owned or leased (residential) properties, management and leasing of owned or leased properties (non-residential), general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels...etc., Renovations of residential and non-residential buildings, preparing sites for excavation and levelling, pouring concrete for footings and foundations, finishing buildings.	29/11/1437H (corresponding to 01/09/2016G)	24/07/1447H (Corresponding to 13/01/2026G)	Ministry of Commerce - Commercial Registry Office in Riyadh
Ramz Al-Asas Contracting Company*	Branch of the closed joint stock company	Riyadh - P.O. 2608 - Wadi Hajar - Al-Malqa District - 6926	1010682613	General construction of residential buildings, general construction of government buildings, renovations of residential and non-residential buildings.	12/06/1442H (corresponding to 25/01/2021G)	12/06/1444H (corresponding to 05/01/2023G)	Ministry of Commerce - Commercial Registry Office in Riyadh

Source: The Company

\* On 21/11/1443H (Corresponding to 20/06/2022G), the Board of Directors agreed to start the procedures for writing off the commercial registration of the Company's branch, and the legal procedures are still in progress.

## 4.6 Subsidiary and associate company

Al Ramz Real Estate Company has one (1) subsidiary company: Osos Al Ramz Contracting Company (one person company - Limited Liability) (For more details about this company, please see subsection 10.3 “**Subsidiary Company**” of Section 10 “**Legal Information**”)

The Company also has one (1) associate company: Al Dallal Al Jadeed Information Technology Company.

Following is an overview of the commercial registration of the associate company:

**Table No. (33): Associate company**

Company's Name	Address	Legal entity	Activity	Company's capital (SAR)	Ownership percentage	Commercial Registration No	Date of registration in the commercial register
Al Dallal Al Jadeed Information Technology Company	Riyadh - 818 - Prince Mohammed bin Saad bin Abdulaziz Road - Al-Malqa	A limited liability company	Publishing on the shelf programs - operating systems - Designing and programming special software - Application development - Management and leasing of owned or rented (residential) properties - Management and leasing of owned or rented (non-residential) properties - activities of brokers' agents (brokers' offices) Real estate management activities for a commission.	1,000,000	12.50%	1010685632	The commercial registration certificate was issued on 22/06/1442H (Corresponding to 04/02/2021G) and is valid until 22/06/1444H (Corresponding to 15/01/2023G).

Source: The Company



## 4.7 Company Employees

The Company was classified as a small enterprise (Class B) according to the Nitaqat program, with a Saudization rate of 64.6% as on 24/08/2022, and it is currently within the “**Platinum**” band.

As of June 30, 2022, the number of the Company’s employees reached 30, including 20 Saudi employees and 10 non-Saudi employees.

The Company is committed to implementing the regulations and instructions issued by the competent authorities regarding the employment of non-Saudi workers. The list of non-Saudi employees issued by the Ministry of Interior (Muqeem Report) as on 24/08/2022G states that the number of non-Saudi workers with the Company is 10 and they work in a regular manner and on Company sponsorship.

The following two tables show the number of employees and their distribution by department and nationalities as on December 31, 2020, December 31, 2021, and June 30, 2022.

**Table No. (34): Distribution of employees by nationality**

Employees	31, December 2020G		31, December 2021G		30, June 2022G	
	Number	%	Number	%	Number	%
Saudis	3	75.00%	11	61.11%	20	66.67%
Non-Saudis	1	25.00%	7	38.89%	10	33.33%
<b>Total</b>	<b>4</b>	<b>100%</b>	<b>18</b>	<b>100%</b>	<b>30</b>	<b>100%</b>

Source: The Company

**Table No. (35): Distribution of employees by departments**

Employees	31, December 2020G		31, December 2021G		30, June 2022G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Project Department	2	-	2	3	3	3
Property Department	-	-	1	1	1	0
Financial and Administration Department	-	1	3	2	6	4
Business Development Department			1	-	2	1
Marketing and Sales Department	1	-	3	-	7	0
Other Department	-	-	1	1	1	2
<b>Total</b>	<b>3</b>	<b>1</b>	<b>11</b>	<b>7</b>	<b>20</b>	<b>10</b>

Source: The Company

\* As of the date of this Prospectus, there is a difference in the number of registered Saudi workers with a difference of two workers between the General Organization for Social Insurance (20 Saudi workers) on the one hand and the Labor Office (18 Saudi workers) on the other hand, and the reason for this is due to the difference in the process of updating the Company’s data with various government agencies.

- As of the date of this Prospectus, the Company does not have any important new services, products or activities.
- As of the date of this Prospectus, the Company does not have any commercial activity or assets outside the Kingdom.
- The Company does not have any specific or written policies regarding research and development of new products.
- There is no interruption in its business that could affect or have a noticeable impact on the financial condition during the last (12) months.
- The members of the Board of Directors declare that there is no intention to make any fundamental change to the nature of the Company’s activity.



## 5. The Company's Ownership Structure before and after the Offering The Company's ownership structure before and after the Offering

### 5.1 The following table shows the ownership structure of the Company's shares before and after the Offering:

Table No. (36): The Company's ownership structure before and after the Offering

Name	Before the Offering					After the Offering				
	Number of shares owned directly	Nominal value of shares owned directly	Number of shares owned indirectly	Nominal value of shares owned indirectly	Percentage of the capital	Nominal value of shares owned indirectly	Number of shares owned directly	Nominal value of shares owned directly	Number of shares owned indirectly	Nominal value of shares owned indirectly
Rasheed Abdul Rahman Nasser Al-Rasheed	24,000,012	240,000,120	-	-	80.00%	24,000,012	240,000,120	-	-	72.00%
Fatimah Abdullah Nasser AlMajed	750,000	7,500,000	-	-	2.50%	750,000	7,500,000	-	-	2.25%
Haya Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Haroon Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Rakan Rasheed Abdul Rahman Al-Rasheed	1,166,700	11,667,000	-	-	3.89%	1,166,700	11,667,000	-	-	3.50%
Modi Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Sarah Rasheed Abdul Rahman Al-Rasheed	583,296	5,832,960	-	-	1.94%	583,296	5,832,960	-	-	1.75%
Qualified Investors	-	-	-	-	-	3,333,333	33,333,330	-	-	10.00%
<b>Total</b>	<b>30,000,000</b>	<b>300,000,000</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>33,333,333</b>	<b>333,333,330</b>	<b>-</b>	<b>-</b>	<b>100%</b>

Source: The Company



## 5.2 The Company's Management Structure

The Company has an organizational structure that defines the distribution of departments and powers and work among its departments. The main management structure of the Company consists of the General Assembly, Board of Directors, its two committees, and a team of executive management (senior management). The organizational structure is headed by the General Assembly, the Board of Directors and its two committees, supported by the executive management, which is responsible for supervising the Company's daily activities. The Board also has ultimate responsibility for the direction, general supervision and control of the Company. The Board has delegated the responsibility for implementing the strategic plans and managing the Company's day-to-day business to the Executive Management, headed by the CEO, who directly supervises the development of the necessary policies and procedures to ensure the efficiency and effectiveness of the Company's management, the internal control system and to maximize the prevention of risks.

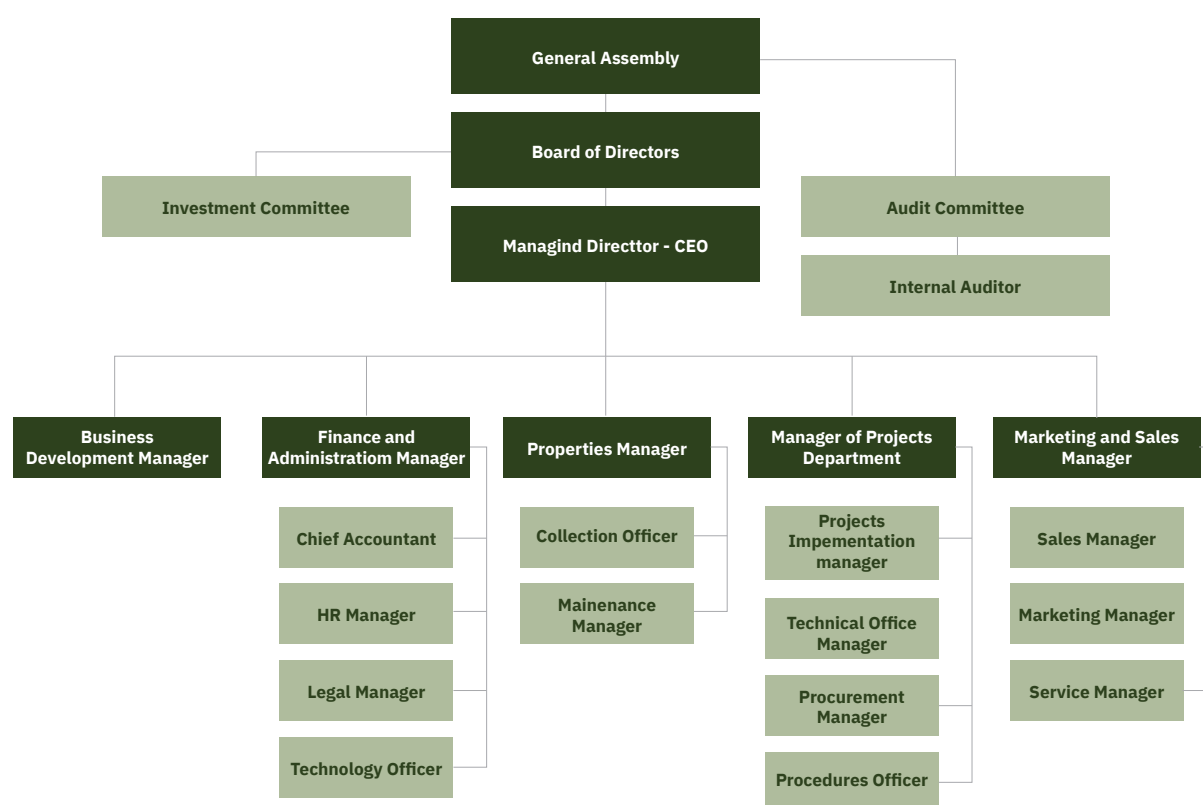
The Company has two committees: (1) the Audit Committee and (2) the Investment Committee.

The responsibility for managing the Company's day-to-day operations rests with the CEO and other senior members of senior management to whom the Board of Directors has delegated specific executive powers.

The powers of the Chairman, Deputy Chairman, Managing Director and Company Secretary are defined in Article twenty two (22) of the Articles of Association.

The following figure shows the current organizational structure of the Company, which was approved by the Board of Directors in its resolution dated 02/05/1443H (corresponding to 06/12/2021G):

**Figure (1): Organization Structure of the Company**



Source: The Company

### 5.3 The Company's Board of Directors

Article seventeen (17) of the Articles of Association states that the management of the Company shall be assumed by a board of directors consisting of five (5) members elected by the Ordinary General Assembly of shareholders for a period not exceeding three (3) years. As an exception to this, the founders shall appoint the first Board of Directors of the Company by the partners for a period of five (5) years.

#### • Board of Directors – First term

On 07/04/1442H (corresponding to 22/11/2022G) the partners appointed the first members of the Board of Directors for a period of five (5) years, provided that the first term of the Board starts from the date of the Transformational Assembly's decision on 19/05/1442H (corresponding to 03/01/2022G) and expires on 13/07/1447H (corresponding to 02/01/2022G), and it was formed from the following members:

**Table No. (37): Members of the Board of Directors – First Term**

Name	Position	Membership Capacity	Nationality	Owned Shares	
				Directly	Indirectly
Rasheed Abdul Rahman Nasser Al-Rasheed	Chairman of the Board of Directors	Non-Executive	Saudi	4,000,002	--
Anas Nasser Al-Rasheed	Deputy Chairman of the Board	--	Saudi	--	--
Haroon Rasheed Abdul Rahman Al-Rasheed	Member of the Board of Directors – Managing Director	Executive	Saudi	194,450	--
Ibraheem Nasser Al-Rasheed	Member of the Board of Directors	--	Saudi	--	--
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	Member of the Board of Directors	Executive	Saudi	194,450	--

Source: The Company

#### • Board of Directors – Current Members

On 24/11/1442H (corresponding to 04/07/2021G), the (extraordinary) general assembly of shareholders unanimously approved the (resignation) of the Board members Anas Nasser Al-Rasheed and Ibrahim Nasser Al-Rasheed and re-formed the Board of Directors according to the following:

**Table No. (38): Members of the Board of Directors and Secretary \***

Name	Position	Nationality	Age	Membership Capacity		Owned Shares		Percentage (%) of the Capital
				Executive Non-Executive **	Independence ***	Directly	Indirectly ****	
Rasheed Abdul Rahman Nasser Al-Rasheed	Chairman of the Board of Directors	Saudi	56	Non-Executive	Non-Independent	24,000,012	-	80.00%
Faisal Abdullah Ali Al-Nassar	Deputy Chairman of the Board	Saudi	43	Non-Executive	Independent	-	-	0.00%
Haroon Rasheed Abdul Rahman Al-Rasheed	Managing Director	Saudi	26	Executive	Non-Independent	1,166,700	-	3.89%
Abdulaziz Mohammed Abdullatif Al-Mulhim	Member of the Board of Directors	Saudi	47	Non-Executive	Independent	-	-	0.00%
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	Member of the Board of Directors and Secretary	Saudi	24	Executive	Non-Independent	1,166,700	-	3.89%

Source: The Company

\* On 24/11/1442H (corresponding to 04/07/2021G), the (Extraordinary) General Assembly of shareholders agreed to accept (retirement - resignation) of the two members of the Board of Directors, Mr. Anas Nasser Al-Rasheed and Mr. Ibrahim Nasser Al-Rasheed, and the re-formation of the Board of Directors from the members mentioned in the above table to complete the mandate of the Board. Mr. Rasheed Abdul Rahman Nasser Al-Rasheed was previously appointed as Chairman of the Board of Directors according to the minutes of the transformational Assembly meeting held on 19/05/1442H (corresponding to 03/01/2021G). Mr. Faisal Abdullah Ali Al-Nassar was appointed as Vice-Chairman according to the minutes of the Extraordinary General Assembly meeting held on 24/11/1442H (corresponding to 04/07/2021G) and Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed assigned as Secretary of the current Board of Directors of the Company in accordance with the minutes of the Board of Directors meeting held on 23/01/1443H (corresponding to 31/08/2021G).



- \*\*** A member of the Board of Directors gets hold of 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 from it for that. As for the “Non-executive Member”, he is a member of the board of directors who do not work full-time to manage the Company or does not receive a salary from it, except for the membership remuneration for the board and committees.
- \*\*\*** The non-independence of members of the board of directors is determined based on the Corporate Governance Regulations issued by the Capital Market, which include examples of what constitutes non-independence for members of the board of directors of the Company as follows:
- a- To own 5 per cent or more of the shares of the Company or its subsidiaries, or to be an immediate relative of one who owns this percentage.
  - b- To represent a person with legal capacity who owns 5 per cent or more of the shares of the Company or its subsidiaries.
  - c- To be an immediate relative of one of the board members in the Company or its subsidiaries.
  - d- To be an immediate relative of a senior executive in the Company or its subsidiaries.
  - e- To be a board member of a subsidiaries, and is nominated for membership in board of directors of the holding company.
  - f- To have been employed during the past two years by parties associated with the Company or its subsidiaries, like CPA’s and major suppliers, or to have been an owner of controlling shares in one of those parties during the past two years.
  - g- That he owns 5% or more of the Company’s shares or of the shares of another company in its group, or that he is related to the person who owns this percentage.
  - h- To be a representative of a legal person who owns 5% or more of the Company’s shares or of the shares of another company from its group.
  - i- He is related to any of the members of the board of directors in the Company or in another company of its group.
  - j- That he is related to any of the senior executives of the Company or of another company in its group.
  - k- 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.
  - l- To work or have been an employee during the past two years for the Company or any party dealing with it or another company of its group, such as auditors and major suppliers, or to have been the owner of controlling shares with any of those parties during the past two years.
  - m- To have a direct or indirect interest in the business and contracts that are made for the account of the Company.
  - n- To receive sums of money from the Company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of two hundred thousand (200,000) Saudi riyals or 50% of his remuneration in the previous year that he received in return for membership in the Board of Directors or any of its committees, whichever is less.
  - o- To participate in a business that would compete with the Company, or to trade in one of the branches of the Company’s activity.
  - p- It must have spent more than nine consecutive or separate years as a member of the Company’s board of directors (became mandatory starting from the term of the board of directors of the listed joint-stock company that takes place after 01/01/2019G).
- \*\*\*\*** Indirect ownership means the shares owned by members of the Board or indirectly shareholders in the Company through their ownership in companies that own shares in the Company. As at the date of this Prospectus, none of the Board members owns any indirect ownership.

Subject to the competencies established for the General Assembly in the Companies Law, and in accordance with the Company’s Articles of Association, the Board of Directors shall have the widest powers in managing the Company to achieve its objectives. The Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Nasser Al-Rasheed and his deputy, Mr. Faisal Abdullah Ali Al-Nassar, shall have all the above powers individually and the right to delegate or authorize third parties in them or in part thereof, and some of the above-mentioned powers may be delegated to a member of the Board of Directors, or others may be delegated in them, whether the authorized person or the proxy is one or more.

As for the powers of the chairman, vice-chairman, managing director and secretary, they are detailed in Article (22) of the Articles of Association, whereby the board of directors appoints from among its members a chairman and a vice-chairman and may appoint a managing member, and it is not permissible to combine the position of the chairman of the board with any executive position in Company. To view the details of the powers of the Board of Directors, the Chairman, the Vice Chairman, the Managing Director and the Secretary, in addition to the provisions of the Articles of Association that address the termination of the membership of the Board, the vacant position in the Board of Directors, the meetings of the Board of Directors, the quorum of these meetings and its deliberations, please see subsection 10.5 “**Summary of the Articles of Association**” of section 10 “**Legal Information**” of this Prospectus.





The following is a summary of the biographies of the Board Members and Secretary:

**Table No. (39): Summary of the biography of Mr. Rasheed Abdul Rahman Nasser Al-Rasheed**

Mr. Rasheed Abdul Rahman Nasser Al-Rasheed	
<b>Age</b>	56 years
<b>Nationality</b>	Saudi
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>High Diploma in Management Information Technology Systems from King Saud University in Saudi Arabia in 1988.</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>Managing Director of Tarabut Company for Investment and Development, a closed joint stock company in the Kingdom of Saudi Arabia, operating in the logistics sector, from 2014G until now.</li> <li>Managing Director of the Saudi District Cooling Company, a closed joint stock company, operating in the refrigeration sector, from 2011G to 2021G.</li> <li>Chief Executive Officer of the Arab Company for Water and Energy Development “<b>ACWA Holding Company</b>” (currently known as Vision International Investment Company), a joint stock company in the Kingdom of Saudi Arabia and operating in the water and energy sector, from 2007G to 2014G.</li> <li>Vice President and Chief Financial Officer of Abdullah Abu-Nayyan Group, a limited liability company in the Kingdom of Saudi Arabia and operating in the investment sector, from 2000G to 2007G.</li> <li>Consultant at Al-Rasheed Chartered Accountants Company, a professional company working in the accounting sector, from 1993G to 2000G.</li> <li>Computer programmer and systems analyst in the Royal Saudi Air Force (BDM International), from 1992G to 1993G.</li> <li>Computer programmer at Saudi Telecom Company (STC), working in the telecommunications sector, from 1988G to 1992G.</li> </ul>
<b>Membership of the Boards of Directors in other companies</b>	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Al Hassan Ghazi Ibrahim Shaker Company, a public joint stock company listed in the Kingdom of Saudi Arabia and working in the field of manufacturing, installing and maintaining air-conditioning equipment, from 2022G until now.</li> <li>Member of the Internal Audit Committee of ACWA Power Company, a joint stock company listed in the Kingdom of Saudi Arabia and operating in the water and energy sector, from 2022G until now.</li> <li>Vice Chairman of the Board of Directors of the Saudi District Cooling Company, a closed joint stock company in the Kingdom of Saudi Arabia and operating in the district cooling sector, from 2021G until now.</li> <li>Member of the Board of Directors and member of the Audit Committee of Dr. Sulaiman Al Habib Group for Medical Services, a joint stock company listed in the Kingdom of Saudi Arabia and operating in the health sector, from 2021G until now.</li> <li>Member of the Board of Directors of Tarabut Air Freight Services Company, a limited liability company operating in the logistics sector, from 2014G until now.</li> <li>Member of the Board of Directors of Al-Athar Company, a limited liability company operating in the logistics sector, from 2014G until now.</li> <li>Member of the Board of Directors of Integrated Towers Communications Company, a limited liability company operating in the telecommunications sector, from 2019G until now.</li> <li>Member of the Board of Directors, member of the Executive Committee, and member of the Nominations and Remunerations Committee in SAL Saudi Logistics Services Company, a closed joint stock company in the Kingdom of Saudi Arabia and operating in the logistics services sector, from 2019G until now.</li> <li>Chairman of the Board of Directors of Dhahran Valley Cooling Company, a limited liability company in the Kingdom of Saudi Arabia, working in the refrigeration sector, from 2019G to 2021G.</li> <li>Member of the Board of Directors and Chairman of the Internal Audit Committee at Jazan Gas Business Company, a limited liability company in the Kingdom of Saudi Arabia and working in the industrial gas sector, from 2015G until now.</li> </ul>

Mr. Rasheed Abdul Rahman Nasser Al-Rasheed	
Membership of the Boards of Directors in other companies	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of the Saudi Integrated Waste Treatment Company, a limited liability company operating in the recycling sector, from 2013G until now.</li> <li>• Member of the Board of Directors of Tarabut Investment and Development Company, a closed joint stock company in the Kingdom of Saudi Arabia, and operating in the logistics sector, from 2012G until now.</li> <li>• Member of the Board of Directors, Member of the Executive Committee, and Member of the Nominations and Remunerations Committee of Saudi Airlines Cargo Company, a closed joint stock company in the Kingdom of Saudi Arabia and operating in the transportation sector, from 2012G until now.</li> <li>• Chairman of the Board of Directors of Zilan Arabia Company, a limited liability company operating in the construction sector, from 2007G until now.</li> <li>• Member of the Board of Directors and member of the Executive Committee of the Vision International Investment Company (formerly known as the Arab Company for Water and Energy Development), a closed joint stock company in the Kingdom of Saudi Arabia and working in the infrastructure sector, from 2007G until now.</li> <li>• Chairman of the Board of Directors of the Network Coverage Company for Communications, a limited liability company in the Kingdom of Saudi Arabia, working in the telecommunications sector, from 2020G to 2021G.</li> <li>• Chairman of the Board of Directors of Riyadh Tabreed Company, a limited liability company operating in the refrigeration sector, from 2015G to 2021G.</li> <li>• Chairman of the Board of Directors of the Riyadh Water Production Company, a limited liability company operating in the water sector, from 2015G to 2020G.</li> <li>• Member of the Board of Directors of the International Ports and Rail Company, a limited liability company operating in the transportation sector, from 2014G to 2019G.</li> <li>• Member of the Board of Directors of Central District Cooling Company, a closed joint stock company operating in the cooling sector, from 2011G to 2021G.</li> <li>• Chairman of the Board of Directors of the Saudi Tabreed Operation and Maintenance Company, a limited liability company operating in the operation and maintenance sector, from 2009G to 2021G.</li> <li>• Chairman of the Board of Directors of the Saudi Dhahran Refrigeration Company, a limited liability company operating in the refrigeration sector, from 2009G to 2021G.</li> <li>• Member of the Board of Directors of the Water and Power Works Company (ACWA Power), a joint stock company listed in the Kingdom of Saudi Arabia, operating in the water and energy sector, from 2008G to 2022G.</li> <li>• Member of the Board of Directors of the Saudi District Cooling Company, a closed joint stock company operating in the refrigeration sector, from 2008G to 2021G.</li> <li>• Member of the Board of Directors of Welspun Middle East Pipe Company, a limited liability company operating in the manufacturing sector, from 2008G to 2014G.</li> <li>• Member of the Board of Directors of the Arab Japanese Company for Membranes, a limited liability company operating in the manufacturing sector, from 2008G to 2014G.</li> <li>• Member of the Board of Directors of Shuaiba Water and Electricity Company, a limited liability company operating in the water and electricity sector, from 2006G to 2009G.</li> <li>• Member of the Board of Directors of the Arab Rabigh Water and Electricity Company, a limited liability company operating in the water and electricity sector, from 2006 to 2009.</li> <li>• Member of the Board of Directors of Al Shuqaiq Water and Electricity Company, a limited liability company operating in the water and electricity sector, from 2006G to 2009G.</li> <li>• Member of the Board of Directors of Abdullah Abu-Nayyan Group, a limited liability company operating in the investment sector, from 2006G to 2009G.</li> <li>• Member of the Board of Directors of the Arab Company for Water and Energy Projects, a limited liability company operating in the water and electricity sector, from 2004G to 2011G.</li> </ul>

Source: The Company



Table No. (40): Biography summary of Mr. Faisal Abdullah Ali Al-Nassar

Mr. Faisal Abdullah Ali Al-Nassar	
Age	43 years
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting and Information Systems from the Industrial Management College at King Fahd University of Petroleum and Minerals in Dhahran in 2001G.</li> </ul>
Practical Experiences	<ul style="list-style-type: none"> <li>Chief Financial Officer of Dr. Sulaiman Al Habib Group for Medical Services, a public joint stock company in the Kingdom of Saudi Arabia working in the health sector, from 2011G until now.</li> <li>General Manager of Pharma Choice Pharmacy, a limited liability company in the Kingdom of Saudi Arabia working in the pharmacies sector, from 2018G until now.</li> <li>Director of Dr. Sulaiman Al Habib Hospital Free Zone LLC. It is a limited liability company operating in the health sector, from 2016G until now.</li> <li>Director of the Primary Medical Centers Company, a limited liability company operating in the health sector, from 2020G until now.</li> <li>Director of Rawabet Medical Company, a limited liability company operating in the health sector, from 2020G until now.</li> <li>Director of Administrative Settlements Company (Taswiyat), a limited liability company working in the management consultancy sector from 2020G until now.</li> <li>Chief Financial Officer and member of the Board of Directors and Executive Committee of Vision Investment Company (formerly ACWA Holding), a closed joint stock company operating in the investment sector, from 2006G until 2011G.</li> <li>Senior Manager at Samba Financial Group, a public joint stock company operating in the banking sector, from 1999G to 2006G.</li> </ul>
Membership of the Boards of Directors in other companies	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Flow Medical Company, a limited liability company working in the health sector, from 2021G until now.</li> <li>Member of the Board of Directors of Wethaq Financial Platform Company, a closed joint stock company working in the financial technology, from 2021G until now.</li> <li>Member of the Board of Directors of Dr. Abdulaziz Al-Ajaji Dental Clinics Complex, a limited liability company working in the dental sector, from 2018G until now.</li> <li>Member of the Board of Directors of West Jeddah Hospital Company, a limited liability company working in the health sector, from 2017G until now.</li> <li>Member of the Board of Directors of International Cloud Solutions Company, a limited liability company working in the information technology sector, from 2017G until now.</li> <li>Member of the Board of Directors of the Intensive Care Medical Care Company, a limited liability company working in the health sector, from 2017G until now.</li> <li>Member of the Board of Directors of Al Sharq Health Medical Company Limited, a limited liability company working in the health sector, from 2016G until now.</li> <li>Member of the Board of Directors of Al Wusta Medical Company Limited, a limited liability company operating in the sector, from 2016G until now.</li> <li>Member of the Board of Directors of Al Rayan Hospital for Medical Care, a limited liability company working in the health sector, from 2016G until now.</li> <li>Member of the Board of Directors of the Home Health Care Company, a limited liability company working in the health sector, From 2016G until now.</li> <li>Member of the Board of Directors of Al Gharb Specialized Hospital for Medical Care, a limited liability company working in the health sector, from 2016G until now.</li> <li>Member of the Board of Directors of the Medical Diagnostic Laboratories Company, a limited liability company working in the laboratory sector, from 2016G until now.</li> <li>Member of the Board of Directors of Sehat Al Suwaidi Medical Company, a limited liability company working in the health sector, from 2016G until now.</li> <li>Member of the Board of Directors of Olaya Medical Complex Company, a limited liability company working in the health sector, from 2016G until now.</li> <li>Member of the Board of Directors of the Middle East Pharmacies Company, a limited liability company working in the pharmacies sector, from 2016G until now.</li> <li>Member of the Board of Directors of Buraidah Specialized Hospital for Medical Care, a limited liability company working in the health sector, from 2016G until now.</li> </ul>



Mr. Faisal Abdullah Ali Al-Nassar	
<b>Membership of the Boards of Directors in other companies</b>	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Travi Investments Private Limited, a limited liability company working in the investment sector, from 2014G until now.</li> <li>Member of the Board of Directors of Saudi Serco Services Company, a limited liability company working in the services and maintenance sector, from 2014G until now.</li> <li>Member of the Board of Directors of Cloud Solutions for Communications and Information Technology, a limited liability company working in the information technology sector, from 2013G until now.</li> <li>Member of the Board of Directors of Dr. Sulaiman Al Habib Group for Medical Services, a public joint stock company working in the health sector, from 2011G until now.</li> <li>Member of the Board of Directors of Al Afia Pharmacies Company, a limited liability company operating in the pharmacies sector, from 2016G until 2021G.</li> <li>Member of the Board of Directors of Antab Al Riyadh Operation and Maintenance Company, a limited liability company operating in the operation and maintenance sector, from 2016G to 2021G.</li> <li>Member of the Board of Directors of Al Rayan Maintenance and Operation Company, a limited liability company operating in the operation and maintenance sector, from 2016G to 2021G.</li> <li>Member of the Board of Directors of the Bone, Joint and Spine Hospital Company, a limited liability company operating in the health sector, from 2016G to 2020G.</li> <li>Member of the Board of Directors of the Future Company for Hospital Construction, a limited liability company operating in the health sector, from 2016G until 2020G.</li> </ul>

Source: The Company

**Table No. (41): Biography summary of Mr. Haroun Rasheed Abdul Rahman Al-Rasheed**

Mr. Haroun Rasheed Abdul Rahman Al-Rasheed	
<b>Age</b>	26 years
<b>Nationality</b>	Saudi
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's degree in Industrial Engineering from King Saud University in Riyadh, 2018.</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>CEO of Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2021G until now.</li> <li>Real estate advisor in Watheeq PropTech Venture Fund, an investment fund, from September 2021G until now.</li> <li>Director of Project Management at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2020G to 2021G.</li> <li>Strategic advisor at Palladium Consulting Company Limited, a limited liability company working in the management consulting sector, from 2019G to 2020G.</li> <li>Business Analyst at Palladium Consulting Limited, a limited liability company working in the management consulting sector, from February 2019G to October 2019G.</li> <li>Project supervisor at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2017G to 2019G.</li> <li>Project manager at Bursa Al Maskan Real Estate Company, a closed joint stock company working in the real estate sector, from 2015G to 2017G.</li> <li>Real estate marketer at Bursa Al Maskan Real Estate Company, a closed joint stock company working in the real estate sector, from 2013G to 2015G.</li> <li>Membership of Boards of Directors in other companies § Member of the Board of Directors of Al-Dalal Al-Jadid Company for Information Technology, a limited liability company operating in the information technology sector, from 2021G until now.</li> <li>Member of the Board of Directors of Romoz Holding Company, a limited liability holding company working in the investment sector, from August 2021G until now.</li> </ul>
<b>Membership of the Boards of Directors in other companies</b>	<ul style="list-style-type: none"> <li>Member of the Board of Directors of Al-Dalal Al-Jadid Company for Information Technology, a limited liability company operating in the information technology sector, from 2021G until now.</li> <li>Member of the Board of Directors of Romoz Holding Company, a limited liability holding company working in the investment sector, from August 2021G until now.</li> </ul>

Source: The Company



Table No. (42): Biography summary of Mr. Abdul Aziz Muhammad Abdul Latif Al-Melhem

Mr. Abdul Aziz Mohammed Abdul Latif Al Melhem	
Age	47 years
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Master of Business Administration (Finance major) from Leeds University of Business Administration from Britain in 2002G.</li> <li>Bachelor's degree in Industrial Systems Engineering from King Fahd University of Petroleum and Minerals in Dhahran in 1997.</li> </ul>
Work Experiences	<ul style="list-style-type: none"> <li>Head of Financial Affairs at the Red Sea Cruise Ship Company, a closed joint stock company operating in the cruise ship sector, from 2021G until now.</li> <li>Head of Financial Affairs at Vision International Investment Company (formerly ACWA Holding), a closed joint stock company operating in the investment sector, from 2017G to 2021G.</li> <li>Head of Finance at Tarabut Investment and Development Company, a closed Saudi joint stock company in the Kingdom of Saudi Arabia, working in the logistics sector, between 2008G and 2017G.</li> <li>Head of Financial Affairs at Akwan Real Estate Company, a closed joint stock company operating in the real estate sector, from 2007G to 2008G.</li> <li>Assistant General Manager of Corporate Banking Services at Samba Financial Group, a public joint stock company operating in the financial sector, from 1998G to 2007G.</li> </ul>
Membership of the Boards of Directors in other companies	<ul style="list-style-type: none"> <li>Chairman of the Financial Committee of the Saudi District Cooling Company, a closed joint stock company operating in the cooling sector, from 2018G to 2021G.</li> <li>Member of the Audit Committee of Saudi Airlines Air Cargo Company, a closed joint stock company operating in the freight sector, from 2015G to 2021G.</li> <li>Member of the Audit Committee of Miyahuna Company, a limited liability company operating in the water desalination sector, from 2019G to 2021G.</li> <li>Member of the Audit Committee of the Jizan Gas Project Company, a limited liability company operating in the gas sector, from 2019G to 2021G.</li> <li>Member of the Audit Committee of the Saudi SAL Logistics Services Company, a closed joint stock company operating in the logistics sector, from 2020G to 2021G.</li> <li>Member of the Board of Directors of Advanced Piping Solutions Company, a limited liability company operating in the piping solutions sector, from 2018G to 2021G.</li> <li>Member of the Board of Directors of Aldar Chemicals Company, a limited liability company operating in the chemical sector, from 2018G to 2021G.</li> </ul>

Source: The Company

Table No. (43): Biography summary of Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed

Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed	
Age	24 years
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's degree in Operations Research from King Saud University in Riyadh, 2020G.</li> </ul>



Mr. Abdul Malik Rasheed Abdul Rahman Al-Rasheed	
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>• Director of Finance and Administrative Affairs at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2021G until now.</li> <li>• Subject matter expert at the Terrace Real Estate platform, an electronic platform, from 2021G until now.</li> <li>• Director of Al Ramz Education Company, a limited liability company operating in the education sector, from 2019G to 2021G.</li> <li>• Director of Business Development at Al Ramz Real Estate Company, a closed joint stock company operating in the real estate sector, from 2020G to 2021G.</li> <li>• Director of Marketing and Sales at Al Ramz Real Estate Company, a closed joint stock company operating in the real estate sector, from 2020G to 2021G.</li> <li>• Project manager at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2019G to 2020G.</li> <li>• Marketing and sales specialist at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2019G to 2020G.</li> <li>• Assistant Project Manager at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from 2017G to 2019G.</li> </ul>
<b>Membership of the Boards of Directors in other companies</b>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors of Al-Dalal Al-Jadid Company for Information Technology, from October 2021G until now.</li> <li>• Member of the Board of Directors of Romoz Holding Company, from August 2021G until now.</li> </ul>

Source: The Company

## 5.4 Senior Executives

The table below shows the senior executives as at the date of this Prospectus.

**Table No. (44): Senior Executives**

Name	Position	Nationality	Age	Date of appointment	Direct Ownership Number of shares Percentage	Indirect ownership Number of Shares Percentage
Haroun Rasheed Abdul Rahman Al-Rasheed	CEO	Saudi	26	01/09/2021G	1,166,700 3.89%	- -
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	Director of Finance and Administrative Affairs	Saudi	24	22/03/2021G	1,166,700 3.89%	- -
Abdullah Essam Abdullah Al-Thawad	Director of Marketing and Sales	Saudi	27	26/05/2021G	- -	- -
Hamada El-Sayed Mohamed Ahmed	Accounts Manager	Egyptian	34	23/02/2021G	- -	- -
Saad Abdul Rahman Saad Al Sultan	Project Management Director	Saudi	28	03/05/2021G	- -	- -
Moaz Adel Fahd Al Mughaisib	Property Manager	Saudi	24	28/11/2021G	- -	- -
Vacancy	Business Development Manager *	--	--		- -	- -
-	Internal Auditor**	-	-		- -	- -

Source: The Company

\* The vacant position of Business Development Manager will be filled before the end of 2022G.

\*\* The functions of the internal auditor are assigned to an external party.



The following is a summary of the CVs of the leading employees:

To view the biography summary of Chief Executive Officer Haroun Rasheed Abdul Rahman Al-Rasheed, please see Table No. 41 above, and to view the biography summary of the Director of Finance and Administration Abdul Malik Rasheed Abdul Rahman Al-Rasheed, please see Table 43 above.

**Table No. (45): Biography summary of the Director of Marketing and Sales Abdullah Essam Abdullah Al-Thawad**

Mr. Abdullah Essam Abdullah Al-Thawad	
<b>Age</b>	27 years
<b>Nationality</b>	Saudi
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's degree in Chemical Engineering from King Saud University in 2018G.</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>Director of Marketing and Sales at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from May 2021G until now.</li> <li>Deputy Director of Marketing and Sales at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from February 2021G until May 2021G.</li> <li>Environmental Engineer at Al-Akhdar Consulting Company, a limited liability company working in the engineering consultancy sector, from 2019G to 2019G.</li> <li>Project coordinator at Al Qaed Investment Company, a limited liability company working in the investment sector, during the year 2020.</li> </ul>
<b>Membership of the Boards of Directors in other companies</b>	None.

Source: The Company

**Table No. (46): Biography summary of the Account Manager, Mr. Hamada Al-Sayed Mohameed Ahmed**

Mr. Hamada Al-Sayed Mohameed Ahmed	
<b>Age</b>	34
<b>Nationality</b>	Egyptian
<b>Academic Qualifications</b>	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting from Kafr El-Sheikh University, Arab Republic of Egypt, in 2009G.</li> </ul>
<b>Work Experiences</b>	<ul style="list-style-type: none"> <li>Account manager at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from February 2021G until now.</li> <li>Senior Accountant at Aaly Technology Company, a limited liability company working in the technology sector, from 2017G to 2020G.</li> <li>Chief Accountant at Manama Oasis Contracting Establishment, a sole proprietorship working in the contracting sector from 2016G to 2017G.</li> <li>General Accountant at Manama Oasis Contracting Establishment, a sole proprietorship working in the contracting sector, from 2014G to 2016G.</li> <li>General Accountant at Al Wadeed Investment Corporation for Trading, a sole proprietorship working in the trade sector, from February to the year 2014G.</li> </ul>
<b>Membership of the Boards of Directors in other companies</b>	None

Source: The Company





Table No. (47): Biography summary of the Property Manager, Moaz Adel Fahd Al Mughaisib

Moaz Adel Fahad Al-Mughaisib	
Age	24 years
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>BA in Fundamentals of Religion from Imam Muhammad Saud Islamic University in Riyadh, 2020G.</li> </ul>
Work Experiences	<ul style="list-style-type: none"> <li>Director of Property Management at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from November 2021G until now.</li> <li>General Manager of the Desert Swimming Pools Corporation, a sole proprietorship working in the swimming pools sector, from February 2020G to December 2020G.</li> </ul>
Membership of the Boards of Directors in other companies	None

Source: The Company

Table No. (48): Biography summary of the Director of Project Management, Saad Abdul Rahman Saad Al Sultan

Saad Abdul Rahman Saad Al-Sultan	
Age	28 years
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's degree in Mechanical Engineering from King Saud University in Riyadh, 2018G.</li> </ul>
Work Experiences	<ul style="list-style-type: none"> <li>Director of Project Management at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from May 2022G until now.</li> <li>Director of Business Development at Al Ramz Real Estate Company, a closed joint stock company working in the real estate sector, from January 2022G until May 2022G.</li> <li>Engineer of the Packaging Department at Al-Durra Sugar Refinery Company, a closed joint stock company working in the food sector, from 2020G to 2021G.</li> <li>Project engineer at Al-Durra Sugar Refinery Company, a closed joint stock company operating in the food sector, from 2018G to 2020G.</li> <li>Project engineer at Al Ariel Contracting Company, a limited liability company working in the construction sector, from 2017G to 2018G.</li> </ul>
Membership of the Boards of Directors in other companies	None.

Source: The Company



## 5.5 Board Committees

The CMA's Board issued the new Corporate Governance Regulations pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the new Companies Law, as amended by CMA's Board Resolution No. (3-45- 2018) and dated 07/08/1439H (corresponding to 23/04/2018G) and amended by the CMA's Board Resolution No. (3-57-2019) and 15/09/1440H (corresponding to 20/05/2019G), which was amended by the CMA's Board Resolution No. (2021-7-1) dated 01/06/1442H (corresponding to 14/01/2021G), in addition to the Governance Regulations for Unlisted Joint Stock Companies issued pursuant to the decision of His Excellency the Minister of Commerce Resolution No. (44239) dated 14/08/1439H (corresponding to 30/04 /2018G).

According to Article (49) of the Corporate Governance Regulations for Unlisted Companies, the Board of Directors (with due regard to Article (101) of the Companies Law and Article (54) of the Corporate Governance Regulations- Articles of the Audit Committee) shall form specialized committees in accordance with the following:

- 1- The Company's need, circumstances and conditions to enable it to perform its duties effectively.
- 2- The formation of the committees shall be in accordance with general procedures set by the Board, including determining the mission of each committee, the duration of its work, the powers granted to it during this period, and the manner of the Board of Directors' control over them. The committee must inform the Board of its findings or decisions taken in a transparent manner, and the Board must regularly follow up on the work of these committees to verify that they are carrying out the tasks entrusted to them.
- 3- Each committee shall be responsible for its actions before the Board, without prejudice to the responsibility of the Board for those works and the powers or authorities delegated to it.
- 4- The number of committee members shall not be less than three (3) and not more than five (5).
- 5- The heads of the committees (or whoever represents them from among their members) must attend the general assemblies to answer the shareholders' questions.
- 6- The Company shall notify the CMA of the names of the committee members and their membership descriptions within five working days from the date of their appointment and any changes that may occur within five working days from the date of the changes taking place.

The Company complies with all the mandatory governance requirements contained in the Companies Law, and the Company's policy is to adopt advanced standards in Corporate Governance, including the separation of the responsibilities and tasks of the Board of Directors and the executive management, and the policies that ensure the work of the Company's board of directors to achieve the interests of shareholders.

The Company has formed the Audit Committee and the Investment Committee in view of the Company's need and circumstances to enable it to perform its duties effectively in addition to fulfilling the relevant statutory requirements. The following is a description of this committee, its responsibilities and current members:

### 5.5.1 Audit Committee

The Company is committed to the Companies Law and its Articles of Association and the regulation of the work of its audit committee in terms of forming an audit committee. (Articles 39 to 42) of the Articles of Association have been allocated to determine the formation of an Audit Committee, the quorum of its meetings and terms of reference, in addition to its reports.

Article (Second) of the Audit Committee's work regulation stipulates that this committee will be formed by a decision of the ordinary general assembly of Al Ramz Real Estate Company, from inside or outside the owners. The Committee shall consist of at least three (3) members who are not members of the Executive Directors of the Board, and among its members shall be at least one independent member. The Committee should also include at least one member with experience in the field of accounting and finance or related to the field of financial management.



On 15/05/1443H (corresponding to December 19, 2021G), the General Assembly appointed the Audit Committee, which was formed as follows:

#### 5.5.1.1 Formation of the Audit Committee

The Audit Committee was formed in accordance with the minutes of the General Assembly held on 15/05/1443H (corresponding to 19/12/2021G) for a period of three (3) years starting from the General Assembly, according to the following:

**Table No. (49): Formation of the Audit Committee**

Name	Position	From Inside or Outside the Board of Directors
Abdul Aziz Mohammed Abdul Latif Al-Melhim,	Chairman of the Committee	From Inside the Board
Asaad Abdul Rahman Niaz Turkistani,	Member of the committee	From Outside the Board
Kamal Hussein Abdul Rahman Al-Horaibi	Member of the committee	From Outside the Board

Source: The Company

#### 5.5.1.2 Duties and Responsibilities of the Audit Committee

According to Article (Third) of the Company's Audit Committee work regulations, the duties and responsibilities of the Audit Committee are:

- 1- Considering the preliminary quarterly and annual financial statements before presenting them to the Board of Directors and expressing the opinion and recommendation in this regard to ensure their integrity, fairness and transparency.
- 2- Study any important or unfamiliar issues included in the financial reports and accounts.
- 3- Researching any issues raised by the Company's financial manager, or whoever assumes his duties, or the Company's compliance officer, or the auditor.
- 4- Studying the accounting policies followed in the Company and expressing an opinion and recommendation to the Board of Directors in this regard.
- 5- Monitoring and supervising the performance and activities of the internal auditor and the Internal Audit Department in the Company, to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them.
- 6- Ensure the independence of the internal audit and enable it to perform its work effectively.
- 7- Recommend to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after ensuring their independence and reviewing the scope of their work and the terms of their contract.
- 8- Verify the auditor's independence and objectivity, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- 9- Answer the Company's auditor's inquiries.
- 10- Studying the auditor's reports and his notes on the financial statements, expressing their views on them, if any, and following up on what was taken in their regard.
- 11- Supervising the Company's compliance with the rules, regulations, policies and instructions related to its scope of work.
- 12- Review the contracts and transactions proposed to be conducted by the Company with related parties and cases of conflict of interest.



### 5.5.1.3 Audit Committee meetings

According to Article (Fourth) of the Company's audit committee work regulations, the committee meets whenever necessary, but at least meets every three months with no less than four meetings during the Company's financial year.

As on the date of this Prospectus, the Audit Committee held five (5) meetings during the year 2022G.

The following is a summary of the biographies of the members of the Audit Committee:

For a summary of the biography of the Chairman of the Audit Committee, Abdul Aziz Muhammad Abdul Latif Al-Mulhim, please see Table No. 38 above.

**Table No. (50): Biographical summary of the member of the Audit Committee, Mr. Asaad Abdul Rahman Niaz Turkestani**

Mr. Asaad Abdul Rahman Niaz Turkestani	
Age	42
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Bachelor's degree in Accounting from King Fahd University of Petroleum and Minerals in 2006G.</li> </ul>
Work Experiences	<ul style="list-style-type: none"> <li>Head of Corporate and Institutional Banking Services at Qatar National Bank - Saudi Branch, from September 2021G until now.</li> <li>Acting Head of Corporate and Institutional Banking Services at Emirates NBD from January 2021G to August 2021G.</li> <li>Director of the Central Region for Corporate and Institutional Finance at Emirates NBD from July 2017G to December 2020G.</li> <li>Head of Major Corporate Finance Sector at Emirates Bank Dubai Abu Dhabi from May 2014G to July 2017G.</li> <li>Group treasury manager at Azeen Holding Company from August 2012G to September 2013G.</li> <li>Acting Team Manager/ Senior Corporate Relations Manager at Emirates NBD from December 2011G to July 2012G.</li> <li>Senior Corporate Relationship Manager at Alinma Bank from January 2009G to November 2011G</li> <li>Corporate Relationship Manager at Samba Financial Group from February 2006G to December 2008G.</li> </ul>

Source: The Company

**Table No. (51): Biography summary of the member of the Audit Committee, Mr. Kamal Hussein Abdul Rahman Al-Huraibi**

Mr. Kamal Hussein Abdul Rahman Al-Huraibi	
Age	47
Nationality	Saudi
Academic Qualifications	<ul style="list-style-type: none"> <li>Master of Business Administration from Al-Faisal University, 2014G.</li> <li>Bachelor's degree in Systems Engineering from King Fahd University of Petroleum and Minerals, 1997G</li> </ul>
Work Experiences	<ul style="list-style-type: none"> <li>Consultant at the Ministry of Human Resources and Social Development from December 2019G until now.</li> <li>Investment Manager in the Saudi Pharmaceutical Industries and Medical Appliances Company (Spimaco Pharmaceuticals) from June 2018G to December 2019G</li> <li>General Manager of Investment Banking at Al Rajhi Capital from May 2015G to May 2018G</li> <li>General Manager of Ceramic Pipes Company from August 2013G to April 2015G</li> <li>Director of Industrial Operations at the Saudi Company for Development and Technical Investment (Taqlia) from July 2012G to August 2013G</li> <li>Vice President of Investment Banking at Al Rajhi Capital from November 2008G to July 2012G</li> <li>Acting Director of the Acquisitions and Mergers Department in the Strategic Investments Unit in the Saudi Telecom Company from December 2004G to October 2008G</li> <li>Financial advisor in the Credit Department of the Saudi Industrial Development Fund from November 1997G to November 2004G</li> </ul>

Source: The Company



## 5.5.2 Investment Committee

The Company has formed an investment committee with the aim of assisting the Board of Directors in financial planning for the Company and ensuring that no financial obstacles occur, setting an investment policy and following up its implementation and performance with the executive management while the board reviews and approves policies. Article (Second) of the Investment Committee's work regulation stipulates that this committee is formed by a decision of the Board of Directors, provided that it includes at least three (3) members, and not more than five (5) members, provided that it is chaired by one of the independent members.

### 5.5.2.1 Formation of the Investment Committee

The Investment Committee was formed by the decision of the Board of Directors held on 23/01/1443H (corresponding to 31/08/2021G) for a period of three (3) years starting from the date of its formation, according to the following:

**Table No. (52): Formation of the Investment Committee**

Name	Position	From Inside or Outside the Board of Directors
Faisal Abdullah Ali Al-Nassar	Chairman of the Investment Committee	From inside the board
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	Member of the Investment Committee	From inside the board
Haroun Rasheed Abdul Rahman Al-Rasheed	Member of the Investment Committee	From inside the board

Source: The Company

### 5.5.2.2 Duties and Responsibilities of the Investment Committee

Article (Third) includes the tasks and responsibilities assigned to the Investment Committee, which are:

- 1- Studying investment opportunities and recommending to the Board of Directors or the Company's management the purchase of lands or commercial partnerships according to the matrix of powers approved by the Board.
- 2- Setting a pricing policy for all housing units, and approving the pricing of projects prepared by the executive management.
- 3- Study the current prices and their changes, and study the prices of competitors in the region.
- 4- Reviewing and evaluating the performance and financial progress of projects on a regular basis in accordance with the plans and budgets approved by the executive management.
- 5- Reviewing cash flows and ensuring the efficient use of cash in the best way to meet the Company's investment and operational needs.
- 6- Proposing aspects and funding opportunities to the executive management.
- 7- Submitting recommendations to the Board for exit or liquidation of the investment or the existing asset.

### 5.5.2.3 Investment Committee Meetings

According to Article (Fourth) of the Company's Investment Committee work regulations, the Committee holds its meetings quarterly or when there is a need to enter into a new investment, exit or sell an existing investment.

As on the date of this Prospectus, the Investment Committee met three (3) times for the year 2021G and three (3) times during the year 2022G until the date of this Prospectus.

To review the summary of the biography of the Chairman of the Audit Committee, Mr. Faisal Abdullah Ali Al-Nassar, please see Table No. 40 above.

To review the summary of the biography of the Investment Committee member, Mr. Abdul Malik Rasheed Abdul Rahman, please see Table No. 43 above.

To review the summary of the biography of the Investment Committee member, Mr. Haroun Rasheed Abdul Rahman Al-Rasheed, please see Table No. 41 above.



## 5.6 Corporate Governance

Corporate governance aims to create a system whereby the Company is led and directed, and this system includes procedures for regulating the various relationships within the Company between shareholders (through annual shareholders' meetings or extraordinary meetings) and the board of directors on the one hand, and between the board of directors and executives on the other hand. This is in addition to regulating the relationship of the Company with stakeholders, by setting special rules and procedures to facilitate the decision-making process regarding the Company's affairs, and to impart transparency and credibility to these decisions to protect the rights of shareholders and stakeholders and to achieve fairness, competitiveness and transparency in the market. While governance does not provide detailed mechanisms for day-to-day decision-making, each company has its own distinct character and goals; This requires these companies to develop their own corporate governance regulations, in accordance with the rules, regulations, and instructions issued by the CMA, in particular, the Corporate Governance Regulations. Although the corporate governance regulation is considered indicative for companies whose shares are listed in the Parallel Market as on the date of this Prospectus, the Company has developed its own corporate governance regulation and it was approved by the minutes of the Board of Directors meeting on 02/05/1443H (corresponding to 06/12/2021G). The Company has also developed a set of internal policies, regulations and written regulatory procedures to organize the Company's work and activities.

**Table No. (53): List of internal regulations, policies and regulatory procedures adopted by the Company**

The document	The administrative body that approved the regulation and the date of approval
<b>Board of Directors Work Regulations</b>	The Board Work Regulations were approved by the Board of Directors on 02/05/1443H (corresponding to 06/12/2021G).
<b>Audit Committee Work Regulations</b>	The Audit Committee work regulations were approved by the General Assembly held on 15/05/1443H (corresponding to 19/12/2021G).
<b>Investment Committee Work Regulations</b>	The Investment Committee's work regulations were approved by the Board of Directors on 02/05/1443H (corresponding to 06/12/2021G)
<b>Policy for Reporting Cases of Fraud, Embezzlement and Corruption</b>	The policy for reporting cases of fraud, embezzlement and corruption was approved by the Board of Directors on 02/05/1443H (corresponding to 06/12/2021G).
<b>Dividend Distribution Policy</b>	The dividend distribution policy was approved by the Board of Directors on 02/05/1443H (corresponding to 06/12/2021G).
<b>The policy for the nomination of members of the Board of Directors and members of its committees and their remunerations and remuneration of the executive management</b>	The policy for the nomination of members of the Board of Directors and members of its committees was approved by the General Assembly held on 15/05/1443H (corresponding to 19/12/2021G).
<b>The matrix of internal powers</b>	The matrix of internal powers was approved by the Board of Directors on 27/08/1443H (corresponding to 30/03/2022G).

Source: The Company



## 6. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

### 6.1 Introduction

The following Management's Discussion and Analysis ("**MD&A**") of the financial results of Al Ramz Real Estate Company (the "**Company**") for the years ended 31 December 2020G and 2021G, in addition to the interim six-month period ended 30 June 2021G and 2022G based on the audited financial statements for the years ended 31 December 2020G ("**2020G**") and 2021G ("**2021G**") and the reviewed condensed interim financial statements for the six month period ended 30 June 2022G, together being the "**Financial Statements**"; and should be read in conjunction with the financial statements referred to above.

The financial information presented in this discussion has been derived from the Financial Statements prepared by the Company and audited in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia for the years ended 31 December 2020G and 2021G and reviewed in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity that are endorsed in the Kingdom of Saudi Arabia for the six-month period ended 30 June 2022G by the Group's independent auditors [PKF Bassam & Co. ("**PKF Bassam**")].

The Company has applied the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("**SOCPA**") for the preparation of the financial statements for the years ended 31 December 2020G and 2021G.

The Group has applied IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia for the preparation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2022G.

Neither the Auditor (as part of the team working for the Company and its subsidiaries) nor any of their subsidiaries or any of their employees' relatives own any shares or stock of any kind in the Company and its subsidiaries that would impair their independence.

The above-mentioned financial statements are an integral part of this Section and it should be read in conjunction with these financial statements and their supplementary notes, and these financial statements are contained in Section 16 ("**FINANCIAL STATEMENTS AND AUDITORS' REPORTS**") of this Prospectus.

The figures in this MD&A have been rounded to the nearest SAR in thousands. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins and CAGRs are based on the rounded figures.

This Section might include forward-looking statements related to the Company's future capabilities, based on management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties.

The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks, and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 ("**RISK FACTORS**").

### 6.2 Directors Declaration for Financial Information

The members of the Board of Directors acknowledge that the financial information contained in this section has been extracted without material modifications and presented in a format consistent with the audited consolidated financial statements for the financial years ending on December 31, 2020 and 2021, and the audited interim condensed financial statements for the six-month period ending on June 30, 2022, and the accompanying notes prepared by them. The company is in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia, which was reviewed by Ibrahim Ahmed Al-Bassam and Partners Company.

The members of the Board of Directors acknowledge that the company has sufficient working capital to cover the twelve months following the date of publication of this prospectus.

The members of the Board of Directors acknowledge that there have been no negative and fundamental changes in the financial or commercial position of the company in the two fiscal years immediately preceding the date of submitting an application for registration and offering of the securities that are the subject of this prospectus, in addition to the end of the period covered by the auditor's report until the date of issuance of this prospectus, except for what is stated in this section.

The members of the Board of Directors acknowledge that all material information related to the company and its financial performance has been disclosed in this prospectus, and that there is no other information, documents or facts whose omission would make the data contained in this prospectus misleading.





The members of the Board of Directors acknowledge that the Company does not have any property, including any contractual securities or other assets, the value of which is subject to fluctuations or is difficult to ascertain, which significantly affects the assessment of the financial position.

The members of the Board of Directors acknowledge that the Company does not have any debt instruments, loans or any other obligations, whether covered by a personal guarantee, a non-personal guarantee or covered by a mortgage, including any overdrafts from bank accounts, and it does not have any secured obligations or obligations under Acceptance, acceptance credit, or any purchase commitments except as disclosed in this section and Section 10 “**Legal Information**” of this Prospectus.

The members of the Board of Directors acknowledge that there are no mortgages, rights, encumbrances or costs on the company’s property as on the date of this Prospectus, except for what has been disclosed in this section and Section 10 “**Legal Information**” of this Prospectus.

Members of the Board of Directors acknowledge that there has not been any interruption in the company’s business that may or may have had a noticeable impact on the financial position during the past twelve months.

The members of the Board of Directors acknowledge that no commissions, discounts, brokerage fees or any non-cash compensation were granted during the two years immediately preceding the date of submitting the application for registration and offering of securities subject to this prospectus in connection with the issuance or offering of any securities by the company.

The members of the Board of Directors acknowledge that neither they nor any of their relatives have any shares or interest of any kind in the Company except as disclosed in this Section, Section 10 “**Legal Information**” and table No. 1 “**Members of the Company’s Board of Directors**”.

The members of the Board of Directors acknowledge that the company’s capital is not covered by the right of option.

There are no seasonal factors or economic cycles related to the activity that may have an impact on the business and financial condition of the company.

There is no information about any governmental, economic, financial, monetary, political or any other factors that have materially affected or could materially affect, directly or indirectly, the operations of the Company except as disclosed in Section 2 “**Risk Factors**”.

### 6.3 Basis of Preparation and Summary of Significant Accounting Policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Certified Public Accountants. Details of the Group’s significant accounting policies are disclosed in. (“Significant Accounting Policies”).

The consolidated financial statements have been prepared on a historical cost basis, except for equity instruments and defined benefit obligations measured at fair value. The consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Group and all values are rounded to the nearest Riyal (SAR), except when otherwise indicated.

#### 6.3.1 Basics of Preparation

The accompanying financial statements of the company as on December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards (‘IFRS’) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants. These are the first financial statements of the company in accordance with International Financial Reporting Standards and other standards and issuances approved by the Saudi Organization for Auditors and Accountants. Accordingly, IFRS No. 1 has been applied for the first time “Application of International Financial Reporting Standards” adopted in the Kingdom of Saudi Arabia. See Note No. 5 for more information regarding the application of IFRS for the first time approved in the Kingdom of Saudi Arabia by the company.

#### 6.3.2 Basics of Measurement

The financial statements have been prepared under the historical cost convention except for cases where IFRS requires another basis of measurement as disclosed in significant accounting policies Note 3 of the notes to the accompanying financial statements. Certain comparative figures have been reclassified to conform to the current period presentation.



### 6.3.3 Currency and Company Activities

These financial statements are presented in Saudi Riyals, which is the Company's functional and presentation currency.

### 6.3.4 Basis of Preparation

New standards, amendments and revised International Financial Reporting Standards issued but not yet effective.

The Company has not applied the new and revised International Financial Reporting Standards and the following amendments to International Financial Reporting Standards that have been issued but not yet effective.

Amendments to Standards	Description	Valid for annual periods beginning on or after the date of	Summary of Amendments
IFRS No. x	Loss-laden contracts Contract fulfilment costs	January 1, 2022	The amendments specify that the "cost of performing" a contract includes costs directly related to the contract. These amendments apply to contracts in which the company has not fulfilled all its obligations, starting from the first period in which the company applies that amendment.
IFRS 16, IFRS 9, IAS 41 and IFRS No. 1	Annual Amendments to IFRS 2018G – 2020G	January 1, 2022	IFRS 16: The amendment removes the clarification of recompensation to pay for leasehold improvements. IFRS 9: The amendment clarifies that when the "10 percent" test is applied to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment shall apply prospectively to adjustments and exchanges that occur on or after the date on which the entity first applies the amendment. IAS 41: The amendment removes the requirement of IAS 41 for entities to exclude tax cash flows when measuring fair value. IFRS 1: The amendment provides for an additional exemption for a subsidiary to become applicable for the first time after the parent company in relation to accounting for cumulative translation differences.
IAS 16	Property, plant and equipment - proceeds before intended use	January 1, 2022	The amendments prohibit deducting from the cost of any item of property, plant and equipment any proceeds from the sale of items produced before that asset is available for use. In addition, the amendments also clarify the meaning of "testing whether an asset is operating properly".
IFRS 3	Financial Reporting Concepts Framework	January 1, 2022	The amendment as a whole has been updated to IFRS 3 to refer to the framework Conceptual for 2018G instead of the 1989G framework
IFRS 17	insurance contracts	January 1, 2022	This new accounting standard is comprehensive for insurance contracts that covers recognition, measurement, presentation and disclosure. Once in force, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005G.
IAS 1	Classification of liabilities as current or non-current	January 1, 2022	The amendment clarifies what is meant by the right to defer settlement, that the right to deferment must exist at the end of the reporting period, and that this classification is not affected by the possibility of the entity exercising its right to defer only if it includes the derivatives in a convertible liability that is itself an equity instrument. The terms of commitment will not affect its rating.
IAS 1 and Practice Statement 2	Disclosure of accounting policies	January 1, 2022	This amendment deals with assisting entities in determining the accounting policies that must be disclosed in the financial statements.
IAS 8	Modify the definition of an accounting estimate	January 1, 2022	These amendments to the definition of accounting estimates help organizations distinguish between accounting policies and accounting estimates.
IAS 12	Income Taxes	January 1, 2022	This amendment addresses clarification regarding the accounting for deferred taxes on transactions such as leases and decommissioning obligations.
Amendment to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and a partner or joint venture	Do not apply	The amendments to IFRS 10 and IAS 28 deal with situations in which there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses result from the loss of control over a subsidiary.



### 6.3.5 Significant Accounting Policies

The preparation of financial statements requires management to make estimates, judgments and assumptions that may affect the disclosed amounts of assets, liabilities, revenues, expenses, accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may create results that require a material adjustment to the carrying amount of the assets or liabilities that affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected by such revisions.

Information about the materiality and inaccuracy of estimates and significant estimates used in applying accounting policies (which have the most significant effect on the amount recognized in the financial statements) includes in particular the following:

#### 6.3.5.1 Significant Accounting Policies

In applying the Company's accounting policies, management has made the following accounting judgments that have the most significant effect on the amounts recognized in the financial statements:

##### Estimating defined benefit obligations

The cost of the defined benefit obligation and the present value of the obligation are determined using actuarial valuations. In addition, the specific obligation requires assumptions to be made for future results which mainly include an increase in salary and benefits, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the carrying amount of the liability. All assumptions are reviewed at the end of each financial year.

##### Provision for Zakat due

In estimating the current zakat payable by the Company, the management takes into consideration the applicable laws and decisions/rulings of the Zakat, Tax and Customs Authority regarding some of the above issues.

##### Fulfilment of performance obligation

The Company exercises its judgments in determining whether the performance obligation(s) included in contracts for the sale of real estate inventory or properties under development have been fulfilled at a particular point in time or over time. This includes careful consideration of the relevant terms in each sales agreement to assess whether:

- At the same time, the customer obtains the benefits resulting from the company's performance and the consumption of those benefits
- The company's performance creates or improves the asset under the control of the customer when the asset is created or improved
- The Company's performance does not create any asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance performed to date.

When one or more of the above criteria are met, the company recognizes revenue over time.

The Company has assessed that, based on sales and purchase agreements entered into with customers and provisions of relevant laws and regulations under which contracts are entered into, that under the circumstances, the Company recognizes revenue over a certain point in time.

##### Transfer of control in contracts with a client

In cases where the company determines that performance obligations have been satisfied at a point in time, revenue is recognized when control is transferred to the customer. In the case of contracts for the sale of real estate inventory, this is usually when the unit is delivered to the customer.

##### Determine the transaction price

The Company shall specify the transaction price in each of its contracts with customers. In making this accounting judgment, the Company assesses the effect of any variable consideration in the contract due to discounts or penalties, the presence of any significant financing component in the contract and any non-monetary consideration in the contract. Financial No. (15) "**Revenues from contracts concluded with customers**", whereby the transaction price is determined by reference to a single weighted amount within a group of possible consideration amounts.



**Financing element**

The Company does not anticipate any contracts in which the period between the transfer of the promised goods or services to the customer and the payment of the customer exceeds one year. As a result, the Company does not adjust any transaction prices for the time value of money.

**Classification of real estate leases**

The company has entered into commercial real estate leases with relevant persons and based on the evaluation of the terms and conditions of the agreements, the company has determined that the lease term does not constitute a major part of the economic life of the leased property and that the present value of the minimum lease payments is not actually equal to the entire fair value of the leased property, which retains all The significant risks and rewards of ownership of these properties, and the Company accounts for these contracts as operating leases.

**Estimates and Assumptions****Useful lives of property, equipment and investment properties**

The Company's management determines the estimated useful lives of its property, equipment and investment properties for the purpose of calculating depreciation. This estimate is determined after considering the expected use of the asset. Management periodically reviews the estimated useful lives and the method of depreciation to ensure that the method and duration of depreciation are consistent with the expected pattern of economic benefits from these assets.

**Realizable value of real estate inventory**

Inventories are stated at cost or net realizable value, whichever is lower. Management estimates the net realizable values of real estate inventories, considering the evidence that is more reliable at the time the estimates are used. The future realization of inventory may be affected by market-driven changes that may reduce future selling prices.

**Dedicated warranty and maintenance**

Provision for warranty and maintenance is recognized on units sold during the year based on previous experience of the level of repairs and returns. These costs are expected to be incurred in the following financial year. The assumptions used in calculating the warranty and maintenance provision were based on current sales levels and currently available information on returns based on the warranty period of all units sold.

**6.3.5.2 Classification of Assets and Liabilities into Current or Non-Current**

The company presents the assets and liabilities in the statement of financial position on a current or non-current basis. An asset is classified under current assets if:

- It is expected that the asset will be realized or intended to be sold or consumed in the normal business cycle of the company, or
- the asset is held primarily for trading, or
- The asset is expected to be realized within 12 months after the balance sheet date, or
- Being cash or cash equivalent, unless it is prohibited to exchange the asset or use it to settle a liability within at least 12 months from the date of the statement of financial position.
- All other assets are classified as non-current assets.
- The obligation is considered a current liability if:
- Expectation of settlement of the obligation during the company's normal business cycle, or
- The obligation is held primarily for the purpose of trading, or
- The obligation is expected to be settled within 12 months after the balance sheet date, or
- There is no unconditional right to defer the settlement of the obligation for at least 12 months after the balance sheet date.
- The company classifies all other liabilities as non-current liabilities.
- Tax assets and liabilities are classified as non-current assets and liabilities.



### 6.3.5.3 Financial Instruments

Financial instrument Represents contracts that give rise to financial assets of one entity and financial liabilities or ownership instruments of another entity.

#### Financial Assets

IFRS 9 includes three main categories for classifying financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The Company generally classifies its financial assets based on the business model in which the financial assets are managed and their contractual cash flows.

#### 1- Financial assets at amortized cost

A financial asset is measured at amortized cost if the following two conditions are met and it has not been chosen to be designated as FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Contractual periods of financial assets that give rise to cash flows on specified dates and that are only payments of principal and interest on the principal amount repayable.

#### Business Model Evaluation

The company makes an evaluation of the objective of the business model in which the asset is held at the portfolio level because this reflects the best way of conducting the business and providing information to management.

#### 2- Fair value through other comprehensive income

#### Debt instruments

A debt instrument is not measured at fair value through other comprehensive income only if the following two conditions are met and it has not been chosen to be designated at fair value through profit or loss:

- Assets are held within a business model whose objective is achieved by collecting contractual cash flows, selling financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are only initial payments and interest on the principal amount unpaid.

#### Equity Tools

On initial recognition of an investment in equity instruments that are not held for trading, the company may irrevocably elect to present subsequent changes in fair value in the statement of profit or loss and other comprehensive income. The selection is made on an investment-by-investment basis.

#### 3- Financial assets at fair value through profit or loss

All other financial assets are classified as measured at fair value through profit or loss.

In addition, upon initial recognition, the company may elect to designate a financial asset at fair value through profit or loss if it does not meet the requirements to be classified as a financial instrument at amortized cost or at fair value through other comprehensive income, if this reduces or reduces an accounting mismatch Fundamentally, which may appear in other matters.

Financial assets are not reclassified after initial recognition, except for the period after the Company changes its business model for managing financial assets.

Financial assets held for trading, if any, whose performance is evaluated on a fair value basis, are measured and included within the financial assets at fair value through profit or loss because they are not held to collect contractual cash flows, nor are they held to collect contractual cash flows and the assets are sold. Finance.



**Impairment of financial assets**

The impairment model applied by the company is based on the “expected loss” model as defined in IFRS 9 “Financial Instruments”.

Expected credit losses are recognized in the respective allowance for losses in an amount equal to:

- Twelve-month ECL (expected credit loss arising from defaults relating to financial instruments that may occur within twelve months after the reporting date); or
- Expected credit losses over the life of the financial instrument (the expected credit losses resulting from all cases of default over the life of the financial instrument).

The allowance for impairment losses is recognized for expected credit losses over the life of the financial instrument if the credit risk of the financial instrument materially exceeds those risks upon initial recognition, including contractual assets and trade receivables that do not include significant financing elements. The company also recognizes expected losses over the life of the financial instrument. The life of contractual assets and trade receivables that include significant financing elements in accordance with IFRS 9.

The company uses practical means when estimating the expected credit losses over the life of the financial instrument. As a result, the expected credit losses over the life of the financial instrument are calculated for trade receivables using the recoverability assessment of the total book value of each customer.

**Revocation of recognition**

A financial asset (or a part of a financial asset or part of a group of similar financial assets) is principally derecognised (ie removed from the company’s statement of financial position) when:

- Expiration of the right to receive cash flows from the asset, or
- The Company has transferred its rights to receive cash flows from an asset or assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” agreement, or (a) the Company has transferred substantially all the risks and rewards of the asset or (b) the Company has not transferred or it retains substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it assesses whether and to what extent it has retained the risks and rewards of ownership and has neither transferred nor retained substantially all the risks and rewards associated with the asset nor transferred control of the asset; The Company continues to recognize the transferred asset to the extent that the Company’s relationship with it continues. In this case, the company continues to recognize the liabilities associated with the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and obligations that the company has retained.

The continuation of the relationship that takes the form of a guarantee on the transferred asset is measured by the original book value of the asset and the maximum amount that the company can be required to pay, whichever is lower.

**Financial Liabilities**

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as liabilities measured at amortized cost. Amortized cost is calculated by considering any discounts or premiums for obtaining financing and the costs of obtaining the financing being an integral part of the effective interest rate.

**Revocation of recognition**

A financial liability is derecognized when it is discharged, cancelled or expired. When an existing financial obligation is replaced by another from the same lender on completely different terms or the terms of the existing obligation, such replacement or modification is treated as derecognition of the original financial obligation with the recognition of the new liability. The difference between the respective book values is recognized in the statement of profit or loss and other comprehensive income.

**Clearing**

Financial assets and financial liabilities are offset and recorded net in the statement of financial position only when there is a current legally enforceable right to settle the listed amounts and the company has the intention to settle assets with liabilities on a net basis or realize assets and pay liabilities simultaneously.



### Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition cost, including any directly attributable costs of returning the assets to the location and condition necessary to enable them to operate in the manner intended by the Company's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss and other comprehensive income and calculated on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation rates for the assets that will be depreciated:

Clause	Percentage
Lands	-
Buildings	3%
Cars	25%
Office supplies	20%

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss (if any) is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its residual value in use.

Assets under construction that are not ready for their intended purpose are not depreciated.

Repair and maintenance expenses are charged to the statement of profit or loss and other comprehensive income. Repair and maintenance expenses that significantly increase the value of the assets or extend their useful life are capitalized.

The depreciation method, residual value estimates and useful lives are reviewed annually.

An item of property, equipment and plant and any significant part initially recognized is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized. The carrying amount of the asset is written down immediately to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

### Investment properties, net

Real estate intended for rental purposes or for the purpose of increasing its capital value is classified as investment real estate. Investment properties are measured at cost less any accumulated depreciation and any impairment losses. Depreciation is charged on a straight line over the estimated useful lives:

Clause	Percentage
Lands	-
Buildings	3.03%

The useful lives and depreciation method are reviewed periodically to ensure that the method and duration of depreciation are consistent with the expected pattern of economic benefits from these assets.

Real estate is not transferred from investment real estate to real estate under development except when there is a change in use supported by evidence of starting development with the intention of selling. These transfers are made at the book value of the real estate on the date of transfer.

The Company determines at each financial statement date whether there is objective evidence that investment properties are impaired. When the carrying amount of an investment property exceeds its recoverable amount, it is recognized in profit or loss. The recoverable amount represents the net selling price of the real estate investment or its value in use, whichever is higher. The net selling price represents the value obtained from selling an investment property minus the related costs, while the value in use represents the present value of the estimated future cash flows expected to arise from the continued use of the investment property and from its sale at the end of its useful life.





### Properties under development

Real estate that is acquired or constructed or is under construction and development for the purpose of sale is classified as real estate under development and is stated at cost or net realizable value, whichever is lower. The cost of short-term properties under development generally includes the cost of land, construction and other expenditures related to preparing properties for sale. Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less costs of completion and selling expenses.

The management reviews the book values of development properties on an annual basis.

The real estate operating cycle operates under the premise that the majority of real estate is expected to be realized between a period of 14 to 16 months from the reporting date. At each reporting date, management classifies properties under development as current assets.

Upon completion, the property under development is transferred to the property inventory.

### Real estate stock

Real estate inventory is stated at cost or net realizable value, whichever is lower. The costs represent those expenses incurred in bringing each product to its present location and condition, computed on the following basis:

The cost of the property under development	The cost of land, construction and other expenses related to preparing real estate for sale
--------------------------------------------	---------------------------------------------------------------------------------------------

Net realizable value is the estimated selling price in the ordinary course of business, less any expected costs of completion and the expected costs necessary to make the sale.

### Decline in the value of non-financial assets

The company annually evaluates whether there are any indications of impairment in its assets. If there are such indications, the recoverable value is estimated to compare it with the book value. If it is difficult to estimate the recoverable value, the company will estimate the recoverable value of the smallest cash-generating unit, which was Assigning the asset to it, it generates the company's cash inflows from continued use and is largely independent of the company's cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is its current value in use or fair value less costs to sell, whichever is greater. When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. The risks specific to the assets, if the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the impairment loss is recognized directly in the statement of profit or loss.

Impairment losses recognized in prior years are assessed at the reporting date to verify that there are indications that the losses have decreased or no longer exist. Impairment losses are reversed when the estimates used to determine the recoverable amount have changed, and impairment losses are reversed to the extent that no In which the carrying amount of the assets exceeds the carrying amount that would have been previously determined less depreciation or amortization if no impairment loss had been recognized.

### Cash and cash equivalent

For the purposes of preparing the statement of cash flows, the item of cash and cash equivalents consists of cash in hand, current accounts, deposits with banks and other short-term highly liquid investments with original maturities within three months or less from the date of acquisition, which can be easily converted into a specific amount of cash and are subject to immaterial risks of change in value and be available for company use.

### Employee benefits

#### Current liabilities

Liabilities for wages and salaries, including non-monetary benefits, accrued leave and tickets, which are expected to be paid in full within twelve months after the end of the period in which the employees render the related services, are recognized based on the services provided by the employees up to the end of the reporting period and are measured Amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under accrued expenses in the position statement.



## Other obligations related to long-term employee benefits

The liability or asset is recognized in the statement of financial position in respect of the specified award. The employees' end of service benefit obligation is the present value of the defined benefit obligation in the reporting year, and the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and whose terms are similar to those of the related obligation.

Defined benefit costs are categorized as follows:

### Service Cost

Service costs include current service cost and past service cost, which are recognized immediately in profit or loss.

Changes in the present value of the defined benefit obligation on plan modifications or reductions are recognized directly in the statement of profit or loss as past service costs.

### Interest Cost

The net interest cost is calculated by applying the discount rate to the net defined benefit obligation balance. This cost is included in employee benefit expense in the statement of profit or loss.

### Remeasurement gain or loss

Remeasurement gains or losses arising from adjustments or changes in actuarial assumptions in the year in which they occur are recognized directly in other comprehensive income.

## Provision

A provision is recognized if, as a result of past events, the Company has a present legal or contractual obligation, the amount of which can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

## Contingent liabilities

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company, or all present liabilities arising from past events but not proven for the following reasons: (i) it is not probable that an outflow of economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; All of them must be evaluated at the date of each statement of financial position and disclosed in the company's financial statements within the contingent liabilities.

## Revenue Recognition

Revenue represents sales of completed properties, proceeds from building property development and from rental of residential properties and sale of land. The Company recognizes revenue from contracts with customers based on a five-step model as defined in IFRS 15:

- Step 1: Define the contract with the customer A contract is an agreement between two or more parties that establishes rights and obligations and sets standards that must be met.
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or provide services to a customer.
- Step 3: Determine the transaction price: The transaction price is the amount of consideration that the company expects to receive in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.



Step 4: Allocate the transaction price to the performance obligations in the contract: In a contract that contains more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that specifies the amount of consideration that the Company expects to receive in exchange for the fulfilment of each performance obligation.

Step 5: Recognize revenue when the entity satisfies a performance obligation.

If the amount to be paid in the contract includes a variable amount, the company estimates the amount to be paid by the company in exchange for the promised goods or services to be provided to the customer.

The amount of the promised consideration can vary if the company's entitlement to the consideration is conditioned on the occurrence or non-occurrence of a future event. The amount of consideration may vary due to discounts, rebates, refunds, credits, incentives, penalties or other similar items. The discrepancy related to the consideration promised by the customer, if any, is expressly stated in the contract. Accordingly, the Company estimates the amount of the variable consideration using the most likely amount in accordance with the terms of the contract.

With regard to contracts with customers for the sale of property, in addition to the five-step model, the company fulfils the performance obligation and recognizes revenue over a period of time, if one of the following criteria is met:

- 1- At the same time, the customer obtains the benefits resulting from the company's performance when the company performs; a and
- 2- The performance of the company leads to the creation or improvement of assets under the control of the customer at the time of creation or improvement of the asset; a and
- 3- The company's performance of the obligation is not an asset with alternative uses for the group, and the group has the right to collect the amount for the completed performance to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied.

When the company satisfies a performance obligation by providing the promised goods or services, the company creates an asset based on the contract for the consideration it received as a result of the performance. If the amount of the price billed to the customer exceeds the amount of the included revenues, this increases the contract liabilities.

### **Revenue from sale of units**

Includes sale of units in residential projects. These developments usually take an operational cycle to complete. Revenue from the sale of these units is recognized through the contractual terms and conditions of each arrangement.

Revenue is recognized at a point in time, only when the conditions for control are satisfied in accordance with IFRS 15 paragraph 38. Control is usually obtained by clients when they are able to obtain economic benefits from real estate, and this is usually when the real estate is delivered. In order for real estate to be ready for delivery, all individual promises in the contract must be complete, and this will include real estate that requires units to be available for operational readiness.

### **Rental Income**

Rental income is recognized on a straight-line basis over the term of the related lease. The initial incurred direct costs or incentives are included in the negotiation and the operating lease arrangement is an integral part of the carrying amount of the lease and is recognized on a straight-line basis over the lease term.

### **Revenue Cost**

Revenue costs include the cost of land, development costs and other related service costs. The cost of revenue is proportional to the units sold and is based on the cost incurred to date on the total estimated costs of each project. The cost of revenue from the hospitality business, services and rental income are calculated on the basis of the actual cost of providing the services.

### **Expenses**

Selling, marketing, general and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Selling and marketing expenses represent the expenses resulting from the company's business in the sales and marketing departments. All expenses except for financial charges, depreciation, amortization and impairment losses are classified as general and administrative expenses. Provisions for common expenses between cost of revenue, selling and marketing expenses, and general and administrative expenses, when applicable, are made on a consistent basis.



## Zakat

In accordance with the regulations of the Zakat, Tax and Customs Authority (“the Authority”), the Company is subject to Zakat. The company’s zakat provision is recognized and charged to the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to assessments made on previous years are calculated by the Zakat, Tax and Customs Authority in the period in which the final assessments are issued.

The company deducts taxes on some transactions with parties residing and non-residents in the Kingdom of Saudi Arabia (if any), according to the system of tax laws in the Kingdom of Saudi Arabia.

The company is primarily eligible to pay zakat only. Since the reversal of the timing differences, if any, is not expected to have any material impact on the amount of zakat in the foreseeable future, and therefore no deferred tax liability or asset is recognized in these financial statements.

## Transactions and balances in foreign currencies

Transactions in foreign currencies are converted into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the re-measurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items at the end of the year are not retranslated and measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value that are translated using the exchange rates at the date when the fair value was determined.

### 6.3.5.4 Significant accounting judgments, estimates and assumptions

#### Significant accounting estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards applied in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Adjustments that result in a revision of accounting estimates, their effect is shown in the revision period and future periods affected by these adjustments.

#### Uncertainty about estimates

The following is information about significant areas of estimation, uncertainties and critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the financial statements:

#### Estimating defined benefit obligations

The cost of the defined benefit obligation and the present value of the obligation are determined using actuarial valuations. In addition, the specific obligation requires assumptions to be made for future results which mainly include an increase in salary and benefits, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the carrying amount of the liability. All assumptions are reviewed at the end of each financial year.

#### Estimation of the useful life, depreciation rate, depreciation method and residual values of property, plant and equipment

Management reviews its estimates of the useful lives of depreciable assets, the rate of depreciation, the method of depreciation and the residual value used in calculating depreciation at each reporting date based on the expected usage of the assets. The uncertainties in these estimates relate to technological obsolescence that may alter the usefulness of the assets.

#### Zakat Provision

In estimating the current zakat payable by the company, the management takes into consideration the applicable laws and decisions/rulings of the Zakat, Tax and Customs Authority on some of the above issues.



**Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The uncertainty of estimates relates to assumptions about future operating results and the determination of an appropriate discount rate.

**Impairment of Financial Assets**

A provision for impairment of financial assets is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties facing the customer, the possibility of the customer entering into bankruptcy or financial restructuring, and default or delay in payments are all indicators of the existence of objective evidence of impairment in the value of trade receivables. For significant individual amounts, an assessment is made on an individual basis. For amounts that are not individually significant, but are overdue, the assessment of signed credit losses requires several estimates relating to customer ratings, discount rates and an overall assessment of economic conditions in the market.

**Realizable Values of Development Properties**

Management estimates the net realizable values of development properties, considering the evidence that is most reliable at the time the estimates were used. The future realization of inventory may be affected by market-driven changes that may reduce future selling prices.

**Fair Value Measurement**

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. Management bases its assumption on observable lists as much as possible but this is not always available. In that case management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed and the fair value re-measurement is recognized directly in equity. When allocating non-monetary assets, any difference between the book value of the liabilities and the book value of the distributed assets is recognized in the statement of profit or loss and other comprehensive income.

**Implementation of International Financial Reporting Standards for the first time**

These financial statements are the first prepared by the company in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants. For the years 2020 and 2019, the company has prepared its financial statements in accordance with the International Standard for Financial Reporting for Small and Medium-sized Enterprises approved in the Kingdom of Saudi Arabia, and other standards and issuances approved by the Saudi Organization for Auditors and Accountants.

Accordingly, the company has prepared financial statements that comply with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants as on December 31, 2021, with comparative data presented for the year ending on December 31, 2020. In the context of preparing the financial statements, the opening statement of financial position was prepared as on January 1, 2020, after introducing some required amendments due to the application of international reporting standards approved in the Kingdom of Saudi Arabia for the first time.

**Estimates**

Estimates as at January 1, 2020 and December 31, 2020 are consistent with those made for the same dates in accordance with the International Standard for Small and Medium-Sized Enterprises (after adjustments to reflect any differences in accounting policies).

The estimates used by the company to present these amounts in accordance with International Financial Reporting Standards in its full version, which was approved by the Saudi Organization for Auditors and Accountants, reflects the requirements for transition to International Financial Reporting Standards in its full version as of January 1, 2020, and as of December 31, 2020.

Accordingly, the company has prepared the comparative financial statements to comply with International Financial Reporting Standards in its full applicable version.

Below, we will explain a statement of the amendments made to the financial statements in accordance with the international standard for small and medium-sized enterprises to be in compliance with the requirements of international financial reporting standards in its full version.



## 6.4 Principal factors impacting the Company's financial performance

### 6.4.1 General economic factors

Demand for the Company's products are correlated to general macro-economic indicators such as GDP growth, employment and inflation. The Kingdom of Saudi Arabia has displayed a strong economic rebound driven by government economic reforms under the Vision 2030 programme focussing on economic diversification, increased non-oil revenue and private sector development. The Vision 2030 programme includes a number of initiatives including the building of new cities, housing and financial sector reform which are expected to benefit real estate demand.

### 6.4.2 Real estate demand

In addition to macro-economic factors, Demand for real estate has benefitted in recent years due to a number of other drivers such as rising urbanisation, availability of mortgage financing and changing social norms. There are ongoing initiatives which are expected to continue to positively impact these trends which will benefit demand for real estate ((Please refer to Section 3 "Market and Sector Information").

### 6.4.3 Availability of land bank

The availability of land at reasonable prices is a key factor impacting new real estate projects and their profitability. The Company develops and constructs projects either by acquiring land or by entering into partnership with major land owners. The Company targets a project cycle of 15-18 months and accordingly manages its land bank through direct acquisition or partnerships.

### 6.4.4 Completed projects

The Company's profitability is impacted by the number of projects completed each year and their related sales. The Company seeks to maintain an efficient project turnaround to utilize its resources effectively while maintaining sufficient real estate inventory to meet customer demand.

## 6.5 Key performance indicators

Management uses several key performance metrics internally to review the Group's financial and operational performance. These metrics are called Key Performance Indicators (KPI) and they are analyzed below.

**Table No. (54): Key Performance Indicators**

Key Indicators	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G
Revenue growth rate	244.5%	355.5%	-13.5%
Return on assets	6.5%	20.3%	7.4%
Return on equity	6.9%	23.1%	10.4%
Trade rate	8.89x	11.47x	2.66x
Quick Liquidity Rate	6.11x	11.40x	2.66x
Gross profit margin	34.91%	27.54%	35.8%
Net profit margin	22.96%	24.21%	24.4%
Debt/Equity Ratio	Not Applicable	13.42%	13.8%

Source: Company



## 6.6 Results of operations for the financial years ended 31 December 2020G, 2021G and six-month period ended 30 June 2021G and 2022G

### 6.6.1 Statement of profit and loss

Table No. (55): Summary of financial information and key performance indicators for the Company for the financial years ended 31 December 2020G and 2021G and six months ended 30 June 2021G and 2022G

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G- 2021G	Variance 30 June 2021G to 30 June 2022G
Revenue	75,378	343,372	98,527	85,267	355.5%	(13.5%)
Cost of revenue	(49,066)	(248,799)	(80,217)	(54,770)	407.1%	(31.7%)
<b>Gross profit</b>	<b>26,312</b>	<b>94,574</b>	<b>18,310</b>	<b>30,497</b>	<b>259.4%</b>	<b>66.6%</b>
General and administrative expenses	3,546	4,789	1,408	3,141	35.0%	123.1%
Marketing and selling expenses	1,270	1,935	855	2,356	52.4%	175.5%
Other expense/ (income), net	1,926	(158)	156	1	(108.2%)	(99.6%)
Income from operations	19,570	88,008	16,203	25,001	349.7%	54.3%
Finance cost	-	523	-	-	-	-
Income before zakat	19,570	87,486	16,203	25,001	347.0%	54.3%
Zakat	2,261	4,346	2,564	4,194	92.3%	63.6%
<b>Net Income for the year</b>	<b>17,309</b>	<b>83,139</b>	<b>13,639</b>	<b>20,807</b>	<b>380.3%</b>	<b>52.5%</b>

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

#### Revenue

During the period covered by this Management Discussion and Analysis, revenue was mainly generated through:

- Development, construction and sale of residential units developed on land acquired by the Company;
- Sale of land;
- Sale of investment properties; and
- Rental income from residential real estate developed and owned by the Company.

The company revenues mainly include revenue generated from selling units, which represented 90.5%, 91.2%, 95.1% and 97.3% of total company revenue during the fiscal years ended in 31 December 2020, 31 December 2021, the six months period ended 30 June 2021 and 30 June 2022 respectively. It also includes land selling revenues rental revenue and other revenue.

Revenue from sale of units is recognized as per IFRS 15. Revenue is recognised upon signature of the sales contract and the transfer of the title deed to the customer. Payment is made at the time of signing of the sales contract. The duration of each project depends on the size and complexity of customer design and normally spans from fifteen months to eighteen months.

Rental income is recognised on pro-rata basis on the basis of the time elapsed in the lease agreement.

Revenue increased by 355.5% or SAR 268.0 million from SAR 75.4 million in 2020G to SAR 343.4 million in 2021G mainly due to an increase in revenue from sale of units by SAR 245.1 million from SAR 68.2 million in 2020G to SAR 313.2 million in 2021G as the numbers of units sold increased from 80 in 2020G to 352 in 2021G. Rental income during the same period increased from SAR 7.2 million to SAR 8.7 million.



In the six-month period ended 30 June 2022G revenue declined by 13.5% from SAR 98.5 million in the six months period to 30 June 2021G to SAR 85.3 million in the six-month period ended 30 June 2022G despite the increase in units sold from 131 to 174 which also included units in investment properties which have been sold as the Company evaluates its overall portfolio from a returns and efficiency perspective. These investment properties were also collateral for loans which have now been settled. It should be noted that as at 30 June 2022G that sales agreements for 146 units were signed and cash paid was recorded as Customer Advances as the units were largely complete but pending the transfer of the title deed. The transfer of title deeds of these units was mostly completed in the period after 30 June 2022G. Please refer to section 1.8.12.5 related to related to Customer Advances. During the six-month period ended 30 June 2022, rental income also declined by 53.5% or SAR 2.5 million to SAR 2.2 million from SAR 4.7 million in the six-month period ended 30 June 2021 due to the sale of 170 rental units which resulted in fewer units under rent.

### **Cost of Revenue**

Cost of revenue mainly include cost of sold units, which represented 61.2%, 65.9%, 79.8% and 60.7% of total revenue cost in the fiscal years ended 31 December 2020G, 31 December 2021G, and six months period ended 30 June 2021G and 30 June 2022G respectively. It also includes cost of selling land, other construction costs, investment consumables and properties, guarantee provision and rental expenses.

Cost of revenue increased by 407.1% or SAR 199.8 million in 2021G from SAR 49.1 million in 2020G to SAR 248.8 million. This increase was in line with the increase in revenue due to the increase in the Cost of properties sold as the number of units sold increased from 80 to 352 as well as a related increase in warranty and maintenance allowance. The Company provides a one-year warranty from handover during which it is responsible for any snags and maintenance related to the properties sold.

Cost of revenue declined by 31.7% or SAR 25.5 million from SAR 80.2 million in the six months period ended 30 June 2021G to SAR 54.8 million in the six months period ended 30 June 2022G despite the increase in the number of units sold from 131 to 174 as these were mainly units previously held in investment properties and were related to an earlier vintage and therefore with a lower cost versus the more current constructed units. Cost of revenue was not impacted by the increase in active projects to 19 as 146 units from these projects were under sales contracts but pending the transfer of title deeds. These transfers were largely completed in the period after 30 June 2022G.

### **General and administrative Expenses**

General and Administrative expenses mainly comprise employee salaries and related compensation, professional fees and other expenses.

General and administrative expenses increased by 35.0% or SAR 1.3 million from SAR 3.5 million in 2020G to SAR 4.8 million in 2021G. This was mainly due to increase in Salaries and bonuses by SAR 0.8 million as the Company's headcount increased from 4 to 18 and increase in professional fees by SAR 0.8 million related to a brand transformation project and the implementation of the new ERP system.

General and administrative expenses increased by 123.1% or SAR 1.7 million from SAR 1.4 million in the six months period ended 30 June 2021G to SAR 3.1 million in the six months period ended 30 June 2022G due to an increase in salaries and bonuses by 30.4% or SAR 0.2 million, increase in other expenses by 1,174.6% or SAR 0.7 million and financial charges on loans by SAR 0.4 million.

### **Marketing and selling expenses**

These expenses included advertisement costs and salaries of the marketing team.

Marketing and selling expenses increased by 52.4% or SAR 0.7 million from SAR 1.3 million in 2020G to SAR 1.9 million in 2021G as the Company's expansionary strategy was based on increasing project specific marketing to boost sales. This has been applied for several projects such as Ramz 17 and 18 and Al Wadi projects in 2020 in addition to Ramz 17 and 18 and other projects in 2021.

Marketing and selling expenses increased by 175.5% or SAR 1.5 million from SAR 0.9 million in the six months period ended 30 June 2021G to SAR 2.4 million in the six months period ended 30 June 2022G. This was mainly due to increase in the number of active projects from 12 to 19 and as the Company sold 171 units and signed sales contracts for 146 units which were pending transfer of title deeds.





**Other expense / (income), net**

Other expenses comprised of non-refundable VAT and other revenue. Other expense decreased by 108.2% or SAR 2.1 million from other expenses of SAR 1.9 million in 2020G to income of SAR 0.2 million in 2021G mainly due to decrease in non-refundable VAT expenses. In 2020G the company incurred non-refundable VAT expenses of SAR 2.0 million whereas no such expenses were incurred in the year 2021G.

Other expenses decreased by 99.6% or SAR 155 thousand from SAR 156 thousand in the six months period ended 30 June 2021G to SAR 1 thousand in the six months period ended 30 June 2022G.

**Financing cost**

Financial charges include interest on borrowings related to development and construction projects. Financial charges amounting to SAR 0.4 million were expensed on 30 June 2022G related to facilities obtained from banks.

**Zakat**

Zakat expenses increased by 92.3% or SAR 2.1 million from SAR 2.3 million in 2020G to SAR 4.3 million in 2021G due to an increase in the Company's zakat base as it retained its earnings in 2020G and 2021G. Similarly, zakat expenses increased by 63.6% or SAR 1.6 million from SAR 2.6 million in the six months period ended 30 June 2021G to SAR 4.2 million in the six months period ended 30 June 2022G.

**6.6.1.1 Revenue by type**

**Table No. (56): Revenue by type for the financial years ended 31 December 2020G and 2021G and six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020 Au- dited	2021 Au- dited	Six-month period ended 30- June-2021 Reviewed	Six-month period ended 30- June-2022 Reviewed	Variance 2021-2020	Variance 6month ended 2021- 2022
Revenue from sale of units	68,187	313,248	93,850	82,941	359.4%	(11.6%)
Land sale revenue	-	21,308	-	-	-	-
Rental income	7,191	8,659	4,677	2,176	20.4%	(53.5%)
Other revenue	-	158	156	151	-	(3.2%)
<b>Total Revenue</b>	<b>75,378</b>	<b>343,372</b>	<b>98,683</b>	<b>85,268</b>	<b>355.5%</b>	<b>(13.6%)</b>
<b>As a % of Total Revenue</b>					<b>ppt</b>	
Revenue from sale of units	90.5%	91.2%	95.1%	97.3%	0.8	2.1
Land sale revenue	-	6.2%	-	-	6.2	-
Rental Revenue	9.5%	2.5%	4.7%	2.6%	(7.0)	(2.1)
Other revenue	-	-	0.2%	-	-	(0.2)

Source: management accounts



### Revenue from sale of units

The company revenues mainly include revenue generated from selling units, which represented 90.5%, 91.2%, 95.1% and 97.3% of total company revenue during the fiscal years ended in 31 December 2020, 31 December 2021, the six months period ended 30 June 2021 and 30 June 2022 respectively. It also includes land selling revenue, rental revenue and other revenue.

Revenue from sale of units represents sale of units in residential developments in the form of villa or apartment communities on land acquired by the Company. Al Ramz also generates revenue from:

- Sale of units in projects developed and constructed on third party land through partnership agreements;
- Participation in and partnership with real estate development funds for development of projects.

**Table No. (57): Unit sale breakdown for the financial years ended 31 December 2020G and 2021G and six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month pe- riod ended 30 June 2021G Reviewed	Six-month pe- riod ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Apartments	36,625	216,085*	73,997	82,941	487.2%	12.1%
Villas	31,562	97,163	19,853	-	207.8%	(100.0%)
<b>Total sale of units</b>	<b>68,187</b>	<b>313,248<sup>18</sup></b>	<b>93,850</b>	<b>82,941<sup>19</sup></b>	<b>359.4%</b>	<b>(11.6%)</b>
<b>Number of units</b>						
Apartments*	63	316*	122	174	401.6%	42.6%
Villas	17	36	9	-	111.8%	(100.0%)
<b>Total</b>	<b>80</b>	<b>352</b>	<b>131</b>	<b>174</b>	<b>340.0%</b>	<b>32.8%</b>
<b>Sales per unit (SAR '000 per unit)</b>						
Apartments	581	700	607	477	20.5%	(21.4%)
Villas	1,857	2,655	2,206	-	43.0%	(100.0%)
<b>Average sales per unit</b>	<b>852</b>	<b>895</b>	<b>716</b>	<b>477</b>	<b>5.0%</b>	<b>(33.5%)</b>

Source: management accounts

\* Includes 12.9 million Saudi riyals from the sale of residential floors

\* Includes 12 residential floors

Revenue from sale of units increased by 359.4% or SAR 245.1 million from SAR 68.2 million in 2020G to SAR 313.2 million in 2021G due to increase in number of units sold from 80 in 2020G to 352 in 2021G. Number of apartments sold increased by 253 units and number of villas sold increased by 100% or 19 units. Average sales per unit increased by 5.0% from SAR 852 thousand per unit in 2020G to SAR 895 thousand per unit in 2021G with an increase in the sales per unit in apartments and villas due to the strong demand for residential dwellings in KSA in general and in Riyadh specifically.

For the six-month period ended 30 June 2022G, revenue from sale of units declined by 11.6% or SAR 11.0 million from SAR 93.9 million in the six-month period ended 30 June 2021 to SAR 82.9 million. Apartment sales decreased by 12.1% or SAR 8.9 million whereas villa sales declined. Apartment sales mainly comprised sale of 170 units which were classified as investment properties. The sale was part of Al Ramz's periodic review of its property portfolio to improve overall capital efficiency and utilization of resources and reduction of rental proportion of the businessRevenue by project.

18 Includes sale of 12 units amounting to SAR 8.9 million which were previously included in investment properties

19 Includes sale of 170 units amounting to SAR 79.6 million which were previously included in investment properties



**Table No. (58): Revenue by projects for the financial years ended 31 December 2020G and 2021G and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month pe- riod ended 30 June 2021G Reviewed	Six-month pe- riod ended 30 June 2022G Reviewed
Ramz 11	4,794	-	-	-
Ramz 17,18	21,343	48,546	48,546	-
Ramz 13	11,723	-	-	-
Nada 2	30,328	48,646	45,304	-
Ramz 19	-	65,453	-	2,559
Ramz 21	-	24,207	-	-
Ramz 23, 24	-	30,078	-	789
Ramz 29, 30	-	36,370	-	-
Ramz 25	-	50,951	-	-
Other units	-	960	-	-
Al Malqa	-	5,800	-	-
Build 117	-	970	-	5,343
Al Nada	-	-	-	54,000
Al Ahmadiyah	-	-	-	5,250
Irqah	-	-	-	15,000
Al-Malqa	-	1,267	-	-
<b>Sales Revenue</b>	<b>68,187</b>	<b>313,248</b>	<b>93,850</b>	<b>82,941</b>

Source: Management accounts



Revenue in the year 2020G was mainly generated by units sold at four projects:

- Ramz 11: 9 units sold in 2020G for a total value of SAR 4.8 million at an average price of SAR 0.5 million per unit;
- Ramz 17, 18: 12 units in 2020G for a total value of SAR 21.3 million at an average price of SAR 1.8 million per unit;
- Ramz 13: 21 units in 2020G for a total value of SAR 11.7 million at an average price of SAR 0.6 million per unit; and
- Nada 2: 38 units in 2020G for a total value of SAR 30.3 million at an average price of SAR 0.8 million per unit;

The number of active development projects increased to 12 in 2021G versus 8 in 2020G. In addition to contribution from the continuation of sales at Ramz 17, 18 (SAR 48.5 million for 83 units with an average of SAR 0.6 million per unit) and Nada 2 (SAR 48.6 million for 49 units with an average of SAR 0.9 million per unit), 2021G sales also included newly completed projects:

- Ramz 19: 97 units in 2021G for a total value of SAR 65.5 million at an average price of SAR 0.7 million per unit;
- Ramz 21: 26 units in 2021G for a total value of SAR 24.2 million at an average price of SAR 0.9 million per unit;
- Ramz 23, 24: 35 units in 2021G for a total value of SAR 30.1 million at an average price of SAR 0.9 million per unit;
- Ramz 25: 18 units in 2021G for a total value of SAR 51.0 million at an average price of SAR 2.8 million per unit; and
- Ramz 29, 30: 32 units in 2021G for a total value of SAR 36.4 million at an average price of SAR 1.1 million per unit;

For the six months period ended 30 June 2022, the number of units sold increased to 174 from 131 in the six-month period ended 30 June 2021. While the number of active projects during this period increased to 12 the number of new units sold declined due to the completion of the Ramz 17,18 (95 units) and Nada 2 (87 units) projects in 2021. Furthermore, the Company signed sales contracts for 146 units which were largely completed but pending transfer of title deed and therefore cash received was recorded as Customer advances instead of revenue. The transfers were largely completed after the period ended 30 June 2022 and related amounts were transferred to revenue.

#### Land sale revenue

Sales revenue in 2021G of SAR 21.3 million represented sale of Al Ramz share (50%) of a land in Al Khobar. This was a strategic decision by the Company as it preferred to develop the project in Al Khobar on land that it fully owned.

The company did not sell lands in the six-month period ending on June 30, 2022G.

#### Rental income

Rental revenue represents revenue from residential units owned by Al Ramz. These include apartments and villas at 12 twelve different locations. These units were mainly held by Al Ramz as potential collateral for loans.

**Table No. (59): Revenue from Rental income for the financial years ended 31 December 2020G and 2021G and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020 Audited	2021 Audited	Six-month period ended 30 June 2021 Reviewed	Six-month period ended 30 June 2022 Reviewed
Rental Income	7,191	8,659	4,677	2,176
Number of rental units available	273	261	261	91
Average rent per unit per annum	26	33	36	48

Source: Management accounts

Rent revenue increased by 20.4% or SAR 1.5 million from SAR 7.2 million 2020G to SAR 8.7 million in 2021G. This was mainly due to higher occupancy levels, particularly at Al Nada and Al Malqa developments.

Rent revenue declined by 53.5% or SAR 2.5 million from SAR 4.7 million in the six-month period ended 30 June 2021G to SAR 2.2 million in the six-month period ended 30 June 2022 mainly due to the sale of the 170 units which resulted in fewer units under rent.



## 6.6.2 Cost of Revenue

**Table No. (60): Cost of revenue by nature for the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Cost of properties sold	46,111	226,136	78,606	51,787	390.4%	(34.1%)
Cost of land sold	-	18,817	-	-	-	-
Other building cost	552	536	185	2,249	(2.9%)	1,117.0%
Depreciation of property investments	2,172	2,154	1,079	716	(0.9%)	(33.6)
Warranty and maintenance	231	1,094	319	12	374.3%	(96.2%)
Rental expenses	-	62	27	6	-	(77.8%)
<b>Total</b>	<b>49,066</b>	<b>248,799</b>	<b>80,216</b>	<b>54,770</b>	<b>407.1%</b>	<b>(31.7%)</b>
<b>As % of Revenue</b>	<b>ppt</b>					
Cost of properties sold	61.2%	65.9%	79.8%	60.7%	4.7	(16.8)
Cost of land sold	-	5.5%	-	-	5.5	-
Other building cost	0.7%	0.2%	0.2%	2.6%	(0.5)	-
Depreciation of property investments	2.9%	0.6%	1.1%	0.8%	(2.3)	-
Warranty and maintenance	0.3%	0.3%	0.3%	-	-	(0.3)
Rental expenses	-	-	-	-	-	-
<b>Total</b>						

Source: Management accounts

The cost of revenue mainly represents the cost of units sold, which represented 61.2%, 65.9%, 79.8% and 60.7% of the total cost of revenue in the financial years ending on December 31, 2020 and December 31, 2021 and the six-month period ending on June 30, 2021 and June 30 2022, respectively, in addition to the cost of selling land, other construction costs, depreciation, investment properties, provision for warranty, maintenance and rental expenses.

### Cost of properties sold

**Table No. (61): Cost of properties sold for the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Cost of properties sold	46,111	226,136	78,606	51,787	390.4%	(34.1%)
Total Number of units	80	352	131	174	340.0%	32.8%
Average cost per unit	576	665	600	298	15.4%	(50.4%)

Source: Management accounts



Cost of properties sold includes land, building materials and sub-contractor costs for labour. Cost of properties increased by 390.4% or SAR 180.0 million from SAR 46.1 in 2020G to SAR 226.1 million in 2021G. This was mainly due to increase in units sold from 80 to 352 while at the same time cost per unit increased from SAR 576 thousand per unit to SAR 665 per unit due to the mix of units sold (higher end developments). 2021G average cost per unit was mainly impacted by the following developments:

- Ramz 21 (26 units with an average cost of SAR 0.6 million per unit) due to higher land prices and higher specifications such as concealed air conditioning
- Ramz 23 and 24 (32 apartments with an average cost of SAR 0.8 million per unit) due to higher land prices and larger size of the apartments
- Ramz 26 (18 villas with an average cost of SAR 1.8 million per unit) due to higher land prices and higher specifications such as concealed air conditioning

Cost of properties sold in the six-month period ended 30 June 2022 decreased by 34.1% or SAR 26.8 million from SAR 78.6 million in the period ended 30 June 2021G to SAR 51.8 million. The decrease was mainly due to sale of 170 units with an average cost per unit of SAR 295 thousand per unit. These units had a lower average cost per unit as they were constructed prior to 2020G and were held as investment properties.

#### **Cost of land sold**

Cost of land sold was SAR 18.8 million in 2021G compared to SAR nil in 2020G. The cost was mainly related to the [Al Khobar] land in which the Company had a 50% stake.

#### **Other building cost**

Other building costs relates to expenses incurred on the properties after completion and prior to handover of the property to buyers. Cost includes cleaning, repairs and maintenance expenses. There was a minor decrease in these costs by 2.9% or SAR 18 thousand from SAR 552 thousand to SAR 536 thousand.

For the six months period ended 30 June 2022, Other building cost increased by 1117.0% or SAR 2.0 million from SAR 0.2 million in the six months period ended 30 June 2021 to SAR 2.2 million mainly due to increase in number of active projects.

#### **Depreciation of property investments**

Depreciation of property investments relates to depreciation on real estate units held by the Company for rental purposes instead of being sold. In the year 2021G the Company owned 12 developments with 273 units.

Depreciation of property investments remained largely stable between 2020G and 2021G.

For the six months period ended 30 June 2022G, depreciation of property investment decreased by 33.6% or SAR 363 thousand from SAR 1.1 million in the period 30 June 2021G to SAR 716 thousand due to sale of 170 rental units held as investment properties as part of the Company's review of its portfolio to optimise utilisation of its capital resources.

#### **Warranty and maintenance provisions**

The Company is required to provide one year of warranty after the hand-over of the property to a purchaser. Warranty and maintenance provisions represent expenses related to addressing post-handover snags reported by customers. Warranty and maintenance expense provision is recorded for the units sold in any year based on experience of prior years. The provisions are expected to be utilised within one year of handover of the property.

Warranty and maintenance expenses increased by 374.3% or SAR 0.9 million from SAR 0.2 million in 2020G to SAR 1.1 million in 2021G due to increase in the number of units sold from 80 to 352 in the same period.

In the six month period ended 30 June 2022 warranty and maintenance expenses declined by 96.2% or SAR 0.3 million from SAR 0.32 million in the six month period ended 30 June 2021G to SAR 12 thousand mainly due to a decline in the number of new units sold as the vast majority of the 170 units sold in this period were investment properties constructed in prior periods and held for rental purposes but sold as part of Al Ramz portfolio management to efficiently manage its capital and resources.



### Rental expenses

Rental expenses relate to Property investments held for leasing purposes. Rental expenses amounted SAR 62 thousand in 2021G compared to SAR nil in 2020G.

In the six-month period ended 30 June 2022G rental expenses declined by 77.8% or SAR 21 thousand from SAR 27 thousand in six-month period ended 30 June 2021G to SAR 6 thousand due to decline in the number of rental units from 261 as at 30 June 2021G to 91 as at 30 June 2022G.

### 6.6.3 Gross profit

**Table No. (62): Gross profit and gross margin for the financial years ended 31 December 2020G and 2021G and the six-month period ended 30 June 2021G and 2022G**

SAR 000 as applicable	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G - 2021G	Variance 30 June 2021G to 30 June 2022G
<b>Key performance indicators</b>						
Gross profit	26,312	94,574	18,310	30,497	259.4%	66.6%
Gross profit margin (%)	34.9%	27.5%	18.6%	35.8%	(7.4) ppt	17.2 ppt

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G and management accounts.

Gross profit improved from SAR 26.3 million in 2020G to SAR 94.5 million in 2021G, rising by 259.4% due to increase in sales with the number of units sold rising from 80 in 2020G to 352 in 2021G due to strong underlying demand for housing dwellings. Gross margin declined from 34.9% to 27.5% in the same period due to project mix with lower margin projects such as Ramz 15, Ramz 17 and Ramz 18 contributing to sales in 2021G. These projects had lower margin due to lower selling prices per square meter compared to other projects and impact of higher marketing cost as marketing for these projects was outsourced to an agency which charged 2.5% of revenue as fees.

In the six-month period ended 30 June 2022 gross profit increased by 66.6% or SAR 12.2 million from SAR 18.3 million in the six-month period ended 30 June 2021 to SAR 30.5 million. Gross margin improved from 18.6% to 35.8% mainly as the lower margin projects on which the Company worked on in 2021G were completed and did not contribute to sales in the six-month period ended 2022G.

### 6.6.4 General and Administrative Expenses

**Table No. (63): General and administrative expenses by nature for the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Salaries and bonuses	1,950	2,733	786	1,025	40.1%	30.4%
Professional fees	51	861	369	443	1,573.7%	20.1%
Tax expenses	998	-	-	3	(100.0%)	-
Depreciation of property, plant and equipment	115	59	23	66	(48.5%)	187.0%
Government fees	162	319	46	181	96.7%	293.5%
Rents	79	198	60	112	150.4%	86.7%
Stationery and prints	27	35	9	29	27.0%	222.2%
Social insurance	22	166	52	99	659.5%	90.4%
Indemnity	14	73	-	-	429.9%	-
Phone and internet	5	12	4	21	170.9%	425.0%



SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Other	124	333	59	752	168.7%	1,174.6%
Financial fees for loans	-	-	-	411	-	-
<b>Total</b>	<b>3,546</b>	<b>4,789</b>	<b>1,408</b>	<b>3,141</b>	<b>35.0%</b>	<b>123.1%</b>
<b>As a % of Revenue</b>	<b>Per Thousand</b>					
Salaries and Bonuses	2.6%	0.8%	0.8%	1.2%	(1.8)	0.4
Professional fees	0.1%	0.3%	0.4%	0.5%	0.2	0.1
Tax expenses	1.3%	-	-	-	(1.3)	-
Depreciation of property, plant and equipment	0.2%	-	-	0.1%	(0.2)	0.1
Government fees	0.2%	0.1%	-	0.2%	(0.1)	0.2
Rents	0.1%	0.1%	0.1%	0.1%	-	-
Stationery and prints	-	-	-	-	-	-
Social insurance	-	-	0.1%	0.1%	-	-
Indemnity	-	-	-	-	-	-
Phone and internet	-	-	-	-	-	-
Other	0.2%	0.1%	0.1%	0.9%	(0.1)	0.8
Financial fees for loans	-	-	-	0.5%	-	0.5
<b>Total</b>						

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

### Salaries and Bonuses

**Table No. (64): Salaries and bonuses expense by nature for the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G -2021G	Variance 30 June 2021G to 30 June 2022G
Salaries and bonuses	1,950	2,733	786	1,025	40.1%	30.4%
Number of Employees at end of period	4	18	18	40	350.0%	122.2%
Average cost per employee per annum	488	152	87	51	(68.9%)	(41.3%)

Source: Management accounts

Salaries and bonuses mainly relate to basic salaries, housing and transportation allowances for managerial staff, increased by 40.1% or 0.7 million from SAR 2.0 million in 2020G to SAR 2.7 million in 2021G driven by the increase in headcount from 4 to 18 employees during the same period as the Company expanded its business significantly over the period with a higher number of sales and active projects. Average salary per employee decreased from SAR 488 thousand per annum to SAR 152 thousand per annum as the Company recruited staff at lower pay grades.

Salaries and bonuses in the six-month period 30 June 2022G increased by 30.4% or SAR 0.2 million from SAR 0.8 million in the six-month period ended 30 June 2021G to SAR 1.0 million. This was mainly due to increase in headcount to 40 employees to support the Company expansion.





**Professional Fees**

Professional fees increased by 1,573.7% or SAR 0.8 million from SAR 51 thousand in 2020G to SAR 0.9 million in 2021G driven by consulting expenses incurred related to brand transformation, application of IFRS accounting standards, implementation of ISO standards.

Professional fees in the six-month period ended 30 June 2022 were higher by 20.1% or SAR 70 thousand from SAR 369 thousand in the six-month period ended 30 June 2021G to SAR 443 thousand related to the implementation of a new ERP.

**Tax Expenses**

Tax expenses occurred only in 2020G related to the write off of a recorded tax receivable.

**Depreciation of property, plant and equipment**

Depreciation on property, plant and equipment relates to assets in use by the Company for administration, sales and marketing expenses. Depreciation decreased by 48.5% from SAR 115 thousand in 2020G to SAR 59 thousand in 2021G.

Depreciation in the six-month period ended 30 June 2022G increased by 187.0% or SAR 43 thousand from SAR 23 thousand in the six-month period ended 30 June 2021G to SAR 66 thousand.

**Government fees**

Government fees in 2021G increased by 96.7% or SAR 157 thousand from SAR 162 thousand in 2020G to SAR 319 thousand in 2021G due to expansion of the Company in terms of number of employees and projects, in addition to the change in municipal regulations relating to fee levels.

Government fees increased by 293.5% or SAR 135 thousand from SAR 46 thousand in the six-month period ended 30 June 2021G to SAR 181 thousand in the six-month period ended 30 June 2022G.

**Rents**

Rent expenses increased by 150.4% or SAR 119 thousand from SAR 79 thousand in 2020G to SAR 198 thousand in 2021G as the Company's premises were relocated to a new location at higher rent.

Rent expenses in the six-month period ended 30 June 2022G increased by 86.7% or SAR 62 thousand from SAR 60 thousand in the six-month period ended 30 June 2021G to SAR 112 thousand due to the new premises.

**Stationery and printing**

Stationery and printing expense increased by 27.0% or SAR 8 thousand from SAR 27 thousand in 2020G to SAR 35 thousand in 2021G.

For the six months period ended 30 June 2022G, Stationery and printing expense increased by 222.2% or SAR 20 thousand from SAR 9 thousand in the six-month period ended 30 June 2021G to SAR 29 thousand.

**Social insurance**

Social insurance expenses increased by 659% or SAR 144 thousand from SAR 22 thousand in 2020G to SAR 166 thousand in 2021G in line with the increase in headcount over the same period.

Social insurance expenses in the six-month period ended 30 June 2022G were 90% or SAR 47 thousand higher at SAR 99 thousand compared to SAR 52 thousand in the six-month period ended 30 June 2021G due to higher number of average employees as the Company's headcount increased with the higher number of projects.

**EOS Indemnity**

Indemnity expenses increased by 429.9% or SAR 59 thousand from SAR 14 thousand in 2020G to SAR 73 thousand in 2021G.



### Phone and internet

Phone and internet expenses increased by 170.9% or SAR 7 thousand from SAR 5 thousand in 2020G to SAR 12 thousand in 2021G.

Phone and internet expenses increased by 425.0% or SAR 17 thousand in the six-month period ended 30 June 2022G from SAR 4 thousand in the six-month period ended 30 June 2021G to SAR 21 thousand.

### Other Expenses

Other expenses mainly relate to hospitality, office supplies, insurance and other office administrative expenses which increased by 168.7% or SAR 209 thousand from SAR 124 thousand in 2020G to SAR 333 thousand in 2021G.

Other expenses increased by 1,174.6% or SAR 693 thousand in the six-month period ended 30 June 2022 from SAR 59 thousand in the six-month period ended 30 June 2021G to SAR 752 thousand.

### 6.6.5 Marketing and selling Expenses

**Table No. (65): Marketing and selling expenses for the financial years ended 31 December 2020G and 2021G, and the six-month period ended 30 June 2021G and 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2021G-2020G	Variance 30 June 2021G to 30 June 2022G
Marketing and selling Expenses	1,270	1,935	855	2,356	52.4%	175.5%
<b>Total</b>	<b>1,270</b>	<b>1,935</b>	<b>855</b>	<b>2,356</b>	<b>52.4%</b>	<b>175.5%</b>
<b>As a % of Revenue</b>						<b>ppt</b>
Marketing & Selling Expenses	1.7%	0.6%	0.9%	2.8%	(1.1)	1.9

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

Marketing and selling expenses relate to sales commissions and advertising.

Marketing and selling expenses increased by 52.4% or SAR 0.6 million from SAR 1.3 million in 2020G to SAR 1.9 million in 2021G mainly due to increase in advertising expenses which amounted to SAR 0.4 million in 2021G and gifts offered to customers upon delivery, where the company adopted the strategy of increasing the marketing of each project to balance its sales. This strategy has been applied to many projects, such as Ramz 17, Ramz 18, and Alwadi in 2020G along with Ramz 17, Ramz 18 Project, and other projects in 2021G.

Marketing and selling expenses increased by 175.5% or SAR 1.5 million from SAR 0.9 million in the six months period ended 30 June 2021G to SAR 2.4 million in the six months period ended 30 June 2022G due to increase in the number of active projects.

### 6.6.6 Other expense / (income), net

Other expenses comprised of non-refundable VAT and other revenue. Other expense decreased by 108.2% or SAR 2.1 million from other expenses of SAR 1.9 million in 2020G to income of SAR 0.2 million in 2021G mainly due to decrease in non-refundable VAT expenses. In 2020G the company incurred non-refundable VAT expenses of SAR 2.0 million whereas no such expenses were incurred in the year 2021G.

Other expenses decreased by 99.6% or SAR 155 thousand from SAR 156 thousand in the six months period ended 30 June 2021G to SAR 1 thousand in the six months period ended 30 June 2022G.

### 6.6.7 Financing cost

Financial charges include interest on borrowings related to development and construction projects. Financial charges amounting to SAR 0.4 million were expensed in 30 June 2022G related to facilities obtained from banks.

### 6.6.8 Zakat

Zakat expenses increased by 92.3% or SAR 2.1 million from SAR 2.3 million in 2020G to SAR 4.3 million in 2021G due to an increase in the Company's zakat base as it retained its earnings in 2020G and 2021G. Similarly, zakat expenses increased by 63.6% or SAR 1.6 million from SAR 2.6 million in the six months period ended 30 June 2021G to SAR 4.2 million in the six months period ended 30 June 2022G.



### 6.6.9 Net profit

**Table No. (66): Net profit for the financial years ended 31 December 2020G and 2021G and the six-month period ended 30 June 2021G and 2022G**

SAR 000 as applicable	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six-month period ended 30 June 2022G Reviewed	Variance 2020G-2021G	Variance 30 June 2021G to 30 June 2022G
<b>Key performance indicators</b>						
Net income	17,309	83,139	13,639	20,807	380.3%	52.5%
Net income margin (%)	22.9%	24.2%	13.8%	24.4%	1.3 ppt	10.6 ppt

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G and management accounts.

Net income increased by 380.3% or SAR 65.8 million from SAR 17.3 million in 2020G to SAR 83.1 million in 2022G due to higher gross profit resulting from increase in the number of units sold from 80 to 352 and management's focus on maintaining low base of fixed expenses such as General and administrative expenses and Marketing and selling expenses. Net margin improved from 22.9% to 24.2% despite the decline in gross margin.

For the six months period ended 30 June 2022G net income increased by 52.5% or SAR 7.2 million from SAR 13.6 million to SAR 20.8 million mainly due to higher gross profit from higher unit sales. Net margin increased from 13.8% to 24.4% due to better project mix with lower margin projects being completed in 2021G.

### 6.7 Statement of financial position

**Table No. (67): Statement of financial position as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
<b>Balance Sheet</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	30	804	1,395
Investment properties	100,273	90,614	40,469
Investment carried at FVOCI	-	1,550	1,550
<b>Total non-current assets</b>	<b>100,303</b>	<b>92,968</b>	<b>43,413</b>
<b>Current Assets</b>			
Projects under development long term	154,885	356,949	549,808
Real estate inventory	76,494	2,358	-
Trade receivables	2,349	567	24,803
Advance payments and other receivables	2,428	11,579	24,279
Due from related parties	26	-	-
Cash and cash equivalents	8,689	8,993	16,274
<b>Total current assets</b>	<b>244,872</b>	<b>380,445</b>	<b>615,165</b>
<b>Total Assets</b>	<b>345,175</b>	<b>473,413</b>	<b>658,578</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	50,000	300,000	300,000



SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Additional share capital	236,101	-	-
Statutory reserve	1,881	10,195	10,195
Retained earnings	29,615	92,799	83,605
EOS actuarial gains	10	(24)	(24)
<b>Total shareholders' equity</b>	<b>317,607</b>	<b>402,971</b>	<b>393,777</b>
<b>Non-current Liabilities</b>			
EOS benefits	24	131	131
Long term loans	-	37,153	33,021
<b>Total non-current liabilities</b>	<b>24</b>	<b>37,283</b>	<b>33,152</b>
<b>Current liabilities</b>			
Due to related parties	1,305	1,872	-
Trade payables	2,989	5,433	13,665
Accruals and other account payable	1,164	2,258	7,722
Dividend payable	-	-	30,000
Customers advances	19,825	2,367	150,305
Zakat provision	2,261	4,288	8,483
Current portion of long-term loans	-	16,940	21,474
<b>Total current liabilities</b>	<b>27,544</b>	<b>33,159</b>	<b>231,649</b>
<b>Total liabilities</b>	<b>27,568</b>	<b>70,442</b>	<b>264,801</b>
<b>Total equity and liabilities</b>	<b>345,175</b>	<b>473,413</b>	<b>658,578</b>
<b>KPI's</b>			
Days sales outstanding	11	1	53
Days payable outstanding	22	8	46
Days inventory outstanding	569	3	-
Debt to equity ratio	-	13.4%	13.8%
Return on assets	6.5%	20.3%	7.4%
Return on equity	6.9%	23.1%	10.4%

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

## Assets

### Non-current assets

The non-current assets decreased by 7% or SAR 7.4 million from SAR 100.3 million as at 2020G to SAR 92.9 million as at 2021G mainly due to a decrease in Investment properties from SAR 100.2 million to SAR 90.6 million due to the sale of four properties with a net book value of SAR 7.5 million.

Non-current assets decreased from SAR 92.9 million as at 31 December 2021G to SAR 43.4 million at 30 June 2022G due to further disposals of Investment properties which declined from SAR 90.6 million as at 31 December 2021G to SAR 40.4 million as at 30 June 2022 due to disposal of 170 units at SAR 50.1 million.



## Current Assets

Current assets increased by 55% or SAR 135.5 million from SAR 244.9 million as at 2020G to SAR 380.4 million in 2021G due to an increase in Projects under development by SAR 202.1 million from SAR 154.9 million (8 projects under construction) to SAR 356.9 million (12 projects under construction). This was offset by a decrease in Real estate inventory from SAR 76.5 million to SAR 2.4 million as the units in inventory were largely sold during 2021G and only 4 units were in inventory as at 2021G.

Current assets increased by SAR 233.8 million to SAR 615.2 million as at 30 June 2022G versus SAR 380.4 million at 31 December 2021 due to an increase in Projects under development by SAR 192.9 million from SAR 356.9 million (12 projects) as at 31 December 2021G to SAR 549.8 million (19 projects) at 30 June 2022G, an increase in Trade receivables by SAR 24.2 million from SAR 0.6 million as at 31 December 2021G to SAR 24.8 million as at 30 June 2022G and an increase in Advances, prepayments and other receivables by SAR 12.7 million from SAR 11.6 million to SAR 24.3 million.

The return on assets increased from 6.5% as on December 31, 2020G to 20.3% as on December 31, 2021G, thanks to the growth of the company's operations and the effective turnover of projects. In general, the time frame for completing the company's projects ranges from 15 to 18 months, which results in higher resource utilization rates.

## Equity and Liabilities

### Current liabilities

Current liabilities increased by 20% or SAR 5.7 million from SAR 27.5 million as at 2020G to SAR 33.2 million as at 2021G due to an increase in the current portion of long term loans by SAR 16.9 million, Trade payables by SAR 2.4 million and an increase in zakat provision by SAR 2 million which were offset by a decline in Customer advances by SAR 17.5 million from SAR 19.8 million as at 2020G to SAR 2.4 million as at 2021G as the related units were transferred and the sale of was completed and recorded as revenue.

Current liabilities increased to SAR 231.6 million as at 30 June 2022G from SAR 33.2 million as at 31 December 2021G mainly due to an increase in Customer advances by SAR 147.9 million as the Company entered into sales contracts for 146 units which were largely completed but for which the title remained un-transferred as at 30 June 2022, Dividend payable of SAR 30.0 million related to FY 2021G and increase in Current portion of long-term loans by SAR 4.6 million.

### Non-current liabilities

Non-current liabilities increased from SAR 24 thousand in 2020G to SAR 37.3 million as at 2021G due to a drawdown of long-term loans which had an outstanding balance of SAR 54.1 of which SAR 16.9 million was current and SAR 37.2 million was the long-term portion.

Non-current liabilities declined slightly by SAR 4.1 million from SAR 37.3 million at 31 December 2021 to SAR 33.2 million as at 30 June 2022 mainly due to transfer of further SAR 4.6 million to current portion of long-term loans which appears in current liabilities.

### Equity

Shareholders' equity increased by SAR 85.3 million from SAR 317.6 million as at 2020G to SAR 402.9 million as at 2021G due to an increase in Retained earnings by SAR 63.2 million. During the year 2021G the Company also completed the increase in share capital from SAR 50.0 million to SAR 300.0 million by capitalizing the Advance share capital amount of SAR 236.1 million and the remaining through a capital injection by the existing shareholders of the Company.

The return on equity increased from 6.9% as on December 31, 2020G to 23% as on December 31, 2021G, thanks to the growth of the company's operations, the effective turnover of projects, and the optimal utilization of capital assets. As of December 31, 2021G, the value of the company's loans amounted to 54 million Saudi riyals, representing only 13.4% of total equity, which gives it flexibility to develop its operations while maintaining a conservative capital structure.

The return on equity increased from 7.9% as on June 30, 2021G to 10.4% during the six-month period ending on June 30, 2022G as a result of the effective management of the company's capital resources.



## 6.7.1 Non-Current Assets

### 6.7.1.1 Property, plant and equipment

Table No. (68): Property, plant and equipment as at 31 December 2020G, 31 December 2021G and 30 June 2022G

SAR 000's	Motor vehicles	Fixtures and of- fice equipment	Computers and printers	Capital work in progress	Total
<b>Cost</b>					
As at 31 December 2019	411	58	-	-	469
Additions during the year	-	1	-	-	1
As at 31 December 2020	411	59	-	-	
<b>Accumulated depreciation</b>					
As at 31 December 2019	300	26	-	-	325
Depreciation for the year	103	12	-	-	115
As at 31 December 2020	402	38	-	-	440
Net book value	9	21	-	-	30

SAR 000's	Motor vehicles	Fixtures and of- fice equipment	Computers and printers	Capital work in progress	Total
<b>Cost</b>					
As at 31 December 2020	411	59	-	-	470
Additions during the year	-	674	109	50	833
As at 31 December 2021	411	733	109	50	1,303
<b>Accumulated depreciation</b>					
As at 31 December 2020	402	38	-	-	440
Depreciation for the year	9	48	2	-	59
As at 31 December 2021	411	86	2	-	499
Net book value	-	647	107	50	804
<b>Net Book Value</b>					
31-Dec-2020G	9	21	-	-	30
31-Dec-2021G	-	647	107	50	804

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis.

Property, plant and equipment mainly comprises office equipment, computers, printers motor vehicles used by the Company for administrative, marketing and sales purposes. The net book value of Property, plant and equipment as at 31 December 2020G was SAR 30 thousand which increased to SAR 0.8 million as at 31 December 2021G due to additions of SAR 0.8 million related to office equipment and computers for the Company's head office.



### 6.7.1.2 Investment Properties

**Table No. (69): Investment properties as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Land	49,050	46,400	21,800
Buildings (NBV)	49,071	43,805	18,669
Property and equipment – air conditioners (NBV)	367	258	-
Property and equipment – furniture and furnishings (NBV)	206	151	-
Units north of Riyadh	1,580	-	-
<b>Total</b>	<b>100,273</b>	<b>90,614</b>	<b>40,469</b>
<b>Number of units</b>	<b>273</b>	<b>261</b>	<b>91</b>
<b>Average carrying value per unit (SAR per unit)</b>	<b>367</b>	<b>347</b>	<b>444</b>

Source: Management accounts

Investment property relates to:

- Land held for future development or appreciation;
- Buildings held for the purpose of generating rent income;
- Electrical devices and furniture installed and used in apartments

Investment properties are recorded at cost less accumulated depreciation and any decrease in fair value. The depreciation on investment properties is based on straight line method over the estimated useful life of the property ranging between 7 years to 31 years.

Investment properties decreased from SAR 100.2 million as at 31 December 2020G to SAR 90.6 million as at 31 December 2021G following the sale of 4 units with a net book value of SAR 7.5 million. Average value per unit retained declined from SAR 367 thousand as at 31 December 2020G to SAR 347 thousand as at 31 December 2021G.

Investment properties decreased from SAR 90.6 million as at 31 December 2021G to SAR 40.5 million as at 30 June 2022G following the sale of 170 units with a net book value of SAR 50.1 million. Average value per unit retained increased from SAR 347 thousand as at 31 December 2021G to SAR 444 thousand as at 30 June 2022G due to mix of remaining properties which had higher value per unit.

### 6.7.1.3 Investments carried at FVOCI (Fair Value through Other Comprehensive Income)

Investment carried at FVOCI amounted to SAR 1.6 million and were acquired as at 2021G and comprised two investments in Dallali, which is a property management company, and Watheeq Capital Fund. The Company has committed to three payments in the Watheeq Capital Fund out of which two payments are to be settled on 5th December 2022 and 2023. These investments are carried at cost.



## 6.7.2 Current Assets

### 6.7.2.1 Projects under development

**Table No. (70): Projects under development as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
<b>Beginning balance</b>	<b>73,064</b>	<b>154,885</b>	<b>356,949</b>
Additions	200,535	372,880	192,859
Converted from investment real estate	530	-	-
Completed and transferred to inventory	(119,244)	(170,817)	-
<b>Ending balance</b>	<b>154,885</b>	<b>356,949</b>	<b>549,808</b>
Land cost	135,336	278,485	362,786
Construction cost	19,550	78,464	187,022
<b>KPI's</b>			
Number of projects under construction	8	12	19
Average cost of land per project	16,917	23,207	19,094

Source: Management accounts

Properties under development consist of properties being developed for the purpose of sale upon completion. These properties consist of apartments, villas and offices. Properties under development include the capitalised costs of direct materials, direct labour, consulting costs and finance costs.

Properties under development increased by 130% from SAR 154.9 million as at 31 December 2020G to SAR 356.9 million as at 31 December 2021G. This was due to an increase in the number of projects under construction from 8 to 12 as well as an increase in the size of the projects. The 12 projects mainly consist of 892 apartments. During the year the Company transferred completed projects of SAR 171 million to real estate inventory which were mostly sold (except for three apartments).

Projects under development further increased to SAR 549.8 million as at 30 June 2022G as the Company progressed construction work on the ongoing projects. As at 30 June 2022G 146 units with a value of SAR 150.3 million were largely completed and under sales contract but pending transfer of title deed. These transfers were mostly completed after 30 June 2022G and recorded as revenue.

**Table No. (71): Projects under development as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30-June-2022 Reviewed
Ramz 25	-	49,248	61,551
Ramz 31	19,430	32,742	41,036
Ramz 45	-	22,881	-
Ramz 19	26,514	20,207	-
Ramz 21	9,467	-	-
Ramz 23, 24	11,379	-	-
Ramz 25, 26	46,452	-	-
Ramz 29, 30	15,442	-	-
Ramz 27	7,390	-	27,283
Al Khobar Land	18,813	-	-
Ramz 35 Ramz 36	-	33,113	43,468





SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30-June-2022 Reviewed
Ramz 37	-	32,264	40,890
Ramz 40	-	8,836	8,836
Ramz 39	-	11,857	14,756
Ramz 41	-	38,776	57,497
Ramz 43	-	5,555	5,555
Ramz 45	-	9,650	16,764
Ramz 47	-	70,358	-
Ramz 49	-	21,462	54,238
Ramz 33	-	-	25,676
Ramz 51	-	-	35,822
Ramz 48	-	-	25,487
Al Muhaidib Land	-	-	6,614
Ramz 56	-	-	18,804
Ramz 55	-	-	34,920
Ramz 54	-	-	30,611
<b>Total</b>	<b>154,885</b>	<b>356,949</b>	<b>549,808</b>

Source: Management accounts

#### 6.7.2.2 Real estate inventory

**Table No. (72): Real estate inventory as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
<b>Beginning Balance</b>	<b>3,362</b>	<b>76,494</b>	<b>2,358</b>
Construction Completed	119,244	170,817	-
Transfer from real estate investment properties during the year	-	-	49,429
Transfer to COGS for sale	(46,111)	(244,953)	(51,787)
<b>Ending Balance</b>	<b>76,494</b>	<b>2,358</b>	<b>-</b>
DIO	569	3	-

Source: Management accounts

Real estate inventory refers to units developed and not yet sold.

Real estate inventory declined from SAR 76.5 million which declined to SAR 2.4 million representing four unsold apartments at the Ramz 19 and Ramz 2 projects.

As at 20 June 2022G there was no Real estate inventory as all units that were fully completed were fully sold.

#### 6.7.2.3 Trade receivables

Trade receivables relate to rental receivables for Investment properties. Trade receivables declined from SAR 2.3 million at 2020G to SAR 567 thousand as at 2021G due to settlement of dues related to a villa at Al Nada. Outstanding receivables at 2021G were due for less than 30 days.

Trade receivables increased to SAR 24.8 million as at 30 June 2022G.



**Table No. (73): Trade receivables as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR 000's	2020 Audited	2021 Audited	Six-month period ended 30-June-2022 Reviewed
Trade Receivables	2,349	567	24,803
DSO	11	1	53

Source: Audited financial statements for the financial year ended 31 December 2022G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G and management accounts

#### 6.7.2.4 Advances, prepayments and other receivables

**Table No. (74): Advances, prepayments and other receivables as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Taxes receivables	1,196	10,389	22,690
Prepaid expenses	46	856	930
Cash commitments	5	41	27
Prepayments - suppliers	683	292	632
Guarantees	498	-	-
<b>Total</b>	<b>2,428</b>	<b>11,579</b>	<b>24,279</b>

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

Advances, prepayments and other receivables increased by 377% from SAR 2.4 million as at 2020G to SAR 11.6 million as at 2021G due to:

- an increase in taxes receivable from SAR 1.2 million to SAR 10.4 million. Taxes receivables consist of the VAT payments made by the company on invoices received by suppliers;
- an increase in prepaid expenses from SAR 46 thousand to SAR 856 thousand. Prepaid expenses relate to insurance premium and prepaid rent. The increase was mainly due to higher prepaid insurance due to increase in number of employees;
- an increase in cash commitments from SAR 5 thousand to SAR 41 thousand. These mainly relate to advances made to employees which are to be repaid to the Company. Cash commitments increased due to higher headcount in 2021G;
- a decrease in prepayment with suppliers from SAR 683 thousand to SAR 292 thousand. The prepayment to suppliers was related to advance payment for materials;
- a decrease in guarantees from SAR 498 thousand to SAR nil.

Advances, prepayments and other receivables further increased to SAR 24.3 million as at 30 June 2022G due to:

- an increase in taxes receivable from SAR 10.4 million to SAR 22.9 million. Taxes receivable increased due to higher number of active projects as at 30 June 2022;
- an increase in prepaid expenses from SAR 856 thousand to SAR 930 thousand mainly due to higher insurance due to increase in headcount;
- a decrease in cash commitments from SAR 41 thousand to SAR 27 thousand;
- an increase in prepayment from suppliers from SAR 292 thousand to SAR 632 thousand;

#### 6.7.2.5 Due from related parties

Due from related parties were SAR 26 thousand as at 2020G and SAR nil as at 2021G and 30 June 2022G.

#### 6.7.2.6 Cash and cash equivalents

Cash and cash equivalents remained stable. Cash and cash equivalents increased to SAR 16.2 million as at 30 June 2022G mainly due to increase in cash flow from operating activities.



### 6.7.3 Equity

**Table No. (75): Equity as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Share capital	50,000	300,000	300,000
Additional share capital	236,101	-	-
Statutory reserve	1,881	10,195	10,195
Retained earnings	29,615	92,799	83,605
EOS actuarial gains	10	(24)	(24)
<b>Total shareholders' equity</b>	<b>317,607</b>	<b>402,971</b>	<b>393,777</b>

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

#### 6.7.3.1 Share capital

The share capital increased from SAR 50 million in 2020G to SAR 300 million as at 2021G through a capital injection and transfer of Additional share capital by the existing shareholders.

#### 6.7.3.2 Additional share capital

Additional share capital of SAR 236.1 million as at 2020G represents amounts contributed by the existing shareholders as part of the capital increase to SAR 300 million as at 2021G.

#### 6.7.3.3 Statutory reserve

Statutory reserve increased by 442% from SAR 1.9 million as at 2020G to SAR 10.2 million as at 2021G. Statutory reserves remained at the same level at 30 June 2022G as the Company makes the required transfers to Statutory reserves after the completion of the annual financial statements.

#### 6.7.3.4 Retained Earnings

Retained earnings increased by 213% from SAR 29.6 million as at 2020G to SAR 92.8 million as at 2021G mainly due to the net income generated during the year. Retained earnings declined during the six-month period ended 30 June 2022G to SAR 83.6 million as the impact of the net income during the period was offset by the dividend of SAR 30 million declared during the period.

#### 6.7.3.5 EOS actuarial gains

End of service actuarial gains represent gains related to the end of service liabilities that were recorded on the implementation of IFRS. EOS gains amounted to SAR 10 thousand as at 2020G and were a deficit of SAR 24 thousand at 2021G and 30 June 2022G.

### 6.7.4 Non-current liabilities

#### 6.7.4.1 EOS Benefits

End of service benefits increased by 441% from SAR 24 thousand as at 2020G to SAR 131 thousand as at 2021G due to the increase in headcount. EOS benefits liability remained at SAR 131 thousand at 30 June 2022G.

#### 6.7.4.2 Long term loans

**Table No. (76): Loan facilities and utilizations as at 31 December 2020G, 2021G and 30 June 2022G**

SAR in 000's	2020 Audited	2021 Audited	Six-month period ended 30- June-2022 Reviewed
No. of facilities	-	3	2
<b>Total limit</b>	<b>-</b>	<b>83,200</b>	<b>65,000</b>
Amount utilized	-	53,200	60,000

Source: Management accounts



Long term loans as at 2021G represent balances related to two loan facilities from ANB Bank and Amlak International. The purpose of both loans is to finance construction and working capital requirements. This amount outstanding against both the facilities was SAR 54.1 million of which SAR 37.2 million was long term and SAR 16.9 million was short term.

Long-term loans as on June 30, 2022G represent balances related to a loan facility from the Arab National Bank and a loan from the Saudi British Bank. The purpose of these assumptions is to finance construction and working capital requirements. The outstanding amount of these loans amounted to 54.5 million Saudi Riyals as of June 30, 2022, of which 33.0 million Saudi Riyals is a long-term loan and 21.5 million Saudi Riyals is a short-term loan.

## 6.7.5 Current Liabilities

### 6.7.5.1 Due to related parties

Due to related parties increased by 43% from SAR 1.3 million as at 2020G to SAR 1.9 million as at 2021G. This was due to one of the Company's shareholders and was fully settled during the six-month period ended 30 June 2022G.

### 6.7.5.2 Trade payables

**Table No. (77): Trade payables as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Total Trade Payables	2,989	5,433	13,665
DPO	22	8	46

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.

Trade payables mainly relate to liabilities to sub-contractors for labour and material suppliers and increased by 82% from SAR 2.9 million as at 2020G to SAR 5.4 million as at 2021G driven by an increase in the Company's operations and growth.

Trade payables increased to SAR 13.7 million as at 30 June 2022G due to the increase in the number of active projects.

### 6.7.5.3 Accruals and other payables

**Table No. (78): Trade payables as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Real estate tax	218	164	154
Unit rental insurance	382	410	240
Warranty and maintenance provisions	285	1,138	1,004
Others	280	153	15
Accrued expenses	-	395	469
Accrued rewards	-	-	3
Accrued salaries	-	-	40
Accrued VAT – Sales	-	-	5,798
<b>Total</b>	<b>1,164</b>	<b>2,259</b>	<b>7,722</b>

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.



Accruals and other account payables increased by 94.0% from SAR 1.2 million as at 2020G to SAR 2.3 million as at 2021G driven by:

- Real estate tax decreased from SAR 218 thousand to SAR 164 thousand;
- Unit rental insurance increased from SAR 382 thousand to SAR 410 thousand in line with higher rental revenue during the period;
- Warranty and maintenance provisions increased from SAR 285 thousand to SAR 1.1 million. The Company is required to provide warranty and maintenance for properties sold for a period of 1 year after handover. Provisions are made based on historical experience and normally utilised within one year;
- Other trade payables decreased from SAR 280 thousand to SAR 153 thousand;
- Accrued expenses increased from SAR nil to SAR 395 thousand.

Accruals and accounts payable increased to SAR 7.7 million as at 30 June 2022G due to:

- Real estate tax decreased from SAR 164 thousand to SAR 154 thousand
- Unit rental insurance decreased from SAR 410 thousand to SAR 240 thousand
- Warranty and maintenance provisions decreased from SAR 1.1 million to SAR 1.0 million due to utilisation of the provision and decline in the number of new units sold in the six-month period ended 30 June 2022G;
- Other trade payables decreased from SAR 153 thousand to SAR 15 thousand
- Accrued expenses increased from SAR 395 thousand to SAR 469 thousand
- Accrued rewards increased from SAR nil to SAR 3 thousand
- Accrued salaries increased from SAR nil to SAR 40 thousand
- Accrued VAT-Sales increased from SAR nil to SAR 5.8 million

#### 6.7.5.4 Dividend payable

The Company declared a dividend of SAR 30 million in the six-month period ended 30 June 2022 which was full paid after period end.

#### 6.7.5.5 Customer advances

**Table No. (79): Customer advances as at 31 December 2020G, 31 December 2021G and 30 June 2022G**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2022G Reviewed
Advances from clients	1,749	1,249	150,305
Advances rent proceeds	1,360	1,118	-
Units sold	16,715	-	-
<b>Total</b>	<b>19,825</b>	<b>2,367</b>	<b>150,305</b>

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six month period ended 30 June 2022G and 2021G.

Customer advances represent advance from clients, advance rent for Investment properties and advances for properties under sales contract pending transfer of title. Customer advances as at 2020G were SAR 19.8 million and mainly related to advances for units sold at the Al Malqa project. Customer advances declined to SAR 2.4 million as at 2021G due to completion and transfer of the Al Malqa units. Customer advances increased to SAR 150.3 million at 30 June 2022 due to advances related to 146 units which were largely complete but pending transfer of the title deed. The transfer of these units was mostly completed in the period after 30 June 2022.

#### 6.7.5.6 Zakat provision

Zakat provision increased by 90% from SAR 2.3 million as at 2020G to SAR 4.3 million as at 2021G in line with growing operations and increase in zakat base. Zakat provision increased to SAR 8.5 million at 30 June 2022.

#### 6.7.5.7 Current portion of long-term loans

Current portion of long-term loan of SAR 16.9 million as at 2021G related to amounts due to ANB Bank and Amlak international against the facilities drawn against. Current portion of long-term loans increased to SAR 21.5 million as at 30 June 2022G as the loans mature and repayments become due.



### 6.7.6 Related parties' transactions and balances

Table No. (80): Related parties as at 31 December 2020G, 31 December 2021G and 30 June 2022G

SAR in 000's	Transaction Type	2020 Audited	2021 Audited	Six-month period ended 30-June-2022 Reviewed
<b>Due from related party</b>				
Allied Company	Operational	26	-	-
Shareholder	Operational	-	-	-
		26	-	-
<b>Due to related party</b>				
Major shareholder	Operational	(168)	-	-
Relatives of major shareholder	Operational	(1,137)	-	-
Major shareholder	Financing	-	(1,271)	-
Allied Company	Operational	-	(132)	-
Shareholder 1		-	(151)	-
Shareholder 2		-	(319)	-
		(1,305)	(1,873)	-
<b>Transactions with related parties</b>				
Shareholder	Operational	(1,103)	-	-
Relatives of major shareholder	Operational	1,137	-	-
Allied company 1	Operational	(6,071)	(4,207)	-
Allied company 2	Operational	-	(7,684)	-
		(6,037)	(11,891)	-

Source: Audited financial accounts

### 6.7.7 Contingencies and commitments

Committed capital expenditure as at 2021G amounted SAR 257.0 million mainly related to committed capital expenditure of SAR 257.0 million for the 12 projects under construction as at 31 December 2021G.

Committed capital expenditure as at 30 June 2022G was SAR 378.2 million mainly related to 19 projects under construction.



## 6.7.8 Statement of Cash flows

**Table No. (81): Statement of cash flows for the financial year ended 31 Dec 2020 and 2021, and the six-month period ended 30 June 2021 and 2022**

SAR in 000's	2020G Audited	2021G Audited	Six-month period ended 30 June 2021G Reviewed	Six- month period ended 30 June 2022 Reviewed
<b>Operating activities:</b>				
Profit for the year before zakat	19,570	87,486	16,203	25,000
<b>Adjustments</b>				
Depreciation of PPE	115	59	23	66
Depreciation of investment property	2,650	2,154	1,079	716
EOS provisions	36	73	319	12
Finance Cost	-	1,592	267	1,426
<b>Changes in working capital</b>				
Trade receivables	(2,297)	1,782	2,349	(24,237)
Due from related parties	37	26	26	-
Advances payments and other receivables	258	(9,151)	(8,598)	(12,700)
Projects under development	(81,821)	(202,063)	(137,881)	(192,859)
Real estate inventory	(73,133)	74,137	74,951	51,787
Trade payable	2,989	2,444	(945)	8,232
Due to related parties	936	567	14,528	(1,872)
Customers advances	17,582	(17,458)	25,322	147,938
Accruals and other accounts payable	656	1,094	(222)	5,452
Paid finance transactions charges	-	(729)	-	(2,169)
Zakat paid	(435)	(2,319)	(2,319)	-
<b>cash flows generated from operating activities</b>	<b>(112,857)</b>	<b>(60,306)</b>	<b>(14,896)</b>	<b>(6,793)</b>
EOS PAID	(22)	-	-	-
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(112,878)</b>	<b>(60,306)</b>	<b>(14,896)</b>	<b>6,793</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(1)	(833)	(300)	(657)
Disposal of Investment properties	-	7,505	-	-
Investment carried at FVOCI	-	(1,550)	-	-
<b>Net cash flows used in investing activities</b>	<b>(1)</b>	<b>5,123</b>	<b>(300)</b>	<b>(657)</b>
<b>FINANCING ACTIVITIES</b>				
Loans drawdown / (repayment)	-	53,230	53,230	25,000
Repayment of long-term loans	-	-	-	(23,855)
Share capital	117,741	2,258	2,258	-
<b>Net cash provided from/(used in) financing activities</b>	<b>117,741</b>	<b>55,488</b>	<b>55,488</b>	<b>1,145</b>
Net cash generated	4,861	304	40,292	7,281
Cash and cash equivalents at the beginning of the year	3,828	8,689	8,689	8,993
Cash and cash equivalents at the end of the year	8,689	8,993	48,981	16,274

Source: Audited financial statements for the financial year ended 31 December 2020G and 2021G and reviewed financial statements for the six-month period ended 30 June 2022G and 2021G.



**Net cash from / (used in) operating activities**

The net cash used from operating activities improved by 47% or SAR 52.6 million from an outflow of SAR 112.9 million in 2020G to SAR 60.3 million in 2021G mainly due to an increase in profit for the year before zakat by SAR 67.9 million from SAR 19.6 million in 2020G to SAR 87.5 million in 2021G.

Net cash flows from operating activities improved from an outflow of SAR 14.9 million in the six months period ended 30 June 2021G to an inflow of SAR 6.8 million in the six months period ended 30 June 2022G. This was mainly due to an increase in profit for the year before zakat from SAR 16.2 million to SAR 25.0 million and Customer advances of SAR 147.9 million which offset the cash utilised in Projects under construction of SAR 192.9 million related to 19 projects under construction and increase in Trade receivables by SAR 24.2 million due to sale of an investment property (Al Nada) and pending payment from the buyer.

**Net cash (used in) from investing activities**

The net cash used in investing activities improved from an outflow of SAR 1 thousand in 2020G to an inflow of SAR 5.1 million in 2021G due to the disposal of Property investments with a value of SAR 7.5 million.

There was no major variance in cash flow from investment activities in the six-month period ended 30 June 2022G versus the six-month period ended 30 June 2021G.

**Net cash (used in) from financing activities**

Net cash from financing activities was SAR 117.7 million in 2020G and was mainly related to the Additional share capital contributed by the shareholders. Cash flow from financing activities decreased by 53% from SAR 117.7 million in 2020G to SAR 55.5 million in 2021G. In 2021G cash flow from financing activities was mainly related to drawdown against the financing facilities related to ANB Bank and Amlak International.

In the six-month period ended 30 June 2022G, cash flow from financing activities declined to SAR 1.1 million from SAR 55 million in the six-month period ended 30 June 2021G due to the commencement of loan repayments which offset the loan drawdowns in the same period.





## 7. Dividends Distribution

The process of dividends distributing is subject to certain restrictions according to the Company's Articles of Association. Both (Article forty-seven related to the distribution of profits and the forty-eighth relating to the entitlement of profits) of the Company's Articles of Association stipulate everything related to the Company's profits in terms of distribution and entitlement.

With regard to the distribution of the Company's annual net profits, the Company may distribute annual profits, provided that this is done in accordance with the following provisions:

- 1- 10% of the net profit shall be set aside to form a statutory reserve for the Company. Such allocations to the statutory reserve may be discontinued by the Ordinary Assembly when the statutory reserve amounts to 30% of the Company's paid up share capital.
- 2- The Ordinary General Assembly may, upon request of the Board of Directors, set aside a 5% of the annual net profits to form an additional reserve to be allocated for a specific purpose or purposes.
- 3- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that serves the interest of the Company or ensures the distribution of as stable a dividend as possible to the Shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the Company's employees or to assist the existing ones of these institutions.
- 4- From the remainder, a portion representing at least 5% of the Company's paid-up share capital shall be distributed among the Shareholders as per the suggestion of the Board and General Assembly.
- 5- Subject to the provisions stipulated in Article (twenty-one) of the Company's Articles of Association and Article seventy-six of the Companies Law, after the foregoing, a percentage not exceeding 10% shall be allocated to the Board of Directors' remuneration, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- 6- The Company may, after fulfilling the regulations set by the competent authorities, distribute semi-annual and quarterly interim dividends.

In accordance with Article 48 of the Company's Articles of Association, the shareholder is entitled to his share of the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution indicates the maturity date and the date of distribution. The eligibility for profits is to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

Despite the Company's intention to distribute dividends to its shareholders in order to enhance the value of their investments, it does not provide any guarantees for the distribution of profits, nor does it provide any guarantee of the value of these profits that can be distributed during any particular year. Rather, this depends on the Company's income, financial position, market condition, general economic climate and other factors, including analysis of the investment opportunities available to the Company, its need for reinvestment, cash needs, capital requirements and prospects, as well as other legal and regulatory considerations.

The table below shows the dividend distributions for the years 2020, 2021G, and the first half of 2022G

**Table No. (82): Dividend distributions for the years 2020, 2021G, and the first half of 2022G**

Item	2020G	2021G	First half of 2022
Total comprehensive income (SAR)	17,309,430	83,139,471	20,806
Declared Profits (SAR)	-	30,000,000*	-
Dividends paid during the year/period (SAR)	-	-	-
<b>Declared Profit to Net Income Ratio (%)</b>	<b>0.00%</b>	<b>36.08%</b>	<b>0.00%</b>

Source: The Company

\* It should be noted that on 18/08/1443H (corresponding to 21/03/2022G), the Ordinary General Assembly approved the distribution of cash dividends to shareholders for the fiscal year ending on December 31, 2021G, amounting to thirty million (30,000,000) Saudi riyals, provided that the distribution of cash dividends will be to shareholders appearing in the shareholders register on 16/09/1443H (corresponding to 17/04/2022G).



## 8. Use of the Offering Proceeds

### 8.1 Introduction

The total Offering Proceeds are estimated at about SR 1,000 million, of which SR 300 million will be allocated to pay all costs and expenses related to the Offering, which include the fees of the Financial Advisor, Lead Manager and other advisors, printing, distribution, marketing and other expenses related to the Offering process. The Company will bear all costs, fees and expenses related to the Offering.

### 8.2 Net Offering Proceeds

The net Offering Proceeds are expected to reach an amount of SR 700 million Saudi riyals. The shareholders will not receive any part thereof.

### 8.3 Use of Net Offering Proceeds

The Company intends to use the Offering Proceeds to finance part of its current development projects. 75% of the Offering Proceeds will be used to finance six (6) projects: Ramz 39 - Al Malqa Offices, Ramz 40 - Al Malqa Villas, Al Ramz / Al Muhaidib Partnership Project - Nakheel and Al Maali, Ramz 54 - Al Munsiyah, Ramz 55 - Al Aqiq and Ramz 56 - Al Narjis (New Projects). For more details, please refer to Table 31 “**Company Projects**” from Section 4 “**Company Background and Nature of Business**”. The Company aims to finance 56% of new projects from the Offering Proceeds without using any debt financing. As for Al Ramz/ Al Muhaidib partnership project, the partner will contribute 28% of the construction cost. In the event that the net Offering Proceeds are less than the amount that the Company plans to use in the new projects or if it encounters any additional costs or items not included in the expected cost of the new projects, the Company will rely on the available internal resources.

The Company also intends to retain 22% of the net Offering Proceeds for the general purposes of the Company without paying any obligations or loans.

Furthermore, any surplus in net proceeds will be used for general purposes of the Company’s operations.

The following table shows the proposed use of the subtraction proceeds:

**Table No. (83): Suggested use of Offering Proceeds**

Item	Percentage from the total Offering Proceeds
Offering costs	3%
General works	22%
Project development	75%

Source: The Company

#### General works

The Company will use 22% of the total Offering Proceeds for its general activities, which includes purchasing land, financing new construction projects, financing working capital, and promoting investment in human capital through workforce development.



## Projects development

The following table shows a summary of the estimated cost of developing projects:

**Table No. (84): Summary of the estimated cost of developing projects**

Area	Project Details	Use of Funds	Starting Date	Total project cost (SAR million)	Percentage funded from the Offering Proceeds (%)	Percentage from total Offering Proceeds
Ramz 39	12 offices in Al-Malqa district, Riyadh	Construction cost: includes materials, labor and other costs related to the construction of the project	April 2022	11.8	46%	3%
Ramz 40	3 villas in Al-Malqa district, Riyadh	Construction cost: includes materials, labor and other costs related to the construction of the project	July 2022	6.3	73%	3%
Al Ramz / Al Muhaidib Partnership Project - Al Khobar	A complex of 63 villas and 113 apartments in Al Nakhil and Al Maali districts, Al Khobar	Construction cost: includes materials, labor and other costs related to the construction of the project	September 2022	142.5	46%	36%
Ramz 54	28 villas in Al Munsiyah district, Riyadh	Construction cost: includes materials, labor and other costs related to the construction of the project	September 2022	31.5	71%	13%
Ramz 55	82 apartments in Al-Aqiq district, Riyadh	Construction cost: includes materials, labor and other costs related to the construction of the project	September 2022	29.2	73%	12%
Ramz 56	14 villas in Al Narjis district, Riyadh	Construction cost: includes materials, labor and other costs related to the construction of the project	October 2022	18.8	80%	8%
<b>Total</b>						<b>75%</b>

Source: The Company

It is worth noting that the Company has purchased lands for all of the above-mentioned projects.

### 8.3.1 Timetable for the use of the net Offering Proceeds

The following table also shows the timetable for using the net Offering Proceeds:

proceeds from the Offering

**Table No. (85): Timeline for using the net Offering Proceeds**

Used Returns	Q1-2023	Q2-2023	Q3-2023	Q4-2023
<b>Projects Development</b>				
Ramz 39	43%	43%	14%	-
Ramz 40	28%	27%	27%	18%
Al Ramz / Al Muhaidib Partnership Project - Al Khobar	30%	30%	25%	16%
Ramz 54	30%	30%	30%	10%
Ramz 55	28%	27%	27%	18%
Ramz 56	25%	25%	25%	25%
<b>General Works</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>

Source: The Company



## 9. Directors Declarations

In addition to the other declarations referred to in this Prospectus, members of the Company's Board of Directors declare that:

- 1- There was no interruption in the Issuer's business that could affect or have had a noticeable impact on its financial condition during the past (12) months.
- 2- No commissions, discounts, brokerage fees or any non-cash compensation were granted by the Issuer during the year immediately preceding the date of the application for registration and offering of shares in connection with the issuance or offering of any shares.
- 3- There was no major negative change in the financial and commercial position of the Issuer during the year immediately preceding the date of submitting the registration application and offering the shares.
- 4- Other than what is stated in Section 5.3 "**Company's Board of Directors**" of sections 5 "**Ownership and Organization Structure**" 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 and its subsidiaries.

The Board of Directors also confirms that up to the date of publication of this Prospectus:

- a- Not to vote on contracts concluded with related parties in the meetings of the General Assembly in which they have a direct or indirect interest.
- b- Board members will not participate in voting on decisions related to business and contracts in which they have a direct or indirect interest.
- c- A director is committed not to enter into a competition for the Company's business without obtaining approval of the General Assembly in accordance with Article 72 of the Companies Law.
- d- There are no restrictions or encumbrances on the shares of the current shareholders whose names appear in this Prospectus.
- e- None of the existing shareholders have ever been declared bankrupt under any jurisdiction and none of them has ever been a party to a Protective Composition Arrangement and has not been subject to bankruptcy proceedings.
- f- Except as provided in Subsection 5.3 "**The Company's Board of Directors**" of Section 5 "**Organization Structure of the Company**" none of the relatives of the existing Shareholders has shares or interest of any kind in the Company.
- g- Except as provided in subsection 10.10 "**Lawsuits**" of Section 10 "**Legal Information**" the Company is not a party to any existing or potential litigation, claim, arbitration, or administrative proceeding, whether combined or otherwise, that would materially affect the business of the Company or its financial condition.
- h- The Company does not have any intangible assets except for its trademarks.
- i- The existing shareholders are the legal owners of the shares and there are no beneficial owners.
- j- There is no option right over the Company's shares.
- k- The shareholder relationship is governed only by the Articles of Association and Bylaws.
- l- Except as mentioned in Subsection 10.9 "**Credit Facility**" of Section 10 "**Legal Information**", the Company does not have any loans or bank facilities and has not entered into any financial lease-type agreements with any of the Saudi and non-Saudi banks.
- m- The Company did not provide any cash loans of any kind to the members of its Board of Directors, and it did not provide any securities for any loans to the Directors or its employees with third parties, and it did not open any bank letters of credit. Also, the Company did not grant loans to any of the employees except for the advance payments on the salary, which are calculated from the housing and/or transportation allowance as per the employment contract.
- n- The vacancy for the position of Business Development Manager will be filled before the end of 2022G.
- o- Petty cash will not be paid by related parties starting from 2022G.
- p- The Company is committed to holding an ordinary general assembly before the end of October 2022G and before the Offering, for the sake of securing approvals on the transactions and balances with related parties for all the periods mentioned in this Prospectus ending on December 31, 2020, December 31, 2021, and June 30, 2022.



## 10. Legal Information

### 10.1 Declarations of Board Members Relating to Legal Information

The Directors declare that:

- 1- Offering shares in the Parallel Market - Nomu, does not violate the relevant laws and regulations in the Kingdom of Saudi Arabia.
- 2- The Offering of shares does not prejudice any of the contracts or agreements to which the Company is a party.
- 3- All material legal information related to the Company has been disclosed in the Prospectus.
- 4- Other than what is stated in Section (10.10) “**Lawsuits**” of this section, the Company is not subject to any lawsuits or legal procedures that, alone or in the aggregate, may materially affect the Company’s business or its financial position.
- 5- The members of the Board of Directors are not subject to any lawsuits or legal procedures that, individually or in the aggregate, may materially affect the Company’s business or its financial position.

### 10.2 The Company

- Al Ramz Real Estate is a Saudi closed joint stock that was initially established as a limited liability company (one person company), and it was converted on 29/05/1442H (corresponding to 13/01/2021G) into a closed Saudi joint stock company. It was registered under Commercial Registration Certificate No. (1010488618) dated 29/11/1437H (corresponding to 01/09/2016G), which expires on 24/07/1447H (corresponding to 13/01/2026G). According to its commercial registration, the Company’s activities are the purchase and sale of lands and properties and their division, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential), general construction of residential buildings, public construction of non-residential buildings such as schools, hospitals, hotels, etc., renovation of residential and non-residential buildings, preparation of sites for excavation and levelling, casting concrete for bases and foundations, and finishing buildings
- The activities of the Company according Article (3) of its Articles of Association are as follows: (1) real estate activities, (2) construction and building, (3) manufacturing industries, (4) agriculture, forestry and fishing, (5) mining and quarrying, (6) electricity, gas, steam and air conditioning supply, (7) water supply and sanitation activities, waste management and treatment, (8) wholesale and retail trade and repair of motor vehicles and motorcycles, (9) transportation and storage, (10) accommodation and catering service activities, (11) Information and communication, (12) education, (13) human health and social work activities, (14) administrative and support services, (15) arts, recreation and leisure and (16) other service activities.
- The Company Conducts its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.
- The head office of the Company is located in Wadi Hajar, Al-Malqa District, P.O. 2608 Riyadh 13524, Kingdom of Saudi Arabia.
- The Company’s current capital is three hundred million (300,000,000) Saudi riyals divided into thirty million (30,000,000) ordinary shares paid in full at a nominal value of ten (10) Saudi riyals per share.

### 10.3 The Subsidiary

- According to Article (4) of the Company’s Articles of Association, the Company may participate in other companies and may establish companies on its own (limited liability or closed joint stock), provided that the Company’s capital shall not be less than five million Saudi riyals. It may also own shares and interest in other existing companies or merge with them, and it has the right to participate with others in the 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 of these shares or shares, provided that this does not include brokerage in their trading.
- As of the date of this Prospectus, the Company has established a subsidiary, which is Osos Al Ramz Contracting Company (One person company - Limited Liability).
- Osos Al Ramz Contracting Company (One person company - Limited Liability) was established with a capital of fifty thousand (50,000) Saudi Riyals divided into five thousand (5,000) shares of equal value, and the value of each share is ten (10) Saudi Riyals, which is wholly owned by Al Ramz Company pursuant to the electronic articles of incorporation No. (531485) and contract copy number (1), dated 04/08/1443H (corresponding to 07/03/2022G).
- The subsidiary was registered in the commercial registry in Riyadh under Certificate No. (1010787199) dated 06/08/1443H (Corresponding to 09/03/2022G).



- The activities of the subsidiary, according to the commercial registration data, are as follows: preparing sites for excavation and grading, construction of airports and their facilities, pouring bases and foundations, restorations of residential and non-residential buildings, laying of electrical wiring, repair and maintenance of bridges and tunnels, general construction of government buildings, finishing of buildings, construction of prefabricated buildings on sites, general construction of residential buildings, general construction of non-residential buildings such as schools, hospitals, hotels, etc., installation, maintenance and repair of sanitary ware.
- Article Two (2) of the subsidiary of Articles of Association specified the Company's purposes are: construction (of buildings - construction of roads and railways - site preparation - electrical installations - plumbing, heating, ventilation, and air conditioning works - completion and finishing of buildings - construction of utility projects - construction works related to civil engineering projects - demolition).
- According to Article (8) of the Memorandum of Association, the subsidiary is managed by one manager, Mr. Haroon Rasheed Abdul Rahman AL-Rasheed, who has all the powers stipulated in the Memorandum of Association.
- As of the date of this Prospectus, the subsidiary does not have any branches inside or outside the Kingdom of Saudi Arabia.

## 10.4 Major licenses, approvals and certifications

### • Al Ramz Real Estate Company

The Company shall obtain and maintain the necessary permits, licenses and regulatory approvals in connection with its activity. The Company, through its main branch and its other branch, has obtained several regulatory and operational licenses and certificates from the competent authorities.

The following table shows the licenses, permits and certificates obtained by the Company for the main branch:

**Table No. (86): Licenses, permits and certificates obtained by the Company for its main branch**

Type of License	Purpose	License Number	Issuance Date	Expiry Date	Issuing Agency
Commercial Registration	Registration of the Company in the Companies' Commercial Register (in Riyadh)	1010488618	29/11/1437H (Corresponding to 01/09/2016G)	24/07/1447H (Corresponding to 13/01/2026G)	Ministry of Commerce - Commercial Registry Office in Riyadh
Chamber of Commerce membership certificate - Riyadh Chamber	In compliance with the provisions of the Commercial Registry Law	366533	29/11/1437H (Corresponding to 01/09/2016G)	24/07/1447H (Corresponding to 13/01/2026G)	Riyadh Chamber of Commerce and Industry
Contractor Membership Certificate	In compliance with the regulation of the Saudi Contractors Authority	147314738	--	14/05/1448H (Corresponding to 25/10/2026G)	Saudi Contractors Authority - Riyadh
Cities Service Providers Classification Certificate (Second Class)	In compliance with the regulations of the Ministry of Municipal and Rural Affairs and Housing	0051001202	01/03/1443H (Corresponding to 07/10/2021G)	15/04/1447H (Corresponding to 07/10/2025G)	Ministry of Municipal and Rural Affairs and Housing
Real estate developer qualification certificate	In compliance with the regulations of the Ministry of Municipal and Rural Affairs and Housing	2179109834	16/05/1442H (Corresponding to 31/12/2020G)	--	Ministry of Municipal and Rural Affairs and Housing
Real estate developer qualification certificate (Wafi - off-plan sale or lease)	In compliance with the regulations of the Ministry of Municipal and Rural Affairs and Housing	515	--	10/06/1445H (Corresponding to 23/12/2023G)	Ministry of Municipal and Rural Affairs and Housing - and off-plan Sale or Rent
Membership certificate in the electronic network of rental services (Ejar)	In compliance with the regulations of the Ministry of Municipal and Rural Affairs and Housing	EJAR_48028200	13/02/1439H (Corresponding to 02/11/2017G)	07/06/1444H (Corresponding to 31/12/2022G)	Ministry of Municipal and Rural Affairs and Housing - Rent
Certificate of registration of a person eligible for redemption	--	3101280081000013	08/08/1442H (Corresponding to 21/03/2021G)	--	Zakat, Tax and Customs Authority
Credit Rating Certificate (SIMAH)*	--	1010488618072021	July 2021G	July 2022G	SIMAH Credit Rating Agency SIMAH



Type of License	Purpose	License Number	Issuance Date	Expiry Date	Issuing Agency
Social insurance certificate**	The Company's compliance with the regulations of the General Organization for Social Insurance	48228769	17/01/1444H (Corresponding to 15/08/2022G)	17/02/1444H (Corresponding to 13/09/2022G)	General Organization for Social Insurance
Saudization certificate***	To indicate that the Company is in compliance with the required Saudization percentage according to the Nitaqat Program	683083-13712239	05/01/1444H (Corresponding to 03/08/2022G)	07/04/1444H (corresponding to 01/11/2022G)	Ministry of Human Resources and Social Development
Company Entity Evaluation Certificate (Nitaqat)	Evaluation of the Company's entity according to Nitaqat Program where it indicates that the Company is in the (Platinum) range	--	26/01/1444H (Corresponding to 24/08/2022G)	--	Department of Electronic Services of the Ministry of Human Resources and Social Development
Certificate of Zakat and Income	To indicate that the Company submitted its annual declaration and committed to paying Zakat	1110332723	19/12/1443H (Corresponding to 18/07/2022 G)	10/10/1444H (Corresponding to 30/04/2023G)	Zakat, Tax and Customs Authority
VAT registration certificate	To indicate that the Company is registered with the value added tax	310128008100003	16/05/1440H (Corresponding to 22/01/2019G)	--	Zakat, Tax and Customs Authority
ISO Certificate	To report that the Company's quality management system has been evaluated and is compatible with the requirements of (ISO 9001-2015) in the field of real estate development.	22IQJN06	14/06/1443H (Corresponding to 17/01/2022G)	16/07/1446H (Corresponding to 16/01/2025G)	AQC MIDDLE EASTLLC
Municipal License	To obtain a business license	43016039995	22/04/1443H (Corresponding to 27/11/2021G)	22/04/1445H (Corresponding to 06/11/2023G)	Riyadh Municipality - North Riyadh Municipality
Safety Certificate (Civil defence Permit)	In compliance with the safety conditions of civil defence	1-000817025-43	20/04/1443H (Corresponding to 25/11/2021G)	20/04/1444H (Corresponding to 14/11/2022G)	General Directorate of Civil Défense - Field Safety Center at Imam University
WPS Compliance Certificate****	The Company's compliance with the Wage Protection Law	20012208013731	26/01/1444H (Corresponding to 24/08/2022G)	28/03/1444H (Corresponding to 24/10/2022G)	Ministry of Human Resources and Social Development - Department of Wages Protection

Source: The Company

\* Renewal process underway.

\*\* A compliance certificate valid for a maximum of one month and is electronically renewable upon request.

\*\*\* A compliance certificate valid for a maximum of three months and is electronically renewable upon request.

\*\*\*\* A compliance certificate valid for (60) days and is electronically renewable upon request.



The following table shows the licenses, permits and certificates obtained by the Company for its branch Osos Al Ramz Contracting Company, noting that on 21/11/1443H (Corresponding to 20/06/2022G) the Board of Directors agreed to start the procedures for writing off the commercial register of the Company branch and the legal procedures are still in progress, according to the following:

**Table No. (87): Licenses, permits and certificates obtained by the Company for its branch**

Osos Al Ramz Contracting Company					
Type of License	Purpose	License Number	Issuance Date	Expiry Date	Issuing Agency
Commercial Registration	Registration of the Company in the Companies' Commercial Register (in Riyadh)	1010682613	12/06/1442H (Corresponding to 25/01/2021G)	12/06/1444H (Corresponding to 05/01/2023G)	Ministry of Commerce - Commercial Registry Office in Riyadh
Membership certificate in the Chamber of Commerce - Riyadh Chamber (First Class)	The Company's compliance with the provisions of the commercial register	101000615488	12/06/1442H (Corresponding to 25/01/2021G)	12/06/1444H (Corresponding to 05/01/2023G)	Riyadh Chamber of Commerce and Industry

Source: The Company

- Subsidiary Company**

The table below shows the licenses, permits and certificates obtained by Osos Al Ramz Contracting Company:

**Table No. (88): Licenses, permits and certificates obtained by the Subsidiary**

Osos Al Ramz Contracting Company					
Type of License	Purpose	License Number	Issuance Date	Expiry Date	Issuing Agency
Commercial Registration	Registration of the Company in the Companies' Commercial Register (in Riyadh)	1010787199	06/08/1443H (Corresponding to 09/03/2022G)	06/08/1445H (Corresponding to 16/02/2024G)	Ministry of Commerce - Commercial Registry Office in Riyadh
Chamber of Commerce and Industry membership certificate (sixth class)	The subsidiary company's compliance with the Commercial Registry Law and Chambers of Commerce Law	715582	06/08/1443H (Corresponding to 09/03/2022G)	06/08/1445H (Corresponding to 16/02/2024G)	Riyadh Chamber of Commerce and Industry
Registering the Certificate of (Zakat and Income)	To state that the subsidiary is registered with the Zakat, Tax and Customs Authority with the distinctive number (3112256539), dated 06/08/1443H (Corresponding to 09/03/2022G)	102220003806734	17/08/1443H (Corresponding to 20/03/2022G)	02/01/1445H (Corresponding to 20/07/2023G)	Zakat, Tax and Customs Authority
VAT registration certificate	To indicate that the Company is registered with the value added tax	311225653900003	18/08/1443H (Corresponding to 21/03/2022G)	-	Zakat, Tax and Customs Authority
Social insurance certificate*	The subsidiary compliance with the regulations of the General Organization for Social Insurance	48252553	18/01/1444H (Corresponding to 16/08/2022G)	18/02/1444H (Corresponding to 14/09/2022G)	General Organization for Social Insurance
WPS Compliance Certificate**	The Company's compliance with the Wage Protection Law	20012208013732	26/01/1444H (Corresponding to 24/08/2022G)	The certificate is valid for (60) days from the date of its issuance, i.e., on 28/03/1444H (Corresponding to 24/10/2022G).	Ministry of Human Resources and Social Development - Wages Protection Department





Osos Al Ramz Contracting Company					
Type of License	Purpose	License Number	Issuance Date	Expiry Date	Issuing Agency
Saudization certificate***	To indicate that the subsidiary company is compliant with the required percentage of Saudization of according to the Nitaqat program	62837031-970285	05/01/1444H (Corresponding to 03/08/2022G)	07/04/1444 H (Corresponding to 01/11/2022G)	Ministry of Human Resources and Social Development
Company Entity Evaluation Certificate (Nitaqat)	Evaluation of the Company's entity according to Nitaqat Program where it indicates that the Company is in the (Platinum) range	-	26/01/1444H (Corresponding to 24/08/2022G)	-	Department of Electronic Services of the Ministry of Human Resources and Social Development
Contractor Membership Certificate	In compliance with the regulation of the Saudi Contractors Authority	263926392	-	09/02/1445H (Corresponding to 25/08/2023G)	Saudi Contractors Authority - Riyadh
Cities Service Providers Classification Certificate	In compliance with the regulations of the Ministry of Municipal and Rural Affairs and Housing	2022004579	22/11/1443 H (Corresponding to 21/06/2022G)	03/12/1444H (Corresponding to 21/06/2023G)	Ministry of Municipal and Rural Affairs and Housing
Municipal license (commercial activity)	In compliance with the regulations of Municipal and Rural Affairs and Housing	440110329219	15/01/1444H (Corresponding to 13/08/2022G)	15/01/1445H (Corresponding to 02/08/2023G)	Riyadh Municipality - North Riyadh Municipality
Civil Defence License (Safety)	In compliance with the safety conditions of Civil Defence	44-000980200-1	15/01/1444H (Corresponding to 13/08/2022G)	15/01/1445H (Corresponding to 02/08/2023G)	General Directorate of Civil Defence - Field Safety Center at Imam University

Source: The Company

\* A compliance certificate valid for a maximum of one month and is electronically renewable upon request.

\*\* A compliance certificate valid for (60) days and is electronically renewable upon request.

\*\*\* A compliance certificate valid for a maximum of three months and is electronically renewable upon request.

The regulatory authorities below obligate the Company and its subsidiary in its capacity as the license holder to comply with some of the following ongoing obligations:

#### 10.4.1 Continuing Obligations according to the Requirements of the Ministry of Commerce

##### • Al Ramz Real Estate Company

- The Company is compliant with the commercial registration law in terms of registering in the commercial registration in Riyadh, where its headquarter is located. The Company is registered under commercial registration no. (1010488618), dated 29/11/1437H (corresponding to 01/09/2016G), and will expire on 24/07/1447H (corresponding to 13/01/2026G).
- The Company is compliant with the commercial registration law in terms of obtaining a certificate of membership in the Chamber of Commerce and Industry for its head office. The certificate is obtained under no. (365533), dated 29/11/1437H (corresponding to 01/09/2016G), and will expire on 24/07/1447H (corresponding to 13/01/2026G).
- The Company has two logos that it uses in its commercial transactions and have been registered as a trademark in the Saudi Authority for Intellectual Property under category (36). It is one of the commercial trademarks of "insurance services, financing affairs, financial affairs and real estate affairs." Both trademarks were provided with the legal protection required under the Trademarks Law. This will enable the Company to use the trademarks and place them on the external facades of its buildings, offices, or vehicles.



- **The subsidiary**

- The subsidiary is compliant with the commercial registration law in terms of registering in the commercial registration in Riyadh, where its head office is located. The Company is registered under certificate no. (1010787199), dated 06/08/1443H (corresponding to 09/03/2022G), and will expire on 06/08/1445H (corresponding to 16/02/2024G).
- The subsidiary is compliant with the commercial registration law in terms of obtaining a certificate of membership in the Chamber of Commerce and Industry for its head office. It obtained certificate no. (715582), dated 06/08/1443H (corresponding to 09/03/2022G), which will expire on 06/08/1445H (corresponding to 16/02/2024).
- The subsidiary also registered its trademark with the Saudi Authority for Intellectual Property.

#### **10.4.2 Continuous Obligations according to the Requirements of Zakat, Tax and Customs Authority.**

- **Al Ramz Real Estate Company**

- Like other institutions and registered companies operating in the Kingdom, the Company is committed 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 was registered as taxpayer under the distinct taxation number (3101280081) and has submitted its zakat return for the period ending 31 December 2021G. It has also obtained zakat certificate issued by the Zakat, Tax, and Customs Authority under no. (1110332723), dated 19/12/1443H (corresponding to 18/07/2022G. The certificate is valid until 10/10/1444H, (corresponding to 30/04/2023G).
- It is worth mentioning that the value of zakat paid during the year 2022G was four hundred and thirty-five thousand and one hundred and eighty-two (435,182) Saudi Riyals. The value of zakat paid during the year 2021G was two million, three hundred and eighteen thousand and seven hundred and seventy (2,318,770) Saudi Riyals.
- The Company is also compliant with the value added tax law and its implementing regulations and is registered with the Zakat, Tax and Customs Authority under taxation no. (31012800810003), dated 16/05/1440H (corresponding to 22/01/2019G).
- It is worth mentioning that the Company, in its capacity as a claimant filed a lawsuit against the Zakat, Tax and Customs Authority in its capacity as the respondent, before the Committee for the Resolution of Tax Violations and Disputes at the General Secretariat of the Zakat, Tax and Customs Committees. The Company submitted an objection on the Authority assessment for the return for the third quarter of the year 2020G and subjecting real estate sales returns amounts that are subject to real estate disposition tax to the value added tax. A verdict was issued that the lawsuit is not accepted in from due to expiry of the statutory period. The Company has filed an appeal and no verdict has been issued to date.
- As at the date of this Prospectus, the Company filed six (6) tax redemption requests. In relation to the first request, the Zakat, Tax, and Customs Authority reported that the submitted transactions are not qualified for the redemption of the relevant added value. Until the date of this Prospectus, the Company has not decided whether or not to submit an objection on the excluded value. In relation to the second request, the Company received a letter dated 27/10/2021G, stating acceptance of redemption, and as per the Company, the amounts subject of the request, were redeemed. In regards the third and four requests, the Company received a letter from the Zakat, Tax and Customs Authority, stating that the redemption request is accepted in part. The Company has submitted a review request and still awaiting the response of the Authority thereon. In relation to the fifth request, the Company submitted a tax redemption request on 12/04/2022G, and received a letter from the Zakat, Tax and Customs, dated 01/09/2022G stating the acceptance of the redemption request in part. The Company declares that it will submit an objection against the assessment. The sixth request was submitted on 05/09/2022G and is still under consideration by the Zakat, Tax and Customs Authority.
- It is worth mentioning that during the period extending from the first quarter of the year 2021G until 30 June 2022G, the total redemption request amounts submitted by the Company to the Zakat, Tax and Customs Authority reached twenty-five million, three hundred and eighty-three thousand and eight hundred and sixty-five (25,383,865) Saudi Riyals. The redeemed amounts reached sixteen million, two hundred and thirteen thousand and six hundred and seventy-seven (16,213,677) Saudi Riyals, while the excluded amounts reached one million, one hundred and ninety-five thousand and four (1,195,004) Saudi Riyals.
- The Company also registered at the Zakat, Tax, and Customs Authority as a person qualified for redemption under no. (3101280081000013), dated 08/08/1442H (corresponding to 21/03/2021G).



- **The Subsidiary**

- The subsidiary has been registered at the Zakat, Tax and Customs Authority under certificate no. (102220003806734), dated 17/08/1443H (corresponding to 20/03/2022G) to state that the subsidiary is registered at the Authority under the taxation distinct no. (3112256539), dated 06/08/1443H (corresponding to 09/03/2022G). This certificate was given to the subsidiary to enable it to finalize all its transactions save as the payment of its final entitlements resulting from contracts. The certificate is valid until 02/01/1445H (corresponding to 20/07/2023G).
- The subsidiary cannot submit its zakat returns currently to obtain a final certificate, as its first fiscal year which commenced as from the date it was registered in the commercial registration until 31 December 2022G has not ended yet.
- The Company is compliant with the value added tax law and its implementing regulations, and is registered at the Zakat, Tax and Customs Authority under no. (311225653900003), under a certificate issued on 18/08/1443H (corresponding to 21/03/2022G).

#### **10.4.3 Continuous Obligations as according to the Requirements of the Ministry of Human Resources and Social Development**

- **Al Ramz Real Estate Company**

- A file was opened at the Ministry of Human Resources and Social Development (Labor Office) under the unified no. (1-1594756), per the Saudization certificate. As at the date of this Prospectus, the Company avails the electronic services of the Ministry of Human Resources and Social Development, and a Saudization certificate has been obtained, indicating that the Company is committed to the required Saudization percentage (64.6%), in accordance with the Nitaqat Program. The Company is classified in the platinum range and is also classified as a small enterprise (category B).
- The Company has internal work bylaw approved by the Ministry of Human Resources and Social Development (Labor Office) under no. (186753), dated 30/12/1442H (corresponding to 09/08/2021G).
- The Company is compliant with the wage protection law and the regular reporting of the wages of its employees. A report issued by Medad Platform states that the Company was committed from May 2022G to July 2022G. the Company obtained a wage protection obligation certificates issued under no. (20012208013731), dated 26/01/1444H, (corresponding to 24/08/2022G). The certificate is valid for (60) days as of the date of its issuance.
- The Company is committed to documenting the contracts of its employees and the obligation percentage reached (100%) per the report issued by Medad Platform on 01/05/1443H (corresponding to 05/12/2021G).
- It is worth mentioning that the number of company employees registered in the various governmental authorities is as follows:
  - (30) employees, including (20) Saudis and (10) non-Saudis at the Labor Office.
  - (28) employees, including (18) Saudis and (10) non-Saudis at the Passports Office.
  - (10) non-Saudi employees at the Passports Office

The numbers of non-Saudi employees are matching in the various governmental authorities, while the numbers of the registered Saudi employees have a variance of two (2) employees between the General Organization for Social Insurance (20 Saudi employees) and the Labor Office (18 Saudi employees). This is due to the difference between the Company information update process at the various governmental authorities.

- **The Subsidiary**

- A file was opened at the Ministry of Human Resources and Social Development (Labor Office) under the unified no. (1-2445117), per the Saudization certificate. As at the date of this Prospectus, the subsidiary avails the electronic services of the Ministry of Human Resources and Social Development, and a Saudization certificate has been obtained, indicating that the Company is compliant with the required Saudization percentage (26.15%), in accordance with the Nitaqat Program and is classified in the middle green range. The Company is also classified as a small enterprise (category b).
- The subsidiary has internal work bylaw approved by the Ministry of Human Resources and Social Development (Labor Office) under no. (595781), dated 27/01/1444H (corresponding to 25/08/2022G).
- The subsidiary is committed to documenting the contracts of its employees and the obligation percentage reached (100%) per the report issued by Medad Platform on 26/01/1444H (corresponding to 24/08/2022G).
- It is worth mentioning that the number of the Company registered employees is matching in the various governmental authorities, as follows:
  - (19) employees, including (7) Saudis and (12) non-Saudis at the General Organization for Social Insurance.
  - (19) employees, including (7) Saudis and (12) non-Saudis at the Labor Office.
  - (12) non-Saudi employees at the Passports Office



#### 10.4.4 Continuous Obligations according to the Requirements of the General Organization for Social Insurance

- **Al Ramz Real Estate Company**

- A file for the Company head office was opened at the General Organization for Social Insurance under subscription no. (52463302). As per the certificate of subscription in the General Organization for Social Insurance no. (48228769), dated 17/01/1444H (corresponding to 15/08/2022G), the Company has subscribed to the wages and professional risks branches in relation to Saudi employees and subscribed to the professional risks branch in relation to non-Saudi employees.
- The value of subscriptions paid for GOSI reached twenty-one thousand and nine hundred and ten (21,910) Saudi Riyals in the year 2020G, compared to one hundred and sixty-six thousand and three hundred and ninety-six (166,396) Saudi Riyals in the year 2021G.

- **The Subsidiary**

- A file for the subsidiary was opened at the General Organization for Social Insurance under subscription no. (630962021). As per the certificate of subscription in the General Organization for Social Insurance no. (48252553), dated 18/01/1444H (corresponding to 16/08/2022G), the subsidiary has subscribed to the wages and professional risks branches in relation to Saudi employees and subscribed to the professional risks branch in relation to non-Saudi employees.

#### 10.4.5 Continuous Obligations according to the Requirements of the Ministry of Municipal and Rural Affairs and Housing

- **Al Ramz Real Estate Company**

- A municipal license should be obtained for the administrative offices and institutions in order for the Company to operate them, taking into account that the municipality requests the following documents: a copy of the commercial registration, a copy of the Articles of Association (main law), a copy of the lease contract or the ownership deed, a copy of construction permit for the building, institution, the commercial shop, warehouse or store, a copy of the real estate license, a shooting for the building including the signboard (with a copy of the signboard invoice, and registration of the Company trademark for use on the façade) in addition to the Civil Defense licensing.
- The Company obtained a municipality certificate for its head office, issued by the Municipality of Riyadh Region – North of Riyadh Municipality, under no. (43016039995). The certificate is valid until 22/04/1445H (corresponding to 06/11/2023G),

- **The Subsidiary**

- The subsidiary obtained a municipal license issued from Riyadh Region Municipality - North of Riyadh Municipality, under no. (440110329219). The certificate is valid until 15/01/1445H (corresponding to 02/08/2023H).
- The subsidiary obtained the following certificates issued by the Ministry of Municipal and Rural Affairs and Housing:
  - 1- City services providers classification certificate (second degree)
  - 2- Real estate developer qualification certificate
  - 3- Real estate developer qualification certificate (wafi – off map sale or rent).

In addition, the subsidiary obtained the cities services providers classification accreditation certificate issued by the Ministry of Municipal and Rural Affairs and Housing (Construction and Building Sector) – in addition to the contractor membership certificate issued by the Saudi Contractors Authorities.

The Company and its subsidiary are committed to the requirements of the contractors' classification law issued under the royal decree no. (M/9), dated 18/01/1443H (corresponding to 31/10/2021G), the most important articles of the law are as follows:

- Article six: A contractor shall be classified in the degree it deserves in one classification or activity field or more, according to the following elements and criteria:
  - 1- Financial capability (financial statements).
  - 2- Technical, administrative and execution capability: organizational structures, and administrative and technical cadres.
  - 3- Total number, type, and value of projects.
  - 4- Any other criteria and conditions set out in the regulations.



- Article seven: A contractor may apply for the reclassification of his certificate by adding or revoking a field (activity), supporting his application with the necessary information and data, in line with the conditions stipulated in the regulations.
- Article eight: The Minister or his designate may issue a decision to classify the contractor in the field (fields) or activity (activities) and the degree which it deserves, based on the available information and data, and shall be provided with a certificate to that effect for the period specified in the regulations.
- Article nine: If two or more contractors jointly execute a project, each of them shall be classified in the project's execution field and at least one of them shall be classified in the required field and degree. The remaining joint venture contractors shall be classified in the degree required to execute the project or only one degree less.
- Article ten: If a legal change occurred regarding the status of the contractor, affecting its classification, the contractor shall apply for the reclassification of the certificate, in line with the cases set out in the regulations.
- Article Fifteen:
  - 1- Without prejudice to any more severe penalty stated in any other law, any contractor violating the provisions of the law, or the regulations shall be subject to one or more of the following penalties:
    - a- Downgrading the classification degree.
    - b- Suspending the classification and preventing renewal of the same for a period of no more than (five) years.
    - c- Cancelling the classification.
  - 2- The Minister – pursuant to a decision by him – shall issue a violation classification schedule and determine the penalties within the limit set out thereof in the law, taking into consideration the nature and gravity of each violation, as well the aggravating or alleviating conditions.

As for the activity of the Company under the real estate developer certificate (wafi – off plan sale or rental), the Company shall be subject to the laws, regulations and rules regulating the off-plan sale or rental activity, the most prominent of which are the rights of beneficiaries and obligations of developers. Article three (3) of the rules has identified the developer obligations as follows:

- 1- Commencing and ending works as scheduled.
- 2- Using the monies deposited in the escrow accounts for the relevant purposes.
- 3- Following up and overseeing the execution by the sub-contractor of the works assigned to it, per the adopted technical specifications.
- 4- Realizing the adopted technical specifications per the projects' designs, and for each of its units.
- 5- Handing over the unit to the beneficiary at the date specified in the contract, fulfilling the adopted technical specifications which was the basis of contracting, and taking the required procedures.
- 6- All notifications and correspondences with the beneficiary shall be in writing using the means of communication specified in the contract with the beneficiary.
- 7- Providing all public utility services for the unit and project, including but not limited to connection and release of electrical current and water for the real estate unit and bearing the required fees. The developer shall also be committed to connect the unit to the public sewage network or provide a suitable place to it.
- 8- Handing over to each beneficiary a copy of the owners' association system upon signing the contract.
- 9- Vacating the unit deed in the name of the beneficiary or registering the lease contract within a maximum of thirty (30) days as from the date of issuance of the construction completion certificate.
- 10- Preparing and submitting the report requested by the concerned authorities, in line with the controls set out by the committee. If the developer has delayed implementation of the project due to circumstances beyond control, such circumstances shall be disclosed immediately to the committee and beneficiaries.
- 11- The developer shall bear all the expenses of the real estate unit until the date of handing over the unit to the beneficiary or the date of vacating the same or registering its rental contract, whichever comes first.



## 10.5 Summary of the Articles of Association

This paragraph includes a summary of the Company Articles of Association, which shall not be relied upon in full instead of the complete Articles of Association, which can be reviewed in the Company head office or via its financial advisor.

### Conversion

In line with this Articles of Association, and the provisions of the Companies Law issued under the royal decree no. (M/3), dated 28/01/1437H, Al Ramz Real Estate Company, a single shareholder company (a limited liability company), registered in the commercial registration of the city of Riyadh under no. (1010488618), dated 29/11/1437H (corresponding to 01/09/2016G), has been converted to a closed Saudi joint stock company, in line with the following:

### Company Name

“Al Ramz Real Estate Company,” a closed Saudi joint stock company

### Participation and Ownership in Companies

The Company may participate in other companies and establish companies alone (limited liability or closed joint stock companies), provided the Company capital shall not be less than five million Saudi Riyals. The Company may also hold shares and stocks in other existing companies or merge with them and participate with third parties to establish joint stock or limited liability companies after fulfilling the laws and instructions applicable in this regard. The Company may dispose of such shares or stocks, provided it shall not include brokerage in trading such stocks or shares.

### The Company Head Office

The Company head office is located in Riyadh in the Kingdom of Saudi Arabia. The Board of Directors may establish branches, offices, or agencies for the Company inside or outside the Kingdom of Saudi Arabia following approval of the Board Chairman or his Deputy.

### Company Term

The Company term is ninety-nine (99) Gregorian years, commencing from the date the Company is registered in the commercial registration as a closed joint stock company. The Company terms may be extended by resolution of the extraordinary general assembly at least one year prior to term.

### Selling non-fully paid shares

A shareholder shall pay the share value at the times set therefor. If the shareholder fails to pay on the due date, the Board of Directors may sell such shares in a public auction or the financial market, as the case may be, in accordance with the directives of the competent authority, after having so informed the shareholder by means of an email or a registered letter. The Company shall recover what is due to it from the sale proceeds and refund the balance to the shareholder. If the sale proceeds are insufficient to cover the Company's dues, then the Company may recover the entire amount due from all of the shareholders monies. However, the defaulting shareholder, who fails to pay until the day of selling, may still, pay the value due plus the expenses incurred by the Company in such regard. The Company shall cancel the share sold in accordance with the provisions of this article, and shall give the purchaser a new share bearing the same number of the cancelled share, a notation of which shall be made in the shareholders register stating the new owner's name.

### Issuing of Shares

Shares shall be nominal, and they may not be issued for a value lessor than their nominal value but may be issued for a value higher than their nominal value. In such latter case, the value difference shall be added in a separate item within the shareholders rights and may not be distributed to shareholders as dividends. The share is indivisible in the face of the Company and if the share is owned by multiple persons, they shall select one of them to represent them in exercising the rights relating to the share. These persons shall be jointly responsible for the obligations arising from the share ownership.

### Preferred Shares

The Company extraordinary general assembly, based on the criteria of the competent authority, may issue preferred shares, decide to purchase such shares, or convert preferred shares into ordinary shares. Preferred shares shall have no voting rights at the shareholders general assemblies. Such shares entitle their holders to receive a higher percentage of the Company net profits than ordinary shares holders after setting aside the statutory reserve.



**Buying, Selling and Mortgaging the Company Shares**

The Company may buy, sell, or mortgage its own ordinary or preferred shares to decrease its capital, or may hold such shares as treasury shares. The Company may sell treasury shares at one or several stages, mortgage them or allocate the same to the Company employees as part of their share scheme, in accordance with the directives issued by the competent authority and after approval of the extraordinary general assembly, based on the recommendation of the Board of Directors. Such shares bought by the Company shall have no voting rights in the shareholders assemblies.

**Trading of Shares**

Shares subscribed to by the founders may only be traded after the publishing of the financial statements for two fiscal years, each of which shall not be less than twelve months as from the Company conversion date. A notation shall be made in the deeds of such shares, stating their type, the Company conversion date and the trading lock up period. However, shares ownership may be transferred during the lock up period, in line with provisions of the selling of the rights by a founder to another, or from the heirs of a founder in the event of his death to a third party, or in the event of implementation on the monies of the bankrupt or insolvent founder. Priority of owning such shares shall be for other founders, and the provisions of this article shall apply on what is subscribed to by the founders in the event of capital increase prior to expiry of the lock up period.

**Shareholders Register**

The Company shares shall be traded after registering them in the shareholders register that the Company prepares or enters into contract to prepare the same. The register shall include shareholders' names, nationalities, places of residence, occupations, share numbers and the paid-up portion thereof. Shares entered to the register shall be marked. Ownership of a nominal share shall not be deemed transferred in the face of the Company or others except as from the date the share has been registered in the said register.

**Increase of Capital**

- 1- The ordinary general assembly may decide to increase the Company capital, provided the Company capital is fully paid. The Company capital may not be fully paid if the unpaid portion thereof is related to shares issued against the conversion of debt instruments or debenture bonds to shares and the period specified for converting the same to shares has not yet expired.
- 2- The extraordinary general assembly may, in all cases, allocate the issued shares or a portion thereof upon increase of the capital to the Company employees or subsidiaries or some of them, or any of such cases. Shareholders shall not have the preemptive rights in the shares issued for the employees.
- 3- Upon the issuance of the resolution of the extraordinary general assembly of increasing the capital, the shareholder shall have preemptive rights to subscribe to the new cash shares. Such shareholders shall be notified of their preemptive rights by notice to be published in a daily newspaper, or by registered mail of the capital increase resolution as well as the conditions and duration of subscription and the dates of commencement and expiration thereof.
- 4- The extraordinary general assembly may discontinue the preemptive rights of shareholders to subscribe to capital increase against cash shares or give these rights to non-shareholders in the cases it deems appropriate for the interest of the Company.
- 5- The shareholder may sell or give up the preemptive rights starting from the issuance of the extraordinary general assembly resolution of increasing the capital until the last day specified for subscription to the new shares attached to such rights in accordance with the directives of the competent authority.
- 6- Without prejudice to the provisions of article (4) above, the new shares shall be distributed to the shareholders of preemptive rights who have expressed their desire to subscribe thereto, in proportion to their preemptive rights owned against the total preemptive rights resulting from the increase of capital, provided that the number of new shares shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the shareholders of preemptive rights who have demanded more than their proportionate shares, in proportion to their preemptive rights resulting from the increase of capital, provided that their total allotment shall not exceed the number of shares they have applied for. Any remaining shares shall be offered for others unless otherwise decided by the extraordinary general assembly or the Capital Market Law.





**Decrease of Capital**

The extraordinary general assembly may decide to decrease the capital if it exceeds the Company's need or if the Company suffers losses. In the latter case only, the capital may be lowered beyond the limit stipulated in article (54) of the Companies Law. The decrease resolution may only be issued after reading a special report prepared by the auditor, explaining the reasons for the decrease, the Company's obligations, and the effect of the decrease on these obligations. If the capital decrease is due to its being in excess of the Company's need, the creditors shall be invited to express their objections to the decrease within sixty (60) days from the date the decrease resolution is published in a daily newspaper distributed in the area where the Company's head office is located. If a creditor objects to such decrease and submits to the Company his documents on the specified date, the Company shall pay his debt if already due or shall provide him with an adequate guarantee to pay his debt if it is due on a later date.

**Company Management**

The Company shall be managed by a board of directors composed of five (5) members to be elected by the shareholders' ordinary general assembly for a term not to exceed three years. As an exception, the founders appoint the first board of directors for five years term. The directors shall choose from among them a chairman and a deputy chairman.

**Expiry of Board Membership**

The board membership shall expire in any of the following cases:

- 1- Expiry of appointment period.
- 2- Resignation or death of the member.
- 3- If it has been proven for the board of directors that the member has violated his duties in a manner that harms the interests of the Company, provided that such expiry of membership shall be subject to the approval of the ordinary general assembly, based on a recommendation of the board in this regard.
- 4- If the member becomes unfit for membership under the provisions of any law or instructions applicable in the Kingdom of Saudi Arabia.
- 5- If the member is declared bankrupt or insolvent or submitted a request for settlement with his creditors or discontinued to pay his debts.
- 6- If the member becomes mentally unfit.
- 7- If the member is convicted of fraud, a crime affecting honesty and ethics or forgery.
- 8- If the member has not attended three consecutive sessions of the board without a legitimate reason. The membership termination resolution shall be issued by the ordinary general assembly based on a recommendation of the board.

However, the ordinary general assembly may, at any time, dismiss all or part of the board members without prejudice to the right of the dismissed member to claim compensation if dismissal has been made for an unacceptable reason or at an inappropriate time. A member of the board may step down, provided that such stepping down takes place at an appropriate time, otherwise, the member shall be liable for the Company for the damage caused by such stepping down.

**Vacant Position of the Board**

If the position of a board member becomes vacant, the board may appoint a member to temporarily fill the vacant position, per the order of votes obtained in the assembly which elected the board, provided the member meets the conditions of experience and efficiency. The Ministry shall be informed accordingly within five (5) days from the date of appointment and the appointment shall be referred to the ordinary general assembly in its first meeting. The new member shall complete the term of his predecessor. If the board of directors fails to convene due to not satisfying the minimum number of members as prescribed in the Companies Law or this these Bylaws, the existing members shall call the ordinary general assembly to convene within sixty (60) days to elect the required number of members.





### Authorities of the Board

Subject to the powers reserved for the ordinary general assembly, the board shall have the extended powers and authorities to manage the business of the Company and oversee its affairs to achieve its objectives. For such purposes, the Board of Directors shall be empowered, for example and not limited to, the following powers:

- 1- Developing an internal bylaw for the Company business.
- 2- Establishing other companies fully owned by the Company inside and outside the Kingdom; participating with others in establishing other companies inside and outside the Kingdom; approving the amendment of the companies' Articles of Association, amendments, annexes, resolutions of partners in the companies in which the Company a partner inside and outside the Kingdom, whatever the amendment is before the notary public; increasing or decreasing the Company capital; approving the procedures for merging, converting and liquidating the Company; purchasing, selling and assigning of shares and stocks; accepting assignment; paying and receiving the value in full or in part; announcing in the official newspapers; receiving profits and voting on behalf of the Company on the resolutions of partners, shareholders assemblies and the constituent assemblies; signing all partners and shareholders resolutions; opening branches for the Company and the companies in which the Company is a partner; signing the agreements, merger, acquisition and sukuk and entering bids. The board may delegate any of the aforementioned powers, and the proxy may sign all relevant documents.
- 3- The right to manage the Company affairs and dispose of its assets, properties and real estates, the right to sell or mortgage the Company real estates, redeem any of the Company properties at the courts and notaries public; accept selling and determine price, acknowledge receipt of price without approval of the ordinary general assembly.
- 4- Requesting bank loans and credit facilities in the name of the Company for any period, including loans for more than three years, from the government financing funds, commercial banks, money houses, credit companies and any other credit entity; accepting their conditions, provisions and prices, signing their contracts, forms, guarantees and repayment schedules; receiving and disposing of loans; providing warrants, guarantees and guarantors and share liability with them, requesting exemption from loans; opening credits in the name of the Company and extending them, applying for and approving all types of loans and banking facilities in any amounts from commercial banks; issuing letters of credits and documentary credits on behalf of the Company; issuing warrants and mortgage at banks and public lending funds, financing authorities and local and international investment companies; writing order notes and other financial papers; the board may also enter into contracts on loans, financings and credit facilities with the governmental financing funds and institutions, irrespective of their term, and may enter into Islamic Murabaha contracts, contracts of transfer and agreements related to treasury products; the board may contract on loans with banks and commercial financing institutions, which terms do not exceed the Company term; receiving and assigning the loan and requesting exemption thereof; requesting the inexistence of any material obligations, repaying the loan and providing financial support for any of the companies in which the Company is a partner, subsidiaries or affiliates; guaranteeing credit facilities obtained by any of the companies in which the Company is a partner; employing the Company money and investing them in any form; renewing participation in the safety deposit box, opening the safety deposit boxes (the board, per the authorities entrusted to it, may authorize or delegate its powers to a third party). The board, within the limits of its jurisdiction, may authorize or appoint one or more of its members or others to undertake a function or specific functions from those mentioned in this paragraph; opening, managing, operating and closing bank accounts of the Company; issuing guarantees and warrants for any authority, when it sees, at its own discretion that it serves the Company interest; writing order notes and other commercial papers; undertaking all transactions and concluding all banking agreements and transactions. However, in the event of contracting on the commercial loans which terms exceed three years, the following conditions shall be observed:
  - In its resolution, the board of directors shall determine how will the loan be used and repaid
  - The board shall observe in the loan conditions and the warrants provided that it causes no damage to the Company, shareholders, and the general guarantees for the creditors.
- 5- Issuing legal powers of attorney on behalf of the Company; providing warrants, guarantees, documents and annexes that may be required to enforce warrants and guarantees; leasing, renting, receiving and paying; opening, managing and closing bank accounts; signing on credits, transfers and financial documents: Conducting all banking transactions required for the Company business, including mortgage of movable and immovable properties, or stocks; withdrawing and depositing in banks; appointing signatory authorities and determining or cancelling their powers; requesting bank facilities for the Company or the companies in which the Company is a partner; issuing banking guarantees; signing all the papers, documents, promissory notes, order notes and cheques and endorsing them to others, and signing all banking transactions and the guarantees in the name of the Company, for others or the companies in which the Company is a partner in the name of the Company; issuing financial guarantees and bails; signing Islamic Murabaha agreements and investment contracts; Waiving of rights and utilities; renting and receiving the lease amount.



- 6- Appointing company directors and officers (leaders) who meet the conditions of experience and efficiency, as decided by the board, dismissing them, determining their salaries and remunerations and determining their powers, authorities and functions; appointing employees and laborers and dismissing them; requesting visas, recruiting laborers from outside the Kingdom, contracting with them and determining their salaries, remunerations and the loans granted to them; obtaining Iqamas, transferring sponsorships and releasing them; developing the Company policies in all other matters related to company employees.
- 7- Signing the mortgages for the benefit of governmental and national banks, industrial, real estate, agricultural and investment funds; selling; buying; vacating; assigning and accepting assignment; hand-over and delivery; accepting donations; amending and obtaining sukuk (deeds) and obtaining a replacement in lieu of lost sukuk; appointing and dismissing company representatives, agents, and advisors; discharge of liability and waiver.
- 8- Developing the general policy of the Company, in line with its objectives and achieving its goals and undertaking all the dispositions and transactions within the limits of the Company goals.
- 9- Signing all the contracts and agreements in the name of the Company and concluding all legal and regulatory dispositions in the name of the Company, such as selling, buying, lease agreements and investment; concluding reconciliation and settlements, clearances, and discharge; hand-over and delivery; receiving and paying and all legal and regulatory procedures necessary thereto.
- 10- Disposing of the real estates registered in the name of the Company; buying and dividing real estates for the benefit of the Company without a maximum limit for the value, and signing before the notary public.
- 11- Renting and operating real estates and signing all the contracts and agreements appertaining thereto; receiving rental amounts and depositing them in the Company accounts in the local banks.
- 12- Planning and dividing lands.
- 13- Forming committees and authorize them with powers as deemed fit by the board and coordinating between these committees to expediate acting upon the matters submitted to them.
- 14- Approving the internal, financial, administrative, and technical regulations of the Company and the policies and regulations related to company employees.
- 15- Appointing a secretary of the board based on a recommendation by the chairman.
- 16- The Board of Directors shall have all the above-mentioned powers and authorities and may mandate any of its powers to the Managing Director, the Chief Executive Director or board member or any employee of the Company. The Board shall also have the right to authorize or delegate to any other person any specific power or powers as deemed necessary by the Board.

### **Remunerations of Board Members**

Remuneration of the members of the Board of Directors is comprised of the percentage specified in article (5/47) of this law or a specific amount determined by the Board of Directors, which shall be presented to the general assembly for approval. The total amount of remunerations, financial benefits, privileges in-kind or allowances received by the board member shall not exceed 500.000 Saudi Riyals per annum, in line with the controls set by the competent authority. The report submitted by the Board of Directors to the general assembly shall contain a comprehensive statement of all payments made to the members of the Board during the fiscal year including rewards, expenses, and other benefits. Such report shall as well contain a statement of payments made for the Board members for being officers or managers or in consideration for technical, administrative or consultancy assignments carried out by them alongside a statement of the number of Board meetings and the sessions attended by each Director as of the date of the last meeting of the general assembly.

### **Powers of Board Chairman, Deputy Chairman, and Board Secretary**

The Board of Directors shall appoint a Chairman and a Deputy Chairman from among its members and may also appoint a managing director. The person holding the Chairman position may not hold any other executive position in the Company. The Board of Directors shall appoint a Board Secretary from among its members or others and shall appoint a chief executive director for the Company. The Board, by a decision thereof shall determine the authorities of the Deputy Chairman, the Managing Director, the Board Secretary, and the Chief Executive Officer of the Company. The term of the Chairman, the Managing Director, the Board Secretary if a member of the Board, shall not exceed the term of the membership of each of them in the Board. They may be re-elected, and the Board may at any time dismiss them without prejudice to their right to compensation if dismissal was due to an illegitimate reason or was made at an improper time.



The Board Chairman shall have the power to represent the Company in buying, selling, vacating and accepting vacating lands, real estates, apartments and villas; receiving price; renting and receiving the rental amount; dividing; sorting; mortgaging; delivering price; renting; receiving the rental amount; signing contracts relating thereto and to the Company; importing and exporting as deemed beneficial; entering bids, auctions, and governmental procurements and contracting, those of public and individual establishments and concluding related contacts; signing, implementing and overseeing and all related documents; establishing companies and establishments whether in which the Company is a partner or independent; checking with the Ministry of Commerce and Investment to complete their establishment; obtaining commercial registrations and licenses; addition and deletion, and issuing a replacement in lieu of lost documents; amending and cancelling them; signing Articles of Association for companies in which the Company is a partner and documenting their contracts at the notary public; signing annexes and amendments to the Articles of Association before the notary public and all competent authorities; withdrawal and selling the shares therein in part or in full, or not participating in them; requesting their liquidation or deletion; and approving and voting on behalf of the Company in the constituent assembly or the partners association; selling and buying shares; accepting waiver in companies; signing the agreements and deeds before all official authorities; trading in all types of commercial business, shares, bonds, real estates, commercial and residential properties, etc.; accepting and registering at the time of buying; vacating; selling and right of first refusal; exchanging; waiving, handing-over and delivering; receiving the sold price; claiming; filing lawsuits; litigating; hearing lawsuits and responding to them; providing evidence, challenging, accepting and objecting a verdict and waiver in any lawsuit filed against the Company before any court and any authority; has the right to request, hear and deny oath, finalize all legal and administrative procedures related to the Company, receive and collect mounts from others, whether cash or cheques and from the competent authorities; open accounts, suspend signatures related to the parties in the companies, establishment or individuals; has the right to open credits and guarantees, sign loan agreements without interests, receive and deposit loans in the Company account, open and manage investment portfolios of various types; sell and buy shares and stocks; request financing; open credits and facilities; withdrawal and deposit; issue banking guarantees; sign all papers, documents and cheques; open, establish and manage investment and real estate funds of various types; buy, sell and invest in personal stocks or those owned by others such shares in companies or shares owned by individuals for participating in the management of such companies, which enable acquisition or receiving suitable profits; plead and defend the Company; authorize others to undertake (a) function(s); The chairman rights also include, inter alia, representing the Company in its relationships with others, all governmental and private authorities and ministries, before all shariah courts, judicial authorities and Board of Grievances, Labor Offices, Primary and Higher Committees, Commercial Papers Committees, Banking Disputes Settlement Committees, all other judicial committees and authorities, arbitration tribunals, Civil Rights, Police Departments, Municipalities, Chambers of Commerce and Industry, Public Commissions, private companies and institutions of all types, Civil Defense, Ministry of Defense; and their branches, Borders Guards and branches, telecommunications, all governmental bodies and authorities, Passport Department, Traffic Department, Ministry of Commerce and Investment, Ministry of Foreign Affairs and Zakat, Tax and Income Authority; receive; repay; acknowledge; claim; plead; defend; litigate; reconcile; request and deny oath, hear witnesses; accept and object verdicts; arbitrate on behalf of the Company; request enforcement of verdicts and receive amounts resulting from enforcement.

The Chairman is charged with representing the Company and managing its business in relation to (real estates and lands) in donating and vacating, accepting donations and vacating – accepting waiver and vacating – mortgaging – accepting mortgage – consolidating deeds – dividing and sorting, updating sukuk and entering the same in the comprehensive system – receiving sukuk – obtaining a replacement a set of sukuk in lieu of lost sukuk – obtaining a set of sukuk in lieu of damaged sukuk – waiver of shortage in area – converting agricultural lands to residential ones – amending the name of the owner and the number of the civil registration (hafiza) – amending borders, lengths, numbers of land lots, layouts and sukuk and dates thereof and names of districts – signing lease contracts – renewing lease contracts – receiving rental amounts – cancelling and revoking lease contracts – selling and vacating for heirs, and representing the Company in relation to Ijar platform in leasing – signing lease contracts – renewing lease contracts – receiving the rental amounts – cancelling and revoking lease contracts.

In relation to (companies), establishing a company – signing Articles of Association and amendment annexes – signing partners resolutions – appointing and dismissing directors – amending the management clause – entry and exit of partners – participating in existing companies – increasing capital – decreasing capital – determining capital – receiving allocation surplus – buying shares and stocks and paying the price – selling shares and stocks and receiving value – selling the Company branch – waiver of shares and stocks in the capital – accepting waiver of shares, stocks and capital – transferring shares, stocks and bonds – amending company purposes – opening accounts at banks in the name of the Company – signing agreements – amending the Company name – closing the accounts in the Company name in banks – modifying Articles of Association or amendment annexes – registering the Company – registering the commercial agencies and trademarks – waiver and cancelling trademarks – attending general assemblies – opening files for the Company – liquidating the Company – converting the Company from a joint stock company to a limited liability company – converting the Company from a limited liability company to a joint stock company – converting the Company from a partnership company to a limited liability company – cancelling Articles of Association and amendment annexes – signing Articles of Association before the notary public – obtaining and renewing the Company commercial registrations – subscribing to the chamber of commerce and renewing subscription – checking with the Quality Department and the Saudi Standards, Metrology and Quality Organization – obtaining and renewing licenses of the Company – converting the Company branch to an establishment – converting the Company branch to a limited liability company – converting the Company from a simple limited partnership to a limited liability company – checking with the telecommunications company, establishing landlines or mobile phones in the name of the Company –



checking with and signing before the General Authority for Investment – checking with the Capital Market Authority – entering bids and receiving forms – signing the contracts for partnership with others – publishing Articles of Association, amendment annexes, their summaries and main laws in the official gazette – changing the legal entity of the Company.

(Commercial Registrations): Checking with the Commercial Registrations Department – transferring commercial registrations – booking the commercial name – registering the trademark – waiver of the trademark – waiver of the commercial name – opening subscription at the Chamber of Commerce – renewing subscription at the Chamber of Commerce – signing all documents at the Chamber of Commerce – approving signature at the Chamber of Commerce – Cancelling signature at the Chamber of Commerce – Managing the Company commercial business – adding an activity – entering bids and receiving forms – obtaining a commercial registration – renewing the commercial registration – managing the commercial registration – cancelling the commercial registration – overseeing the commercial registration – amending the commercial registration – opening subsidiary commercial registration – transferring the commercial registration – obtaining a replacement in lieu of a lost or damaged commercial registration – checking with the Social Insurance – checking with the Zakat and Income Authority – checking with the Zakat, Tax and Income Authority -checking with the Civil Defense.

In relation to (claims at the courts), claiming and filing lawsuits – pleading and defending – hearing lawsuits and responding to them – acknowledging - denying – reconciliating – waiver – discharge of liability – requesting, denying and abstaining from oath – bringing and challenging witnesses and evidence – responding, impeachment and endorsement and amendment – challenging forgery – denying calligraphy, stamps and signatures – requesting banning from travel and lifting the same – checking with the attachment and enforcement departments – requesting attachment and enforcement – requesting arbitration – appointing experts and arbitrators – challenging experts and arbitrators reports, rebutting and replacing experts and arbitrators – requesting the application of article 230 of the shariah legal hearings law – requesting enforcement of verdicts – accepting and denying verdicts – objecting verdicts and requesting appeal – requesting reconsideration – annotating verdict deeds – requesting rehabilitation – requesting preemption – finalizing necessary procedures to attend sessions in all lawsuits at all courts – receiving payments – distributing heritage and dividing shares – executing bequest – receiving verdicts deeds – requesting lawsuit referral – requesting judge recusal – requesting third party inclusion and intervention – at the shariah courts – at administrative courts (Board of Grievances) – at the legal medical committees – at the Labor Committees – at the Financial Disputes Resolution Committees and Banking Disputes Resolutions Committees – at the Financial Papers Dispute Resolution Committees – at the Commercial Papers Disputes Resolution Offices - at the Commercial Disputes Resolution Committees – at the Customs Committees and the Commercial Fraud Committees – at the Insurance Disputes and Violations Resolutions Committees – at the Control and Investigation Authority – at the Public Prosecution - at the Supreme Council of Magistracy – requesting cassation of verdict at the Supreme Court – at the Committees for the Law of Practicing Health Professions – at the Committees for the Violations of the Health Institutions Law.

In relation to (banks), checking with all banks – transferring from accounts – in foreign currency – in local currency – obtaining and receiving shariah compliant credit cards – and receiving their pin codes – obtaining and receiving cheque books, writing cheques - issuing and receiving certified cheques - receiving and collecting transfers – subscribing to safe deposit boxes – renewing subscription to safe deposit boxes – opening safe deposit boxes – redeeming safe deposit boxes units – signing shariah compliant bank loan requests and accepting their conditions, provisions and prices and signing their contracts, forms, guarantees, and schedules of repayment; receiving and depositing the loan – requesting exemption from loans – re-scheduling installments – requesting a bank guarantee – signing contracts and forms – requesting a bank guarantee – signing, receiving and registering the bank guarantee – requesting points of sale – objecting on cheques – receiving cheques – managing investment portfolios – obtaining indebtedness proof – liquidating investment portfolios - requesting information on types of securities, dividing and trading them by selling, receiving price and depositing the same in the Company portfolios and accounts – opening accounts under shariah controls – withdrawing from the account – depositing in the account – obtaining and receiving an ATM card and receiving its pin codes – obtaining a statement of account – activating the account – cashing the cheque – updating the account information – closing the account – receiving the shareholding certificates – receiving the value of shares – receiving profits – receiving surplus – opening investment portfolios under shariah controls – editing, amending and cancelling orders – subscribing to shariah compliant investment funds units – redeeming investment funds units.

In relation to (Municipalities), opening shops – obtaining licenses – renewing licenses – cancelling licenses – transferring licenses – obtaining construction and restoration permits – obtaining enclosure licenses – obtaining demolition licenses – checking with the General Directorate of Urban Planning – obtaining building completion certificates – land planning – obtaining health cards – converting agricultural lands to residential ones – entering bids and receiving forms.

In relation to (Passports), obtaining a passport – renewing the passport – obtaining a replacement in lieu of lost or damaged passport – obtaining travel permit – adding a dependent – obtaining an expeditor's card – transferring sponsorship of employees – obtaining a replacement in lieu of lost or damaged passport – removing employees – Ports Affairs Department – registering in the electronic service – obtaining Iqama – renewing the Iqama – obtaining a replacement in lieu of lost Iqama – issuing exit re-entry visa – issuing exit only visas – transferring sponsorship – amending and updating information – releasing of a laborer – amending a profession – notifying on an escape – cancelling an escape notification – cancelling the exit entry visas – cancelling the exit only visa – obtaining a visit visa extension – obtaining statement of information (printout) – checking with the Department of Deportation and Residents.



In relation to (the Labor Office), cancelling visas – updating employees data – liquidating and deleting labor – notifying a laborer escape – cancelling laborers escape notifications – finalizing laborers procedures in the social insurances – checking with the Information Technology Department to delete and add laborers – adding and deleting Saudis – receiving Saudization certificates – opening, renewing and cancelling main and subsidiary files – obtaining a statement of information (printout) – transferring, liquidating and cancelling institutional ownership – checking with the national recruitment offices – obtaining a visa - cancelling a visa – recruiting – receiving a visa compensation – transferring sponsorship – amending profession – obtaining a work permit – notifying an escape – cancelling an escape notification – opening a file – activating the Saudi portal – upgrading to the second level.

In relation to (Industrial Development Fund), applying for a loan – concluding the contract with the Fund – presenting guarantors and bear liability with them – signing before the notary public in relation to industrial mortgage – receiving the loan – waiver of the loan – requesting the existence of no financial obligations – repaying the loan.

In relation to (the General Directorate of Traffic), issuing a driving license – issuing a replacement in lieu of lost or damaged driving license – renewing a driving license – issuing a vehicle license – issuing a replacement in lieu of a lost or damaged vehicle license – renewing a driving license – issuing plates – renewing plates – transferring a vehicle plates – cancelling a vehicle plates – obtaining a car repair permit – buying a car plate from the Traffic – exporting a car – changing a car color – issuing an authorization to drive a car – reporting a theft – cancelling a theft notification – objecting, settling and deciding on violations – obtaining a statement of data (printout) of cars violations.

In relation to (Security Authorities), checking with Governorate and the Rights Verdicts Enforcement Section – checking with the police centers – checking with the Highway Patrols – checking with the General Intelligence Presidency – checking with the General Directorate of Mujahideen – checking with the Facilities Security Forces – checking with the General Intelligence – checking with the Administrative Intelligence – checking with the Criminal Intelligence – checking with the General Directorate of Narcotics Control – checking with the General Directorate of Prisons – checking with the General Directorate of Civil Defense – checking with the General Directorate of Borders Guards.

In relation to (ministries), checking with the Royal Court – checking with the Ministry of Justice – checking with the Ministry of Interior – checking with the Ministry of Foreign Affairs – checking with the Trademarks Department and Commercial Agency Department – waiver of trademarks – cancelling trademarks – checking with the Quality Assurance and Precious Metals Department and Freelance Professions Department – obtaining a certificate of origin – requesting a customs exemption – checking with the Ministry of Commerce and Investment – checking with the Ministry of Finance – checking with the Ministry of Agriculture – checking with the Ministry of Labor and Social Development – checking with the Ministry of Municipal and Rural Affairs – checking with the Ministry of Education – checking with the Ministry of Health and the Health Affairs and Private and Governmental Hospitals Department – requesting and receiving medical reports – checking with the Ministry of Culture and Information – obtaining permits to obtain a license – checking with the Ministry of Housing – checking with the Ministry of Electricity and Water – checking with the Ministry of Energy, Industry and Mineral Resources – checking with the Ministry of Transportation – checking with the Ministry of Civil Service – checking with the Ministry of Telecommunications and Information Technology – checking with the Ministry of Economy and Planning – and their branches, directorates and departments.

In relation to (governmental institutions), checking with the Saudi Arabian Monetary Agency – checking with the Technical and Vocational Training Corporation – checking with the Saudi Ports Authority – checking with the General Organization for Grain Silos and Flour Mills – checking with the Public Pension Agency – checking with the General Organization of the Saudi Arabian Airlines – checking with the General Organization for Social Insurance – and their branches, directorates and departments.

In relation to (governmental authorities), checking with the General Commission for the Guardianship of Trust Funds for Minors and Their Counterparts, checking with the Control and Investigation Authority, checking with the Public Prosecution, checking with the General Investment Authority – checking with the Capital Market Authority – checking with the Saudi Standards, Metrology and Quality Organization – checking with the Saudi Food and Drug Authority – checking with Saudi Authority for Industrial Cities and Technology Zones – checking with the Royal Commission for Jubail and Yanbu – checking with the Higher Commission for the Settlement of Labor Disputes – and directorates and departments – checking with the Primary Committee for the Resolution of Labor Disputes – checking with the General Commission for the Audiovisual Media.

In relation to (cars), buying cars without driving them - transferring ownerships and receiving and paying price – importing cars – selling and buying heavy equipment without driving them – transferring ownerships and receiving and paying price – checking with the Customs – handling the cars customs – issuing vehicles plates – checking with the Ministry of Transportation to obtain cars operation cards – selling inherited cars without driving them, transferring their ownership and receiving the price – buying a car without driving it and registering the ownership.

In relation to (the telecommunications companies), requesting all the services provided by the telecommunications companies – checking with a company – obtaining a mobile phone sim card – replacing the mobile phone sim card – obtaining a replacement of in lieu of damaged or lost sim card – transferring the mobile phone sim card – waiver of or cancelling the mobile phone sim card – requesting the establishment of a landline – transferring the landline – waiver of or cancelling the landline.



In relation to the (Electricity Company), requesting transfer of electricity meters, requesting strengthening electricity meters – requesting disconnection of electricity meters – objecting to invoices.

In relation to (the Post Office), requesting a post office box – receiving the post office box key, receiving the registered mail – obtaining an authorization card for the box – renewing or cancelling subscription to the post office box – collecting the amounts deposited in the postal books.

In relation to (industrial licenses), obtaining licenses – renewing licenses – amending licenses – adding an activity – booking names – cancelling licenses – subscribing to the Chamber of Commerce – renewing the subscription to the Chamber of Commerce – checking with the Social Insurances – checking with the Civil Defense – checking with the General Authority for Zakat and Income – transferring of licenses.

He has the right to receive and hand over all what is mentioned above, and their agents shall have the right to receive and deliver, check with all authorities in relation to all that has been mentioned above, finalize all necessary procedures, and sign in respect thereof. The chairman shall have all the above-mentioned powers and authorities and may authorize or delegate all or a portion of his powers to a board members or others to undertake a function or specific functions, any may delegate to a third party what is mentioned in full or in part inside the Kingdom or abroad and may dismiss him. The chairman may authorize the representative or agent the right to delegate to others the powers mandated or delegated to him by the Board Chairman.

### **Board Meetings**

The Board of Directors shall be convened at least two (2) times a year upon an invitation by the Chairman. Such invitation shall be in writing and include the agenda. The Chairman shall invite the Board for a meeting if requested by two (2) Board members. The invitation for each member shall be sent by registered mail, hand-delivered, sent by fax, or by email at least two weeks prior to the specified date of meeting. All members shall sign the minutes of meetings. Board meetings may also be convened by phone or other modern technology means that allow all attending members to be heard by all other attending members. Unless otherwise notified, the Chairman may consider (for determining the quorum) that any member participating by phone, or a modern technology means is present throughout the meeting.

### **Board Meeting Quorum**

A Board meeting shall not be a valid meeting unless attended in person by at least three (3) members. A member may give proxy to another member to attend the Board meetings on his behalf, subject to the following controls:

- 1- Aboard member may not give proxy to more than one member to attend the same meeting.
- 2- The proxy shall be in writing and is related to a specific meeting.
- 3- The proxy may not vote on the decisions which under the law the proxy is not allowed to vote thereon.

Board resolutions shall be adopted by the majority of vote of the members attending or represented therein. In case of a tie, the chairperson of the meeting shall have a casting vote. In case of urgent matters, the Board may adopt resolutions by circulating them among the members separately unless one of the Board members requests in writing a meeting of the Board to deliberate these resolutions. Such resolutions shall be adopted by the majority vote of the Board members, and they must be brought before the Board at the first following meeting.

### **Deliberations of the Board**

Deliberations and resolutions of the Board shall be documented in minutes to be signed by the Board Chairman, the Board members attending the meeting and the Secretary. The minutes shall be recorded in a special register to be signed by the Chairman and the Secretary.

### **Attending Assemblies**

Each shareholder may, regardless of the number of shares owned thereby, attend the general assembly and they may give proxy to anther shareholder, other than a member of the board to attend the general assembly. The proxy shall be in writing.

### **The Transformational Assembly**

The shareholders invite all subscribers to convene the transformational assembly within forty-five (45) days from the date of the Ministry resolution to permit the transformation of the Company. The meeting shall be valid if attended by subscribers representing at least half of the capital. If the quorum is not complete, the second meeting shall be held fifteen day at least after the invitation for the meeting. In all cases, the second meeting shall be valid irrespective of the number of subscribers represented therein. Each subscriber may give proxy for attendance under a legal power of attorney or authorization.





**Competencies of the Ordinary General Assembly**

Except for matters reserved for the extraordinary general assembly, the ordinary general assembly shall oversee all matters related to the Company and shall be convened at least once a year within the six (6) months following the end of the Company fiscal year. The ordinary general assemblies may be called to hold other meetings whenever needed.

**Competencies of Extraordinary General Assembly**

The extraordinary general assembly shall have the power to amend the Company Articles of Association except for such matters as may be impermissible to be amended under the law. The extraordinary general assembly may pass resolutions on matters falling originally within the competence of the ordinary general assembly under the same conditions applicable to the latter.

**Calling for the Meetings of Assemblies**

Meetings of the shareholders' ordinary or special assemblies shall be held by invitation from the Board. The Board shall call for a meeting of the ordinary general assembly if requested by the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital. The auditor may call for a meeting of the assembly if the Board fails to call for such a meeting within thirty (30) days from the date of the auditor's request. The invitation for a meeting of the general assembly shall be published in a daily newspaper distributed in the area where the Company head office is located at least twenty-one (21) days prior to the date scheduled for the meeting. However, it may be sufficient to address the invitation for the meeting at the said time to all shareholders by registered mail. A copy of the invitation and the agenda shall be sent to the competent authority within the period specified for publication.

**Assemblies Attendance Record**

Shareholders wishing to attend the general or special assembly meetings shall register their names in the Company head office prior to the date scheduled for the meeting.

**Quorum of Ordinary General Assembly Meeting**

A meeting of the ordinary general assembly shall be valid only if attended by shareholders representing at least one-quarter of the capital. If such quorum could not be obtained in the meeting, an invitation shall be addressed for holding a second meeting within the thirty (30) days following the previous meeting. Such invitation shall be published in the manner prescribed in article thirty-one (31) hereof. In all cases, the second meeting shall be valid regardless of the number of the shares represented therein.

**Quorum of the Extraordinary General Assembly Meeting**

A meeting of the extraordinary general assembly shall be valid only if attended by shareholders representing at least one-half of the capital. If the first meeting falls short of quorum, an invitation shall be addressed for a second meeting to be held in the same manner as prescribed in article thirty-one (31) herein. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least one-quarter of the capital. If the quorum is not attained in the second meeting, an invitation shall be addressed for a third meeting to be held in the same manner as prescribed in article thirty-one (31) herein. The third meeting shall be valid regardless of the number of shares represented therein after approval of the competent authority.

**Voting in Assemblies**

Each subscriber shall have one vote per each share in the transformational assembly and each shareholder shall have one vote per each share in the general assemblies. Cumulative voting must be applied when electing the Board of Directors.

**Resolutions of Assemblies**

The resolutions of the transformational assemblies shall be adopted by an absolute majority of the shares represented therein. Resolutions of the ordinary general assembly shall be adopted by an absolute majority of shares represented in the meeting. In addition, the resolutions of the extraordinary general assembly shall be adopted by majority of vote of two thirds of the shares represented in the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the period specified therefor under its Articles of Association or merging the Company with another company, then such resolution shall be valid only if adopted by a majority of three-quarters of the shares represented in the meeting.



**Discussions in the Assemblies**

Each shareholder shall have the right to discuss the items listed in the assembly agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor must answer the shareholders' questions to the extent that does not expose the Company's interest to damage. If the shareholder is not satisfied with the answer to his question, he may refer the issue to the general assembly and its decision in this regard shall be binding.

**Chairing the Assemblies and Preparing Minutes**

The meetings of the assemblies shall be chaired by the Board Chairman or, in his absence, the Deputy-Chairman, or the director designated by the Board from among its members in the absence of the Chairman and the Deputy Chairman. Minutes of meetings shall be written for the assembly meeting, showing the number of shareholders present in person, or by proxy, the number of shares held by each of them whether as principals or agents, the number of votes attached to such shares, adopted resolutions, number of votes assenting or dissenting to such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the chairman of the assembly, its secretary, and the canvasser.

**Formation of the Committee**

By resolution of the ordinary general assembly, a committee shall be composed of three (3) members other than the senior executive board members, whether shareholders or otherwise. The resolution must specify the functions and business controls of the committee and the remuneration of its members.

**Quorum of the Committee Meeting**

The audit committee meeting shall be valid only if attended by majority of its members, and its decisions shall be passed by a majority of vote of attending members. In case of a tie, the committee chairman vote shall be casting.

**Committee Competencies**

The committee shall monitor the Company activities. To this end, it shall have access to the Company records and documents and may request any clarification or statement from members of the Board or the executive management. The committee may ask the Board to call for a meeting of the Company general assembly if the Board has hindered its work or if the Company has suffered substantial damages or losses.

**Committee Reports**

The audit committee shall examine the Company financial statements, reports, and notes submitted by the auditor, and shall express its opinion thereon, if any. The committee shall also prepare a report of its opinion on the efficiency of the Company internal control system and the other activities it performed within its powers. The Board shall keep sufficient copies of the committee report at the Company head office at least twenty-one (21) days prior to the date of the general assembly meeting to provide any interested shareholder with a copy of the report. The report shall be cited at the assembly meeting.

**Appointment of the Auditor**

The Company shall have one (or more auditors) from among the auditors licensed to work in the Kingdom of Saudi Arabia. The ordinary general assembly shall annually appoint the auditor, determine its fees and term, and may also, at all times, change the auditor without prejudice to its right to claim compensation if the change occurred at inappropriate time for an illegitimate reason.

**Powers of the Auditor**

The auditor may, at any time, have access to the books and records of the Company and any other documents, may ask for any statements and clarifications it deems necessary to verify the assets and liabilities of the Company and may perform any other functions within the scope of its work. The Board Chairman shall enable the auditor to perform its duties. If the auditor faces any difficulty in the regard, it shall state the same in a report to be submitted to the Board. If the Board has not facilitated the functions of the auditor, the auditor shall ask the Board to call the ordinary general assembly to convene to consider the issue.

**Fiscal Year**

The Company fiscal year shall commence in January, first, and shall end by the end of December each year. The first fiscal year shall commence as from the date the Company has been registered in the commercial registration as a joint stock company and shall end by the end of December of the following year.





**Financial Documents**

- 1- At the end of the fiscal year, the Board shall prepare the Company financial statements and a report on its activities and financial position for the previous fiscal year. The report must include the method proposed for distribution of dividends. The Board shall put these documents at the disposal of the auditor at least forty-five (45) days prior to the date scheduled for the convening of the general assembly.
- 2- The Company Board Chairman, Chief Executive Officer and Chief Finance Officer shall sign the documents referred to in paragraph one (1) of this article. Copies of these documents shall be kept at the Company head office to be at the disposal of shareholders at least twenty-one (21) days prior to the date scheduled for the convening of the general assembly.
- 3- The Board Chairman shall provide the shareholders with the Company financial statements, the Board report and the auditor's report, unless they are published in a daily newspaper distributed in the area where the head office of the Company is located. The Board shall also send a copy of these documents to the Ministry at least fifteen (15) days prior to the date scheduled for the convening of the general assembly.

**Distribution of Dividends of Preferred Shares**

- 1- If no dividends were distributed for any fiscal year, then no dividends for the following years may be distributed unless the portion specified in article (14) of the Companies Law is paid to the holders of preferred shares for that year.
- 2- If the Company fails to pay the portion specified in article one hundred and fourteen (114) of the Companies Law for a period of three consecutive years, the special assembly of the holders of these shares may, in accordance with article (89) of the Companies Law, resolve that these holders either attend the general assemblies of the Company and participate in the voting, or to appoint representatives on their behalf in the Board of Directors, in proportion to the value of their shares in the Company capital. This shall remain the situation until the Company pays priority dividends allocated to the holders of the shares for the past years.

**Company Losses**

- 1- If losses of the joint stock company have reached one-half of its paid-up capital, at any time during the fiscal year, any officer of the Company or the auditor shall upon being aware of such losses, notify the Board Chairman of the same. The Chairman shall immediately notify the Board members of such losses. The Board shall, within fifteen (15) days from the date of being aware of the losses, call for a meeting of the extraordinary general assembly within forty-five (45) days from the date the Board is aware of the losses. The assembly shall decide either to increase or decrease the Company capital in accordance with the provisions of the Companies Law, to the extent the losses fall below one-half of the paid-up capital or to dissolve the Company prior to the term stipulated in the said Law.
- 2- The Company shall be deemed to have expired by force of the Companies Law if the general assembly does not meet within the period specified in paragraph one (1) of the clause, or if the assembly meets and is unable to pass a resolution in this regard or if the assembly decides to increase the capital, in line with the conditions stipulated in this clause, but not all of the capital increase shares have been subscribed to within ninety (90) days from the date the assembly resolution to increase the capital is passed.

**Liability Action (Claim)**

Each shareholder shall have the right to file the liability action, vested in the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such shareholder, provided that the Company's right to file such action is still valid. The shareholder must notify the Company of his intention to file such action. The expenses borne by the shareholder to file the action, may be charged to the Company, irrespective of its result, under the following conditions:

- 1- If the action is filed in good faith.
- 2- If he provided the Company with the reasons of filing the action and has not received a response within thirty (30) days.
- 3- If it is in the interest of the Company to file the action, based on the provisions of article seventy-nine (79) of the Companies Law.
- 4- The action is filed on a proper basis.



### Expiry of the Company

Upon the expiry of its term, the Company shall be liquidated, and shall retain its legal personality to the extent needed for liquidation. Voluntary liquidation shall be made pursuant to a resolution by the extraordinary general assembly which resolution shall include the appointment of the liquidator and specify his powers and fees in addition to the restraints on his powers and the duration needed for liquidation. The duration of voluntary liquidation shall not exceed five years and may be extended only with a judicial order. The powers of the Board of Directors shall cease upon the Company winding up. However, the Board of Directors shall remain responsible for the management of the Company and be considered as liquidators for others until a liquidator is appointed. The shareholders assemblies shall continue to exist through the liquidation period and its role shall be restricted to the performance of its competencies that do not contradict with those of the liquidator.

## 10.6 Substantive Agreements and Contracts

### 10.6.1 Related Party Transactions

The Company has transactions and contracts with related parties, and the following table shows the most important details:

**Table No. (89): Summary of transactions with related parties**

Entity Name	Name of the Related Party	Relationship	Nature of Transaction	Transaction value as on December 31, 2020G (SAR)	Transaction value as on December 31, 2021G (SAR)	Transaction value as on June 30, 2022G (SAR)
Tafweed Building Materials Manufacturing Company for Ready Mix Concrete	Rasheed Abdul Rahman Al-Rasheed Haroon Rasheed Al-Rasheed Abdul Malik Rasheed Al-Rasheed	Chairman of Board of Directors Member of the Board of Directors - a shareholder who owns part of the capital of Tafweed Company who is a brother of the Company's Chairman of the board of directors and uncle of two board members	Operational	6,071,156	4,206,611	131,568
Romooz Holding Company	Rasheed Abdul Rahman Al-Rasheed Haroon Rasheed Al-Rasheed Abdul Malik Rasheed Al-Rasheed	Chairman of Board of Directors Member of the Board of Directors - Romooz Holding Company wholly owned by Mr. Rasheed Abdul Rahman Al-Rasheed	Operational	--	7,648,003	--
Rasheed Abdul Rahman Nasser Al-Rasheed	--	Substantial Shareholder	Financing	--	--	1,271,219
Haroon Rasheed Abdul Rahman Al-Rasheed	--	Shareholder 1	Operational	--	--	150,500
Abdul Malik Rasheed Abdul Rahman Al-Rasheed	--	Shareholder 2	Operational	--	--	318,600
Relatives of a Substantial Shareholder	--	--	Operational	1,137,326	--	--
<b>Total</b>				<b>7,208,482</b>	<b>11,854,614</b>	<b>1,871,887</b>

Source: the Company



The financial statements of the fiscal year ending on December 31, 2021 and the financial statements ending on June 30, 2022G show that there are transactions with related parties for the two years ending on December 31, 2020 and 2021G and for the six-month period ending on June 30, 2022G as follows:

**Table No. (90): Transaction data with related parties**

Related Party	Nature of Relationship	Nature of Transaction	Balance as on December 31, 2020	Balance as on December 31, 2021	Balance as on June 30, 2022
Rasheed Abdul Rahman Nasser Al-Rasheed	Partner	Financing	--	(1,271,219)	0
Allied Company 1 (Tafweed Company)	--	Operational	26,203	(131,568)	0
shareholder 1 (Haroon Rasheed Abdul Rahman Al-Rasheed)	--	Operational	(167,717)	(150,500)	0
shareholder 2 (Abdul Malik Rasheed Abdul Rahman Al-Rasheed)	--	Operational	--	(318,600)	0
Relatives of a Substantial Shareholder (Anas Nasser Al-Rasheed)	Relatives of a Substantial Shareholder	Operational	(1,137,326)	--	0

Source: Financial Statements

- On 15/5/1443H (corresponding to 19/12/2021G), the Ordinary General Assembly approved the following contracts and transactions, Noting that the Chairman of the Board, Mr. Rasheed Abdul Rahman Al-Rasheed, and the Board members, Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed abstained from voting, as they are considered to have a direct or indirect interest in these items (the votes of the shareholders, Modi Rasheed Abdul Rahman Al-Rasheed and Sarah Rasheed Abdul Rahman Al-Rasheed, over which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has jurisdiction) were not counted:
  - Approval of the works and contracts that were made between the Company and Tafweed Building Materials Manufacturing Company for Ready Mix Concrete, in which the Chairman of the Board, Mr. Rasheed Abdul Rahman Al-Rasheed, and members of the Board of Directors, Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed have an indirect interest in them, as Tafweed Company is partially owned by Mr. Nasser Abdul Rahman Al-Rasheed, who is a brother of the Chairman of the Board and the uncle of the Board members Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul-Malik Rasheed Al-Rasheed, and these works and contracts are (supplying concrete for projects of various types, resistance and non-resistance), and these works and contracts have been completed without preferential conditions or benefits, and where the total value of transactions during the fiscal year 2020G amounted to (SAR 6,071,913.11), and during the fiscal year 2021G the amount of (SAR 4,284,584.02), and to license them for the next year.
  - Approval of the business and contracts that will be concluded between the Company and Romooz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has a direct interest, as he wholly owns Romooz Holding Company, in which the members of the Board of Directors, Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul-Malik Rasheed Al-Rasheed, have an indirect interest. These works and contracts are the sale of the remainder of the contract of (6) Rest houses in the north of Riyadh to Romooz Holding Company, for a total amount of (1,267,024) Saudi riyals, and these works and contracts were carried out without preferential terms or benefits.
  - Approval of the business and contracts that will be concluded between the Company and Romooz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has a direct interest, as he wholly owns the Romooz Holding Company, in which the members of the Board of Directors, Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul-Malik Rasheed Al-Rasheed, have an indirect interest. These works and contracts are the sale of Villa Al-Malqa with deed No. (910116035850), dated 09/01/1438H (corresponding to 10/10/2016G) to Romooz Holding Company, for a total amount of (5,800,000) Saudi riyals. These works and contracts were carried out without preferential conditions or advantages.



- On 09/02/1442H (Corresponding to 05/09/2022G), the Ordinary General Assembly - based on the recommendation of the Board of Directors on 05/02/1444H (corresponding to 01/09/2022G) - approved the following:
  - Approval of the Board of Directors' recommendation to re-vote on transactions and contracts with related parties, which were approved by the Ordinary General Assembly held on Sunday 15/05/1443H (Corresponding to 19/12/2021G) in Items No. (11, 12 , 13) regarding the Company's transactions with related parties, for the purpose that the amounts and size of the approved transactions are fully consistent with what was stated in the financial statements for the year ending on December 31, 2021G, and to be as stated in the minutes of this Assembly.
  - Approval of the works and contracts that were made between the Company and Tafweed Building Materials Manufacturing Company for Ready Mix Concrete, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, in which the Board Members Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed have an indirect interest, as the Tafweed Company is partially owned by Mr. Nasser Abdul Rahman Al-Rasheed, and he is the brother of the Chairman of the Board of Directors and uncle of the Board members Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul-Malik Rasheed Al-Rasheed. These works and contracts are (supplying concrete for projects of various types, resistance and non-resistance), have been completed without preferential terms or benefits, where the total value of transactions for the fiscal year ending on December 31, 2020G amounted to (SAR 6,071,156), and for the financial year ended on December 31, 2021G amounted to (SAR 4,206,611).
  - Approval of the business and contracts concluded between the Company and Romooz Holding Company, in which the Chairman of the Board of Directors, Mr. Rasheed Abdul Rahman Al-Rasheed, has an indirect interest, as Romooz Holding Company is wholly owned by Mr. Al-Rasheed and in which Board Members Mr. Haroon Rasheed Al-Rasheed and Mr. Abdul Malik Rasheed Al-Rasheed have an indirect interest have an indirect interest. These works and contracts are the sale of the remainder of the contract of (6) Rest Houses in the north of Riyadh to Romooz Holding Company (including the payment of the rent for the Hijri year (1442H / 1443H)) and the sale of the Al-Malqa villa to Romooz Holding Company. The total value of transactions for the fiscal year ending on December 31, 2021G amounted to (SAR 7,684,003), and these works and contracts were carried out without preferential terms or benefits.

It is worth noting that the Company has concluded with its subsidiary a number of turnkey contracts (full finishing) during the month of April 2022G. The value of the contract was determined according to the concluded contracts, so that the price per square meter of finishing and approximate building surfaces and the estimated total price was determined.

The following table provides an overview of them:

**Table No. (91): Summary of contracts concluded with the subsidiary company**

No	Contract Date	First party	Second Party	Contract subject	Contract term
1	03/09/1443H (Corresponding to 04/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas, the first party holds license number (43079312737) dated 11/07/1443H (corresponding to 11/02/2022G) to establish a project on the land referred to in the in the Title Deed number (330205023848), dated 08/07/1443H, located in Al-Khobar, Al-Shubaili district, and wishes to Assign a contractor to carry out full finishing works, and accordingly, the second party reviewed all the contract documents as well as the project site and expressed its full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party on a date no later than 01/04/2023G
2	03/09/1443H (Corresponding to 04/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license number (11608), dated 27/11/1443H (Corresponding to 26/06/2022G) to establish a project on the land referred to in the Title Deed No. (417813003279), dated 03/04/1443H, located in Riyadh, Al-Rimal District, and wishing to Assign a contractor to carry out full finishing works, and accordingly, the second party has reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract	The second party is obligated to finish all works and hand over the project to the first party on a date no later than 01/08/2023G



No	Contract Date	First party	Second Party	Contract subject	Contract term
3	04/09/1443H (Corresponding to 05/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license number (1443/4114) dated 12/07/1443H (corresponding to 13/02/2022G) to establish a project on the land referred to in the Title Deed number (717815004405), dated 04/04/1443H, located in Riyadh, Al-Rimal District, and wishes to assign a contractor to carry out full finishing works, and accordingly the second party has reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party no later than 30/04/2023G
4	06/09/1443H (Corresponding to 07/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license No. (12550) dated 18/02/1443H (corresponding to 17/07/2022G) to establish a project on the land referred to in the Title Deed No. (299060000949), dated 20/03/1443H, located in Riyadh, Al-Rimal District, and wishes to Assign a contractor to carry out full finishing works, and accordingly, the second party reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party on a date no later than 01/08/2023G
5	05/09/1443H (Corresponding to 06/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license No. (1443/3263), dated 21/06/1443H (Corresponding to 24/01/2022G) to establish a project on the land referred to in the Title Deed No. (399060000951), dated 20/03/1443H, located in Riyadh, Al-Rimal District, and wishes to assign a contractor to carry out full finishing works, and accordingly the second party has reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party no later than 30/04/2023G
6	06/09/1443H (Corresponding to 07/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license number (1443/4415), dated 19/07/1443H (Corresponding to 20/02/2022G) to establish a project on the land referred to in the Title Deed No. (299060000980), dated 19/04/1443H, located in Riyadh, Al-Rayyan District, and wishes to assign a contractor to carry out full finishing works, and accordingly the second party has reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party no later than 15/02/2023G
7	03/09/1443H (Corresponding to 04/04/2022G)	Al Ramz Real Estate Company	Osos Alramz Contracting Company	Whereas the first party holds license number (1443/2346), dated 22/05/1443H (corresponding to 26/12/2021G) to establish a project on the land referred to in the Title Deed No. (210122048102), dated 17/01/1443H, located in Riyadh, Al-Narjis District, and wishes to assign a contractor to carry out full finishing works, and accordingly the second party has reviewed all the contract documents as well as the project site and expressed his full readiness to carry out these works in accordance with the terms stipulated in this contract.	The second party is obligated to finish all works and hand over the project to the first party on a date no later than 01/02/2023G

Source: The Company



### 10.6.2 Lease Contracts

For the sake of conducting its activity, the Company entered into one lease contract as the lessee, and the subsidiary company entered into one lease contract as the lessee, as follows:

**Table No. (92): Lease contracts**

No	Date of contract	lessor	Location	Real estate	Type of property use	Rental value	Contract Duration	Renewal	Notice
<b>Al Ramz Real Estate Company</b>									
1	01/01/1443H (Corresponding to 09/08/2021G)	Mr. Othman Mohammed Al-Santali	Riyadh city	Shop	Office	Specified under the concluded contract.	(730) days starting from 28/09/1442H (Corresponding to 10/05/2021G) and ending on 20/10/1444H (corresponding to 10/05/2023G).	The lease term is automatically renewed for a similar period unless one of the parties notifies the other party of its intention to terminate the contract (90) days prior to the expiry date of the lease term.	Electronic Contract
<b>Osos Alramz Contracting Company</b>									
2	24/10/1443H (Corresponding to 25/05/2022G)	Mr. Awad Ayed Faleh Al-Harbi	Riyadh	Office with an area of 96.4 m <sup>2</sup>	Office	Specified under the concluded contract.	(364) days starting from 16/12/1443H (Corresponding to 15/07/2022G) and ending on 26/12/1444H (Corresponding to 14/07/2023G).	The lease term expires with the expiry of the contract term, and if the parties wish to renew, a new contract will be written, agreed upon by both parties.	Electronic Contract

Source: The Company

### 10.6.3 Agreement with a quasi-governmental entity

**Table No. (93): Summary of a subscription form for services with the Najez Center for Legal Services**

No	Agreement date	First party	Second Party	Subject of the agreement	Agreement value	Agreement Duration	The most prominent commitments of Al Ramz Real Estate Company under the agreement
1	09/04/1443H (Corresponding to 14/11/2021G)	Najez Center for Legal Services	Al Ramz Real Estate Company	Participation in documentation services, including real estate emptying services, real estate sorting services, and deed amendment and correction services.	Specified under the concluded contract.	--	Bear all responsibilities resulting from requests, actions and operations issued by the second party or executed by its users, and the resulting wages or costs.  Not to charge or collect any amounts or fees from the beneficiaries of the service in the name of the Najez Center in exchange for the operations carried out or for any other reason.

Source: The Company



Table No. (94): Summary of Main agreements and contracts

Agreement date	Agreement Type	First party	Second Party	Subject of the agreement	Agreement Amount	Agreement Duration	The most prominent commitments of Al Ramz Real Estate Company under the agreement	Remarks
13/08/1443H (Corresponding to 16/03/2022G)	Real estate development agreement	Abdul Qader Al Muhaidib & Sons Co	Al Ramz Real Estate Company	The second party develops a land owned by the first party in Al-Khobar, provided that the second party builds housing units in addition to building and marketing the project for the purpose of owning it in a specified percentage under the agreement, and then selling it to the beneficiaries according to the approved stages and planning and the agreed implementation period.	Specified under the agreement.	This agreement shall enter into force from the date of its signing, and unless it is agreed to terminate this agreement by its two parties and shall remain in effect until the end of the implementation of all sales contracts signed by the second party with the buyers in the framework of its implementation.	<ul style="list-style-type: none"> <li>Examination and inspection of the project site/land/soil/completion of infrastructure services and the surrounding areas at its own expense.</li> <li>Commitment to the project phases specified in the agreement.</li> <li>Commitment to the main tasks specified in the agreement.</li> <li>Commitment to maintenance work for project units.</li> <li>Provide the first party with the list of initial selling prices, provided that the first party gives its approval and consent in writing.</li> <li>The second party bears any obligations, repairs, or compensation for the negligence, error, or omission of one of its employees or contractors.</li> </ul>	<ul style="list-style-type: none"> <li>The second party is not entitled to sell the land off-plan or / during the construction period, except after obtaining the written consent of the first party.</li> <li>The contracts for the sale of housing units signed by the second party with the beneficiaries shall be according to the form approved in writing by the first party, provided that the second party bears all obligations arising from these contracts without any liability on the first party.</li> <li>The two parties are obligated to maintain the confidentiality of all information related to this agreement. The confidentiality obligation of both parties shall remain in effect from the date of termination or expiration of this Agreement and for a period of two years.</li> </ul>
30/11/1443H (Corresponding to 29/06/2022G)	Early acquisition agreement	Amlak International Real Estate Finance Company	Al Ramz Real Estate Company	The second party wishes early ownership of the leased property (the subject of a lease contract previously concluded between the two parties) before the remaining instalments are due.	The price of the property is specified in the contract	Not specified.	<ul style="list-style-type: none"> <li>Completing the procedures for transferring ownership and paying any fees or expenses imposed by the competent authorities, without any responsibility on the first party.</li> </ul>	<ul style="list-style-type: none"> <li>The conclusion of this agreement results in the termination of the lease contract concluded between the two parties.</li> <li>The first party is obligated to document the transfer of ownership of the subject property.</li> </ul>



Agreement date	Agreement Type	First party	Second Party	Subject of the agreement	Agreement Amount	Agreement Duration	The most prominent commitments of Al Ramz Real Estate Company under the agreement	Remarks
25/08/1443H (Corresponding to 28/03/2022G)	Off-plan sales contract	Dahiat Al Narges Real Estate Development and Investment Company (developer and project owner)	Al Ramz Real Estate Company (the buyer)	The second party purchases a block (No. 19 of Plan No. 2771/A with an area of 4,717.10 m <sup>2</sup> located in Al Narjis district in Riyadh) from the developer who has the right to dispose of it.	The total value of the contract is determined under it.	Not specified.	<ul style="list-style-type: none"> <li>Pay the price as specified in the contract.</li> <li>Deposit the payments required in the contract in the Bond account.</li> <li>Not to demand emptying or delivery of the block until all agreed payments are paid.</li> </ul>	<ul style="list-style-type: none"> <li>Cases of breach of obligations by the developer or buyer and their consequences have been identified.</li> <li>The buyer is not entitled to dispose of the block or part of it (by assignment, sale, lease, mortgage, or otherwise) - to any party - before the date of transferring ownership of the block to him, unless he obtains a prior written approval from the developer, otherwise the disposal is considered null and void.</li> </ul>
23/01/1444H (Corresponding to 21/08/2022G)	Preliminary agreement regarding the establishment of a real estate fund and purchase of residential commercial land	Riyad Capital (Fund Manager)	Al Ramz Real Estate Company (Developer)	The first party wishes to establish a real estate development fund through which it purchases a number of lands owned by the second party.	The price of the land is determined based on the average real estate appraisal by the appointed appraisers according to the mechanism described in the agreement.	The agreement is effective from the date of signing it, provided that it expires automatically after the lapse of a Gregorian year period from the date of the memorandum or upon the establishment of the fund and the signing of the final agreements, if this is done before the end of the Gregorian year period.	<ul style="list-style-type: none"> <li>Bear the fees, expenses and costs related to external consulting parties and directly related to the project during the first phase.</li> <li>Acknowledgment that there are no initiatives, agreements, commitments, or understandings (whether legally binding or not) related to the agreement or advisory services with any person or other party, whether directly or indirectly, that will be entered into.</li> <li>Undertaking that the persons related to it will not enter into contractual arrangements, commitment or understanding in connection with the sale of the land without the prior written consent of Riyad Capital during the validity period of this agreement.</li> </ul>	<ul style="list-style-type: none"> <li>The name of the fund shall be: "Riyadh Real Estate Development Fund – Al Ramz".</li> <li>Its type is a closed real estate investment fund, offered in a private placement, established in the Kingdom of Saudi Arabia in accordance with the Investment Funds Regulations.</li> <li>The fund's management is supervised by a board of directors appointed by the fund manager. The fund's board of directors consists of five members, one of whom is from the developer.</li> <li>As of the date of this Prospectus, the final agreement has not been signed, but Riyad Capital has informed the second party via an email that it is working on completing the basic files for establishing the fund.</li> </ul>





Agreement date	Agreement Type	First party	Second Party	Subject of the agreement	Agreement Amount	Agreement Duration	The most prominent commitments of Al Ramz Real Estate Company under the agreement	Remarks
								<ul style="list-style-type: none"> <li>Fund type: real estate investment fund (private closed).</li> <li>The type of offering is a private offering. The fund will be offered to two parties only: Al Ramz Real Estate Company with an in-kind and cash share equal to approximately 50% and Abdul Qader Al Muhaidib &amp; Sons Company with an in-kind and cash share equal to approximately 50%.</li> <li>The fund's board of directors will consist of (5) members: (1) a member representing the fund manager appointed by the fund manager, (2) a member representing the land owner appointed by Abdul Qadir Al Muhaidib &amp; Sons Company, (3) a member representing the developer appointed by Al Ramz Company, (4) two independent members with experience in the financial and real estate sector.</li> <li>No objection letter issued by the Capital Market Authority (the Authority's agency for Listed Companies and Investment Products - Investment Products Issuance Department) on the establishment of the fund and its identity No. 057-06-2-0542, notification date 14/08/2022G, with the Offering period starting on 05/09/2022G and ends on 04/11/2022G.</li> </ul>
Memorandum of main items (Memorandum of Understanding)	Saudi Bloom Investment Company (BlomInvest - Fund Manager)	Al Ramz Real Estate Company (Main Developer and Exclusive Marketer)	Abdul Qader Al Muhaidib & Sons Co (land owner)	The objective of this memorandum is to establish a real estate fund to acquire lands owned by Abdul Qader Al Muhaidib & Sons Company for the construction of villas and apartments.	The value of the project was determined by the memorandum	The term of the fund was set at (24) months, in addition to a year to be extended when needed.	<ul style="list-style-type: none"> <li>Bear the costs related to the marketing plan.</li> <li>Investing in the Fund</li> </ul>	

Source: The Company



## 10.7 Properties and ownership of Real Estates

The Company owns a number of real estates under official deeds, some of which are mortgaged to lenders as a security of the facilities granted to the Company. According to the Company's auditor's report for the financial period ending on 31/12/2021G, the net book value of the investment lands amounted to forty-six million and four hundred thousand (46,400,000) Saudi Riyals, and the buildings amounted to forty-three million eight hundred and ninety-eight (43,805,098) Saudi Riyals. As for the six-month period ending on June 30, 2022G, and according to the auditor's report of this period, the net book value of the investment lands amounted to twenty-one million eight hundred thousand (21,800,000) Saudi Riyals, and the buildings amounted to eighteen Million Six hundred and sixty-eight thousand six hundred and seventeen (18,668,617) Saudi Riyals.

The Company has a number of title deeds for its properties, which are assets prepared for sale according to the following details:

**Table No. (95): Assets for sale instruments**

No	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
1	Building	Riyadh	Cortoba	Commercial - Residential	394916005086	26/01/1444H (Corresponding to 24/08/2022G)	3,375.00	10,125,000.00
2	Building	Riyadh	Cortoba	Commercial - Residential	799060001280	29/12/1443H (Corresponding to 28/07/2022G)	5,617.41	18,230,000.00
3	Building	Riyadh	Al-Yasmeen	Commercial - Residential	394916005087	26/01/1444H (Corresponding to 24/08/2022G)	4,411.88	18,088,708.00
4	Building	Riyadh	Al-Yasmeen	Commercial - Residential	899060001276	22/12/1443H (Corresponding to 21/07/2022G)	6,975.00	24,063,750.00
5	Building	Riyadh	Al-Malqa	Commercial - Residential	*999060001246	04/12/1443H (Corresponding to 03/07/2022G)	1,987.78	10,879,385.00
6	Villas	Riyadh	Al-Malqa	Commercial - Residential	*39906001247	04/12/1443H (Corresponding to 03/07/2022G)	1,500.00	8,250,000.00
7	Building	Al Khobar	Al-Shibli	Commercial - Residential	830210006061	13/07/1442H (Corresponding to 25/02/2021G)	2,334.64	3,035,032.00
8	Building	Al Khobar	Al-Shibli	Commercial - Residential	73205022932	18/01/1442H (Corresponding to 06/09/2020G)	2,205.83	2,977,870.00
9	Building	Riyadh	Narjis District	Commercial - Residential	393487003278	20/06/1443H (Corresponding to 23/01/2022G)	11,912.21	35,700,000.00
10	Villas	Riyadh	Al rabie	Residential	393057000490	24/01/1443H (Corresponding to 01/09/2021G)	1,222.00	4,120,259.86
11	Building	Al Khobar	Al Hamra District	Commercial - Residential	3302050234848	08/07/1443H (Corresponding to 09/02/2022G)	7,313.52	9,174,375.00
12	Building	Riyadh	A-Rimal District	Commercial - Residential	99963400311**	16/01/1444H (Corresponding to 14/08/2022G)	5,902.66	14,166,384.00
13	Building	Riyadh	A-Rimal District	Commercial - Residential	29906000949	20/03/1443H (Corresponding to 26/10/2021G)	7,599.67	18,239,208.00
14	Building	Riyadh	A-Rimal District	Commercial - Residential	41781303279	03/04/1443H (Corresponding to 08/11/2021G)	6,268.88	15,045,312.00
15	Building	Riyadh	A-Rimal District	Commercial - Residential	299634003312**	16/01/1444H (Corresponding to 14/08/2022G)	7,253.91	17,409,384.00
16	Villas	Riyadh	Al-Rayyan	Residential	299060000980	19/04/1443H (Corresponding to 24/11/2021G)	5,400.00	19,980,000.00
17	Apartments	Riyadh	Al-Aqiq	Commercial - Residential	21781505626	10/11/1443H (Corresponding to 09/06/2022G)	4,800	32,640,000.00
18	Villas	Riyadh	Al Munsiyah District	Residential	999060001229	10/11/1443H (Corresponding to 09/06/2022G)	7,904.45	28,456,000.00
19	Villas***	Riyadh	Narjis District	Residential	-	-	4,717.10	-

Source: The Company

\* Mortgaged to Arab National Bank (loan guarantee in favor of the Company)

\*\* Mortgaged to the Saudi British Bank (loan guarantee in favor of the Company)

\*\*\* Off-plan sale contract (80% of the amount paid)



The Company also sorted title deeds for one hundred (100) apartments from the deed number (310108052622), dated 20/07/1441H (corresponding to 15/03/2020G), according to the following detail:

**Table No. (96): Sukuk cleared from Deed No. (310108052622), dated 20/07/1441H (corresponding to 15/03/2020G)**

No	Building	Apartment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
1	1	1	Apartment	Riyadh	Cordoba	Apartment	61851000381	22/05/1443H (Corresponding to 26/12/2021G)	118	660,000
2	1	2	Apartment	Riyadh	Cordoba	Apartment	718510000382	22/05/1443H (Corresponding to 26/12/2021G)	136	646,000
3	1	3	Apartment	Riyadh	Cordoba	Apartment	318503000600	22/05/1443H (Corresponding to 26/12/2021G)	187	1,200,000
4	1	4	Apartment	Riyadh	Cordoba	Apartment	918501000750	18/05/1443H (Corresponding to 22/12/2021G)	227	1,000,000
5	1	5	Apartment	Riyadh	Cordoba	Apartment	818503000599	22/05/1443H (Corresponding to 26/12/2021G)	120	729,000
6	1	6	Apartment	Riyadh	Cordoba	Apartment	318506000360	23/05/1443H (Corresponding to 27/12/2021G)	123	619,500
7	1	7	Apartment	Riyadh	Cordoba	Apartment	318503000564	19/05/1443H (Corresponding to 23/12/2021G)	147	696,500
8	1	8	Apartment	Riyadh	Cordoba	Apartment	618510000365	21/05/1443H (Corresponding to 25/12/2021G)	123	614,000
9	1	9	Apartment	Riyadh	Cordoba	Apartment	318511000509	19/05/1443H (Corresponding to 23/12/2021G)	127	629,415
10	1	10	Apartment	Riyadh	Cordoba	Apartment	718506000350	22/05/1443H (Corresponding to 26/12/2021G)	139	659,000
11	1	11	Apartment	Riyadh	Cordoba	Apartment	318503000565	19/05/1443H (Corresponding to 23/12/2021G)	128	639,000
12	1	12	Apartment	Riyadh	Cordoba	Apartment	318501000773	19/05/1443H (Corresponding to 23/12/2021G)	147	670,000
13	1	13	Apartment	Riyadh	Cordoba	Apartment	318506000349	22/05/1443H (Corresponding to 26/12/2021G)	147	769,000
14	1	14	Apartment	Riyadh	Cordoba	Apartment	518511000508	19/05/1443H (Corresponding to 23/12/2021G)	132	650,000
15	1	15	Apartment	Riyadh	Cordoba	Apartment	618501000774	19/05/1443H (Corresponding to 23/12/2021G)	147	708,000
16	1	16	Apartment	Riyadh	Cordoba	Apartment	418506000348	22/05/1443H (Corresponding to 26/12/2021G)	117	599,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
17	1	17	Apartment	Riyadh	Cordoba	Apartment	218503000557	19/05/1443H (Corresponding to 23/12/2021G)	120	609,000
18	1	18	Apartment	Riyadh	Cordoba	Apartment	918510000362	21/05/1443H (Corresponding to 25/12/2021G)	139	669,000
19	1	19	Apartment	Riyadh	Cordoba	Apartment	418503000558	19/05/1443H (Corresponding to 23/12/2021G)	123	719,000
20	1	20	Apartment	Riyadh	Cordoba	Apartment	418501000780	23/05/1443H (Corresponding to 27/12/2021G)	70	403,000
21	1	21	Apartment	Riyadh	Cordoba	Apartment	818511000507	19/05/1443H (Corresponding to 23/12/2021G)	70	403,000
22	1	22	Apartment	Riyadh	Cordoba	Apartment	318510000377	22/05/1443H (Corresponding to 26/12/2021G)	126	639,000
23	1	23	Apartment	Riyadh	Cordoba	Apartment	918510000378	22/05/1443H (Corresponding to 26/12/2021G)	132	837,000
24	1	24	Apartment	Riyadh	Cordoba	Apartment	318510000379	22/05/1443H (Corresponding to 26/12/2021G)	105	590,000
25	1	25	Apartment	Riyadh	Cordoba	Apartment	218510000380	22/05/1443H (Corresponding to 26/12/2021G)	139	669,000
26	2	1	Apartment	Riyadh	Cordoba	Apartment	918501000772	19/05/1443H (Corresponding to 23/12/2021G)	111	619,000
27	2	2	Apartment	Riyadh	Cordoba	Apartment	318506000354	22/05/1443H (Corresponding to 26/12/2021G)	111	619,000
28	2	3	Apartment	Riyadh	Cordoba	Apartment	318503000559	19/05/1443H (Corresponding to 23/12/2021G)	178	842,000
29	2	4	Apartment	Riyadh	Cordoba	Apartment	818501000751	18/05/1443H (Corresponding to 22/12/2021G)	178	
30	2	5	Apartment	Riyadh	Cordoba	Apartment	418501000767	19/05/1443H (Corresponding to 23/12/2021G)	116	590,000
31	2	6	Apartment	Riyadh	Cordoba	Apartment	418501000768	19/05/1443H (Corresponding to 23/12/2021G)	116	591,000
32	2	7	Apartment	Riyadh	Cordoba	Apartment	318510000366	21/05/1443H (Corresponding to 25/12/2021G)	131	649,000
33	2	8	Apartment	Riyadh	Cordoba	Apartment	318503000711	19/05/1443H (Corresponding to 23/12/2021G)	121	599,865



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
34	2	9	Apartment	Riyadh	Cordoba	Apartment	318511000516	01/06/1443H (Corresponding to 04/01/2021G)	121	600,000
35	2	10	Apartment	Riyadh	Cordoba	Apartment	918511000515	19/05/1443H (Corresponding to 23/12/2021G)	131	649,000
36	2	11	Apartment	Riyadh	Cordoba	Apartment	718503000560	19/05/1443H (Corresponding to 23/12/2021G)	127	739,000
37	2	12	Apartment	Riyadh	Cordoba	Apartment	718506000353	22/05/1443H (Corresponding to 26/12/2021G)	138	749,000
38	2	13	Apartment	Riyadh	Cordoba	Apartment	318506000352	22/05/1443H (Corresponding to 26/12/2021G)	138	749,000
39	2	14	Apartment	Riyadh	Cordoba	Apartment	618503000561	19/05/1443H (Corresponding to 23/12/2021G)	127	720,000
40	2	15	Apartment	Riyadh	Cordoba	Apartment	218501000769	19/05/1443H (Corresponding to 23/12/2021G)	131	659,000
41	2	16	Apartment	Riyadh	Cordoba	Apartment	918501000770	19/05/1443H (Corresponding to 23/12/2021G)	116	669,000
42	2	17	Apartment	Riyadh	Cordoba	Apartment	418510000364	21/05/1443H (Corresponding to 25/12/2021G)	116	669,000
43	2	18	Apartment	Riyadh	Cordoba	Apartment	318510000373	22/05/1443H (Corresponding to 26/12/2021G)	131	749,000
44	2	19	Apartment	Riyadh	Cordoba	Apartment	218511000511	19/05/1443H (Corresponding to 23/12/2021G)	121	689,000
45	2	20	Apartment	Riyadh	Cordoba	Apartment	918511000510	19/05/1443H (Corresponding to 23/12/2021G)	68	399,000
46	2	21	Apartment	Riyadh	Cordoba	Apartment	318503000562	19/05/1443H (Corresponding to 23/12/2021G)	68	399,000
47	2	22	Apartment	Riyadh	Cordoba	Apartment	618506000351	22/05/1443H (Corresponding to 26/12/2021G)	121	709,000
48	2	23	Apartment	Riyadh	Cordoba	Apartment	918506000429	01/06/1443H (Corresponding to 04/01/2021G)	123	795,000
49	2	24	Apartment	Riyadh	Cordoba	Apartment	718503000563	19/05/1443H (Corresponding to 23/12/2021G)	101	679,000
50	2	25	Apartment	Riyadh	Cordoba	Apartment	218501000771	19/05/1443H (Corresponding to 23/12/2021G)	131	659,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
51	3	1	Apartment	Riyadh	Cordoba	Apartment	318510000421	02/06/1443H (Corresponding to 05/01/2021G)	111	619,000
52	3	2	Apartment	Riyadh	Cordoba	Apartment	518501000784	23/05/1443H (Corresponding to 27/12/2021G)	111	629,000
53	3	3	Apartment	Riyadh	Cordoba	Apartment	318506000357	23/05/1443H (Corresponding to 27/12/2021G)	178	974,000
54	3	4	Apartment	Riyadh	Cordoba	Apartment	718503000710	01/06/1443H (Corresponding to 04/01/2021G)	178	956,000
55	3	5	Apartment	Riyadh	Cordoba	Apartment	618501000810	25/05/1443H (Corresponding to 29/12/2021G)	116	590,000
56	3	6	Apartment	Riyadh	Cordoba	Apartment	218511000537	23/05/1443H (Corresponding to 27/12/2021G)	116	591,000
57	3	7	Apartment	Riyadh	Cordoba	Apartment	318511000538	23/05/1443H (Corresponding to 27/12/2021G)	131	659,000
58	3	8	Apartment	Riyadh	Cordoba	Apartment	718510000363	21/05/1443H (Corresponding to 25/12/2021G)	121	686,000
59	3	9	Apartment	Riyadh	Cordoba	Apartment	218506000377	25/05/1443H (Corresponding to 29/12/2021G)	121	689,000
60	3	10	Apartment	Riyadh	Cordoba	Apartment	918503000708	01/06/1443H (Corresponding to 04/01/2021G)	131	659,000
61	3	11	Apartment	Riyadh	Cordoba	Apartment	718501000823	25/05/1443H (Corresponding to 29/12/2021G)	127	739,000
62	3	12	Apartment	Riyadh	Cordoba	Apartment	918510000424	02/06/1443H (Corresponding to 05/01/2021G)	138	749,000
63	3	13	Apartment	Riyadh	Cordoba	Apartment	518511000539	23/05/1443H (Corresponding to 27/12/2021G)	138	749,000
64	3	14	Apartment	Riyadh	Cordoba	Apartment	318501000811	25/05/1443H (Corresponding to 29/12/2021G)	127	629,415
65	3	15	Apartment	Riyadh	Cordoba	Apartment	318506000376	25/05/1443H (Corresponding to 29/12/2021G)	131	659,000
66	3	16	Apartment	Riyadh	Cordoba	Apartment	618511000540	23/05/1443H (Corresponding to 27/12/2021G)	116	599,000
67	3	17	Apartment	Riyadh	Cordoba	Apartment	318510000425	02/06/1443H (Corresponding to 05/01/2021G)	116	584,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m <sup>2</sup> )	Cost (SAR)
68	3	18	Apartment	Riyadh	Cordoba	Apartment	318510000426	02/06/1443H (Corresponding to 05/01/2021G)	131	659,000
69	3	19	Apartment	Riyadh	Cordoba	Apartment	618511000541	23/05/1443H (Corresponding to 27/12/2021G)	121	699,000
70	3	20	Apartment	Riyadh	Cordoba	Apartment	318506000375	25/05/1443H (Corresponding to 29/12/2021G)	68	459,000
71	3	21	Apartment	Riyadh	Cordoba	Apartment	318503000709	01/06/1443H (Corresponding to 04/01/2021G)	68	395,000
72	3	22	Apartment	Riyadh	Cordoba	Apartment	318501000812	25/05/1443H (Corresponding to 29/12/2021G)	121	719,000
73	3	23	Apartment	Riyadh	Cordoba	Apartment	318503000645	25/05/1443H (Corresponding to 29/12/2021G)	131	803,000
74	3	24	Apartment	Riyadh	Cordoba	Apartment	518510000427	02/06/1443H (Corresponding to 05/01/2021G)	101	679,000
75	3	25	Apartment	Riyadh	Cordoba	Apartment	318501000782	23/05/1443H (Corresponding to 27/12/2021G)	124	759,000
76	4	1	Apartment	Riyadh	Cordoba	Apartment	318510000384	22/05/1443H (Corresponding to 26/12/2021G)	136	746,000
77	4	2	Apartment	Riyadh	Cordoba	Apartment	318503000598	22/05/1443H (Corresponding to 26/12/2021G)	118	649,000
78	4	3	Apartment	Riyadh	Cordoba	Apartment	318503000597	22/05/1443H (Corresponding to 26/12/2021G)	123	617,000
79	4	4	Apartment	Riyadh	Cordoba	Apartment	418501000779	23/05/1443H (Corresponding to 27/12/2021G)	120	597,000
80	4	5	Apartment	Riyadh	Cordoba	Apartment	318503000608	23/05/1443H (Corresponding to 27/12/2021G)	227	994,000
81	4	6	Apartment	Riyadh	Cordoba	Apartment	418503000609	23/05/1443H (Corresponding to 27/12/2021G)	187	985,000
82	4	7	Apartment	Riyadh	Cordoba	Apartment	318506000358	23/05/1443H (Corresponding to 27/12/2021G)	139	659,000
83	4	8	Apartment	Riyadh	Cordoba	Apartment	418501000752	18/05/1443H (Corresponding to 22/12/2021G)	127	579,000
84	4	9	Apartment	Riyadh	Cordoba	Apartment	318501000753	18/05/1443H (Corresponding to 22/12/2021G)	123	704,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m <sup>2</sup> )	Cost (SAR)
85	4	10	Apartment	Riyadh	Cordoba	Apartment	718503000605	23/05/1443H (Corresponding to 27/12/2021G)	147	820,000
86	4	11	Apartment	Riyadh	Cordoba	Apartment	918503000610	23/05/1443H (Corresponding to 27/12/2021G)	132	737,000
87	4	12	Apartment	Riyadh	Cordoba	Apartment	418510000419	02/06/1443H (Corresponding to 05/01/2021G)	147	779,000
88	4	13	Apartment	Riyadh	Cordoba	Apartment	818506000359	23/05/1443H (Corresponding to 27/12/2021G)	147	689,000
89	4	14	Apartment	Riyadh	Cordoba	Apartment	518510000422	02/06/1443H (Corresponding to 05/01/2021G)	128	639,265
90	4	15	Apartment	Riyadh	Cordoba	Apartment	418506000431	01/06/1443H (Corresponding to 04/01/2021G)	139	669,000
91	4	16	Apartment	Riyadh	Cordoba	Apartment	418501000778	23/05/1443H (Corresponding to 27/12/2021G)	120	610,000
92	4	17	Apartment	Riyadh	Cordoba	Apartment	418510000423	02/06/1443H (Corresponding to 05/01/2021G)	117	599,000
93	4	18	Apartment	Riyadh	Cordoba	Apartment	718501000777	23/05/1443H (Corresponding to 27/12/2021G)	147	709,000
94	4	19	Apartment	Riyadh	Cordoba	Apartment	318506000385	26/05/1443H (Corresponding to 30/12/2021G)	126	718,000
95	4	20	Apartment	Riyadh	Cordoba	Apartment	418503000607	23/05/1443H (Corresponding to 27/12/2021G)	70	403,000
96	4	21	Apartment	Riyadh	Cordoba	Apartment	918501000783	23/05/1443H (Corresponding to 27/12/2021G)	70	403,000
97	4	22	Apartment	Riyadh	Cordoba	Apartment	318503000606	23/05/1443H (Corresponding to 27/12/2021G)	123	709,000
98	4	23	Apartment	Riyadh	Cordoba	Apartment	318506000361	23/05/1443H (Corresponding to 27/12/2021G)	139	759,000
99	4	24	Apartment	Riyadh	Cordoba	Apartment	818501000781	23/05/1443H (Corresponding to 27/12/2021G)	105	679,000
100	4	25	Apartment	Riyadh	Cordoba	Apartment	318510000383	22/05/1443H (Corresponding to 26/12/2021G)	132	830,000

Source: The Company





The Company sorted the title deeds of twenty-six (26) apartments from the deed No. (617806001406) dated 29/03/1442H (corresponding to 15/11/2020G):

**Table No. (97): Title deeds cleared from Deed No. (617806001406) dated 29/03/1442H (corresponding to 15/11/2020G)**

No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Ti- tle Deed) No.	Instrument date	Area (m²)	Cost (SAR)
1	1	1	Apartment	Riyadh	Al-Yasmeen	Apartment	318501000575	05/04/1443H (Corresponding to 10/11/2021G)	162	860,000
2	1	2	Apartment	Riyadh	Al-Yasmeen	Apartment	318501000576	05/04/1443H (Corresponding to 10/11/2021G)	158	846,500
3	1	3	Apartment	Riyadh	Al-Yasmeen	Apartment	918501000577	05/04/1443H (Corresponding to 10/11/2021G)	174	930,000
4	1	4	Apartment	Riyadh	Al-Yasmeen	Apartment	918501000578	05/04/1443H (Corresponding to 10/11/2021G)	136	719,000
5	1	5	Apartment	Riyadh	Al-Yasmeen	Apartment	318501000579	05/04/1443H (Corresponding to 10/11/2021G)	159	817,000
6	1	6	Apartment	Riyadh	Al-Yasmeen	Apartment	918503000428	05/04/1443H (Corresponding to 10/11/2021G)	139	736,000
7	1	7	Apartment	Riyadh	Al-Yasmeen	Apartment	918503000427	05/04/1443H (Corresponding to 10/11/2021G)	128	659,000
8	1	8	Apartment	Riyadh	Al-Yasmeen	Apartment	318503000429	05/04/1443H (Corresponding to 10/11/2021G)	131	659,000
9	1	9	Apartment	Riyadh	Al-Yasmeen	Apartment	518503000434	05/04/1443H (Corresponding to 10/11/2021G)	154	879,000
10	1	10	Apartment	Riyadh	Al-Yasmeen	Apartment	318503000432	05/04/1443H (Corresponding to 10/11/2021G)	139	749,000
11	1	11	Apartment	Riyadh	Al-Yasmeen	Apartment	318503000433	05/04/1443H (Corresponding to 10/11/2021G)	128	659,000
12	1	12	Apartment	Riyadh	Al-Yasmeen	Apartment	418503000431	05/04/1443H (Corresponding to 10/11/2021G)	133	850,000
13	1	13	Apartment	Riyadh	Al-Yasmeen	Apartment	418503000430	05/04/1443H (Corresponding to 10/11/2021G)	131	907,000
14	2	1	Apartment	Riyadh	Al-Yasmeen	Apartment	718510000220	06/04/1443H (Corresponding to 11/11/2021G)	174	930,000
15	2	2	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000221	06/04/1443H (Corresponding to 11/11/2021G)	158	908,000
16	2	3	Apartment	Riyadh	Al-Yasmeen	Apartment	418510000222	06/04/1443H (Corresponding to 11/11/2021G)	161	869,000
17	2	4	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000223	06/04/1443H (Corresponding to 11/11/2021G)	128	669,000
18	2	5	Apartment	Riyadh	Al-Yasmeen	Apartment	518510000224	06/04/1443H (Corresponding to 11/11/2021G)	139	749,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Ti- tle Deed) No.	Instrument date	Area (m²)	Cost (SAR)
19	2	6	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000219	06/04/1443H (Corresponding to 11/11/2021G)	159	817,000
20	2	7	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000218	06/04/1443H (Corresponding to 11/11/2021G)	136	719,000
21	2	8	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000217	06/04/1443H (Corresponding to 11/11/2021G)	128	659,000
22	2	9	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000216	06/04/1443H (Corresponding to 11/11/2021G)	139	739,000
23	2	10	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000215	06/04/1443H (Corresponding to 11/11/2021G)	154	819,000
24	2	11	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000214	06/04/1443H (Corresponding to 11/11/2021G)	131	659,000
25	2	12	Apartment	Riyadh	Al-Yasmeen	Apartment	518510000213	06/04/1443H (Corresponding to 11/11/2021G)	131	847,000
26	2	13	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000212	06/04/1443H (Corresponding to 11/11/2021G)	133	765,000

Source: The Company

The Company sorted title deeds for twenty-four (24) apartments from the deed No. (299634000640) dated 21/03/1443H (Corresponding to 27/10/2021G):

**Table No. (98): Sukuk cleared from Deed No. (299634000640) dated 21/03/1443H (corresponding to 27/03/2021G)**

No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Ti- tle Deed) No.	Instrument date	Area (m²)	Cost (SAR)
1	1	1	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000245	02/05/1443H (Corresponding to 06/12/2021G)	145	859,000
2	1	2	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000239	02/05/1443H (Corresponding to 06/12/2021G)	120	700,000
3	1	3	Apartment	Riyadh	Al-Yasmeen	Apartment	418510000240	02/05/1443H (Corresponding to 06/12/2021G)	120	666,000
4	1	4	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000246	02/05/1443H (Corresponding to 06/12/2021G)	145	810,000
5	1	5	Apartment	Riyadh	Al-Yasmeen	Apartment	318510000241	02/05/1443H (Corresponding to 06/12/2021G)	128	779,000
6	1	6	Apartment	Riyadh	Al-Yasmeen	Apartment	518510000242	02/05/1443H (Corresponding to 06/12/2021G)	122	730,000
7	1	7	Apartment	Riyadh	Al-Yasmeen	Apartment	718511000428	01/05/1443H (Corresponding to 05/12/2021G)	126	760,000
8	1	8	Apartment	Riyadh	Al-Yasmeen	Apartment	718511000426	01/05/1443H (Corresponding to 05/12/2021G)	128	765,000



No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Ti- tle Deed) No.	Instrument date	Area (m²)	Cost (SAR)
9	1	9	Apartment	Riyadh	Al-Yasmeen	Apartment	418511000424	01/05/1443H (Corresponding to 05/12/2021G)	117	640,000
10	1	10	Apartment	Riyadh	Al-Yasmeen	Apartment	918510000244	02/05/1443H (Corresponding to 06/12/2021G)	126	760,000
11	1	11	Apartment	Riyadh	Al-Yasmeen	Apartment	218511000425	01/05/1443H (Corresponding to 05/12/2021G)	122	760,000
12	1	12	Apartment	Riyadh	Al-Yasmeen	Apartment	818511000427	01/05/1443H (Corresponding to 05/12/2021G)	117	729,000
13	1	13	Apartment	Riyadh	Al-Yasmeen	Apartment	718511000429	01/05/1443H (Corresponding to 05/12/2021G)	124	749,000
14	1	14	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000430	01/05/1443H (Corresponding to 05/12/2021G)	117	720,000
15	1	15	Apartment	Riyadh	Al-Yasmeen	Apartment	418510000243	02/05/1443H (Corresponding to 06/12/2021G)	126	789,000
16	1	16	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000431	01/05/1443H (Corresponding to 05/12/2021G)	128	767,500
17	1	17	Apartment	Riyadh	Al-Yasmeen	Apartment	718511000432	01/05/1443H (Corresponding to 05/12/2021G)	117	728,000
18	1	18	Apartment	Riyadh	Al-Yasmeen	Apartment	918511000433	01/05/1443H (Corresponding to 05/12/2021G)	126	750,000
19	1	19	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000434	01/05/1443H (Corresponding to 05/12/2021G)	117	739,000
20	1	20	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000435	01/05/1443H (Corresponding to 05/12/2021G)	113	727,000
21	1	21	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000436	01/05/1443H (Corresponding to 05/12/2021G)	126	749,000
22	1	22	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000437	01/05/1443H (Corresponding to 05/12/2021G)	128	749,000
23	1	23	Apartment	Riyadh	Al-Yasmeen	Apartment	418511000439	02/05/1443H (Corresponding to 06/12/2021G)	117	689,000
24	1	24	Apartment	Riyadh	Al-Yasmeen	Apartment	318511000438	02/05/1443H (Corresponding to 06/12/2021G)	126	880,000

Source: The Company



The Company sorted instruments for twenty-six (26) apartments from the title deed No. (717804001188), dated 09/11/1441H (corresponding to 30/06/2020G):

**Table No. (99): instruments sorted from Deed No. (717804001188), dated 09/11/1441H (corresponding to 30/06/2020G)**

No	Build- ing	Apart- ment	Property	City	District	Property type	Instrument (Ti- tle Deed) No.	Instrument date	Area (m²)	Cost (SAR)
1	1	1	Apartment	Riyadh	Al-Nakhil	Apartment	918501000623	25/04/1443H (Corresponding to 30/11/2021G)	79	538,020
2	1	2	Apartment	Riyadh	Al-Nakhil	Apartment	618506000277	25/04/1443H (Corresponding to 30/11/2021G)	142	919,000
3	1	3	Apartment	Riyadh	Al-Nakhil	Apartment	718501000622	25/04/1443H (Corresponding to 30/11/2021G)	147	1,019,000
4	1	4	Apartment	Riyadh	Al-Nakhil	Apartment	818511000418	24/04/1443H (Corresponding to 29/11/2021G)	126	936,000
5	1	5	Apartment	Riyadh	Al-Nakhil	Apartment	218511000417	24/04/1443H (Corresponding to 29/11/2021G)	126	960,000
6	1	6	Apartment	Riyadh	Al-Nakhil	Apartment	618511000416	24/04/1443H (Corresponding to 29/11/2021G)	158	1,075,000
7	1	7	Apartment	Riyadh	Al-Nakhil	Apartment	718511000414	24/04/1443H (Corresponding to 29/11/2021G)	158	1,109,000
8	1	8	Apartment	Riyadh	Al-Nakhil	Apartment	618511000415	24/04/1443H (Corresponding to 29/11/2021G)	96	625,000
9	1	9	Apartment	Riyadh	Al-Nakhil	Apartment	318511000413	24/04/1443H (Corresponding to 29/11/2021G)	147	979,000
10	1	10	Apartment	Riyadh	Al-Nakhil	Apartment	318511000411	24/04/1443H (Corresponding to 29/11/2021G)	142	990,000
11	1	11	Apartment	Riyadh	Al-Nakhil	Apartment	218511000412	24/04/1443H (Corresponding to 29/11/2021G)	142	979,000
12	1	12	Apartment	Riyadh	Al-Nakhil	Apartment	318511000410	24/04/1443H (Corresponding to 29/11/2021G)	158	1,040,000
13	1	13	Apartment	Riyadh	Al-Nakhil	Apartment	818511000419	24/04/1443H (Corresponding to 29/11/2021G)	158	1,050,000
14	1	14	Apartment	Riyadh	Al-Nakhil	Apartment	318511000420	24/04/1443H (Corresponding to 29/11/2021G)	144	915,000
15	1	15	Apartment	Riyadh	Al-Nakhil	Apartment	318501000621	25/04/1443H (Corresponding to 30/11/2021G)	134	969,000
16	1	16	Apartment	Riyadh	Al-Nakhil	Apartment	418501000629	26/04/1443H (Corresponding to 01/12/2021G)	142	979,000
17	1	17	Apartment	Riyadh	Al-Nakhil	Apartment	918501000630	26/04/1443H (Corresponding to 01/12/2021G)	122	979,000
18	1	18	Apartment	Riyadh	Al-Nakhil	Apartment	918501000631	26/04/1443H (Corresponding to 01/12/2021G)	81	567,429



No	Building	Apartment	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost (SAR)
19	1	19	Apartment	Riyadh	Al-Nakhil	Apartment	318501000628	26/04/1443H (Corresponding to 01/12/2021G)	127	1,000,000
20	1	20	Apartment	Riyadh	Al-Nakhil	Apartment	918501000632	26/04/1443H (Corresponding to 01/12/2021G)	158	1,069,000
21	1	21	Apartment	Riyadh	Al-Nakhil	Apartment	318501000627	25/04/1443H (Corresponding to 30/11/2021G)	144	869,000
22	1	22	Apartment	Riyadh	Al-Nakhil	Apartment	318501000626	25/04/1443H (Corresponding to 30/11/2021G)	134	959,000
23	1	23	Apartment	Riyadh	Al-Nakhil	Apartment	318501000625	25/04/1443H (Corresponding to 30/11/2021G)	142	964,000
24	1	24	Apartment	Riyadh	Al-Nakhil	Apartment	318506000278	25/04/1443H (Corresponding to 30/11/2021G)	117	866,000
25	1	25	Apartment	Riyadh	Al-Nakhil	Apartment	918506000279	25/04/1443H (Corresponding to 30/11/2021G)	107	965,000
26	2	1	Apartment	Riyadh	Al-Nakhil	Apartment	318501000624	25/04/1443H (Corresponding to 30/11/2021G)	103	887,000

Source: The Company

The Company sorted title deeds for eighteen (18) apartments from the deed No. (999060001275) dated 22/12/1443H (corresponding to 21/07/2022G):

**Table No. (100): Sukuk cleared from Deed No. (999060001275) dated 22/12/1443H (Corresponding to 21/07/2022G)**

No	Property	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)
1	Villa	Riyadh	Hittin	Villa	210104055812	16/01/1444H (Corresponding to 14/08/2022G)	295
2	Villa	Riyadh	Hittin	Villa	210106066422	16/01/1444H (Corresponding to 14/08/2022G)	300
3	Villa	Riyadh	Hittin	Villa	310144000575	16/01/1444H (Corresponding to 14/08/2022G)	300
4	Villa	Riyadh	Hittin	Villa	210104055815	16/01/1444H (Corresponding to 14/08/2022G)	300
5	Villa	Riyadh	Hittin	Villa	610104055816	16/01/1444H (Corresponding to 14/08/2022G)	300
6	Villa	Riyadh	Hittin	Villa	910104055817	16/01/1444H (Corresponding to 14/08/2022G)	300
7	Villa	Riyadh	Hittin	Villa	210104055818	16/01/1444H (Corresponding to 14/08/2022G)	300
8	Villa	Riyadh	Hittin	Villa	310104055819	16/01/1444H (Corresponding to 14/08/2022G)	300
9	Villa	Riyadh	Hittin	Villa	910106066426	16/01/1444H (Corresponding to 14/08/2022G)	340
10	Villa	Riyadh	Hittin	Villa	710144000577	16/01/1444H (Corresponding to 14/08/2022G)	471
11	Villa	Riyadh	Hittin	Villa	410106066425	16/01/1444H (Corresponding to 14/08/2022G)	225
12	Villa	Riyadh	Hittin	Villa	210128000761	20/01/1444H (Corresponding to 18/08/2022G)	239
13	Villa	Riyadh	Hittin	Villa	710144000576	16/01/1444H (Corresponding to 14/08/2022G)	253
14	Villa	Riyadh	Hittin	Villa	310106066424	16/01/1444H (Corresponding to 14/08/2022G)	267



No	Prop-erty	City	District	Prop-erty type	Instrument (Title Deed) No.	Instrument date	Area (m²)
15	Villa	Riyadh	Hittin	Villa	810128000760	20/01/1444H (Corresponding to 18/08/2022G)	280
16	Villa	Riyadh	Hittin	Villa	310104055814	16/01/1444H (Corresponding to 14/08/2022G)	294
17	Villa	Riyadh	Hittin	Villa	310104055813	16/01/1444H (Corresponding to 14/08/2022G)	308
18	Villa	Riyadh	Hittin	Villa	910135000419	17/01/1444H (Corresponding to 15/08/2022G)	317

Source: The Company

The Company has a number of title deeds for its properties, which are assets prepared for rent according to the following details:

**Table No. (101): Title deeds for assets prepared for rent**

No	Prop-erty	City	District	Property type	Instrument (Title Deed) No.	Instrument date	Area (m²)	Cost
1	Building	Riyadh	Al Izdihar	Residential Commercial	*996060001245	04/12/1443H (Corresponding to 21/07/2022G)	1,980.00	18,000,000
2	Building	Riyadh	Al-Nada	Residential Commercial	917815005146	24/08/1443 AH (Corresponding to 27/03/2022G)	5,100.00	30,000,000
3	Building	Dammam	Al-Qusour District	Residential Commercial	*999060001248	04/12/1443H (Corresponding to 03/07/2022G)	900	6,000,000
4	Building	Dammam	Al-Qusour District	Residential Commercial	*799060001244	04/12/1443H (Corresponding to 03/07/2022G)	920.27	6,000,000
5	Building	Dammam	Al-Qusour District	Residential Commercial	*999060001243	04/12/1443H (Corresponding to 03/07/2022G)	906.76	6,000,000
6	Building	Al Khobar	Ishbilyah	Residential Commercial	699060001242*	04/12/1443H (Corresponding to 03/07/2022G)	1,062.60	8,000,000



Source: The Company

\* Mortgaged to the Arab National Bank (security on a loan in favor of the Company).

## 10.8 Trademarks and Intellectual Property Rights

- The Company has two logos that it uses in its commercial dealings, and they have been registered as a trademark with the Saudi Authority for Intellectual Property under category (36), which is one of the trademark categories concerned with “insurance services, financing affairs, financial affairs and real estate affairs”. The two trademarks of the Company have been granted the necessary legal protection in accordance with the Trademark Law. This will enable the Company to use them and place them on the external facade of buildings, offices or cars of the Company.
- The subsidiary company also has the logo “OSOS ALRAMZ” that it uses in its commercial dealings and has submitted an application to register it as a trademark with the Saudi Authority for Intellectual Property - under number 365423, dated 26/01/1444H (corresponding to 24/08/2022G) – under category (37), which is one of the categories of trademarks specialized in “building construction, repair, installation or assembly services”.

**Table No. (102): Details of the two trademarks of the Company**

Certificate No.	Registration date	Protection start date	Protection End Date	Trademark
1441014624	25/07/1441H (Corresponding to 20/03/2020G)	17/05/1441H (Corresponding to 12/01/2020G)	16/05/1451H (Corresponding to 25/09/2029G)	
1443000927	12/03/1443H (Corresponding to 18/10/2021G)	01/01/1443H (Corresponding to 09/08/2021G)	30/12/1452H (Corresponding to 22/04/2031G)	

Source: The Company



- The Company is also committed to registering its website with the Commission of Communications and Information Technology - the Saudi Network Information Center, so that the Company has two certificates issued on 19/04/1443H (Corresponding to 24/11/2021G) on behalf of Sahara Net stating that the domain alramzre.sa and the domain alramzre.com.sa is registered with the Saudi Center for Company Information, and therefore they are protected against third parties from any infringement.

## 10.9 Credit Facilities

The Company has several facility agreements, as shown below:

**Table No. (103): Overviews of the credit facilities as on 30/06/2022G.**

Borrower	Agreement Date	Period	Credit Facility	Used Amount	Repaid Amount*
			(SAR)	(SAR)	(SAR)
Aljazira Bank	19/12/1443H (Corresponding to 17/08/2022G)	The term of the agreement is (3) years, including the grace period, which is a maximum of (24) months from the date of the use process	100,000,000	--	--
Arab National Bank	11/10/1442H (Corresponding to 23/05/2021G)	The term of the facility is five years	40,000,000	35,000,000	4,375,000
Saudi British Bank (SABB)	17/01/1443H (Corresponding to 25/08/2021G)	The term of the facility is five years for the term financing facility	25,000,000	25,000,000	1,250,000
		Until 30/09/2022 for the Short-Term Financing Facility	795,877		

Source: The Company

\* Does not include financing costs amounting to 119,630 Saudi Riyals

### Personal guarantees provided by the Company and shareholders on the credit facilities

The mentioned facilities agreements entail certain obligations on the Company, including the provision of promissory notes, personal guarantees from shareholders, and other securities (jointly and severally). The financing agreements and the facilities contract concluded between the financing agencies and the Company, they included the following:

- The credit facility agreement with Bank Aljazira:
  - Mortgaging real estate deed(s) (the acquisition of which will be financed) acceptable to the bank in accordance with the terms of the mortgage contract(s) signed or to be signed between the two parties at a rate of no less than (125%) of the total amounts granted to the Company in addition to potential profits and debts. The two parties have agreed to re-evaluate the real estate guarantees described in the agreement and the new additions to it for new real estate instruments, at the time or times determined by the bank, and the assessment is carried out by real estate offices approved by the bank and at the Company's expense and in the event that the estimated value of the real estate decreases from the specified amount by the Bank, the Company is obligated to provide additional guarantees specified by the bank to cover the difference.
  - Assigning in favor of the bank the proceeds of selling the real estate/project that will be financed, once the sale process has started, provided that these returns cover no less than (100%) of the total amounts utilized in accordance with the form and content acceptable to the bank.
  - A promissory note in the amount of (110,000,000) Saudi Riyals.
  - In addition to the above-mentioned securities, the Company made a number of commitments, most notably:
- Undertaking to obtain a cooperative insurance policy on its in-kind property and guarantees against all risks and to provide the bank with a copy of them, and pledge to waive in favor of the bank an amount equivalent to the value of the granted financing out of the value of the insurance policy.
- Inform the bank in writing of all provisions and mortgages on any existing and future assets.
- Not to mortgage or sell any of its properties without obtaining the bank's written approval.
- Obligation to grant pre-emptive right to Aljazira Capital Markets Company as a Custody Manager for the founders' shares in the event the Company's shares are offered for subscription.



- Undertaking to waive in favor of the bank the proceeds of selling the real estate/project that will be financed, once the sale process has begun, provided that these returns cover no less than (100%) of the total amounts exploited in accordance with the form and content acceptable to the bank.
- It should be noted that in accordance with this agreement, the bank shall have the right to cancel its obligations under this agreement and to demand the Company of all the amounts owed by it without regard to their due date in a number of cases covered by the agreement, including: If the legal form of the Company is changed without the bank's prior knowledge and approval, and where the process of offering the Company's shares and the entry of new shareholders will result in a change in the legal status of the Company and some amendments to the Articles of Association. Therefore, the Company must inform the lender to obtain their no objection to offering the Company's shares in the Parallel Market, the entry of new shareholders, and the conversion of the Company from a closed joint stock to a public joint stock company.
- On 26/01/1444H (corresponding to 24/08/2022G), the Company addressed the bank with its desire to carry out procedures to transform the Company from a closed joint stock company to a public joint stock company. The transformation is accompanied by an increase in its capital by offering an expected percentage representing about (10%) of the Company's capital after the public offering in the Parallel Market "**Nomu**", and accordingly, new shareholders will enter the Company. The Company obtained a letter issued on 27/01/1444H (corresponding to 25/08/2022G) stating that the bank has no objection to the listing of the Company's shares on the Parallel Market "**Nomu**" and to the Company's transformation from a closed joint stock to a public joint stock.
- With regard to the credit facility agreement between Al Ramz Real Estate Company and the Arab National Bank on 23/05/2021, the following securities were provided:
  - A promissory note issued by Al Ramz Real Estate Company in favor of the Arab National Bank with a value of (40,000,000) Saudi Riyals.
  - A joint fine and performance bond issued by Mr. Rasheed Abdul Rahman Nasser Al-Rasheed (the sponsor), under which he issues an unconditional and irrevocable joint guarantee in favor of Al Ramz Real Estate Company pledging to pay all its obligations towards the Arab National Bank arising from these facilities, with a value of (40,000,000) Saudi Riyals.
  - A pledge from Mr. Rasheed Abdul Rahman Nasser Al-Rasheed to authorize the bank to debit his personal account with the Arab Bank in the event that Al Ramz Real Estate Company is late in paying any unpaid installments due within (7) days from the due date.
  - A pledge to deposit at least 60% of the proceeds of sales of housing units financed under this agreement after completion of its construction in its account with the bank, and in the event of non-compliance, a fee of 5.0% of the total value of the facilities granted will be charged.
  - A pledge to waive part of the annual rental returns of real estate investment projects, estimated at 2.5 million riyals in its account with the bank.
  - Mortgage registered for (2) real estate deeds owned by Al Ramz Real Estate Company for the benefit of the bank or its representative if there are buildings on these mortgaged properties, they must be insured, and that will be at the expense of Al Ramz Real Estate Company for the duration of the insurance period)

It should be noted that this agreement included an obligation on the Company to consider any change in the Company's ownership as a breach. Accordingly, on 27/06/1442H (corresponding to 09/12/2021G), the Company wrote to the bank with its desire to increase the capital from (50,000,000) to (300,000,000) Saudi riyals, and the Company obtained a letter (undated) stating that the bank had no objection to doing so. With these procedures, the bank stated that this would not be considered a case of breach stipulated in Article (10) of the credit facilities agreement.

On 19/07/1443H (Corresponding to 20/02/2022G), the Company informed the bank of its desire to carry out procedures to transform the Company from a closed joint stock company to a public joint stock company. The transformation is accompanied by an increase in its capital by offering (10%) of the Company's capital for listing in the Parallel Market "**Nomu**". Accordingly, new shareholders will enter the Company, and on 27/07/1443H (corresponding to 28/02/2022G) the Company received a letter stating that the bank had no objection to the Company increasing its capital by offering a percentage of its capital after the public offering and its registration and listing of its shares in the Parallel Market "**Nomu**". Thus the transformation from a closed joint stock company to a public joint stock company that includes the entry of new shareholders.

- Regarding the credit facility agreement between Al Ramz Real Estate Company and the Saudi British Bank (SABB):
  - An acknowledgment and undertaking submitted by Mr. Rasheed Abdul Rahman Nasser Al-Rasheed regarding the use of the financing for the intended purpose, providing all required information, data and guarantees, and agreeing to the bank's review of the Company's financial statements and credit reports.
  - An acknowledgment submitted by Mr. Rasheed Al-Rasheed, Mr. Haroon Al-Rasheed and Mr. Abdul-Malik Al-Rasheed to provide the SME Guarantee Program with any information or data, and to authorize them to obtain any information concerning them or the Company from the Saudi Credit Bureau (SIMAH), or disclosure such information for SIMAH.





- A promissory note issued by Al Ramz Real Estate Company in favor of the Saudi British Bank with a value of SAR (25,795,878).
- A personal guarantee submitted by Mr. Rasheed Al-Rasheed with a guarantee amount of (15,000,000) Saudi Riyals.
- A personal guarantee submitted by Mr. Haroon Al-Rasheed, with a guarantee amount of (15,000,000) Saudi Riyals.
- A personal guarantee submitted by Mr. Abdul Malik Al-Rasheed with a guarantee amount of (15,000,000) Saudi Riyals.
- Mortgage registered for (2) real estate deeds owned by Al Ramz Real Estate Company for the benefit of the bank.
- In addition to the above-mentioned guarantees, the Company made a number of commitments, most notably:
  - Not to dispose of the assets acquired using the proceeds of the facility without obtaining a prior written approval from the bank.
  - Commitment at all times to keep at least two months' premium value in the Company's account at all times, and what exceeds that amount can be used.
  - Directing rental proceeds, salaries and remunerations to the Company's account with the Saudi British Bank.
  - It will also be considered a case of breach of any change in the control or ownership of the Company without the prior written consent of the bank. Therefore, on 04/01/2022G, the Company informed the Saudi British Bank of increasing its capital to three hundred million (300,000,000) Saudi Riyals. On 23/06/1443H (corresponding to 26/01/2022G), the Company obtained a letter of no objection from the bank for the capital increase. On 19/07/1443H (corresponding to 20/02/2022G), the Company informed the bank of its desire to carry out procedures to transform the Company from a closed joint stock company to a public joint stock company. The transformation will be accompanied by an increase in its capital by offering (10%) of the Company's capital after the Offering in the Parallel Market "Nomu". On 30/07/1443H (corresponding to 03/03/2022G), the Company obtained a letter of no objection from the bank for the capital increase and the Offering.

## 10.10 Legal Disputes

As of the date of this Prospectus, the Company is a party to two lawsuits in its capacity as plaintiff, with a total value of thirty-two thousand (32,000) Saudi Riyals in addition to one lawsuit as the defendant. Following is a summary of these lawsuits:

**Table No. (104): Legal Disputes**

Plaintiff	Defendant	Case No	Date the lawsuit was filed	The Party Looking into the case	Plaintiff's claims	Judgment in the case
Al Ramz Real Estate Company	Defendant 1	421008611	07/01/1442H (Corresponding to 26/08/2020G)	Riyadh General Court	Evacuating a property - claiming a property rent of (32,000) Saudi Riyals.	A judgment was issued obligating the defendant to pay an amount of (32,000) Saudi riyals and to evacuate the property immediately. On 16/02/1443H (corresponding to 23/09/2021G), the appeal judgment was issued in this case and the judgment issued was upheld and the judgment issued became final.
Al Ramz Real Estate Company	Plaintiff 2	431798698	19/03/1443H (Corresponding to 25/10/2021G)	Riyadh General Court	Property Evacuation.	No judgment was issued in the case and it is still in the process of holding sessions.
Claimant	Al Ramz Real Estate Company	449000184	02/01/1444H (Corresponding to 31/07/2022G)	Riyadh General Court	Examining the property, proving its condition and its defects, and proving the condition at the present time.	No judgment was issued in the case, and it is still in the process of holding sessions.

Source: The Company

It should be noted that the subsidiary company is not a party to any lawsuit, whether as a plaintiff or the defendant.



## 10.11 Insurance Policies

### • Al Ramz Real Estate Company:

The Company has concluded a number of insurance policies to ward off some risks and preserve its assets and properties, including the following:

- **Health insurance for workers:** On 22/09/1443H (Corresponding to 23/04/2022G), the Company entered into a health insurance agreement with the Cooperative Insurance Company, with document number (22481386), which is valid for one Gregorian year starting from 07/10/1443H (Corresponding to 08/05/2022G) and ending on 17/10/1444H (corresponding to 07/05/2023G).
- **Compulsory motor insurance:**
  - It should be noted that, as on the date of this Prospectus, there are no cars owned by the Company, so the Company has not concluded any motor insurance policy.
- **Property and hidden defect insurance:**
  - The Company has an insurance policy issued by the United Cooperative Insurance Company, bearing the number (2021/8/20/2), valid from 02/06/2022G to 01/06/2023G. The document covers five (5) buildings only and includes risks of fire and explosion caused by gas or water heater. It also covers theft risks, with a maximum of five hundred thousand (500,000) Saudi Riyals.
  - The Company has also added (1) building of the Company's head office in Al-Malqa district in Riyadh to fall under the basic insurance policy and bear the number (2021/8/20/2) and it is valid from 07/08/2022 to 01/06/2023. It includes coverage of the same risks stipulated under the basic insurance policy.
  - It should be noted that, based on the decision of His Excellency the Minister of Municipal and Rural Affairs and Housing, and in coordination with the National Committee for the Saudi Building Code, the mandatory insurance against hidden defects has been applied to new building permits for new commercial buildings before starting construction in all regions of the Kingdom of all kinds from 01/01/ 2021G, and for new building permits for new residential buildings before starting construction in all regions of the Kingdom from 01/07/2021G.
- The Company obtained a number of insurance policies against hidden defects for (10) building licenses after applying the mandatory insurance against hidden defects as follows:
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (104087) and dated 07/02/2022G for the Al Narjis project.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (106428) and dated 07/03/2022G for the Al Rimal Project.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (107439) and dated 16/03/2022G for Al Rayyan Project.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (107567) and dated 22/03/2022G for Al-Khobar Project (2).
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (107901) and dated 27/03/2022G for the Al Rimal Project (2).
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (110862) and dated 08/05/2022G for Al Malqa Offices Project Al Ramz (39).
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (112904) and dated 22/05/2022G for Ramz Al Nakhil Project.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (112910) and dated 26/05/2022G for Ramz Al Nakhil Project.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (119882) and dated 19/07/2022G for Al-Rimal Project, Block (16), Plots 136-137-139.
  - Insurance policy for hidden defects issued by Malath Cooperative Insurance Company with document number (121579) and dated 29/07/2022G for the Al Rimal Project (2/16).
- **Subsidiary Company:**
  - The Subsidiary Company entered into a health insurance agreement with the Cooperative Insurance Company on 10/10/1443H (corresponding to 11/05/2022G) with document number (23019228) and is valid for one calendar year starting from 17/10/1443H (corresponding to 18/05/2022G). and expires on 27/10/1444H (corresponding to 17/05/2023G).



## 11. Information related to the Shares and Offering Terms and Conditions

The Company Filed an application with the Capital Market Authority to register and offer the shares in the Parallel Market in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority. This Prospectus has been approved and all supporting documents requested by the Authority have been submitted, and all necessary regulatory approvals have been obtained for the process of offering shares in the Parallel Market. The Company also submitted a request to list its shares in the Parallel Market to the Saudi Tadawul Company "Saudi Tadawul", and the application for listing was approved by Tadawul.

All Qualified Investors willing to participate in this Offering must read the Offering terms and conditions carefully before filling the subscription application. The submission of the subscription application to the Lead Manager is a declaration of acceptance and approval of the mentioned Offering terms and conditions.

### 11.1 The Subscription

Three Million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) new ordinary shares will be offered representing 10% of the Company's capital after the Offering, which will be offered for subscription in the Parallel Market at a price of 1 Saudi Riyals per share with a total value of 3,333,333 Saudi Riyals.

The Offering is limited to the following categories of Qualified Investors:

#### Tranche (a): Qualified Investors (non-individuals):

- 1- Capital Market Institutions acting for their own account.
- 2- Clients of a Capital Market Institution authorized by the Authority to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment in the Parallel Market on the client's behalf without obtaining prior approval from the client.
- 3- The Government of the Kingdom, any government body, any supranational authority recognized by the Authority or the Exchange, and any other stock exchange recognized by the Authority or the Depository Center.
- 4- Government-owned companies either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.
- 5- Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
- 6- Investment Funds.
- 7- Non-resident foreigners permitted to invest in the Parallel Market and who meet the requirements stipulated in the Guidance Note for the investment of Non-Resident Foreigners in the Parallel Market.
- 8- Qualified foreign financial institutions.
- 9- Any other legal persons allowed to open an investment account in the Kingdom and an account at the Depository Center.
- 10- Any other persons prescribed by the Authority.

Qualified Investors (non-individuals) will participate via the book building process. The number of shares that will be allocated provisionally to Qualified Investors (non-individuals) who are participating in the subscription is three million, three hundred and thirty-three thousand and three hundred and thirty-three (3,333,333) ordinary shares, representing 100% of total offer shares. Final allocation will be made after completion of the Qualified Investors (individuals) subscription period. In the event Qualified Investors (individuals) defined in tranche (b) below have subscribed to the entire shares allocated to them, the bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (non-individuals) to a minimum of three million (3,000,000) ordinary shares, representing around 90% of total offer shares.



**Tranche (b): Qualified Investors (individuals):**

Natural persons allowed to open an investment account in the Kingdom and an account at the Depository Center, and fulfill any of the following criteria:

- a- has conducted transactions in security markets of not less than 40 million Saudi riyals in total, and not less than ten transactions in each quarter during the last twelve months.
- b- his net assets is not less than 5 million Saudi Riyals.
- c- works or has worked for at least three years in the financial sector.
- d- holds the General Securities Qualification Certificate which is recognized by the Authority.
- e- holds a professional certificate specialized in securities business approved by an internationally recognized authority.

A maximum of three hundred and thirty-three thousand and three hundred and thirty-three (333,333) ordinary shares, representing around 10% of total offer shares will be allocated to Qualified Investors (individuals) if they have subscribed to the entire shares allocated to them. The bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (individuals) in proportion to the number of shares subscribed thereby.

**11.2 Method and Terms of Subscription for Each Category of Qualified Investors****1- Book Building for Qualified Investors (non-individuals)**

The price range will be set during the book building process and will be made available for all Qualified Investors (non-individuals) by the Financial Advisor in consultation with the Company.

Qualified Investors (non-individuals) must submit the applications for participating in the book building process via the completion of the application form for participating in the book building process. Qualified Investors (non-individuals) may change or cancel their applications at any time during the book building period provided the change of such applications shall be made through the submission of an amended application form or a supplementary application for (where applicable) prior to the end of the book building period. The number of shares that will be subscribed by each Qualified Investor (non-individual) shall not be less than ten thousand (10,000) shares and no more than one million, six hundred and sixty-thousand and six hundred and sixty-six (1,666,666) shares. The required number of shares shall be of allocable. The bookrunner will notify Qualified Investors (non-individual) with respect to the offer price and the number of shares provisionally allocated to them.

The book building process will extend to eight (8) days commencing on Tuesday 28/04/1444H (corresponding to 22/11/2022G) and will end on Thursday 07/05/1444G (corresponding to 01/12/2022G). The subscription period for Qualified Investors (non-individuals) will begin on Tuesday 12/05/1444H (corresponding to 06/12/2022G) and will end on Monday 18/05/1444H (corresponding to 12/12/2022G), in accordance with subscription terms and instructions detailed in the subscription application forms.

Following completion of the book building process and closing of subscription for Qualified Investors (non-individuals), the bookrunner will announce the percentage of coverage by the Qualified Investors (non-individuals).

The Financial Advisor and the Company will have the authority to determine the offer price, provided the subscription price will be in line with the price change units applicable in the Financial Market.

**2- Subscription by Qualified Investors (individuals)**

All Qualified Investors (individuals) who will subscribe to offer shares shall submit the application for subscription in a minimum of no less than ten (10) shares, and a maximum of three hundred and thirty-three thousand and three hundred and thirty-three (333,333) shares. The subscription application may not be changed or withdrawn after delivering the same to the receiving agents.

Applications for subscription in the offer shares may be submitted by Qualified Investors (individuals) who have an investment account with one of the receiving agents Alahli Capital (SNB Capital) and Aljazira Financial Markets Company (Aljazira Capital), activated to invest in the parallel Market via the electronic channels of the receiving entity during the offer period.

Qualified Investors (individuals) may obtain a copy of this prospectus from the electronic websites of Alramz Real Estate Company ([www.alramzre.com](http://www.alramzre.com)), the Financial Advisor and Lead Manager ([www.anbcapital.com.sa](http://www.anbcapital.com.sa)) or the Capital Market Authority ([www.cma.org.sa](http://www.cma.org.sa)).



The period for the subscription applications receipt via the receiving agents will begin on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will last for two days that will end by the end of Wednesday 20/05/1444H (corresponding to 14/12/2022G). If the information provided in the subscription request are incomplete or incorrect, the subscription application will be null and void.

Each Qualified Investor (individual) must determine the number of shares that he applied to subscribe therein in the subscription application form. The total subscription amount shall be the outcome of multiplying the number of shares to be subscribed to by the offer price of ٥ Saudi Riyals per share.

All Qualified Investors (individuals) agree to subscribe to the shares determined in the subscription application form submitted for buying the shares, in an amount equivalent to the number of offer shares applied for multiplied by the offer price of ٥ Saudi Riyals per share. Each Qualified Investor (individual) will be considered as holding the number of shares allocated to him when the following conditions are met.

- The subscription application has been handed over to a receiving entity via its electronic channels.
- Payment of the entire value of subscribed shares to the receiving agent to which the subscription application has been submitted.

The total value of shares subscribed to must be deducted or transferred based on the instructions clarified by the receiving agent.

If any subscription application has not met the terms and conditions of subscription, the Company is entitled to reject the application in full or in part. Each Qualified Investor (individual) shall acknowledge that he accepts the number of shares allocated to him, unless the number of shares allocated to him has exceeded the number of shares subscribed thereby.

There will be no guarantee to accept the applications of Qualified Investors (individuals) who have not activated their account with the bookrunner to invest in the Parallel Market prior to 20/05/1444H (corresponding to 14/12/2022G).

Existing shareholders currently own 100% of the Company's capital and will own 90% of the Company's capital after the Offering ends. Investors can obtain an electronic copy of this Prospectus, and the Participation Application Form and the Subscription Application Form for Qualified Investors (non-individuals) from the Financial Advisor and the Lead Manager through the contact information shown below:

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**Al-Arabi Financial Company (ANB Capital)**

King Faisal Street - Al-Arabi Financial Company Building

P.O. Box. 220009 - Riyadh 11311

Kingdom Saudi Arabia

Tel: +966 11 406 2500

Fax: +966 11 406 2548

E-mail: Investment.Banking@anbcapital.com.sa

Website: www.anbcapital.com.sa

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### 11.3 Offering Period

The offering period will begin on Tuesday 19/05/1444H (corresponding to 13/12/2022G) and will run for two days that will end by the end Wednesday 20/05/1444H (corresponding to 14/12/2022G).

### 11.4 Allocation and Surplus Refund

The Lead Manager will open an Escrow Account for depositing and keeping the subscription amounts collected from Qualified Investors. The subscription amounts will be transferred to the Company as soon as the listing takes effect and after deduction of fees and expenses.

The Lead Manager will notify subscribers of the number of offer shares allocated to each subscriber and the amounts that will be refunded. The excess money, (if any) will be refunded to Qualified Investors without commissions or deductions and will be deposited in the subscriber's account prescribed in the subscription application. The final allocation will be announced no later than Thursday 21/05/1444H (corresponding to 15/12/2022G). Excess money will be refunded no later than Tuesday 26/05/1444H (corresponding to 20/12/2022G). The subscriber must communicate with the Lead Manager and the receiving agent in case additional details are needed.

### 1- Allocation of Offer Shares for Qualified Investors (non-individuals)

The provisional allocation of offer shares will be made as deemed appropriate by the Financial Advisor in coordination with the Company, applying the elective shares allocation mechanism. The final allocation of shares for Qualified Investors (non-individuals) will be made by the bookrunner following the completion of the Qualified Investors (individuals) subscription process. The number of offer shares that will be provisionally allocated to Qualified Investors (non-individuals) who are participating in the subscription is three million, three hundred and thirty-three thousand and three hundred and thirty-three (3,333,333) shares, representing 100% of total offer shares. In the event of sufficient demand by the Qualified Investors (individuals) on offer shares, the bookrunner is entitled to reduce the number of shares allocated to Qualified Investors (non-individuals) to a minimum of three million (3,000,000) ordinary shares – representing around 90% of total offer shares after completion of the Qualified Investors (individuals) subscription process.

### 2- Allocation of Offer Shares for Qualified Investors (individuals)

A maximum of three hundred and thirty-three thousand and three hundred and thirty-three (333,333) ordinary shares, representing about 10% of total offer shares will be allocated to Qualified Investors (individuals). The minimum shares allocated for each Qualified Investor (individual) is ten (10) offer shares. The remaining offer shares (if any) will be allocated on pro rata basis, based on the number of shares requested by each Qualified Investor (individual) to the total number of shares subscribed to. If the number of Qualified Investors (individuals) has exceeded thirty-three thousand and three hundred and thirty-three (33,333) subscribers, the Company will not guarantee the minimum shares allocated and allocation will be made as suggested by the bookrunner. Excess money, (if any) will be refunded to Qualified Investors (individuals) without commissions or deductions.

## 11.5 Miscellaneous Terms

- 1- The Subscription Application and all related terms, conditions and covenants are binding and for the benefit of the subscription parties, their successors, assigns, will executors, estate managers and heirs. The Subscription Application or any rights, interests or obligations arising therefrom may not be assigned or delegated by the parties to the subscription without the prior written consent of the other party.
- 2- These instructions and clauses and any receipt of Subscription Application Forms or contracts resulting therefrom shall be subject to the Kingdom's laws and shall be interpreted and implemented in accordance with them.
- 3- This Prospectus will be published in Arabic after approval by the Capital Market Authority.
- 4- Subject to the requirements of Article (79) of the Rules on the Offer of Securities and Continuing Obligations, the Company shall submit a supplementary prospectus to the Authority at any time after the date of publication of the initial prospectus and before the Offering is completed, if the following appears:
  - a- The existence of a significant change in the material matters contained in the Prospectus or
  - b- The emergence of any important issues that should have been included in the Prospectus.

It is also worth noting that the subscriber who submitted an application for subscription to the Offering shares before publishing the supplementary prospectus has the right to cancel or amend his application for subscription in those shares before the end of the Offering Period, in accordance with paragraph (d) of Article (79) of the Rules on the Offer of Securities and Continuing Obligations.

## 11.6 Times and Circumstances where Offering may be Suspended or cancelled

### 11.6.1 Suspension of Trading or Cancellation of Listing

**A- CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:**

- 1- CMA considers it necessary for the protection of investors or maintenance of an orderly market.
- 2- The Issuer fails, in a manner which CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange Rules.
- 3- The Company fails to pay on time any fees due to CMA or the Exchange or any fines due to CMA.
- 4- If it considers that the Company or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Parallel Market.
- 5- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the targeted entity and CMA is satisfied, following the Issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, CMA may decide not to suspend trading at this stage.



- 6- When the information of the suggested transaction of reverse takeover are disclosed, and the Company cannot evaluate its financial position accurately, and cannot inform the Exchange accordingly.
- 7- If the liquidity requirements specified in Paragraph (B) of Article forty-one of the Listing Rules have not been met, after the period specified in Sub-Paragraph (1) of Paragraph (D) of Article forty-two of the Listing Rules has not been met.
- 8- When an application for financial restructuring of the Issuer in case of its accumulated losses reaching 50% or more of its capital is registered with a court under the Bankruptcy Law.
- 9- When the request for liquidation procedure or the administrative liquidation of the Issuer is registered with the court under the Bankruptcy Law.
- 10- Upon issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the Issuer in the court under the Bankruptcy Law.
- 11- Upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the Issuer in the court under the Bankruptcy Law

**B- Lifting of trading suspension under paragraph (A) above is subject to the following:**

- 1- The Issuer adequately addressing the conditions that led to the suspension and the lack of a need to continue the suspension for the protection of investors.
- 2- That lifting the suspension is unlikely to affect the normal activity of the Exchange
- 3- The Issuer complies with any other conditions that the CMA may require.
- 4- Upon issuance of a final judgment initiating financial restructuring of the Issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (8) above.
- 5- Upon issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the Issuer under the Bankruptcy Law, unless the Issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) (9) above.

If the suspension of trading in securities continues for a period of six months without the Company taking appropriate measures to correct that suspension, the Authority may cancel the listing of the Company's securities.

**C- The Exchange shall suspend the trading of securities of the Issuer in any of the following cases**

- 1- When the Company does not comply with the deadlines for disclosure of its periodic financial information within the periods specified in accordance with the Rules on the Offer of Securities and Continuing Obligations until they are disclosed.
- 2- When the external auditor's report on the financial statements of the Company contains an adverse opinion or an abstention from expressing opinion until the dissenting opinion is removed or refraining from expressing an opinion.
- 3- If the liquidity requirements in parts two and eight of the Listing Rules are not satisfied after elapse of the time limit set forth by the Exchange for the Company to rectify its conditions unless CMA agrees otherwise.
- 4- Upon a resolution by the Company's extraordinary general assembly to reduce its capital for the two trading days following the issuance of such a resolution.
- 5- The Exchange removes the suspension referred to in subparagraphs 1 and 2 of paragraph (C) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist
- 6- The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur
- 7- The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules
- 8- If listing suspension continues for six (6) months with no appropriate procedure taken by the issuer to correct such a suspension, CMA may cancel the listing of the issuer.
- 9- Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to relist its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations
- 10- These clauses shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the Exchange Rules





### **11.6.2 Voluntary Cancellation of Listing**

- 1- A Company whose securities have been listed on the Exchange may not cancel the listing without a prior approval from the Authority. To obtain the Authority's approval, the Company must submit a cancellation request to the Authority with simultaneous notification to the Exchange, and the application must include the following information:
  - a- Specific reasons for the request for cancellation or suspension.
  - b- Copy of the disclosure described in paragraph (4) below.
  - c- Copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company.
  - d- Names and contact information of the Financial Advisor and Legal Advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.
- 2- CMA may, at its discretion, approve or reject the cancellation request.
- 3- The Company must obtain approval of the Extraordinary General Assembly on the cancellation of the listing after obtaining CMA's approval.
- 4- Where cancellation is made at the Company's request, it must disclose this to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

### **11.6.3 Temporary Suspension at the Issuer's Request**

- 1- A Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that during trading hours which requires immediate disclosure under The Capital Market, its Implementing Regulations or its Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that Company immediately upon receiving such request.
- 2- When trading is temporarily suspended at the Issuer's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the Company's activities.
- 3- CMA may impose a temporary trading suspension without a request from the Company where CMA becomes aware of information or circumstances affecting the Company's activities which CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with Capital Market law, its Implementing Regulations and Rules.
- 4- The Exchange may propose to CMA to exercise its powers in accordance with paragraph (3) above, if it becomes aware of information or circumstances affecting the Company's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.
- 5- A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (2) above in this Section, unless CMA or the Exchange decided otherwise.

### **11.6.4 Re-Registering and Admission of Listing of Previously Evocated Securities**

If the Company wishes to re-register its shares after their cancellation, the Company is required to submit a new application in accordance with the procedures set out in the Rules on the Offer of Securities and Continuing Obligations.





### **11.7 Resolutions and Approvals under which the Shares will be Offered**

The decisions and approvals under which the shares will be offered are as follows:

- 1- The Company's Board of Directors resolution issued on 12/07/1443H (corresponding to 13/02/2022G) approving the Offering of three million three hundred and thirty-three thousand three hundred and thirty-three (3,333,333) shares representing (10%) of the Company's capital after the increase in the Parallel Market, after obtaining the necessary regulatory approvals.
- 2- The approval of the Company's Extraordinary General Assembly to increase the Company's capital and to offer new shares for subscription by Qualified Investors in the Parallel Market issued on 16/07/1443H (corresponding to 17/02/2022G).
- 3- The Authority's approval of this Prospectus and all supporting documents requested by the Authority on the date of its announcement on its official website on 21/03/1444H (corresponding to 17/11/2022G).
- 4- Approval from the Stock Exchange "Tadawul" on listing on 29/10/1443H (corresponding to 30/05/2022G), and this approval is conditional on obtaining the approval of the Capital Market Authority

### **11.8 A statement of any arrangements in place to prevent disposal of certain shares**

The Substantial Shareholders are prohibited from disposing of their shares for a period of twelve (12) months from the date of trading the Company's shares in the Parallel Market (Lock-up Period). Other than Lock-up Period stated in this Prospectus, there are no other existing arrangements that prevent disposal of certain shares.



## 12. Change in Share Price as a result of the Capital Increase

### 12.1 Change in share price as a result of capital increase

The number of shares in the Company before the Offering is thirty million (30,000,000) shares, at nominal value of ten (10) Saudi riyals per share, with a total nominal value of three hundred million (300,000,000) Saudi riyals. The number of shares in the Company after the Offering will become thirty-three million three hundred and three thousand three hundred and thirty-three (33,333,333) ordinary shares paid in full, at a nominal value of (10) ten Saudi riyals per share, with a total nominal value of three hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty (333,333,330) Saudi riyals. The entire Offering shares will be allocated to Qualified Investors in the Parallel Market (Nomu). After the completion of the Offering, the ownership percentage of the existing shareholders in Al Ramz Company after completion of the Offering will decrease from 100% to 90%, i.e. a decrease of 10%.

It is expected that the value of shares owned by existing shareholders will be affected on the first day of listing, as the share price will be opened on the first day of listing based on the specified Offering price of SAR 12, noting that the market value of the Company's shares will be affected after listing according to the permissible daily fluctuation rates in the Parallel Market (30% up and down).

### 12.2 Impact of the expected change in share price on shareholders

It is expected that the value of shares owned by existing shareholders will be positively affected on the first day of listing, as the share price will be opened on the first day of listing based on the specified Offering price of SAR 12 Saudi riyals, with an increase of SAR 2 over the nominal value of the share specified at a value of ten (10) Saudi riyals.



## 13. Covenants relating to the Subscription

### 13.1 Declarations and Undertakings for Subscription

By filling in and submitting the Subscription Application Form, the subscriber acknowledges the following

- 1- Agrees to subscribe to the number of shares mentioned in the Subscription Application he/she submitted.
- 2- Acknowledges that he has read this Prospectus and all its contents, studied it carefully and understood its content.
- 3- Accepts the By-Laws of the Company and the Offering terms and conditions mentioned in the Prospectus and the Subscription Application Form and subscribe to the shares accordingly.
- 4- Warrants not to waive his right to claim and recourse to the Company for any damage directly caused by the Prospectus containing incorrect or insufficient material information, or as a result of the omission of material information that directly affects the subscriber's acceptance of the subscription if it is added in the Prospectus.
- 5- He and any of his family members included in the Subscription Application Form have never submitted an application to subscribe to the offered shares and agree that the Company has the right to refuse double subscription applications.
- 6- Accepts the number of the Offer Shares allocated to him/her (within the maximum amount he/she subscribed to) in accordance with the Subscription Application, and he also accepts all the subscription terms and instructions contained in the Subscription Application and in this Prospectus.
- 7- Ensure that the subscription application is not canceled or modified after it has been submitted to the receiving entity.

### 13.2 Share Register and Dealing Arrangements

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, occupations, shares they own, and the amounts paid from these shares.

### 13.3 Overview of Saudi Tadawul Group

The electronic stock trading started in the Kingdom in 1990G. Tadawul system was established in 2001G as an alternative system for the electronic securities information system. 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., 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. Such times is changed during the month of Ramadan, and the new times are announced through Tadawul.

The transactions are executed through automatic order matching, and orders are received and prioritized 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 entry time.

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.

### 13.4 Trading of the Company's Shares on the Parallel Market

An application has been submitted to CMA to register and list the Company's Shares on the Parallel Market and a request has been submitted to the Saudi Tadawul Company for their listing on the Parallel Market.

It is expected to start trading of the Company's shares after the final allocation of such shares and fulfilling all relevant statutory procedures. Tadawul will announce the trading date of the shares in due course. The dates and times mentioned in this Prospectus are considered tentative dates mentioned for guidance only, and they can be changed or extended with the approval of the Capital Market Authority.

Trading in the Offered Shares can only be made after approving the allocation of the shares in the shareholders' accounts in Saudi Tadawul, registering the Company in the official list, and listing its shares in Saudi Tadawul. Trading in shares is strictly prohibited before the official trading. The investors who deal in such prohibited trading activities shall be held responsible for them, and the Company will not bear any legal responsibility in such a case.

Trading in shares listed in the Parallel Market is restricted to Qualified Investors (for more information, refer to Section (1) "Terms and Definitions" of this Prospectus).



## 14. Procedures for Incomplete Offering

If the Offering is not completed on the date specified for the end of the Offering process indicated in this Prospectus (please refer to the “**Important Dates and Offering Procedures**” section on page (xii) of this Prospectus), the Financial Advisor shall notify the Authority in writing within (10) ten days from the end of the Offering Period, that the Offering has not been completed. Then, the Financial Advisor shall notify the subscribers, and in coordination with the receiving bank of the Offering Proceeds, the amounts collected from the subscribers (if any) shall be returned without deducting any commissions or fees.

The Company confirms its commitment to any decisions, instructions, or procedures issued by the Capital Market Authority in the event that the Offering is not completed.



## 15. Documents Available for Inspection

All the Company's documents related to the Offering of the Company's shares and acceptance of its listing in the Parallel Market will be available for inspection at the Company's head office located in Riyadh, P.O. 2608, Wadi Hajar, Al-Malqa, Postal Code 13524, and at the headquarters of the Financial Advisor and Lead Manager in Riyadh, between 8:30 a.m. until 5:30 p.m. starting from 03/05/1444H (Corresponding to 27/11/2022G) until 20/05/1444H (corresponding to 14/12/2022G), during working days (from Sunday to Thursday), provided that this period shall not be less than seven (7) days before the end of the Offering period. These documents include, but not limited to:

- 1- The Company's main Commercial Registration.
- 2- The Company's Bylaws.
- 3- The Company's Articles of Association and its latest amendment pursuant to the partners' decision to convert the Company from a limited liability company to a joint stock company.
- 4- Copy of the Authority's announcement approving the application for registration and offering in the Parallel Market issued on 21/03/1444H (corresponding to 17/10/2022G).
- 5- Copy of the announcement of the Capital Market approval on the listing issued on 29/10/1443 (corresponding to 30/05/2022G).
- 6- The decision of the Company's Board of Directors to recommend approval of offering in the Parallel Market on 12/07/1443H (corresponding to 13/02/2022G).
- 7- Approval of the general assembly of shareholders to increase the Company's capital and to offer new shares for subscription by offering them to Qualified Investors in the Parallel Market issued on 16/07/1443H (corresponding to 17/02/2022G) and to finalize the increase procedures with the Ministry of Commerce after completion of the subscription and allotment.
- 8- A document showing the mechanism used to arrive at the price range used in the process of book-building.
- 9- The audited financial statements for the fiscal year ending on December 31, 2021G.
- 10- The reviewed financial statements for the period ending on June 30, 2022G.
- 11- Letters of consent to include the name, logo, and attestation in the Prospectus from:
  - The Financial Advisor to the Company "**Al-Arabi Financial Company (ANB Capital)**".
  - The Legal Advisor of the Company "Alsaleh, Alsahli and Partners Law Firm "
  - The Company's Auditor for the fiscal year ending on December 31, 2021G and the six-month period ending on June 30, 2022G "**Ibrahim Ahmed Al-Bassam & Partners - Certified Public Accountants**".
- 12- Consent letter from the Company's auditor for the fiscal year ending on December 31, 2020G, Nasser Al-Kanhal and his partner - Certified Public Accountants, and from the Company's auditor for the fiscal year ending on December 31, 2021, and the six-month period ending on June 30, 2022G "**Ibrahim Ahmed Al-Bassam & Partners - Certified Public Accountants**" on publishing the Company's audited financial statements.

## **16. Auditor's Report**

### **16.1 Appendix No. (1): Audited financial statements for the fiscal year ending on December 31, 2021G.**

**AL RAMZ REAL ESTATE COMPANY  
(A Closed Joint Stock Company)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
WITH INDEPENDENT AUDITOR'S REPORT**



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31  
DECEMBER 2021

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**Ibrahim Ahmed Al-Bassam & Co**  
 Certified Public Accountants - Al-Bassam & Co.  
 (member firm of PKF International)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders

Al Ramz Real Estate Company

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Al Ramz Real Estate Company ("the Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other matters

The financial statements for the year ended December 31, 2020 were reviewed by another auditor, who expressed an unmodified opinion in his report on March 16, 2021.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and Regulations for Companies and the Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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**Ibrahim Ahmed Al-Bassam & Co**  
 Certified Public Accountants - Al-Bassam & Co.  
 (member firm of PKF International)

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders

Al Ramz Real Estate Company

### Report on the Audit of the Financial Statements (Continued)

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

For Al-Bassam & Co.

**Ahmed Mohandis**  
 Certified Public Accountant  
 License No. 477



14 Shaaban 1443 H  
 17 March 2022 G

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**AL RAMZ REAL ESTATE COMPANY**  
 (A Closed Joint Stock Company)  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2021  
 (All amounts in Saudi Riyals)

		<b>31 December 2021</b>	31 December 2020 (restated)	31 December 2019 (restated)
	<b>Notes</b>			
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property and equipment, net	6	<b>803,700</b>	30,054	143,254
Investment properties, net	7	<b>90,614,440</b>	100,273,345	102,923,369
Investment carried at Fair Value through Other Comprehensive Income (FVOCI)	8	<b>1,550,000</b>	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>92,968,140</b>	100,303,399	103,066,623
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	9	<b>8,993,083</b>	8,688,983	3,827,604
Trade receivables	10	<b>566,559</b>	2,349,000	52,500
Prepaid expenses and other receivable	11	<b>11,578,903</b>	2,427,682	2,685,762
Due from related parties	14	-	26,203	63,690
Real-estate under development	12	<b>356,948,599</b>	154,885,470	73,064,345
Real-estate inventory	13	<b>2,357,716</b>	76,494,349	3,361,547
<b>TOTAL CURRENT ASSETS</b>		<b>380,444,860</b>	244,871,687	83,055,448
<b>TOTAL ASSETS</b>		<b>473,413,000</b>	345,175,086	186,122,071
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	15	<b>300,000,000</b>	50,000,000	500,000
Additional capital	16	-	236,100,943	167,860,274
Statutory reserve	17	<b>10,194,890</b>	1,880,943	150,000
Actuarial (loss) / gains on end of service benefits		<b>(23,515)</b>	9,903	9,959
Retained earnings		<b>92,799,447</b>	29,615,270	14,036,783
<b>TOTAL EQUITY</b>		<b>402,970,822</b>	317,607,059	182,557,016
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Employees end of service benefits obligation		<b>130,780</b>	24,170	10,100
Non-current portion of long-term loans	18	<b>37,152,585</b>	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>37,283,365</b>	24,170	10,100
<b>CURRENT LIABILITIES</b>				
Trade payables		<b>5,433,407</b>	2,988,920	-
Due to related parties	14	<b>1,871,887</b>	1,305,043	368,725
Accrued expenses and other payables	19	<b>2,258,482</b>	1,164,303	508,131
Advance payments clients	20	<b>2,366,558</b>	19,824,785	2,242,917
Provision for zakat	21	<b>4,288,486</b>	2,260,806	435,182
Current portion of long-term loans	18	<b>16,939,993</b>	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,158,813</b>	27,543,857	3,554,955
<b>TOTAL LIABILITIES</b>		<b>70,442,178</b>	27,568,027	3,565,055
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>473,413,000</b>	345,175,086	186,122,071

Chairman of The Board Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these financial statements.

**AL RAMZ REAL ESTATE COMPANY**  
 (A Closed Joint Stock Company)  
**STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED 31 DECEMBER 2021  
 (All amounts in Saudi Riyals)

	<b>Notes</b>	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020 (restated)</b>
Revenue	22	<b>343,372,130</b>	75,377,824
Cost of revenue	23	<b>(248,798,512)</b>	(49,066,145)
<b>Gross income</b>		<b>94,573,618</b>	26,311,679
General and administrative expenses	24	<b>(4,788,702)</b>	(3,546,313)
Selling and marketing expenses		<b>(1,934,655)</b>	(1,269,616)
Other income / (expenses), net	25	<b>158,182</b>	(1,925,514)
<b>Net profit for the year from operations</b>		<b>88,008,443</b>	19,570,236
Finance costs and bank facilities		<b>(522,512)</b>	-
<b>Net income for the year before zakat</b>		<b>87,485,931</b>	19,570,236
Zakat	21	<b>(4,346,460)</b>	(2,260,806)
<b>Net income for the year</b>		<b>83,139,471</b>	17,309,430
Other comprehensive income		-	-
<b>Total Other comprehensive income for the year</b>		<b>83,139,471</b>	17,309,430

Chairman Of The Board Directors



Chief Executive Officer



Chief Financial Officer



The accompanying notes 1 to 28 form an integral part of these financial statements.



**AL RAMZ REAL ESTATE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

	Share capital	Additional capital	Statutory reserve	Actuarial gains / (loss) on end of service benefits	Retained earnings	Total equity
<b>Balance as at 1 January 2021</b>	<b>50,000,000</b>	<b>236,100,943</b>	<b>1,880,943</b>	<b>9,903</b>	<b>29,615,270</b>	<b>317,607,059</b>
Net income for the year	-	-	-	-	83,139,471	83,139,471
Other comprehensive income	-	-	-	(33,418)	-	(33,418)
Total comprehensive income for the year	-	-	-	(33,418)	83,139,471	83,106,053
Additional capital	-	2,257,710	-	-	-	2,257,710
Transfer to capital (note 15)	250,000,000	(238,358,653)	-	-	(11,641,347)	-
Transfer to statutory reserve	-	-	8,313,947	-	(8,313,947)	-
<b>Balance as at 31 December 2021</b>	<b>300,000,000</b>	<b>-</b>	<b>10,194,890</b>	<b>(23,515)</b>	<b>92,799,447</b>	<b>402,970,822</b>

	Share capital	Additional capital	Statutory reserve	Actuarial gains / (loss) on end of service benefits	Retained earnings	Total equity
<b>Balance as at 1 January 2020 – (restated)</b>	<b>500,000</b>	<b>167,860,274</b>	<b>150,000</b>	<b>9,959</b>	<b>14,036,783</b>	<b>182,557,016</b>
Net income for the year	-	-	-	-	17,309,430	17,309,430
Other comprehensive income	-	-	-	(56)	-	(56)
Total comprehensive income for the year	-	-	-	(56)	17,309,430	17,309,374
Additional capital	-	117,740,669	-	-	-	117,740,669
Share capital (note 15)	49,500,000	(49,500,000)	-	-	-	-
Transfer to statutory reserve	-	-	1,730,943	-	(1,730,943)	-
<b>Balance as at 31 December 2020</b>	<b>50,000,000</b>	<b>236,100,943</b>	<b>1,880,943</b>	<b>9,903</b>	<b>29,615,270</b>	<b>317,607,059</b>

**Chairman Of The Board/Directors**

**Chief Executive Officer**

**Chief Financial Officer**

The accompanying notes 1 to 28 form an integral part of these financial statements.

**AL RAMZ REAL ESTATE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in Saudi Riyals)

		For the year ended 31 December 2021	For the year ended 31 December 2020
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income for the year before zakat		87,485,931	19,570,236
Depreciation of property and equipment	6	59,000	114,575
Depreciation of investments properties	7	2,153,692	2,650,024
Provision for end of service benefits		73,192	36,383
Financing transaction costs		1,591,778	-
		<u>91,363,593</u>	<u>22,371,218</u>
<b>Changes in working capital items:</b>			
Trade receivables		1,782,441	(2,296,500)
Due from a related party		26,203	37,487
Prepayments and other receivables		(9,151,221)	258,080
Real-estate under development		(202,063,129)	(81,821,125)
Real-estate inventory		74,136,633	(73,132,802)
Trade payable		2,444,487	2,988,920
Due to a related party	14	566,844	936,318
Advance payments clients		(17,458,227)	17,581,868
Accrued expenses and other payable		1,094,179	656,172
Paid financing transaction costs		(729,200)	-
<b>Cash used in operation</b>		<u>(57,987,397)</u>	<u>(112,420,364)</u>
Used from end of service benefits provision		-	(22,369)
Zakat paid during the year	21	(2,318,780)	(435,182)
<b>Net cash used in operating activities</b>		<u>(60,306,177)</u>	<u>(112,877,915)</u>
<b>Cash flows from investing activities</b>			
Payments for purchase property		(832,646)	(1,375)
Payments for investments carried at FVOCI		(1,550,000)	-
Proceeds from disposal investment properties		7,505,213	-
<b>Net cash generated from / (used in) investing activities</b>		<u>5,122,567</u>	<u>(1,375)</u>
<b>Cash flows from financing activities</b>			
Proceed from long- term loans		53,230,000	-
Proceed from additions on capital		2,257,710	117,740,669
<b>Net cash generated from financing activities</b>		<u>55,487,710</u>	<u>117,740,669</u>
<b>Net change in cash and cash equivalents</b>		<u>304,100</u>	<u>4,861,379</u>
Cash and cash equivalents at beginning of the year		8,688,983	3,827,604
<b>Cash and cash equivalents at the end of the year</b>		<u>8,993,083</u>	<u>8,688,983</u>
<b>Non-cash transaction:</b>			
Additional contributions from additional capital to Share	16	236,100,943	49,500,000
Transfer from real estate investments		-	477,538
Transfer from retained earnings to Share capital	16	11,641,347	-
Actuarial losses for end of service benefits		(33,418)	(56)

Chairman Of The Board Directors

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these financial statements.



**AL RAMZ REAL ESTATE COMPANY**  
**(A Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

**1- ORGANIZATION AND ACTIVITIES**

Al ramz real estate Company (the “Company”) is a Saudi Closed Joint Stock Company (previously Limited Liability Company) established and working in the Kingdom of Saudi Arabia under commercial registration number 1010488618 dated 29 Thul Qidah 1437H (corresponding to September 2, 2016).

On Rabi’ Thani 7, 1442 AH corresponding to (November 22, 2020), the sole partner in the Company, Mr. Rashid Abdul Rahman Al-Rasheed, decided to convert the legal entity of the Company from a limited liability Company - one person to a closed joint stock Company. He also decided to increase the Company’s capital from 500 thousand Saudi riyals to 50 million Saudi riyals divided into 5 million shares, the value of each share is 10 Saudi riyals, as this increase was approved by the sole partner by transferring from his current account in the Company (the “additional financing”) in the amount of the increase in the amount of 49,500,000 Saudi riyals.

On December 20, 2020, the Company obtained approval from the Ministry of Commerce to license the Company's transformation into a closed joint stock Company.

On December 6, 2021, the company’s board of directors held a meeting to discuss the recommendation of the extraordinary general assembly to approve the increase in the company’s capital from 50,000,000 Saudi riyals to 300,000,000 Saudi riyals by capitalizing the additional capital account in the amount of 238,358,653 Saudi riyals and capitalizing part of the company’s retained earnings in the amount of 11,641,347 Saudi riyals.

On December 19, 2021, the Extraordinary General Assembly held a meeting to approve the increase of the company’s capital from 50,000,000 Saudi riyals to 300,000,000 (note 15).

The Company is engaged in finishing buildings, renovations of residential and non-residential buildings, construction of prefabricated buildings on sites, general construction of residential buildings, pouring bases and foundations, preparing and preparing sites for excavation and leveling, constructing bridges and tunnels, general construction of non-residential buildings such as schools, hospitals and hotels, as well as the Company operates through the following sub-register:

Branch	CR	Date
Al Ramz Real Estate	1010682613	12/6/1442H corresponding to 25/1/2021

**2- BASIS OF PREPARATION**

**2.1 STATEMENT OF COMPLIANCE**

These financial statements as at and for the year ended on December 31, 2021 have been prepared in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (“IFRS”).

These are the first financial statements of the company in accordance with International Financial Reporting Standards and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants. Accordingly, IFRS 1 (Application of International Financial Reporting Standards for the first time “endorsed in the Kingdom of Saudi Arabia”) was applied. See Note No. (5) for more information regarding the application of IFRS for the first time, which were endorsed in the Kingdom of Saudi Arabia by the company.

**2.2 BASIS OF MEASUREMENT**

The financial statements have been prepared in accordance with the historical cost principle, except for cases where international financial reporting standards require another basis of measurement as disclosed in the policies in Note No. (3) of the notes to the accompanying financial statements. The comparative figures have been reclassified to conform to the current period presentation.

**2.3 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements have been presented in Saudi Riyals (SR) which is the Company’s functional and presentation currency.



**AL RAMZ REAL ESTATE COMPANY**  
**(A Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

**2- BASIS OF PREPARATION (Continued)**

**2-4 NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE**

The Company has not applied the following new and revised IFRSs and amendments to IFRS that have been issued but are not yet effective.

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 37	Onerous Contracts Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.



**AL RAMZ REAL ESTATE COMPANY**  
**(A Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

**2- BASIS OF PREPARATION (Continued)**

**2-5 NEW STANDARDS, AMENDMENTS, AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE (Continued)**

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IFRS 17	Insurance Contracts	January 1, 2023	This is comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 (along with its subsequent amendments) will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

Management anticipates that these new standards interpretations and amendments will be adopted in the Fund's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Fund in the period of initial application.





**AL RAMZ REAL ESTATE COMPANY  
(A Closed Joint Stock Company)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021  
(All amounts in Saudi Riyals)**

**3- SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements requires management to make estimates, judgments and assumptions that may affect the disclosed amounts of assets, liabilities, revenues, expenses, accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may create results that require a material adjustment to the carrying amount of assets or liabilities that affected in future periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected by such revisions.

Information about the material aspects, inaccuracies of estimates and significant estimates used in applying accounting policies (which have a most significant effect on the amount recognized in the financial statements) includes in particular the following:

**3-1 Significant accounting judgments**

In applying the Company's accounting policies, management has made the following accounting judgments that have the most significant effect on the amounts recognized in the financial statements:

Estimating defined benefit obligations

The cost of the defined benefit obligation and the present value of the obligation are determined using actuarial valuations. In addition, the specific liability requires assumptions to be made for future results which mainly include an increase in salary and benefits, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the carrying amount of the liability. All assumptions are reviewed at the end of each financial year.

Zakat provision

In estimating the current zakat payable by the Company, the management takes into consideration the applicable laws and decisions/rulings of the Zakat, Tax and Customs Authority regarding some of the above issues.

fulfillment of performance obligation

The Company exercises its judgment in determining whether the performance obligation(s) included in contracts for the sale of real estate inventory or real estate under development short-term has been fulfilled at a particular point in time or over time. This includes careful consideration of the relevant terms in each sales agreement to assess whether:

- At the same time, the customer obtains the benefits resulting from the Company's performance and the consumption of those benefits
- The Company's performance creates or improves the asset under the control of the customer when the asset is created or improved
- The Company's performance does not create any asset that has an alternative use to the group, and the group has an enforceable right to payments for performance performed to date. or more of the above criteria, the company recognizes revenue over time.

The Company has assessed that, based on sales and purchase agreements entered into with customers and provisions of relevant laws and regulations under which contracts are entered into, that under the circumstances, the Company recognizes revenue over a certain point in time.

Transfer of control in contracts with a client

In cases where the Company determines that performance obligations have been satisfied at a point in time, revenue is recognized when control is transferred to the customer. In the case of contracts for the sale of real estate inventory, this is usually when the unit is delivered to the customer.



**AL RAMZ REAL ESTATE COMPANY**  
**(A Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

**3- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-1 Significant accounting judgments (Continued)**

Determine the transaction price

The Company must specify the transaction price in each of its contracts with customers. In making this accounting judgment, the Company assesses the effect of any variable consideration in the contract due to discounts or penalties, the presence of any significant financing component in the contract, and any non-monetary consideration in the contract

In determining the effect of variable consideration, the Company uses the “weighted amount” method stipulated in IFRS 15 “Revenue from contracts with customers”, whereby the transaction price is determined by reference to a single weighted amount within a set of possible consideration amounts.

Financing element

The Company does not anticipate any contracts in which the period between the transfer of the promised goods or services to the customer and the payment of the customer exceeds one year. As a result, the Company does not adjust any transaction prices for the time value of money.

Classification of real estate lease contracts

The Company has entered into commercial real estate leases with relevant persons and based on the evaluation of the terms and conditions of the agreements, the Company has determined that the lease term does not constitute a major part of the economic life of the leased property and that the present value of the minimum lease payments is not actually equal to the entire fair value of the leased property, which retains all Significant risks and rewards related to ownership of these properties, and the Company accounts for these contracts as operating leases.

**3-2 Estimates and assumptions**

Useful lives of property, equipment and investment properties

The Company's management determines the estimated useful lives of its property, equipment and investment properties for the purpose of calculating depreciation. This estimate is determined after considering the expected use of the asset. Management periodically reviews the estimated useful lives and the method of depreciation to ensure that the method and duration of depreciation are consistent with the expected pattern of economic benefits from these assets.

Realizable value of real estate inventory

Inventories are stated at cost or net realizable value, whichever is lower. Management estimates the net realizable values of real estate inventories, considering the most reliable evidence at the time the estimates were used. The future realization of inventory may be affected by market-driven changes that may reduce future selling prices.

Guarantee and maintenance provision

Provision for warranty and maintenance is recognized on units sold during the year based on previous experience of the level of repairs and returns. These costs are expected to be incurred in the following financial year. The assumptions used in calculating the warranty and maintenance provision were based on current sales levels and currently available information on returns based on the warranty period of all units sold.



**AL RAMZ REAL ESTATE COMPANY**  
**(A Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
**(All amounts in Saudi Riyals)**

**3- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-3 Classification of assets and liabilities as current or non-current**

The Company presents the assets and liabilities in the statement of financial position on a current or non-current basis. An asset is classified under current assets if:

- It is expected that the asset will be realized or intended to be sold or consumed during the normal business cycle of the Company, or
- the asset is held primarily for trading, or
- The asset is expected to be realized within 12 months after the balance sheet date, or
- It is cash or cash equivalent, unless it is prohibited to exchange the asset or use it to settle a liability within at least 12 months from the date of the statement of financial position.

All other assets are classified as non-current assets.

A liability is considered a current liability if:

- Expectation of settlement of the obligation during the Company's normal business cycle, or
- The obligation is held primarily for trading, or
- The obligation is expected to be settled within 12 months after the balance sheet date, or
- There is no unconditional right to defer the settlement of the obligation for at least 12 months after the balance sheet date.

The Company classifies all other liabilities as non-current liabilities.

Tax assets and liabilities are classified as non-current assets and liabilities.

**3-4 Financial instruments**

Financial instrument Represents contracts that give rise to financial assets of one entity and financial liabilities or ownership instruments of another entity.

**3-4-1 Financial assets**

IFRS 9 includes three main categories for classifying financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The Company generally classifies its financial assets based on the business model in which the financial assets are managed and their contractual cash flows.

**1- Financial assets at amortized cost:**

A financial asset is measured at amortized cost if the following two conditions are met and the designation at fair value through profit or loss has not been chosen:

The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and Contractual periods of financial assets that give rise to cash flows on specified dates and that are only payments of principal and interest on the principal amount receivable.

Business model assessment

The Company makes an evaluation of the objective of the business model in which the asset is held at the portfolio level because this reflects the best way of conducting the business and providing information to management.

**2- Fair value through other comprehensive income (FVOCI)**

Debt instruments

A debt instrument is not measured at fair value through other comprehensive income only if the following two conditions are met and it has not been chosen to be designated at fair value through profit or loss:

- The assets are held within a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are only initial payments and interest on the principal amount outstanding.



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**3- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-4 Financial instruments (Continued)**

**3-4-1 Financial assets (Continued)**

Equity instruments

On initial recognition of an investment in equity instruments that are not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in the statement of profit or loss and other comprehensive income. The selection is made on an investment-by-investment basis.

**3- financial assets at fair value through profit or loss (FVTPL)**

All other financial assets are classified as measured at fair value through profit or loss.

In addition, upon initial recognition, the Company may elect to designate a financial asset at fair value through profit or loss if it does not meet the requirements to be classified as a financial instrument at amortized cost or at fair value through other comprehensive income, if this reduces or reduces an accounting mismatch Fundamentally, which may appear in other matters.

Financial assets are not reclassified after initial recognition, except for the period after the Company changes its business model for managing financial assets.

Financial assets held for trading, if any, whose performance is evaluated on a fair value basis, are measured and included within the financial assets at fair value through profit or loss because they are not held to collect contractual cash flows, nor are they held to collect contractual cash flows and the assets are sold.

**Impairment of financial assets**

The impairment model applied by the Company is based on the “expected loss” model as defined in IFRS 9 “Financial Instruments”.

Expected credit losses are charged to the respective loss allowance in an amount equal to:

Twelve-month ECL (expected credit loss arising from defaults relating to financial instruments that may occur within twelve months after the reporting date); or

Expected credit losses over the life of the financial instrument (expected credit losses resulting from all cases of default over the life of the financial instrument).

The allowance for impairment losses is recognized for expected credit losses over the life of the financial instrument if the credit risk of the financial instrument materially exceeds those risks upon initial recognition, including contractual assets and trade receivables that do not include significant financing elements. The Company also recognizes expected losses over the life of the financial instrument. The life of contractual assets and trade receivables that include significant financing elements in accordance with International Financial Reporting Standard No. (9).

The Company uses practical means when estimating the expected credit losses over the life of the financial instrument. As a result, the expected credit losses over the life of the financial instrument are calculated for trade receivables using the recoverability assessment of the total book value of each customer.



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**3- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-4 Financial instruments (Continued)**

**3-4-1 Financial assets (Continued)**

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the

received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes another comprehensive income and related liability. In this case, the Company continues to recognize the liabilities associated with the asset. The associated liability and the transferred asset are measured on a basis that reflects the rights and obligations that the Company has retained.

The continuation of the relationship that takes the form of a guarantee on the transferred asset is measured at the original Carrying amount of the asset and the maximum amount that the Company can be required to pay, whichever is lower.

**3-4-2 Financial Liabilities**

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as liabilities measured at amortized cost. Amortized cost is calculated by taking into account any discounts or premiums for obtaining financing and the costs of obtaining the financing being an integral part of the effective interest rate.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss and other comprehensive income.

**3-4-3 Off-setting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



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**3- SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-5 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are initially recognized at acquisition cost, including any directly attributable costs of returning the assets to the location and condition necessary to enable them to operate in the manner intended by the Company's management. These assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When the major components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit or loss and other comprehensive income and calculated on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The following are the estimated depreciation rates for the assets that will be depreciated:

<u>Items</u>	<u>percentage</u>
lands	-
buildings	3%
vehicles	25%
office equipment	20%

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss (if any) is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount. the recoverable amount is the fair value of the assets after deducting the selling and the residual value for use costs, whichever is higher.

Assets under construction that are not ready for their intended purpose are not depreciated.

Repair and maintenance expenses are charged to the statement of profit or loss and other comprehensive income. Repair and maintenance expenses that significantly increase the value of the assets or extend their useful life are capitalized.

The depreciation method, residual value estimates and useful lives are reviewed annually.

An item of property, equipment and plant and any significant part initially recognized is derecognized upon disposal or when no future benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized. The carrying amount of the asset is written down immediately to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

**3-6 investment properties, net**

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives:

<u>Item</u>	<u>Consumption rate</u>
lands	-
buildings	3.03%

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Properties are not transferred from investment properties to development properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell. Such transfers are made at the carrying value of the properties at the date of transfer.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds its recoverable amount, an impairment loss is recognised in the statement of profit or loss. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property less related costs while value in use is the present value of estimated future cash flows expected to arise from continuing use of the investment property and from its disposal at the end of its useful life.



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**3-SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-7 short-term development investments**

investments acquired, constructed or under construction and development for the purpose of sale are classified as short-term development property and is stated at the lower of cost or net realizable value. The cost of property under short-term development generally includes the cost of land, construction and other expenses related to preparing properties for sale. Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less costs of completion and selling expenses.

The real estate operating cycle operates under the premise that the majority of real estate is expected to be realized between a period of 14 to 16 months from the reporting date. At each reporting date, management classifies properties under development as current assets.

Upon completion, the property under development is transferred to the real estate inventory.

**3-8 Real-estate inventory**

investments inventory is stated at cost or net realizable value, whichever is lower. The costs represent those expenses incurred in bringing each product to its present location and condition, computed on the following basis:

The cost of the property under development	Cost of land, construction and other expenses related to preparing property for sale
--------------------------------------------	--------------------------------------------------------------------------------------

Net realizable value is the estimated selling price in the ordinary course of business, less any expected costs of completion and the expected costs necessary to make the sale.

**3-9 Impairment of non-financial assets**

The Company annually reviews whether there is any indication of impairment in its assets. If any such indication exists, the recoverable value is estimated to compare it with the book value. If it is difficult to estimate the recoverable value, the Company will estimate the recoverable amount of the smallest cash-generating unit, which was Assigning the asset to it, it generates the Company's cash inflows from continuous use and is largely independent to the Company's cash inflows from other assets or cash-generating units.

The recoverable amount of an asset or a cash-generating unit is the value in use or the fair value less costs to sell, whichever is greater. When estimating the present value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the impairment loss is recognized directly in the statement of profit or loss.

Impairment losses recognized in previous years are assessed at the reporting date to verify that there are indications that the losses have decreased or no longer exist, Impairment losses are reversed when the estimates used to determine the recoverable amount change, and impairment losses are reversed to the extent that the value does not exceed The carrying amount of assets that would have been previously determined less depreciation or amortization if no impairment loss had been recognized.

**3-10 Cash and cash equivalent**

For the purposes of preparing the cash flow statement, the cash and cash equivalent item consists of cash in hand, current accounts, deposits with banks, and other short-term high liquidity investments with original maturity of three months or less from the acquisition date, which can be easily converted into a specific amount of cash and are subject to an insignificant risk of change in value and be available for the Company's use.



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**3-SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-11 Employee Benefits**

**3-11-1 Short-term obligations**

Liabilities for wages and salaries, including non-cash benefits, accrued leave and tickets, which are expected to be paid in full within twelve months after the end of the period in which the employees provide the related services, are recognized based on the services provided by the employees up to the end of the reporting period and are measured by the amounts expected to be paid when liabilities are settled. The liabilities are presented as current employee benefit obligations within the accrued expense in the statement of financial position.

**3-11-2 Other long-term employee benefits obligations**

The liability or asset is recognized in the statement of financial position in respect of the specified benefit. The employees' end of service benefit obligation is the present value of the defined benefit obligation in the reporting year, the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and whose terms are similar to those of the related obligation.

Defined benefit costs are categorized as follows:

Service cost

Service costs include current service cost and past service cost, which are recognized immediately in profit or loss.

Changes in the present value of the defined benefit obligation on plan modifications or reductions are recognized directly in profit or loss as past service costs.

Interest cost

The net interest cost is calculated by applying the discount rate to the net defined benefit obligation balance. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains or losses

Remeasurement gains or losses arising from adjustments or changes in actuarial assumptions in the year in which they occur are recognized directly in other comprehensive income.

**3-12 provision**

A provision is recognized if, as a result of past events, the Company has a present legal or contractual obligation, the amount of which can be reliably estimated, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects current market assessments of the time value of money and the risks related to liability. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

**3-13 Contingent Liabilities**

All contingent liabilities arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Company, or all present liabilities arising from past events but not established for the following reasons:

- (i) there is no possibility that an outflow of economic benefits will be required to settle the obligation; or
- (ii) the amount of the obligation cannot be measured with sufficient reliability; All of them must be evaluated at the date of each statement of financial position and disclosed in the Company's financial statements within the contingent liabilities.





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**3-SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-14 Revenue recognition**

Revenue represents sales of completed properties, proceeds from construction of property development and from rental of residential properties. Sale of completed properties: The Company recognizes revenue from contracts with customers based on a five-step model as defined in IFRS 15:

Step 1: Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the company's performance apportioning the transaction price to a performance rate that specifies;

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

If the amount obligated to be paid in the contract includes a variable amount, the Company estimates the amount the Company is entitled to in exchange for the promised goods or services to be provided to the customer.

The amount of the promised consideration value can vary if the Company's entitlement to the consideration is conditioned on the occurrence or non-occurrence of a future event.

The amount of consideration may vary due to discounts, rebates, refunds, credits, incentives, penalties or other similar items.

The discrepancy related to the consideration promised by the customer, if any, is expressly stated in the contract. Accordingly, the Company estimates the amount of the variable consideration using the most likely amount in accordance with the terms of the contract.

With regard to contracts with customers for the sale of property, in addition to the five-step model, the Company fulfills the performance obligation and recognizes revenue over a period of time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the time the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount billed to the customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

**Revenue from selling units**

Includes sale of units in residential projects. These developments usually take an operational cycle to complete. Revenue from the sale of these units is recognized through the contractual terms and conditions of each arrangement.

Revenue is recognized at a point in time, only when the conditions for control are satisfied in accordance with IFRS 15 paragraph 38. Control is usually obtained by customers when they are able to obtain economic benefits from the properties, and this is usually upon delivery Real estate. In order for real estate to be ready for delivery, all individual promises in the contract must be complete, and this will include real estate that requires units to be available for operational readiness.



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**3-SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3-14 Revenue recognition (Continued)**

**rental revenue**

Rental income is recognized on a straight-line basis over the term of the related lease. The initial direct costs incurred or incentives are included in the negotiation and the operating lease arrangement is an integral part of the carrying amount of the lease and is recognized on a straight-line basis over the term of the lease.

**3-15 cost of revenue**

Revenue costs include the cost of land, development costs and other related service costs. The cost of revenue is proportional to the units sold and is based on the cost incurred to date on the total estimated costs of each project. The cost of hospitality business, services and rental revenue are calculated on the basis of the actual cost of providing the services.

**3-16 expenses**

Selling, marketing, general and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue. Selling and marketing expenses represent the expenses resulting from the Company's business in the sales and marketing departments. All expenses except for financial charges, depreciation, amortization and impairment losses are classified as general and administrative expenses. Provisions for common expenses between cost of revenue, selling and marketing expenses, and general and administrative expenses, when applicable, are made on a consistent basis.

**3-17 zakat**

In accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA), the Company is subject to Zakat. The Company's zakat provision is recognized and charged to the statement of profit or loss and other comprehensive income. Additional Zakat liabilities, if any, related to assessments made on previous years are calculated by the Zakat, Tax and Customs Authority in the period in which the final assessments are issued.

The Company deducts taxes on some transactions with parties residing and non-residents in the Kingdom of Saudi Arabia (if any), according to the system of tax laws in the Kingdom of Saudi Arabia.

The Company is primarily eligible to pay zakat only. Since the reversal of the timing differences, if any, is not expected to have any material impact on the amount of Zakat in the foreseeable future, and therefore no deferred tax liability or asset has been recognized in these financial statements.

**3-18 foreign currency transactions and balances**

Transactions in foreign currencies are converted into Saudi Riyals using the exchange rate prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions and from the re-measurement of monetary items denominated in foreign currency at the exchange rates prevailing at the end of the year, are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at the end of the year and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value that are translated using the exchange rates at the date when the fair value was determined.



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**4- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

**4.1 significant accounting estimates and judgments**

The preparation of financial statements in accordance with International Financial Reporting Standards applied in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

**4.2 Uncertainty of estimates**

In particular, information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies (that have the most significant effect on the amount recognized in the financial statements) includes:

**4-2-1 Defined benefit obligations estimation**

The cost of the defined benefit obligation and the present value of the obligation are determined using actuarial valuations. In addition, the specific liability requires assumptions to be made for future results which mainly include an increase in salary and benefits, and the discount rate used to convert future cash flows to their present value. Any changes in these assumptions will affect the carrying amount of the liability. All assumptions are reviewed at the end of each financial year.

**4-2-2 Estimation of the useful life, depreciation rate, depreciation method and residual values of property, plant and equipment**

Management reviews its estimates of the useful lives of depreciable assets, the depreciation rate, the depreciation method and the residual value used in calculating depreciation at each reporting date based on the expected usage of the assets. The uncertainties in these estimates relate to technological obsolescence that may alter the usefulness of the assets.

**4-2-3 zakat provision**

In estimating the current zakat payable by the Company, the management takes into consideration the applicable laws and decisions/rulings of the Zakat, Tax and Customs Authority regarding some of the above issues.

**4-2-4 impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. The uncertainty of estimates relates to assumptions about future operating results and the determination of an appropriate discount rate.

**4-2-5 impairment of financial assets**

A provision for impairment of financial assets is formed when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties facing the customer, the possibility of the customer entering into bankruptcy or financial restructuring, and the default or delay in payments are all considered indicators of the existence of objective evidence of impairment in the value of trade receivables. For significant individual amounts, an assessment is made on an individual basis. For amounts that are not individually significant, but are overdue, the assessment of signed credit losses requires several estimates relating to customer ratings, discount rates and an overall assessment of economic conditions in the market.



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**4- SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**4-2-6 realizable values of development properties**

Management estimates the net realizable values of development properties, considering the evidence that is most reliable at the time the estimates were used. The future realization of inventory may be affected by market-driven changes that may reduce future selling prices.

**4-2-7 FAIR VALUE MEASUREMENT**

Management uses valuation techniques to determine the fair value of financial instruments (when active market prices are not available). This includes making estimates and assumptions consistent with how market participants price the instrument. Management bases its assumption on observable lists as much as possible but this is not always available. In that case management uses the best available information. Estimated fair values may differ from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed and the fair value re-measurement is recognized directly in equity. When allocating non-monetary assets, any difference between the book value of the liabilities and the book value of the assets distributed is recognized in the statement of profit or loss and other comprehensive income.

**5- APPLYING INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR THE FIRST TIME**

These financial statements are the first prepared by the Company in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants. For the years 2020 and 2019, the Company has prepared its financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Enterprises approved in the Kingdom of Saudi Arabia, and other standards and issuances approved by the Saudi Organization for Auditors and Accountants.

Accordingly, the Company has prepared financial statements that comply with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Chartered and Professional Accountants as at December 31, 2021, with comparative data presented for the year ending on December 31, 2020. In the context of preparing the financial statements, the opening statement of financial position was prepared as on January 1, 2020 after introducing some required amendments due to the application of international reporting standards approved in the Kingdom of Saudi Arabia for the first time.

**5-1 Estimates**

- Estimates on 1 January 2020 and 31 December 2020 are consistent with those that were prepared for the same dates in accordance with the International Standard for Small and Medium-Sized Entities (after adjustments to reflect any differences in accounting policies).
- The estimates used by the Company to present these amounts in accordance with International Financial Reporting Standards in its full version "and as approved by the Saudi Organization for Certified Public Accountants" reflect the requirements for transition to International Financial Reporting Standards in its full version as of January 1, 2020 and as at December 31, 2020.
- Accordingly, the Company has prepared the comparative financial statements to comply with International Financial Reporting Standards in its full applicable version.
- We will explain below a statement of the amendments made to the financial statements in accordance with the international standard for small and medium-sized enterprises to be compatible with the requirements of international financial reporting standards in its full version.



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**5- APPLYING OF IFRS FOR THE FIRST TIME (Continued)**

**5-2 Amendments made to the statement of financial position and equity as of 31 December 2020:**

	<b>Note</b>	<b>IFRS for SMEs</b>	<b>Transition impact Classification</b>	<b>Amendments</b>	<b>IFRS</b>
<b>Assets</b>					
<b>Non-current assets</b>					
Property and equipment, net	5-7-1	98,723,361	-	(98,693,307)	30,054
Investments proprieties, net	5-7-1	-	-	100,273,345	100,273,345
Intangible assets, net	5-7-1	1,580,038	-	(1,580,038)	-
Real-estate under long-term development	5-7-2	84,694,304	-	(84,694,304)	-
<b>Total non-current assets</b>		<b>184,997,703</b>	<b>-</b>	<b>(84,694,304)</b>	<b>100,303,399</b>
<b>Current assets</b>					
Cash and cash equivalents		8,688,983	-	-	8,688,983
Trade receivable		2,349,000	-	-	2,349,000
Prepayments and balance receivables	5-7-8	4,581,209	-	(2,153,527)	2,427,682
Due from related parties		-	-	26,203	26,203
Real-estate under short-term development	5-7-2	132,090,781	-	22,794,689	154,885,470
Real-estate inventory		-	-	76,494,349	76,494,349
<b>Total current assets</b>		<b>147,709,973</b>	<b>-</b>	<b>97,161,714</b>	<b>244,871,687</b>
<b>Total assets</b>		<b>332,707,676</b>	<b>-</b>	<b>12,467,410</b>	<b>345,175,086</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital		50,000,000	-	-	50,000,000
Additional capital	5-7-4	-	-	236,100,943	236,100,943
Statutory reserve		2,319,560	-	(438,617)	1,880,943
Actuarial gain on end of service benefits	5-7-3	-	9,903	-	9,903
Retained earnings		33,578,842	60,633	(4,024,205)	29,615,270
<b>Total equity</b>		<b>85,898,402</b>	<b>70,536</b>	<b>231,638,121</b>	<b>317,607,059</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Employees end of service benefit obligation	5-7-3	94,706	(70,536)	-	24,170
<b>Total non-current liabilities</b>		<b>94,706</b>	<b>(70,536)</b>	<b>-</b>	<b>24,170</b>
<b>Current liabilities</b>					
Trade payables		2,988,920	-	-	2,988,920
Due to related parties	5-7-4	236,100,944	-	(234,795,901)	1,305,043
Accrued expenses and other payable		2,254,508	-	(1,090,205)	1,164,303
Advance payments clients		3,109,390	-	16,715,395	19,824,785
Zakat provision		2,260,806	-	-	2,260,806
<b>Total current liabilities</b>		<b>246,714,568</b>	<b>-</b>	<b>(219,170,711)</b>	<b>27,543,857</b>
<b>Total liabilities</b>		<b>246,809,274</b>	<b>(70,536)</b>	<b>(219,170,711)</b>	<b>27,568,027</b>
<b>Total equity and liabilities</b>		<b>332,707,676</b>	<b>-</b>	<b>12,467,410</b>	<b>345,175,086</b>



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**5- APPLYING OF IFRS FOR THE FIRST TIME (Continued)**

**5-3 Amendments made to the statement of financial position and equity as of 31 December 2019:**

	<b>Note</b>	<b>IFRS for SMEs</b>	<b>Transition impact Classification</b>	<b>Amendments</b>	<b>IFRS</b>
<b><u>Assets</u></b>					
<b>Non-current assets</b>					
Property and equipment, net	5-7-1	101,153,252	-	(101,009,998)	143,254
Investments proprieties, net	5-7-1	-	-	102,923,369	102,923,369
Intangible assets, net	5-7-1	1,913,371	-	(1,913,371)	-
Real-estate under long-term development	5-7-2	32,843,226	-	(32,843,226)	-
<b>Total non-current assets</b>		<b>135,909,849</b>	<b>-</b>	<b>(32,843,226)</b>	<b>103,066,623</b>
<b>Current assets</b>					
Cash and cash equivalents		3,827,604	-	-	3,827,604
Trade receivable		52,500	-	-	52,500
Prepayments and balance receivables		2,749,452	-	(63,690)	2,685,762
Due from related parties		-	-	63,690	63,690
Real-estate under short-term development	5-7-2	43,582,666	-	29,481,679	73,064,345
Real-estate inventory	5-7-7	-	-	3,361,547	3,361,547
<b>Total current assets</b>		<b>50,212,222</b>	<b>-</b>	<b>32,843,226</b>	<b>83,055,448</b>
<b>Total assets</b>		<b>186,122,071</b>	<b>-</b>	<b>-</b>	<b>186,122,071</b>
<b><u>equity and liabilities</u></b>					
<b>equity</b>					
Share capital		500,000	-	-	500,000
Additional capital	5-7-4	-	-	167,860,274	167,860,274
Statutory reserve		150,000	-	-	150,000
Actuarial gain on end of service benefits	5-7-3	-	9,959	-	9,959
Retained earnings	5-7-3	14,052,806	38,208	(54,231)	14,036,783
<b>Total equity</b>		<b>14,702,806</b>	<b>48,167</b>	<b>167,806,043</b>	<b>182,557,016</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Employees end of service benefit obligation	5-7-3	58,267	(48,167)	-	10,100
<b>Total non-current liabilities</b>		<b>58,267</b>	<b>(48,167)</b>	<b>-</b>	<b>10,100</b>
<b>Current liabilities</b>					
Due to related parties	5-7-4	167,860,274	-	(167,491,549)	368,725
Accrued expenses and other balance payable		822,625	-	(314,494)	508,131
Advance payments clients	5-7-7	2,242,917	-	-	2,242,917
Zakat provision		435,182	-	-	435,182
<b>Total current liabilities</b>		<b>171,360,998</b>	<b>-</b>	<b>(167,806,043)</b>	<b>3,554,955</b>
<b>Total liabilities</b>		<b>171,419,265</b>	<b>(48,167)</b>	<b>(167,806,043)</b>	<b>3,565,055</b>
<b>Total equity and liabilities</b>		<b>186,122,071</b>	<b>-</b>	<b>-</b>	<b>186,122,071</b>



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**5- APPLYING OF IFRS FOR THE FIRST TIME (Continued)**

**5-4 Amendments made to the statement of income for the year ended 31 December 2020:**

	<b>Note</b>	<b>IFRS for SMEs</b>	<b>Transition impact Classification</b>	<b>Amendments</b>	<b>IFRS</b>
Revenue	5-7-7	92,122,839	-	(16,745,015)	75,377,824
Cost of revenue	5-7-7	(63,375,796)	-	14,309,651	(49,066,145)
<b>Gross income</b>		28,747,043	-	(2,435,364)	26,311,679
General and administrative expenses	5-7-5	(4,892,881)	22,627	1,323,941	(3,546,313)
Selling and marketing expenses	5-7-5	-	-	(1,269,616)	(1,269,616)
Other expenses, net	5-7-8	102,241	-	(2,027,755)	(1,925,514)
<b>Net profit before zakat</b>		23,956,403	22,627	(4,408,794)	19,570,236
Zakat		(2,260,806)	-	-	(2,260,806)
<b>Net profit for the year</b>		21,695,597	22,627	(4,408,794)	17,309,430
Other comprehensive income		-	-	-	-
<b>Total / comprehensive income for the year</b>		21,695,597	22,627	(4,408,794)	17,309,430

**5-5 Amendments made to the statement of changes in equity for the year ended 31 December 2020:**

	<b>For the year ended 31 December 2020</b>
<b>Total equity as previously presented in accordance with the IFRS for SMEs as at 31 December 2020</b>	85,898,402
Additional capital	236,100,943
Statutory reserve	(438,617)
Actuarial gain on end of service benefits	9,903
Retained earnings	(3,963,572)
<b>Total amendments after applying international standards in their full version</b>	234,024,254
<b>Total equity after applying international standards in its full version as on 31 December 2020</b>	317,607,059



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**5- APPLYING OF IFRS FOR THE FIRST TIME (Continued)**

**5-6 amendments made to the statement of cash flows for the year ended 31 December 2020:**

	IFRS for SMEs	Transition adjustments to international standards	IFRS
<b>Cash flows from operating activities</b>			
<b>Net profit for the year before zakat</b>	23,956,402	(4,386,166)	19,570,236
Depreciation of property and equipment	1,953,728	(1,839,153)	114,575
Depreciation of investment properties	333,333	2,316,691	2,650,024
Provision for end of service benefits	36,439	(56)	36,383
	26,279,902	(3,908,684)	22,371,218
<b>Changes in working capital items:</b>			
Trade receivables	(2,296,500)	-	(2,296,500)
Due from a related party	-	37,487	37,487
Prepayments and other balance receivables	(1,831,756)	2,089,836	258,080
Real-estate under development	(140,359,194)	58,538,069	(81,821,125)
Real-estate inventory	-	(73,132,802)	(73,132,802)
Trade payable	2,988,920	-	2,988,920
Due to a related party	68,240,670	(67,304,352)	936,318
Advance payments clients	866,473	16,715,395	17,581,868
Accrued expenses and other balance payable	1,431,883	(775,711)	656,172
<b>Net cash used in operation</b>	(44,679,602)	(67,740,762)	(112,420,364)
Used from end of service benefits provision	-	(22,369)	(22,369)
Zakat paid during the year	(435,182)	-	(435,182)
<b>Net cash used in operating activities</b>	(45,114,784)	(67,763,131)	(112,877,915)
<b>cash flows from investing activities</b>			
Payments for the purchase of property and equipment	(1,375)	-	(1,375)
Payments for investments carried at FVOCI	-	-	-
Proceeds from disposal investment properties	477,538	(477,538)	-
<b>Net cash (generated from / used in) investing activities</b>	476,163	(477,538)	(1,375)
<b>cash flows from financing activities</b>			
Proceed from long- term loans	-	-	-
Proceed from additions on capital	49,500,000	68,240,669	117,740,669
<b>Net cash generated from financing activities</b>	49,500,000	68,240,669	117,740,669
<b>Net change in cash and cash equivalents</b>	4,861,379	-	4,861,379
cash and cash equivalents at the beginning of the year	3,827,604	-	3,827,604
cash and cash equivalents at the end of the year	8,688,983	-	8,688,983
<b>Non-cash transactions:</b>			2020
Additional contributions from additional capital to Share capital			49,500,000
Transfer from real estate investments			477,538
Actuarial losses for end of service benefits			(56)





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**5- APPLYING OF IFRS FOR THE FIRST TIME (Continued)**

**5-7 summary of the amendments to the application of IFRS in its full version for the first time:**

The following is a statement of the settlement of some items of the financial position as at 31 December 2020, including the total comprehensive income for the year ended 31 December 2020. Where when preparing the statement of financial position in accordance with international financial reporting standards in its full version as on December 31, 2020 and the financial statements for the year ended on that date, the Company analyzed the impact of the following adjustments as required for the amounts previously disclosed in the financial statements prepared in accordance with the international standard for small and medium-sized enterprises.

5-7-1 The Company classified investment properties under property and equipment, which necessitated the separation of investment properties in a separate item in the statement of financial position in accordance with the requirements of International Accounting Standard No. 1 "presentation of financial statements" item No. 54. Intangible assets were also reclassified to Investment properties, which require the presentation of a right of use that meets the definition of an investment property as an investment property.

5-7-2 The Company classified the inventory of real estate under development as current and non-current based on what exceeds 12 months or not, regardless of the normal operating cycle, which necessitated reclassifying the inventory of real estate under development as a current asset, given that the Company's normal operating cycle exceeds 12 months and for up to 16 months.

5-7-3 In accordance with the financial reporting standard for small and medium-sized enterprises, the Company recorded a provision for employees' end of service benefits and the amounts due at the date of the financial position, in accordance with the employees' employment contracts applicable to the employees' accumulated periods of service. However, based on International Standard No. 19 "Employee Benefits", the Company is required to record a liability amount equal to the net present value of the defined benefit obligation, which necessitated the Company to re-measure the employees' end of service benefits as at January 1, 2020. The effect of re-measurement related to previous periods has been charged to the opening retained earnings as at January 1, 2020 and additional expenses in the statement of profit or loss for the year 2020.

5-7-4 The Company presented the amounts due to the shareholders generated from the additional contributions to finance the Company as a liability, and since these contributions are made by the owners as support for the Company, they must be presented within the equity under an appropriate name such as "additional to capital".

5-7-5 According to the International Accounting Standard "Presentation of Financial Statements" No. (1), in light of the Company's classification of its expenses according to its function as part of the cost of sales or, for example, the costs of distribution or administrative activities. The facility should disclose - as a minimum - the cost of sales - separately - from other expenses, which necessitated the reclassification of some general and administrative expenses within selling and distribution expenses such as sales commissions.

5-7-6 The Company classified the change in the non-current development real estate within the investment activities, although it is the main activity of the Company and the product for its revenue, which necessitated the re-presentation of those amounts within the cash flows from operating activities in accordance with the requirements of International Accounting Standard No. (7).

5-7-7 During the year 2020, the company recognized 16.7 million Saudi riyals as revenue from the sale of units, despite not considering the performance obligations indicated in the contract, which mainly consist of delivering the sold unit, and since the transfer of control, benefits and risks to the customer was completed During the year 2021, the amount of revenue for the year 2020 was reduced and re-established in accordance with the requirements of International Reporting Standard No. (15) in the statement of financial position under the item "Advance Payments Clients". In addition, the cost of sales related to the unsold units was adjusted to the real estate inventory, where its value amounted to 14,6 million.

5-7-8 Part of the balance is VAT owed to the Authority as a result of a subsequent reassessment of VAT returns, which led to its classification as a prior period expense

5-7-9 All necessary adjustments to the statement of cash flows have been considered in accordance with the above amendments.



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**6- PROPERTY AND EQUIPMENT, NET**

	<b>Vehicle</b>	<b>Office supplies</b>	<b>Computer Hardware</b>	<b>Capital work in progress</b>	<b>Total</b>
<b><u>Cost</u></b>					
Balance beginning of the year	411,200	58,875	-	-	470,075
Additions	-	673,689	108,957	50,000	832,646
<b>Balance end of the year</b>	<b>411,200</b>	<b>732,564</b>	<b>108,957</b>	<b>50,000</b>	<b>1,302,721</b>
<b><u>Accumulated depreciation</u></b>					
Balance beginning of the year	402,371	37,650	-	-	440,021
Depreciation for the year	8,829	47,902	2,269	-	59,000
<b>Balance end of the year</b>	<b>411,200</b>	<b>85,552</b>	<b>2,269</b>	<b>-</b>	<b>499,021</b>
<b><u>Net book value</u></b>					
<b>As at 31 December 2021</b>	<b>-</b>	<b>647,012</b>	<b>106,688</b>	<b>50,000</b>	<b>803,700</b>
As at 31 December 2020	8,829	21,225	-	-	30,054
As at 31 December 2019	111,629	31,625	-	-	143,254

- The depreciation charge for the year has been charged to general and administrative expenses.

**7- INVESTMENTS PROPERTIES, NET**

	<b>Land</b>	<b>Buildings</b>	<b>Electric devices</b>	<b>Right of use</b>	<b>Furniture</b>	<b>Total</b>
<b><u>Cost</u></b>						
Balance beginning of the year	49,050,000	55,510,000	724,850	3,000,000	363,500	108,648,350
disposals	(2,650,000)	(4,231,418)	-	(3,000,000)	-	(9,881,418)
<b>Balance end of the year</b>	<b>46,400,000</b>	<b>51,278,582</b>	<b>724,850</b>	<b>-</b>	<b>363,500</b>	<b>98,766,932</b>
<b><u>Accumulated depreciation</u></b>						
Balance beginning of the year	-	6,439,288	358,239	1,419,962	157,516	8,375,005
Depreciation for the year	-	1,657,106	108,728	333,333	54,525	2,153,692
disposals	-	(622,910)	-	(1,753,295)	-	(2,376,205)
<b>Balance end of the year</b>	<b>-</b>	<b>7,473,484</b>	<b>466,967</b>	<b>-</b>	<b>212,041</b>	<b>8,152,492</b>
<b><u>Net book value</u></b>						
<b>As at 31 December 2021</b>	<b>46,400,000</b>	<b>43,805,098</b>	<b>257,883</b>	<b>-</b>	<b>151,459</b>	<b>90,614,440</b>
As at 31 December 2020	49,050,000	49,070,712	366,611	1,580,038	205,984	100,273,345
As at 31 December 2019	49,050,000	51,224,150	475,339	1,913,371	260,509	102,923,369

investment properties are stated at cost less accumulated depreciation and any impairment losses. The fair value of investment properties amounted to SR 107.7 million as on December 31, 2021, based on the evaluation carried out by two independent valuers, Mumtazkati Real Estate Evaluation Company and Wasam Valuation (independent evaluators approved by the Saudi Authority for Accredited Valuers) who specialize in evaluating these types of real estate investments.

- The depreciation charge for the year has been charged to the cost of revenue.



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**8- INVESTMENTS CARRIED AT (FVOCI)**

The following investments include:

	Note	As at 31 December 2021	As at 31 December 2020
Wateeq Proptech Venture Fund	8-1	<b>1,200,000</b>	-
Al-Dalal Al-Jadid Information Technology Holding Company	8-2	<b>350,000</b>	-

8-1 This investment represents an investment in 300,000 units of Wateeq Proptech Venture Fund (the "Fund"), which is the first specialized closed-end real estate venture capital investment fund (Proptech) in the Middle East, licensed by the Capital Market Authority of the Kingdom of Saudi Arabia and compliant with the provisions of Islamic Sharia.

Wateeq Proptech Venture Fund aims to invest in newly established local or international technology companies. The fund is also managed by Wateeq Financial Services Company.

8-2 - This investment represents an investment in Al Dalal Al Jadeed Information Technology Holding Company (the "Company"), which is a platform related to all real estate management requirements by providing a unified control panel and several criteria to measure the performance of the property, in addition to displaying and renting the property and following up on its operating expenses.

**9- CASH AND CASH EQUIVALENTS**

	31 December 2021	31 December 2020	31 December 2019
Balances at banks – current accounts	<b>8,993,083</b>	7,180,033	3,827,604
Checks under proceed	-	1,508,950	-
	<b>8,993,083</b>	8,688,983	3,827,604

**10- TRADE RECEIVABLES**

	31 December 2021	31 December 2020	31 December 2019
Trade receivables	<b>566,559</b>	2,349,000	52,500
	<b>566,559</b>	2,349,000	52,500

There were no expected credit losses recognized for the years ending on December 31, 2021, 2020, 2019 due to the amounts being insignificant.

**11- PREPAYMENT AND OTHER RECEIVABLES**

	31 December 2021	31 December 2020	31 December 2019
Refundable VAT *	<b>10,389,482</b>	1,195,952	2,560,384
Prepayments	<b>856,372</b>	46,027	44,930
Employees advances and covenant	<b>41,227</b>	5,038	7,000
Advance to suppliers	<b>291,822</b>	682,959	-
Projects guarantees	-	497,706	73,448
	<b>11,578,903</b>	2,427,682	2,685,762

\* As at December 31, 2021, the company has a certificate that qualifies for a refund of the tax incurred as a result of real estate development operations. The company has submitted the tax refund requests for the year, and the requests are still being processed by the Zakat, Tax and Customs Authority.



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**12- REAL-ESTATE UNDER DEVELOPMENT**

	<b>31 December 2021</b>	31 December 2020	31 December 2019
Balance beginning of the year	<b>154,885,470</b>	73,064,345	6,409,053
Additions during the year	<b>372,879,750</b>	200,535,425	80,863,005
Transferred from investment properties	-	530,000	-
Transferred to real-estate inventory	<b>(170,816,621)</b>	(119,244,300)	(14,207,713)
	<b>356,948,599</b>	154,885,470	73,064,345

As at December 31, 2021, the company had mortgaged 81,753,149 SAR of land and the cost of construction on it and owned by it to a local bank in return for facility No. 1 (note 18).

As at December 31, 2021, the company had mortgaged 31,279,925 SAR of land and the cost of construction on it and owned by it to a local finance company in return for facility No. 2 (note 18).

As at December 31, 2021, the company had mortgaged 52,948,293 SAR of lands and the cost of construction on them and owned by them to a local bank in return for facility No. 3 (note 18).

The additions during the period include the capitalization of financing transaction costs amounting to 1,591,778 SAR (Note No. 18).

**13- REAL-ESTATE INVENTORY**

	<b>31 December 2021</b>	31 December 2020	31 December 2019
Balance beginning of the year	<b>76,494,349</b>	3,361,547	-
Transferred from real-estate under development during the year	<b>170,816,621</b>	119,244,300	14,207,712
Transfer to cost of revenue related to properties sold	<b>(244,953,254)</b>	(46,111,498)	(10,846,165)
	<b>2,357,716</b>	76,494,349	3,361,547

**14- TRANSACTION AND BALANCES WITH RELATED PARTIES**

The related parties are the Company's shareholders, senior management staff in the Company and the facilities owned or managed by these parties, as well as the facilities that exercise joint control or substantial influence over these parties. Transactions with relevant authorities are carried out during the normal business cycle through contracts approved by the Department. The following is a summary of the most important transactions that took place between the Company and related parties during the year, as well as a statement of the related parties' net balances in:

**Due to related parties:**

<b><u>Nature of relationship</u></b>	<b><u>Nature of transaction</u></b>	<b><u>As at 31 December 2021 receivable / (payable)</u></b>	<b><u>As at 31 December 2020 receivable / (payable)</u></b>
Affiliate Company 1	Operational	<b>(131,568)</b>	26,203
Key shareholder	financial	<b>(1,271,219)</b>	-
Shareholder 1	Operational	<b>(150,500)</b>	(167,717)
Shareholder 2	Operational	<b>(318,600)</b>	-
Key shareholder relatives	Operational	-	(1,137,326)



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**14- TRANSACTION AND BALANCES WITH RELATED PARTIES (Continued)**

**Transactions with related parties:**

<b><u>Nature of relationship</u></b>	<b><u>Nature of transaction</u></b>	<b><u>Amount of transactions for the year ended</u></b>	
		<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
Affiliate company 1	Operational	<b>(4,206,611)</b>	(6,071,156)
Affiliate company 2	Operational	<b>(7,684,003)</b>	-
Key shareholder relatives	Operational	-	1,137,326

**Benefits, bonuses, compensation of senior management personnel:**

The Company's key management personnel consist of key management members who have the authority and responsibility for planning, directing and controlling the Company's activities.

	<b><u>31 December 2021</u></b>	<b><u>31 December 2020</u></b>
Salaries and compensations	<b>495,615</b>	1,617,326
Bonuses*	<b>1,701,057</b>	1,102,823
	<b>2,196,672</b>	2,720,149

\* As of December 31, 2021, the bonuses related to Shareholder 1 amounted to 767,495 SAR (December 31, 2020: 1,102,823 SAR). The bonuses related to Shareholder 1 were classified in the income statement as selling and marketing expenses.

**15- CAPITAL**

**Capital as at December 31, 2021:**

With reference to clarification No. (1), where on December 19, 2021, the Extraordinary General Assembly held a meeting to approve the increase of the company's capital from 50,000,000 SAR to 300,000,000 by capitalizing the additional capital account in the amount of 238,358,653 SAR and capitalizing part of the profits. The remaining amount for the company amounted to 11,641,347 SAR.

The shares were distributed to the shareholders as follows:

<b>Name</b>	<b>No. of shares</b>	<b>Share value SR</b>	<b>Total value SR</b>	<b>Shareholding %</b>
Rashid Abdul Rahman Nasser Al-Rasheed	<b>24,000,012</b>	<b>10</b>	<b>240,000,120</b>	<b>80%</b>
Harun Rashid Abdul Rahman Al-Rasheed	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.9%</b>
Abdul Malik Rashid Abdul Rahman Al Rashid	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.9%</b>
Rakan Rashid Abdul Rahman Al-Rasheed	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.9%</b>
Fatima Abdullah Nasser Al-Majed	<b>750,000</b>	<b>10</b>	<b>7,500,000</b>	<b>2.5%</b>
Hia Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.9%</b>
Mothiy Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.9%</b>
Sarah Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.9%</b>
	<b>30,000,000</b>		<b>300,000,000</b>	<b>100%</b>

**Capital as at December 31, 2020:**

Referring to note No. (1) where on Rabi' al-Thani 7, 1442H corresponding to November 22, 2020, the sole partner in the Company decided to convert the Company's legal entity from a limited liability Company - one person to a closed joint stock Company, and also decided to increase the Company's capital from 500 thousand Saudi riyals To 50 million Saudi riyals divided into 5 million shares, the value of the share is 10 Saudi riyals,



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**15- CAPITAL (Continued)**

as this increase was approved by the sole partner by transferring from his current account in the Company (the additional capital) in the amount of the increase in the amount of 49,500,000 Saudi riyals. The shares were distributed to the shareholders as follows:

Name	No. of shares	Share value SR	Total value SR	Shareholding %
Rashid Abdul Rahman Nasser Al-Rasheed	4,000,002	10	40,000,020	80%
Harun Rashid Abdul Rahman Al-Rasheed	194,450	10	1,944,500	3.89%
Abdul Malik Rashid Abdul Rahman Al Rashid	194,450	10	1,944,500	3.89%
Rakan Rashid Abdul Rahman Al-Rasheed	194,450	10	1,944,500	3.89%
Fatima Abdullah Nasser Al-Majed	125,000	10	1,250,000	2.5%
Hia Rashid Abdul Rahman Al-Rasheed	97,216	10	972,160	1.94%
Mothiy Rashid Abdul Rahman Al-Rasheed	97,216	10	972,160	1.94%
Sarah Rashid Abdul Rahman Al-Rasheed	97,216	10	972,160	1.94%
	<u>5,000,000</u>		<u>50,000,000</u>	<u>100%</u>

**16- ADDITIONAL CAPITAL**

The additional capital represents amounts paid by the shareholder, Mr. Rashid Abdul Rahman Nasser Al-Rasheed, which represent additional contributions to finance the company. The additional capital balance as at December 31, 2020 amounted to 236,100,943 SAR.

The additions to the additional capital balance during the year 2021 amounted to 2,257,710 SAR.

As a result, the company transferred an amount of 238,358,653 SAR from the additional capital to the capital (note 15).

**17- STATUTORY RESERVE**

In accordance with the articles of association of the Company and the Companies Law in the Kingdom of Saudi Arabia, 10% of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to discontinue this set-up when the said reserve reaches 30% of the paid-up capital. This statutory reserve is not available for distribution.

**18- LONG-TERM LOANS**

<u>non-current liabilities</u>	<u>Note</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Non-current portion of long- term loans	18-1	<u>37,152,585</u>	-	-
<u>current liabilities</u>	<u>Note</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
current portion of long- term loans	18-1	<u>16,939,993</u>	-	-
<u>18-1 long- term borrowings</u>	<u>Note</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
Facility 1(1)		<u>35,000,000</u>	-	-
Facility 2(2)		<u>18,230,000</u>	-	-
		<u>53,230,000</u>	-	-
Add: Financing transaction costs		<u>862,578</u>	-	-
<b>Balance at the end of the year</b>		<u><b>54,092,578</b></u>	-	-



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**18- LONG-TERM LOANS (Continued)**

**Facility 1:**

The company signed a credit facility agreement under the Islamic Tawarruq system with a local bank on May 23, 2021, with a limit of 40 million SAR, to finance the company's operations. Until December 31, 2021, the company used an amount of 35 million SAR from the financing agreement to cover the construction of villas and apartments projects. The financing is repayable in semi-annual installments for a period of 4 years starting from May 31, 2022.

The company has mortgaged 81,753,149 million SAR of lands and the cost of construction on them and owned by them, which are listed under real estate under development in favor of the local bank (note 12).

**Facility 2:**

The company signed a credit facility agreement under the Islamic Tawarruq system with a local finance company on May 17, 2021 and this agreement expires on April 28, 2026, with the aim of financing the company's operations, with a value of 18.2 million SAR. Until December 31, 2021, the company has used the entire amount of the loan, and the financing is repaid in two annual installments for a period of 5 years.

The agreement includes selling the land to the local company and then renting it with the promise of a gift as soon as the facility requirements are complied with.

The company has mortgaged 31,279,925 million SAR of lands and the cost of construction on them and owned by it, which are listed under real estate under development in favor of the finance company (note 12).

**Facility 3:**

The company signed a credit facility agreement under the Islamic Tawarruq system with a local bank on August 25, 2021, with a limit of 25 million Saudi riyals, to finance the company's operations. As of December 31, 2021, the company did not use the facility.

The company mortgaged 52,948,293 million SAR of lands and the cost of construction on them and owned by them, which are listed under real estate under development in favor of the local bank (note 12).

The above facilitation agreements include several commitments, including some conditions that stipulate the necessity of maintaining some financial ratios. The Company is committed to the loan commitments as at the reporting date.

Below is a statement of the movement in the long- term loans

	<b>31 December 2021</b>	31 December 2020	31 December 2019
Balance at the beginning of the year	-	-	-
Withdrawals / addition of a new facility during the year	<b>53,230,000</b>	-	-
	<b>53,230,000</b>	-	-
Add: Financing transaction costs	<b>862,578</b>	-	-
<b>Balance at the end of the year</b>	<b>54,092,578</b>	-	-
Less: current portion of long- term loans	<b>(16,939,993)</b>	-	-
Non-current portion of long- term loans	<b>37,152,585</b>	-	-

The movement in financing transaction costs was as follows:

	<b>31 December 2021</b>	31 December 2020	31 December 2019
Balance at the beginning of the year	-	-	-
Additions during the year	<b>1,591,778</b>	-	-
Paid finance costs during the year	<b>(729,200)</b>	-	-
<b>Balance at the end of the year</b>	<b>862,578</b>	-	-

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**19-ACCRUED EXPENSES AND OTHER PAYABLE**

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Real-estate tax	163,858	217,975	-
Unit rental insurance	409,700	381,500	369,500
Guarantee and maintenance provision	1,137,651	284,788	54,231
Other payable	152,663	280,040	84,400
Remunerations and incentives payable	394,610	-	-
<b>Total</b>	<b>2,258,482</b>	<b>1,164,303</b>	<b>508,131</b>

**20- ADVANCE PAYMENTS CLIENTS**

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Amounts from clients collected in advance	1,248,980	1,749,450	660,000
Rents collected in advance	1,117,578	1,359,940	1,582,917
Revenue from the sale of units collected in advance	-	16,715,395	-
<b>Total</b>	<b>2,366,558</b>	<b>19,824,785</b>	<b>2,242,917</b>

**21- ZAKAT PROVISION**

**A- Zakat status**

**2020:**

The Company submitted the zakat declaration for the fiscal year ending on 31 December 2020, and obtained a temporary certificate from the Zakat, Tax and Customs Authority, valid until April 30, 2022. No final zakat assessments have been received from the Zakat, Tax and Customs Authority for those years yet.

**B- Zakat base**

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Net adjusted profit	87,485,931	19,837,232	7,424,009
<b>Add:</b>			
Share capital	50,000,000	50,000,000	500,000
Statutory reserve	1,880,943	150,000	150,000
Retained earnings	29,615,270	14,046,742	7,109,154
First period provision	24,170	41,962	13,092
Other additions	92,968,140	100,303,399	137,819,991
<b>Less:</b>			
Property, and equipment, net	(803,700)	(4,724,337)	(101,153,252)
Investments properties	(90,614,440)	(95,579,062)	-
Other	(1,550,000)	-	(34,756,597)
<b>Zakat base</b>	<b>(169,006,314)</b>	<b>(84,075,936)</b>	<b>(17,106,397)</b>
<b>Zakat at 2.5% of the zakat base or the adjusted net profit, whichever is higher</b>	<b>4,288,486</b>	<b>2,156,338</b>	<b>435,182</b>

**C- Zakat provision movement**

	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
Balance beginning of the year	2,260,806	435,182	79,477
Charged for year	4,346,460	2,260,806	435,182
Paid during the year	(2,318,780)	(435,182)	(79,477)
<b>Balance end of the year</b>	<b>4,288,486</b>	<b>2,260,806</b>	<b>435,182</b>





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**22- REVENUE**

	<b>For the year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Revenue from the sale of units	<b>313,405,710</b>	68,187,185
Revenue from the sale of lands	<b>21,307,810</b>	-
Rents revenue	<b>8,658,610</b>	7,190,639
<b>Total</b>	<b>343,372,130</b>	<b>75,377,824</b>

Revenue from the sale of units is recognized at a point in time, due to its consistency with the terms of control in accordance with IFRS 15 paragraph 38. (Note 3 paragraph 3-14).

**23- COST OF REVENUE**

	<b>For the year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Cost of units sold	<b>226,136,254</b>	46,111,498
Cost of selling lands	<b>18,817,000</b>	-
Depreciated investments properties	<b>2,153,692</b>	2,172,486
Buildings expenses	<b>535,814</b>	551,604
Provision for guarantee and maintenance	<b>1,093,586</b>	230,557
Lease expenses	<b>62,166</b>	-
<b>Total</b>	<b>248,798,512</b>	<b>49,066,145</b>

**24- GENERAL AND ADMINISTRATIVE EXPENSE**

	<b>For the year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Salaries and Remunerations and equivalents	<b>2,732,837</b>	1,950,384
Legal and professional fees	<b>860,853</b>	51,435
tax expenses	-	997,516
Depreciated property and equipment	<b>59,000</b>	114,575
Government charges	<b>318,729</b>	162,023
Rents	<b>197,546</b>	78,903
Stationery and prints	<b>34,529</b>	27,186
Social insurance	<b>166,396</b>	21,910
End of service benefits	<b>73,192</b>	13,812
Phone and internet	<b>12,263</b>	4,526
Other	<b>333,357</b>	124,043
<b>Total</b>	<b>4,788,702</b>	<b>3,546,313</b>

**25- REVENUE / OTHER EXPENSE, NET**

	<b>For the year ended</b>	
	<b>31 December 2021</b>	<b>31 December 2020</b>
Non-refundable VAT	-	(2,057,376)
Other revenue	<b>158,182</b>	131,862
	<b>158,182</b>	<b>(1,925,514)</b>



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**26- FINANCIAL INSTRUMENT AND RISK MANAGEMENT**

The Company's principal financial liabilities include trade and other payables and due to related parties. The Company's principal financial assets consist of cash and cash equivalents, trade and other receivables and due from related parties. The main financial risks arising from the Company's financial instruments are market risk (including foreign exchange risk), credit risk and liquidity risk. Management reviews and aligns policies to manage those risks.

**26-1 Market risk**

It is the risk of fluctuation in a financial instrument due to changes in prices prevailing in the market, such as foreign exchange rates, which affect the Company's income or the value of its financial instruments. Market risk management aims to manage and control market risk exposures within acceptable parameters, while maximizing returns. There has been no change in the Company's exposure to market risks or the way in which such risks are managed and how they are measured.

**26-1-1 Foreign currency risk**

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when future commercial transactions, assets and liabilities are recognized in a currency other than the Saudi Riyal. The Company's management believes that its exposure to foreign currency risk is limited as the Saudi Riyal is linked to US dollars.

Management monitors fluctuations in foreign exchange rates and believes that the Company is not materially exposed to changes in exchange rates.

**26-2 Credit risk**

It is the risk of one party being unable to fulfill its obligations, causing financial losses to the other party. The Company has no significant concentration of credit risk. Cash and cash equivalents are deposited with local banks with high credit ratings. Trade and other receivables are mainly due from customers in the local market and are stated at their estimated collectible value. The Company has policies in place to reduce its exposure to credit risk. The maximum exposure to credit risk at the reporting date is as follows:

	<b>31 December 2021</b>	31 December 2020	31 December 2019
Cash and cash equivalents	<b>8,993,083</b>	8,688,983	3,827,604
Trade receivables	<b>566,559</b>	2,349,000	52,500
Prepayments and other balance receivables	<b>11,578,903</b>	2,427,682	2,685,762
Due from related parties	-	26,203	63,690
	<b>21,138,545</b>	13,491,868	6,629,556

Cash is placed with banks with high credit ratings. Accordingly, a 12-month expected loss model was used to assess the impairment. Based on management's assessment of impairment, no material provision is required in respect of these balances for all the years presented.

Trade receivables, Prepayments and other balance receivables and due from related parties:

The company applies the IFRS 9 approach to measuring expected credit losses, which uses the lifetime expected loss allowance for accounts receivable and other receivables and due from related parties. The Company did not recognize ECL because the amount was insignificant.

**26-2-1 Receivables**

	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-120 days</b>	<b>121-365 days</b>	<b>Total</b>
Trade receivable	<b>566,559</b>	-	-	-	<b>566,559</b>
	<b>566,559</b>	-	-	-	<b>566,559</b>



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**26- FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Continued)**

**26-3 Liquidity risk**

It is the risk that the Company will encounter difficulties in obtaining the financing necessary to meet obligations associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring of the adequacy of liquidity available to meet the Company's financial obligations. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities as they fall due, under normal and adopted conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table summarizes the Company's financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<b>31 December 2021</b>	<b>Book value</b>	<b>Less than a year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Trade payables	5,433,407	5,433,407	-	-
Due to related parties	1,871,887	1,871,887	-	-
Accrued expenses and other balance payables	2,258,482	2,258,482	-	-
Advance payments clients	2,366,558	2,366,558	-	-
Provision for zakat	4,288,486	4,288,486	-	-
long- term loans	54,092,578	16,939,993	37,152,585	-
	<b>70,311,398</b>	<b>33,158,813</b>	<b>37,152,585</b>	<b>-</b>

<b>31 December 2020</b>	<b>Book value</b>	<b>Less than a year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Trade payables	2,988,920	2,988,920	-	-
Due to related parties	1,305,043	1,305,043	-	-
Accrued expenses and other payables	1,164,303	1,164,303	-	-
Advance payments clients	19,824,785	19,824,785	-	-
Provision for zakat	2,260,806	2,260,806	-	-
	<b>27,543,857</b>	<b>27,543,857</b>	<b>-</b>	<b>-</b>

<b>31 December 2019</b>	<b>Book value</b>	<b>Less than a year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Due to related parties	368,725	368,725	-	-
Accrued expenses and other payables	508,131	508,131	-	-
Advance payments clients	2,242,917	2,242,917	-	-
Provision for zakat	435,182	435,182	-	-
	<b>3,554,955</b>	<b>3,554,955</b>	<b>-</b>	<b>-</b>

**26-4 Commission risk**

Commission rate risk is the exposure to various risks associated with the impact of fluctuations in commission rates prevailing on the company's statement of financial position and cash flows. The Company manages commission rate risk through regular monitoring of commission rate schedules for commission bearing financial instruments. The Company's commission bearing liabilities, which are principally bank borrowings, are at variable rates and are subject to repricing. Management monitors changes in commission rates and believes that the commission risk on the fair value and cash flows of the Company is not significant.

Financial assets that carry a financing cost consist of short-term Murabaha deposits at fixed interest rates. Therefore, it is not exposed to cash flow commission rate risk and fair value commission rate risk.



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**26- FINANCIAL INSTRUMENT AND RISK MANAGEMENT (Continued)**

**26-4 Commission risk (Continued)**

The commission rate for the company's commission-bearing financial instruments as reported to the company's management is as follows:

	<b>31 December 2021</b>	31 December 2020
long- term loans	<b>54,092,578</b>	-
	<b>54,092,578</b>	-

Profit or loss is affected by commission expense (higher/lower) on borrowings due to changes in interest rates. The following table shows the sensitivity of any reasonable possible change in the commission rate to the company's profits, through the effect of the rate of borrowings, with all other variables held constant:

	<b>Increase/decrease in base points related to commission rates</b>	<b>Impact on the year's income</b>
Commission rate increase	<b>+100</b>	<b>540,925</b>
Commission rate decrease	<b>-100</b>	<b>(540,925)</b>

**26-5 Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, in a transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will take place either:

- Through the principal market for the asset or liability, or
- By the most advantageous market for the asset or liability in the absence of the principal market.

The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured using the assumptions that market parties use when pricing the asset or liability, assuming that market parties act in their best economic interests.

The fair value measurement of a non-financial asset considers the ability of market parties to provide economic benefits by using the asset for the best benefit from it, or by selling it to another party in the market to use it for the best benefit from it.

The Company uses valuation methods that are appropriate to the circumstances and conditions and have sufficient data to measure fair value, maximize the use of relevant observable data, and minimize the use of unobservable data.

All assets and liabilities whose fair values are measured or whose fair values are disclosed in the financial statements are categorized within the fair value hierarchy set out below based on the lowest level inputs that are significant to the fair value measurement as a whole:

- Level 1: prices quoted in active markets for the same assets or liabilities.
- Level 2: other valuation techniques in which the minimum amount of material data is directly or indirectly observable to the fair value measurement.
- Level 3: other valuation techniques in which minimal inputs are material to the fair value measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have taken place between levels in the above hierarchy by reassessing classification (based on the lowest level input material to the fair value measurement as a whole) at the end of each reporting period.

All financial assets and financial liabilities are measured at amortized cost. The carrying amounts of all other financial assets and financial liabilities measured at amortized cost approximate their fair values.



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**27- PROPOSED DIVIDENDS TO BE DISTIBUTED**

The Company's Board of Directors, in the meeting held on 14 Shaban 1443 corresponding to 17 March 2022, recommended to the General Assembly the distribution of dividends SAR 30 million for the year ended 31 December 2021

**28- APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements for the financial year ended on December 31, 2021 were approved by the company's Board of Directors at the meeting held on 14 Shaban 1443 corresponding to 17 March 2022.



**16.2 Appendix No. (2): The reviewed financial statements for the six-month period ending on June 30, 2022G.**

**AL RAMZ REAL ESTATE COMPANY**  
(A Closed Joint Stock Company)  
**Interim Consolidated Condensed Financial Statements**  
**For the six-month period ended 30 June 2022**  
(Unaudited)  
With independent auditor's report on the interim condensed statements



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**Interim Consolidated Condensed Financial Statements (Unaudited)**

For the six-month period ended 30 June 2022

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**Ibrahim Ahmed Al-Bassam & Co**  
 Certified Public Accountants - Al-Bassam & Co.  
 (member firm of PKF International)

## INDEPENDENT AUDITOR'S REPORT ON THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

To the / Shareholders of Al Ramz Real Estate Company  
 (Closed Joint Stock Company)

### INTRODUCTION

We have audited the interim consolidated condensed financial statements of Al Ramz Real Estate Company ("the Company"), and its subsidiary (together referred to as the "Group") which comprise the statement of interim consolidated condensed financial position as at 30 June 2022, and statement of interim consolidated condensed comprehensive income, statement of interim consolidated condensed changes in equity, and statement of interim consolidated condensed cash flows. For the six-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim consolidated condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

Ahmed Abdul Majeed Al-Mohandis  
 Certified Public Accountant  
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 Corresponding to: 16 August 2022



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**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**STATEMENT OF INTERIM CONSOLIDATED CONDENSED FINANCIAL POSITION (UNAUDITED)**

As at 30 June 2022

(All amounts in Saudi Riyals)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment, net		1,394,773	803,700
Investment properties, net	5	40,468,617	90,614,440
Investment carried at Fair Value through Other Comprehensive Income (FVOCI)		1,550,000	1,550,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,413,390</b>	<b>92,968,140</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	16,274,127	8,993,083
Trade receivables	17	24,803,428	566,559
Prepayments and other receivables		24,278,931	11,578,903
Real-estate under development	7	549,808,027	356,948,599
Real-estate inventory	8	-	2,357,716
<b>TOTAL CURRENT ASSETS</b>		<b>615,164,513</b>	<b>380,444,860</b>
<b>TOTAL ASSETS</b>		<b>658,577,903</b>	<b>473,413,000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	10	300,000,000	300,000,000
Statutory reserve	11	10,194,890	10,194,890
Actuarial losses on end of service benefits		(23,515)	(23,515)
Retained earnings		83,605,422	92,799,447
<b>TOTAL EQUITY</b>		<b>393,776,797</b>	<b>402,970,822</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employees end of service benefits obligation		130,780	130,780
Non-current portion of long- term borrowings	12	33,020,833	37,152,585
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,151,613</b>	<b>37,283,365</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		13,665,432	5,433,407
Due to related parties	9	-	1,871,887
Accrued expenses and other payable		7,722,480	2,258,482
Dividend receivable	20	30,000,000	-
Advance payments clients	16	150,305,050	2,366,558
Provision for zakat	15-1	8,482,734	4,288,486
current portion of long- term borrowings	12	21,473,797	16,939,993
<b>TOTAL CURRENT LIABILITIES</b>		<b>231,649,493</b>	<b>33,158,813</b>
<b>TOTAL LIABILITIES</b>		<b>264,801,106</b>	<b>70,442,178</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>658,577,903</b>	<b>473,413,000</b>

Chairman Of The Board Directors

Chief Executive Officer

Chief Financial Officer

(The accompanying notes 1 to 22 form an integral part of these interim consolidated condensed financial statements).



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**STATEMENT OF INTERIM CONSOLIDATED COMPREHENSIVE INCOME (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

	Notes	For the six-month period ended 30 June 2022 (Unaudited)	For the six-month period ended 30 June 2021 (Unaudited)
Revenue	13	85,266,842	98,526,810
Cost of revenue	14	(54,770,382)	(80,216,675)
<b>Gross income</b>		<b>30,496,460</b>	<b>18,310,135</b>
General and administrative expenses		(3,140,919)	(1,407,539)
Selling and marketing expenses		(2,355,995)	(855,263)
Other income		677	155,980
<b>Net income for the period before zakat</b>		<b>25,000,223</b>	<b>16,203,313</b>
Zakat expense	15	(4,194,248)	(2,564,394)
<b>Net income for the period</b>		<b>20,805,975</b>	<b>13,638,919</b>
Other comprehensive income		-	-
<b>Total Other comprehensive income for the period</b>		<b>20,805,975</b>	<b>13,638,919</b>

Chairman of the Board Directors

Chief Executive Officer

Chief Financial Officer

(The accompanying notes 1 to 22 form an integral part of these interim consolidated condensed financial statements).



**AL RAMZ REAL ESTATE COMPANY**  
(A Closed Joint Stock Company)  
**STATEMENT OF INTERIM CONSOLIDATED CONDENSED CHANGES IN EQUITY (UNAUDITED)**  
For the six-month period ended 30 June 2022  
(All amounts in Saudi Riyals)

	Share capital	Additional capital	Statutory reserve	Actuarial losses on end of service benefits	Retained earnings	Total equity
<b>Balance as at 1 January 2022 (audited)</b>	300,000,000	-	10,194,890	(23,515)	92,799,447	402,970,822
Net income for the period	-	-	-	-	20,805,975	20,805,975
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	20,805,975	20,805,975
Dividend receivable (note 20)	-	-	-	-	(30,000,000)	(30,000,000)
<b>Balance as at 30 June 2022 (un-audited)</b>	300,000,000	-	10,194,890	(23,515)	83,605,422	393,776,797

	Share capital	Additional capital	Statutory reserve	Actuarial gains on end of service benefits	Retained earnings	Total equity
<b>Balance as at 1 January 2021 (audited)</b>	50,000,000	236,100,943	1,880,943	9,903	29,615,270	317,607,059
Net income for the period	-	-	-	-	13,638,919	13,638,919
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	13,638,919	13,638,919
Additional capital	-	2,257,710	-	-	-	2,257,710
<b>Balance as at 30 June 2021 (un-audited)</b>	50,000,000	238,358,653	1,880,943	9,903	43,254,189	333,503,688

**Chairman Of The Board Directors**

**Chief Executive Officer**

**Chief Financial Officer**

(The accompanying notes 1 to 22 form an integral part of these interim consolidated condensed financial statements).

**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**STATEMENT OF INTERIM CONSOLIDATED CONDENSED CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

	Notes	For the six-month period ended 30 June 2022	For the six-month period ended 30 June 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income for the period before zakat		25,000,223	16,203,313
Adjustments to adjust net profit before zakat:			
Depreciation of property and equipment		66,099	22,588
Depreciation of investments properties	14.5	716,496	1,079,277
Provision for guarantee and maintenance	14	11,789	319,337
Financing costs receivable	12.7	1,425,578	267,348
		27,220,185	17,891,863
<b>Changes in working capital items:</b>			
Trade receivables		(24,236,869)	2,349,000
Due from related parties		-	26,203
Prepayments and other receivables		(12,700,028)	(8,598,249)
Real-estate under development	7	(192,859,428)	(137,881,169)
Real-estate inventory	8	51,787,043	74,951,166
Trade payable		8,232,025	(944,734)
Due to related parties		(1,871,887)	14,528,026
Advance payments clients	16	147,938,492	25,322,402
Accrued expenses and other payables		5,452,209	(221,735)
Zakat paid during the period		-	(2,318,780)
Paid financing transaction costs		(2,168,526)	-
Net cash generated from / (used in) operating activities		6,793,216	(14,896,007)
<b>Cash flows from investing activities</b>			
Payments for purchase property and equipment		(657,172)	(299,564)
Net cash used in investing activities		(657,172)	(299,564)
<b>Cash flows from financing activities</b>			
Proceed from long- term borrowings	12	25,000,000	53,230,000
Paid of long-term loans	12	(23,855,000)	-
Proceed from additions on capital		-	2,257,710
Net cash generated from financing activities		1,145,000	55,487,710
Net change in cash and cash equivalents		7,281,044	40,292,139
Cash and cash equivalents at beginning of the period	6	8,993,083	8,688,983
Cash and cash equivalents at the end of the period	6	16,274,127	48,981,122
<b>Non-cash transactions:</b>			
Transferred from investment properties to real estate inventory	8	49,429,327	-
Dividend receivable	20	30,000,000	-

Chairman of the Board Directors

Chief Executive Officer

Chief Financial Officer

(The accompanying notes 1 to 22 form an integral part of these interim consolidated condensed financial statements).





**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

**(All amounts in Saudi Riyals)****1- ORGANIZATION AND ACTIVITIES**

Al Ramz real estate Company (the “Company”) is a Saudi Closed Joint Stock Company established and working in the Kingdom of Saudi Arabia under commercial registration number 1010488618 dated 29 Thul Qidah 1437H (corresponding to 2 September 2016).

The Company is engaged in finishing buildings, general construction of non-residential buildings such as schools, hospitals and hotels, renovations of residential and non-residential buildings, construction of prefabricated buildings on sites, general construction of residential buildings, pouring bases and foundations, preparing and preparing sites for excavation and leveling, constructing bridges and tunnels, buying and selling land and real estate and its division and off-plan sales activities, management and leasing owned or rented (residential) real estate, management and leasing owned or leased (non-residential) real estate.

During the period ending on 30 June 2022, the Group Board of Directors held a meeting in which it was approved to write off the sub- register of the Ramz Al-Asas Contracting Company, and the sub- register is still valid until the date of the report. The establishment of Osus Al Ramz Contracting Company (“One Person Subsidiary Company”) which is a limited liability company in the Kingdom of Saudi Arabia has also been approved. The Al Ramz Real Estate Company (the “Holding Company”) will exercise control over the Osus Al Ramz Contracting Company and will be accounted for as a subsidiary.

**The interim condensed consolidated financial statements include the accounts of Al Ramz Real Estate Company (the “Holding Company”), the company directly owned by it (“the subsidiary”) and its subsidiary:**

<b>Affiliate</b>	<b>country of incorporation</b>	<b>Legal form</b>	<b>percentage of ownership( direct)</b>
Osus Al Ramz Contracting Company	Kingdom Saudi Arabia	A limited liability company	100%

(1) Osus Al Ramz Contracting Company (the “Company”) is a one-person limited liability company, established under the Companies Law in the Kingdom of Saudi Arabia and registered in Riyadh under Commercial Registration No. 1010787199 on 6 Shaaban 1443H corresponding to 9 March 2022.

The company's main activity is the construction of buildings, construction of roads and railways, site preparation, electrical installations, plumbing, heating and air conditioning works, building completion and finishing, construction of utility projects, construction works related to other civil engineering projects, demolition.

<b>Branch</b>	<b>CR</b>	<b>Date</b>
Ramz Al-Asas Contracting Company	1010682613	12/06/1442 corresponding to 18/02/2019



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

**(All amounts in Saudi Riyals)****2- BASIS OF PREPARATION****2.1 Statement of compliance**

These interim consolidated condensed financial statements have been prepared in accordance with International Accounting Standards 34: "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim consolidated condensed financial statements do not include all the information and disclosures required for a complete set of annual interim condensed financial statements. It should be read with the financial statements as at 31 December 2021. Notwithstanding this, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the statement of interim condensed financial position and its performance since the last annual financial statements. In addition, the results of the business for the period ending on 30 June 2022 are not necessarily indicative of the results that may be in the results of the financial year ending on 31 December 2022.

**2-2 Basis of consolidation**

The interim condensed consolidated financial statements include the financial statements of al Ramz real estate Company and its subsidiaries (Group) as stated in Note No. (1).

The interim condensed financial statements consist of the financial statements of the parent company and its subsidiaries as at 30 June 2022. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed to risks, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee only when the Group has:

- Control over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure to risks, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant information and circumstances in assessing whether it has power over an investee, including:

- The existing contractual arrangement with other vote holders of the investee company
- Rights arising from other contractual arrangements
- Group voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if information and circumstances indicate that there are changes to one or more of the three factors of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses relating to a subsidiary that were acquired or sold during the year are included in the interim condensed consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of consolidated comprehensive income relate to the partners of the parent company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. Adjustments are made, when necessary, to the financial statements of subsidiaries to bring the accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

**2- BASIS OF PREPARATION (CONTINUED)****2-2 Basis of consolidation (continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary, it:

- The assets (including goodwill) and liabilities of the subsidiary are eliminated.
- The carrying amount of any non-controlling interest is eliminated.
- The cumulative foreign exchange differences recorded in equity are eliminated.
- Working to achieve the fair value of the consideration received.
- It works to achieve the fair value of any investment held.
- It works to realize any surplus or deficit in the consolidated statement of profit or loss.
- Reclassifies the Parent Company's share of items previously recognized in comprehensive income to the consolidated statement of profit or loss or retained earnings, as appropriate, and when necessary if the Group directly sells the related assets or liabilities.

**2-3 Basis of measurement**

The interim consolidated condensed financial statements have been prepared in accordance with the historical cost principle, unless otherwise noted, except for the employees' end of service benefits, which is measured at the present value of the defined benefit obligation using accrual basis of accounting and going concern.

The comparative figures have been reclassified to conform to the current period presentation.

**2-4 Functional and presentation currency**

These interim consolidated condensed financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency.

**3- NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

The accounting policies used in the preparation of these interim consolidated condensed financial statements are consistent with those used and disclosed in the annual financial statements of the company for the year ended 31 December 2021. Except for the amendments that had to be implemented on 1 January 2022. The Company has not early implemented any standard, interpretation or other amendment that has been issued but not yet effective. Are new standards, amendments and interpretations applied for the first time in 2022, but do not have an impact on the interim consolidated condensed financial statements of the company.

**4- SIGNIFICANT ACCOUNTING POLICIES****Critical accounting judgments, estimates and assumption**

The preparation of the interim consolidated condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The accounting policies applied to these interim consolidated condensed financial statements are the same as those applied to the company's financial statements for the previous year ending on 31 December 2021.



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

**5- INVESTMENTS PROPERTIES, NET**

	<b>Land</b>	<b>Buildings</b>	<b>Electric devices</b>	<b>Furniture</b>	<b>Total</b>
<b>Cost</b>					
Balance beginning of the period	46,400,000	51,278,582	724,850	363,500	98,766,932
Transferred to real estate inventory	(24,600,000)	(28,666,540)	(724,850)	(363,500)	(54,354,890)
<b>Balance end of the period</b>	<b>21,800,000</b>	<b>22,612,042</b>	<b>-</b>	<b>-</b>	<b>44,412,042</b>
<b>Accumulated</b>					
Balance beginning of the period	-	7,473,484	466,967	212,041	8,152,492
Depreciation for the period	-	645,381	47,363	23,752	716,496
Transferred to real estate inventory	-	(4,175,440)	(514,330)	(235,793)	(4,925,563)
<b>Balance end of the period</b>	<b>-</b>	<b>3,943,425</b>	<b>-</b>	<b>-</b>	<b>3,943,425</b>
<b>Net book value</b>					
<b>As at 30 June 2022</b>	<b>21,800,000</b>	<b>18,668,617</b>	<b>-</b>	<b>-</b>	<b>40,468,617</b>
As at 31 December 2021	46,400,000	43,805,098	257,883	151,459	90,614,440

Investment properties are stated at cost less accumulated depreciation and any impairment losses. The fair value of investment properties amounted to SR 107.7 million as on 31 December 2021, based on the evaluation carried out by two independent valuers, Mumtazkati Real Estate Evaluation Company and Wasam Valuation (independent evaluators approved by the Saudi Authority for Accredited Valuers) who specialize in evaluating these types of real estate investments.

In the subsequent period on 3 July 2022, the Group management mortgaged investment properties with a total cost of 44,000,000 SR against facility No. 1 (note 12).

**6- CASH AND CASH EQUIVALENTS**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Balances at banks – current accounts	<b>16,274,127</b>	8,993,083
	<b>16,274,127</b>	8,993,083

**7- REAL-ESTATE UNDER DEVELOPMENT**

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Balance beginning of the period / year	<b>356,948,599</b>	154,885,470
Additions during the period / year	<b>192,859,428</b>	372,879,750
Transferred to real-estate inventory during the period / year	-	(170,816,621)
	<b>549,808,027</b>	356,948,599

The additions during the period / year include the capitalization of financing transaction costs amounting to 1,425,578 SAR (31 December 2021: 1,591,778 SAR). (note 12).





**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

**7- REAL-ESTATE UNDER DEVELOPMENT (CONTINUED)**

As at 30 June 2022, the company had mortgaged 105,019,710 million SAR worth of real estate under development, which consists of land and the cost of construction on it and owned by it to a local bank in return for facility No. 1 (note 12).

In the subsequent period on 28 July 2022, the above-mentioned mortgage was released, Investment properties shown in (Note 5) were mortgaged 23,398,000 SAR worth of real estate under development, which consists of land and the cost of construction on it and owned by it to a local bank in return for facility No. 1 (note 12).

As at 30 June 2022, the company had mortgaged 40,889,820 million SAR worth of real estate under development, which consists of land and the cost of construction on it and owned by it to a local finance company in return for facility No. 2 (note 12).

In the subsequent period, on 28 July 2022, the mortgage was released as a result of paying the full value of the financing.

As at 30 June 2022, the company had mortgaged 66,711,507 million SAR worth of real estate under development, which consists of lands and the cost of construction on them and owned by them to a local bank in return for facility No. 3 (note 12).

**8- REAL-ESTATE INVENTORY**

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance beginning of the period / year	2,357,716	76,494,349
Transferred from real-estate under development during the period / year	-	170,816,621
Transferred from investments properties during the period / year	49,429,327	-
Transfer to cost of revenue related to properties sold during the period / year (note 14)	(51,787,043)	(244,953,254)
	-	2,357,716

**9- TRANSACTION AND BALANCES WITH RELATED PARTIES**

The related parties are the group's shareholders, senior management staff in the Company and the facilities owned or managed by these parties, as well as the facilities that exercise joint control or substantial influence over these parties. Transactions with relevant authorities are carried out during the normal business cycle through contracts approved by the Department. The following is a summary of the most important transactions that took place between the Company and related parties during the period, as well as a statement of the related parties' net balances in:

Related parties	Nature of relationship	Nature of transaction	As at 30 June 2022 (Unaudited) receivable / (payable)	As at 31 December 2021 (Audited) receivable / (payable)
Tafweed company for building materials industry	associated company	Operational	-	(131,568)
Rashid Abdul Rahman Nasser Al-Rasheed	Key shareholder	financial	-	(1,271,219)
Harun Rashid Abdul Rahman Al-Rasheed	Shareholder 1	Operational	-	(150,500)
Abdul Malik Rashid Abdul Rahman Al Rashid	Shareholder 2	Operational	-	(318,600)



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

**9- TRANSACTION AND BALANCES WITH RELATED PARTIES (CONTINUED)****Transactions with related parties:**

<b><u>Related parties</u></b>	<b><u>Nature of relationship</u></b>	<b><u>Nature of transaction</u></b>	<b><u>For the six-month period ended 30 June 2022 (Unaudited)</u></b>	<b><u>For the six-month period ended 30 June 2021 (Unaudited)</u></b>
Tafweed company for building materials industry	associated company	Operational	<b>131,568</b>	(2,776,436)
Rashid Abdul Rahman Nasser Al-Rasheed	Key shareholder	financial	<b>1,271,219</b>	-
Harun Rashid Abdul Rahman Al-Rasheed	Shareholder 1	Operational	<b>150,500</b>	-
Abdul Malik Rashid Abdul Rahman Al Rashid	Shareholder 2	Operational	<b>318,600</b>	-

**Benefits, bonuses, compensation of senior management personnel:**

The Company's key management personnel consist of key management members who have the authority and responsibility for planning, directing and controlling the Company's activities.

	<b><u>For the six-month period ended 30 June 2022 (Unaudited)</u></b>	<b><u>For the six-month period ended 30 June 2021 (Unaudited)</u></b>
Salaries and compensations	<b>257,578</b>	235,500
Bonuses*	-	767,495
	<b>257,578</b>	<b>1,002,995</b>

\* As of 30 June 2021, the bonuses related to Shareholder 1 amounted to 767,495 SAR. The bonuses related to Shareholder 1 were classified in the income statement as selling and marketing expenses.

**10- CAPITAL**

On 19 December 2021, the Extraordinary General Assembly held a meeting to approve the increase of the group capital from 50,000,000 SAR to 300,000,000 by capitalizing the additional capital account in the amount of 238,358,653 SAR and capitalizing part of the profits the remaining amount for the company amounted to 11,641,347 SAR.



**AL RAMZ REAL ESTATE COMPANY**

(A Closed Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the six-month period ended 30 June 2022

(All amounts in Saudi Riyals)

**10- CAPITAL (CONTINUED)**

The shares were distributed to the shareholders as follows:

<b>Name</b>	<b>No. of shares</b>	<b>Share value SR</b>	<b>Total value SR</b>	<b>Shareholding %</b>
Rashid Abdul Rahman Nasser Al-Rasheed	<b>24,000,012</b>	<b>10</b>	<b>240,000,120</b>	<b>80</b>
Harun Rashid Abdul Rahman Al-Rasheed	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.89</b>
Abdul Malik Rashid Abdul Rahman Al Rashid	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.89</b>
Rakan Rashid Abdul Rahman Al-Rasheed	<b>1,166,700</b>	<b>10</b>	<b>11,667,000</b>	<b>3.89</b>
Fatima Abdullah Nasser Al- Majed	<b>750,000</b>	<b>10</b>	<b>7,500,000</b>	<b>2.5</b>
Hia Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.94</b>
Mothiy Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.94</b>
Sarah Rashid Abdul Rahman Al-Rasheed	<b>583,296</b>	<b>10</b>	<b>5,832,960</b>	<b>1.94</b>
	<b>30,000,000</b>		<b>300,000,000</b>	<b>100</b>

**11- STATUTORY RESERVE**

In accordance with the articles of association of the Company and the Companies Law in the Kingdom of Saudi Arabia, 10% of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to discontinue this set-up when the said reserve reaches 30% of the paid-up capital. This statutory reserve is not available for distribution.

**12- LONG-TERM BORROWINGS**

<b>Non-current liabilities</b>	<b>Note</b>	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Non-current portion of long- term loans	12-1	<b>33,020,833</b>	<b>37,152,585</b>
<b>Current liabilities</b>	<b>Note</b>	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Current portion of long- term loans	12-1	<b>21,473,797</b>	<b>16,939,993</b>



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**12- LONG-TERM BORROWINGS (CONTINUED)****12-1 Long- term borrowings**

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
Facility( 1)	<b>30,625,000</b>	35,000,000
Facility( 2)	-	18,230,000
Facility( 3)	<b>23,750,000</b>	-
	<b>54,375,000</b>	53,230,000
Add: Financing transaction costs ,net	<b>119,630</b>	862,578
Balance at the end of the period / year	<b>54,494,630</b>	54,092,578

Below is a statement of the movement in the long- term loans

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>53,230,000</b>	-
Withdrawals / addition of a new facility during the period / year	<b>25,000,000</b>	53,230,000
	<b>78,230,000</b>	53,230,000
Loans paid during the period/year	<b>(23,855,000)</b>	-
Add: Financing transaction costs, net	<b>119,630</b>	862,578
Balance at the end of the period / year	<b>54,494,630</b>	54,092,578
Less: current portion of long- term loans	<b>(21,354,167)</b>	(16,939,993)
Non-current portion of long- term loans	<b>33,140,463</b>	37,152,585

The movement in financing transaction costs was as follows:

	<b>30 June 2022</b> <b>(Unaudited)</b>	<b>31 December 2021</b> <b>(Audited)</b>
Balance at the beginning of the period / year	<b>862,578</b>	-
Additions during the period / year	<b>1,425,578</b>	1,591,778
Paid finance costs during the period / year	<b>(2,168,526)</b>	(729,200)
<b>Balance at the end of the period / year</b>	<b>119,630</b>	862,578

**Facility 1:**

The group signed a credit facility agreement under the Islamic Tawarruq system with a local bank on 23 May 2021, with a limit of 40 million SAR, to finance the company's operations. As at 30 June 2022, the balance of the user from the facility amounted to the existing amount for the purpose of covering the construction of villa and apartment projects. The financing is repayable in semi-annual installments for a period of 4 years starting from 31 May 2022.

The group has mortgaged 105,019,710 million SAR of lands and the cost of construction on them and owned by them, which are listed under real estate under development in favor of the local bank (note 7).

In the subsequent period, on 28 July 2022, the above-mentioned mortgage was re-mortgaged, and investment properties with a total cost of 44,000,000 Saudi riyals, which were listed under investment properties (note 5), were re-mortgaged, with a value of 23,398,000 Saudi riyals of real estate under development in favor of the local bank (note 7).



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**12- LONG-TERM BORROWINGS (CONTINUED)****12-1 Long- term borrowings (continued)****Facility 2:**

The group signed a credit facility agreement under the Islamic Tawarruq system with a local finance company on 17 May 2021 and this agreement expires on 28 April 2026, with the aim of financing the company's operations, with a value of 18.2 million SAR. Until 30 June 2022, the group has used the entire amount of the loan, and the financing is repaid in two annual installments for a period of 5 years.

The agreement includes selling the land to the local company and then renting it with the promise of a gift as soon as the facility requirements are complied with.

The group has mortgaged 40,889,820 million SAR which are listed under real estate under development in favor of the finance company (note 7).

During the period ending on 30 June 2022, the Group paid all the financing payments owed by it to the finance company.

In the subsequent period, on 28 July 2022, the mortgage was released as a result of paying the full value of the financing and the ownership of the land was transferred to Al Ramz Real Estate Company in return for its commitment to pay the due financing.

**Facility 3:**

The group signed a credit facility agreement under the Islamic Tawarruq system with a local bank on 25 August 2021, with a limit of 25 million Saudi riyals, to finance the company's operations. As of 31 December 2021, the company did not use the facility.

The group mortgaged 66,711,507 million SAR of under real estate under development in favor of the local bank (note 7).

**13- REVENUE**

	<b>30 June 2022</b> <b>(Unaudited)</b>	30 June 2021 (Unaudited)
Revenue from the sale of units*	<b>83,090,500</b>	93,850,186
Rents revenue	<b>2,176,342</b>	4,676,624
<b>Total</b>	<b>85,266,842</b>	98,526,810

\* Includes unit sales, income realized from the sale of units transferred from investment properties to real estate inventory, with a value of ("79,592,500" Saudi riyals).

**14- COST OF REVENUE**

	<b>30 June 2022</b> <b>(Unaudited)</b>	30 June 2021 (Unaudited)
Cost of units sold*	<b>51,787,043</b>	78,606,238
Expenses of completing completed projects	<b>2,249,254</b>	184,871
Depreciated investments properties	<b>716,496</b>	1,079,277
Provision for guarantee and maintenance	<b>11,789</b>	319,337
Rents expenses	<b>5,800</b>	26,952
<b>Total</b>	<b>54,770,382</b>	80,216,675

\* The cost of units sold includes the cost incurred in selling units transferred from investment properties to real estate inventory with a value of ("49,429,327" Saudi riyals).



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**15- ZAKAT PROVISION****15-1 Zakat provision movement**

	<b>30 June 2022</b> <b>(Unaudited)</b>	31 December 2021 (Audited)
Balance beginning of the period / year	<b>4,288,486</b>	2,260,806
Charged for the period / year	<b>4,194,248</b>	4,346,460
Paid during the period / year	-	(2,318,780)
<b>Balance end of the period / year</b>	<b>8,482,734</b>	4,288,486

**15-2 Zakat status**

The group submitted the zakat declaration for the fiscal year ending on 31 December 2021, and obtained a temporary certificate from the Zakat, Tax and Customs Authority, valid until 30 April 2023. No final zakat assessments have been received from the Zakat, Tax and Customs Authority for those years yet.

**16- ADVANCE PAYMENTS CLIENTS**

The balance of advance payments clients is represented in the amounts collected as a result of signing contracts for the sale of housing units that are still under development. The balance due as on 30 June 2022 amounted to ("150,305,050") Saudi riyals.

**17- TRADE RECEIVABLES**

The value of trade receivables as at 30 June 2022 is ("24,803,428" Saudi riyals). In accordance with the contractual terms, these amounts are expected to be collected within six months from the reporting date. Expected credit losses are not recognized because the amounts are not significant.

**18- FINANCIAL RISK MANAGEMENT****Capital management**

The Board of Directors' policy is to maintain effective capital in order to maintain investor, creditor and market confidence and to continue future developments of its business. The Board of Directors monitors the return on capital employed and the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

- Maintaining the facility's ability to continue to operate in accordance with the going concern and to continue to achieve returns for shareholders and benefits for other beneficiaries.
- Providing a return to shareholders

**19- FAIR VALUE OF FINANCIAL INSTRUMENTS****Fair value hierarchy**

The Group's measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.



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**19- FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Management has determined that the fair values of cash and cash equivalents, trade receivables, Investment carried at Fair Value through Other Comprehensive Income and other current assets, trade payables, loans and other current liabilities approximate their carrying values; this is largely due to the short-term maturities of these financial instruments.

**20- DIVIDENDS**

On 21 March 2022, the General Assembly approved the distribution of cash dividends to shareholders for the year ending on 31 December 2021 amounting to ("30,000,000") Saudi riyals at (1.00) Saudi riyals per share, which represents (10%) of the value of the share par.

**21-COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the presentation for the current year.

**22- APPROVAL OF THE INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

These interim consolidated condensed financial statements were authorized for issue by the Group's management on 17 Muharram 1444 corresponding to 15 August 2022.











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