



الأندلس العقارية
Alandalus Property

Annual Report 2020

Steady Rising...

الصعود بثبات...

**Dear valued shareholders of Alandalus Property Company
May peace, mercy and blessings of Allah be upon you**

The Chairman and members of the Board of Directors of Alandalus Property-Company are pleased to present to the shareholders of the company the annual report for the fiscal year ending on December 31, 2020. The report has been prepared in accordance with the requirements of the Governance Regulations issued by the Capital Market Authority, the Companies Law, and the Company's articles of association.

The report provides information on the Company's activities, financial results, performance, achievements, and future plans, during the fiscal year ending on December 31, 2020.



Custodian of the Two Holy Mosques
**King Salman bin Abdulaziz
Al Saud**

May God protect him



His Royal Highness Prince
**Mohammed bin Salman bin
Abdulaziz Al Saud**

the Crown Prince, Deputy Prime
Minister and Minister of Defense

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**Mr. Abdul Salam bin Abdul Rahman
Al-Aqeel
Chairman of Board of Directors**

Statement of the Chairman of the Board of Directors

Our valued shareholders

The past year was an exceptional year for the world and the Kingdom in every sense of the word due to Corona pandemic (Covid 19) and its severe adverse effects on all aspects of life, including health, social activity, economy and education, which imposed substantial changes in all forms of human activity in general, especially on malls and hospitality sector, which is the core business line of "Andalus Property". This sector has suffered from complete and partial lockdown in compliance with the instructions and precautionary measures directed by our rational government to minimize the impact of the catastrophic effects of this pandemic on our the Saudi society.

Our work teams, at all levels in all environments of our business activity, have shown utmost commitment in implementing these precautionary measures, in all stages of total or partial lockdown. Although this has greatly affected the profitability record in all business sectors of the Company, we have taken all measures to ensure business continuity, even to a minimum, despite the great challenges suffered in the past year 2020.

Nevertheless, we hope next year will, with the grace of God, be an exceptional year also, in the professional and operational performance of our Company, which will positively reflect on the growth of the Company's future profit record, God willing, thanks to the flexibility shown by the Company and its strength that enabled us to avoid the disastrous results that many other companies suffered, thanks to the efficiency and professionalism of all our employees in all their various sectors, who responded to all the actions and directives taken by the Company's management to meet this formidable challenge.

Through this annual performance report, I am pleased to shed light together on the performance of the Company and balance sheet for the year 2020, during which was dominated by many challenges, difficulties and immense change in the work environment in general. We are confident that the Company's performance will gradually recover and get back to deliver major achievements with the help of God through our continuous improvement of our future business plans in a manner that would enhance our leadership position in the Saudi market, fulfil all aspirations of our shareholders, partners and employees, and achieve our vision of sustainable growth and development.

Allah is the purveyor of success.



Mr. Hathal bin Saad Al-Otaibi
Chief Executive Officer

Statement of the CEO

Respected shareholders and partners
Despite the compelling circumstances imposed by the Corona pandemic (Covid 19) on the work environment in Alandalus Property Company, the Company's management has made diligent efforts to meet the challenges that led to the closure of work in all our businesses during a certain period of 2020, including total and partial lockdowns, in accordance with the precautionary measures imposed by our rational government to mitigate the impact of this pandemic in general.

The Company's strength, market leadership and operational efficiency have contributed to the application of best professional practices for the sustainability and continuity of performance during the most difficult times imposed by this pandemic. Thanks to Allah, through careful planning, the Company was able to be one of first of national companies operating in the same field which quickly recovered as a result of rearrangement of priorities and relentless pursuit of optimal utilization of a range of growth opportunities to enhance its leadership presence and maximize shareholder value despite all these difficulties and challenges. This success would not have been possible without the help of Allah and the constant support and guidance of the Board of Directors.

essing its capabilities to achieve excellence in the fields of safety, health and managing the Company's various work environments, while providing the best range of services in accordance with the highest standards of safety and reliability.

I would like to take this opportunity to extend my deepest thanks and gratitude to all members of the Board of Directors, our shareholders, partners and affiliates for their great support, dedication and commitment. Looking forward, we bank on their expertise and competence to move on the solid foundations we have built hand in hand throughout our achievement and development journey, seeking to enter a new era of business growth and development and making a future full of landmark achievements safely and confidently, all with the help and guidance of Allah.

Executive summary

The 2020 annual report outlines the operational and financial performance of Alandalus Company under the exceptional circumstances imposed by Corona pandemic (Covid 19) and the adverse consequences that have affected all aspects of life in the Kingdom, especially in the business sectors in which Alandalus is actively engaged through its malls and its sister companies, as a result of the repeated partial and total lockdown pursuant to government directives to prevent the spread of this pandemic in order to protect the health and safety of citizens and residents. The Company's management has followed a flexible policy to address these adverse impacts, relying on its strength, leadership and high efficiency in applying professional operating practices to mitigate such effects.

Economic impact of Corona pandemic (Covid 19)

Pursuant to the government instructions and preventive measures taken by the Kingdom to prevent the outbreak of the new Coronavirus (Covid 19) in order to preserve the health of citizens and residents, Alandalus Company announced on Tadawul website on 21/07/1441H, corresponding to 16/03/2020G, a temporary closure of all malls and commercial centers of the Company and its subsidiaries and sister companies, while supermarkets and pharmacies in those malls and centers remained open and continued working as usual.

In compliance with the Royal Decree dated 6 Ramadan 1441H, corresponding to April 29, 2020G, the commercial centers of the Company and its subsidiaries and sister companies were reopened from 9:00 am to 5:00 pm until Ramadan 20, 1441H, corresponding to May 13, 2020G, while adhering to the precautionary measures and precautions issued by the competent authorities.

Pursuant to the government directives issued on Shawwal 2, 1441H, the Company gradually reopened its malls and commercial centers; they were opened from 6:00 am to 8:00 pm, until Shawwal 28, 1441H. Indoor orders were allowed in restaurants and cafes, while adhering to the precautionary measures set by the competent authorities. However, all businesses that do not observe social distancing during the aforementioned stage, such as beauty salons, entertainment centers, cinemas, and other businesses determined by the competent authorities.

As per the government directives, life returned back to normal with no curfew as of Shawwal 29, 1441H, while complying with the preventive health instructions, social distancing and protecting the most vulnerable groups.

However, health precautions were re-tightened in Jeddah for 15 days, starting from 14 Shawwal 1441H, corresponding to 6 June 2020G, until 28 Shawwal 1441H, based on the health assessment submitted by the health authorities after considering the epidemiological status in this region. As a result, the working hours at Alandalus Mall and Al-Marwa Plaza Center were amended to be during the amended no-curfew period in Jeddah, i.e. from 6:00 am to 3:00 pm, until the end of Saturday, 28 Shawwal 1441H, corresponding to 20 June 2020G, while indoor orders in restaurants and cafes in the aforementioned centers during this stage were suspended, provided that precautionary measures set by the competent authorities are complied with.

A government statement was issued on June 20, 2020, which lifted the curfew completely in all regions and cities of the Kingdom and allowed the return of all economic and commercial activities, taking into account the other instructions contained therein.

Alandalus Property Company announced full opening of all the malls and commercial centers of the Company and its subsidiary and sister companies with normal working hours, and the return of all business activities therein, including beauty salons, entertainment centers, cinemas and other activities that were suspended in order to preserve public safety, provided that all instructions contained in the aforementioned government statement, are complied with, including all approved preventive protocols.

Strategic objectives



To acquire in whole or in part other similar existing projects with outstanding performance, or which the Company's management believes that such action will enable them to reach an outstanding performance.



To build strategic partnerships with other investors to execute projects in the fields in which the Company is actively engaged.



To continuously improve the operational performance, develop, manage and lease the Company's malls, to achieve the highest occupancy levels and the optimal mix of tenants therein.



To develop new commercial center projects, hospitality and office sector projects, in addition to multi-use projects.

Company Achievements 2020

01

Qbic Plaza in Riyadh acquired. Qbic Plaza is wholly owned by AlAhli REIT Fund (1) in which the Company owns a stake of 68.73%.



02

A plot of land adjacent to Alandalus Mall sold to AlAhli REIT Fund (1). The fund will use the plot to expand Alandalus Mall



03

The investor relations platform application was launched in cooperation with Saudi Arqam.




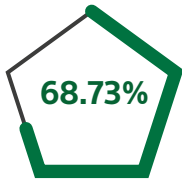

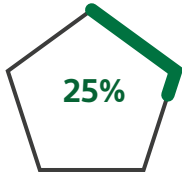


04

Alandalus Mall won the entertainment event innovation award for live shows and events presented by Stevie MENA



Existing projects


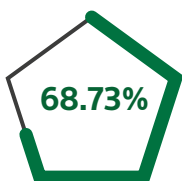
Retail real estate sector
Malls

 Jeddah	 68.73%	Alandalus Mall Located in Jeddah, Alandalus mall is fully owned by AlAhli REIT Fund (1), in which the Company's owns a stake of 68.73%.
 Riyadh	 25%	Hayat Mall Located in Riyadh, Hayat mall is fully owned by Hayat Real Estate Company, in which Alandalus Property Company owns a stake of 25%.
 Dammam	 50%	Dareen Mall Located in Dammam, Dareen Mall is wholly owned by the Advanced Markets Company, in which Alandalus Property Company owns a stake of 50%.


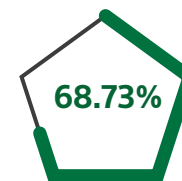

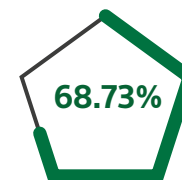
Strip shopping centers

01 Al-Sahafa Center Al-Sahafa District - Riyadh	02 Tilal Center Al-Malqa district - Riyadh	03 Yarmouk Center Yarmouk district, Riyadh	04 Al-Marwa Center Al-Marwah district, Jeddah
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Hospitality sector

 Jeddah	 68.73%	Alandalus Mall Hotel The hotel is fully owned by AlAhli REIT Fund (1), in which the Company owns a stake of 68.73%.
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Office sector

 Jeddah	 68.73%	Salama Office Tower The tower is fully owned by AlAhli REIT Fund (1), in which the Company owns a stake of 68.73%.
 Riyadh	 68.73%	Qbic Plaza The plaza is fully owned by AlAhli REIT Fund (1), in which the Company owns a stake of 68.73%.

Future Projects

The Company adopts a smart strategy to finance future projects using multiple project financing models after studying each investment opportunity separately and setting up its financing structure focussing on achieving the highest return to the Company's shareholders.

1. A hospital project in partnership with Dr. Sulaiman Al-Habib Medical Services Holding Group, King Abdul Aziz Square, King Abdullah Road and Prince Majed Road intersection, Jeddah, on an area of 21,415.35 square meters, which is scheduled to become operational in 2023G.
2. Al-Asala district project (Al-Jawhara Al-Kubra) to establish a commercial center on a total area of 124,880 sq.m in Al-Asala district, near Al-Jawhara Stadium, in Jeddah, which is scheduled to become operational in 2022G

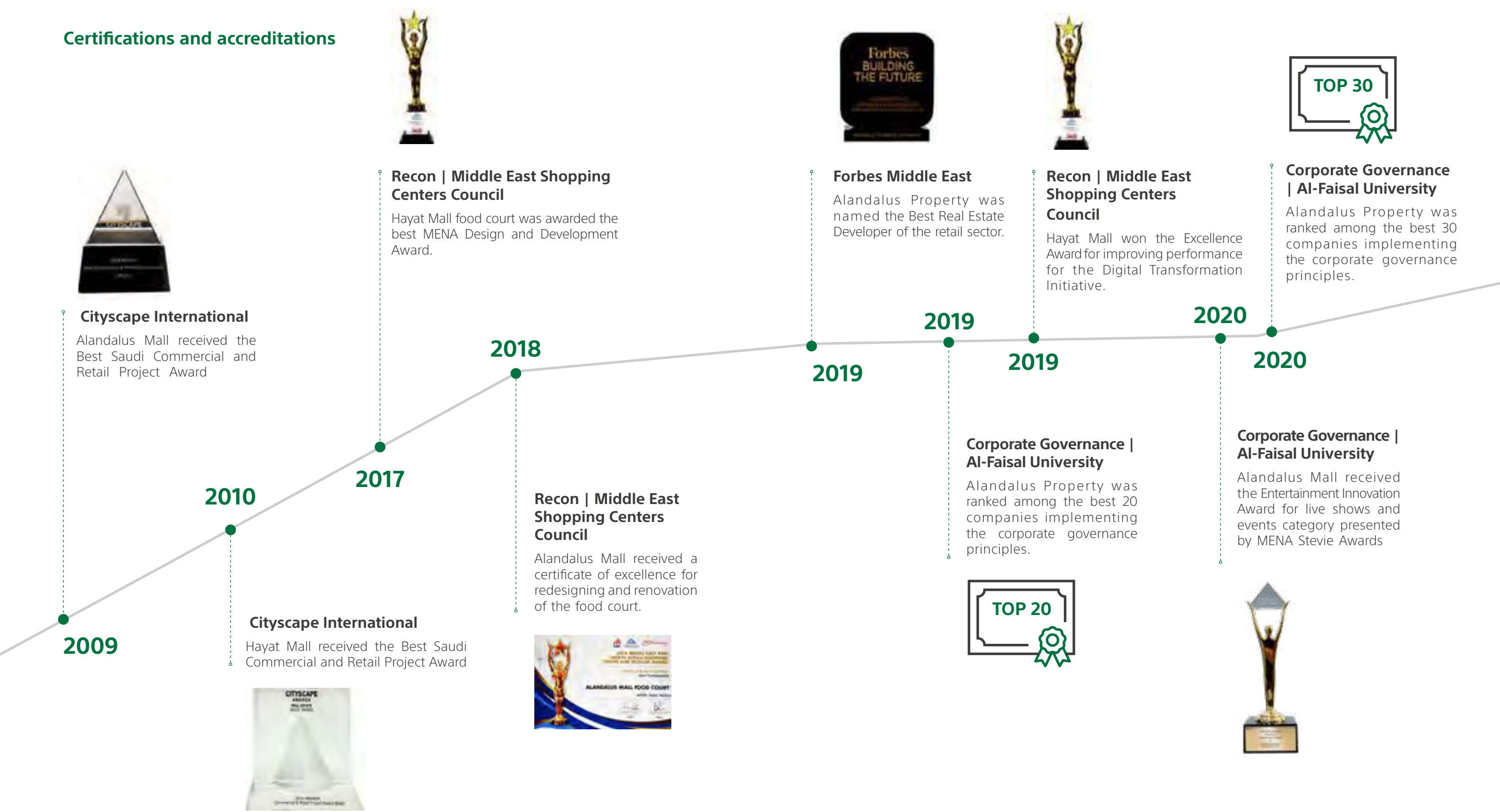
Jeddah

Hospital Project
21.415.35 m²

Al-Jawhara Al-Kubra Project
124.880 m²



Certifications and accreditations





• About the Company

- Establishment
- Key Objectives
- Business and investments
- Vision, Mission and Values
- Board of Directors
- Organizational structure



Establishment of the Company

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

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

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

At the Shareholders Extraordinary General Meeting of 19/05/1436H (corresponding to 10/03/2015), the shareholders decided to increase the Company's capital from three hundred and forty-three million (343,000,000) Saudi Riyals to seven hundred million (700,000,000) Saudi Riyals, divided into seventy million (70,000,000) ordinary shares. The capital increase, being three hundred and fifty seven million (357,000,000) Saudi Riyals, was covered from the retained earnings.

In December 2015, upon the approval of the Capital Market Authority, the Company offered 30% of its shares for public subscription. The number of offered shares was twenty one million (21,000,000) ordinary shares, with a fully paid nominal value of ten (10) Saudi Riyals per share.

The current capital of the Company is seven hundred million (700,000,000) Saudi Riyals, divided into seventy million (70,000,000) ordinary shares, with a nominal value of ten (10) Saudi Riyals per share.

Key Objectives of the Company

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

- 1. Establishing, owning and managing malls, commercial centers and residential compounds.
- 2. General contracting for residential and commercial buildings, educational, recreational and health facilities, roads, dams, water and sanitation projects, and electrical and mechanical works.
- 3. Maintaining and operating real estate facilities and commercial buildings.
- 4. Owning, developing and investing lands and real estate properties for the Company's benefit within the limits of its objectives.
- 5. Establishing, owning, investing, maintaining and operating medical centers, hotels, tourist and recreational centers and complexes.
- 6. Importing materials, devices, furniture, tools and equipment for use in the Company's projects.
- 7. Investing the Company's funds in stocks and other securities subject to the legal and regulatory controls. The Company starts conducting its activities after obtaining the necessary licenses from the competent authorities, if any.

Business and investments

01 Retail Properties



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

Malls

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

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

Strip Shopping Centers

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

02 Hospitality



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

03 Offices



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

Qbic Plaza which is wholly owned by Al Ahli REIT (1), of which the Company owns 68.73%.

Vision, Mission and Values

Vision

Our vision is to become the most important and prominent real estate developer specialized in constructing landmark projects, iconic destinations and developments by leading the transformation process, including destinations focused on shopping and practicing business, in addition to destinations that enhance interaction and communication between people in the Kingdom of Saudi Arabia

Mission

Develop and operate a set of unique and distinctive destinations that will enhance the interaction of guests, clients and members of society through experiences that will solidify their loyalty, increase footfall and achieve sustainable value, which will ultimately achieve unparalleled growth.

Values

The Company adopts the following corporate values through which it seeks to achieve its goals:

01

Ambition

02

Passion

03

Determination

04

Confidence

05

Engagement

Members of the Board of Directors



Mr. Abdulssalam bin Abdulrahman Al-Aqeel

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



Eng. Saleh bin Mohammad Al-Habib

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



Dr. Abdulrahman bin Mohammed Al-Barrak

Chairman of the Audit Committee
Member of the Board of Directors



Dr. Sulaiman bin Ali Al-Hudhaif

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



Mr. Ahmed bin Abdulrahman Al-Mousa

Member of the Board of Directors
Member of the Executive Committee



Mr. Mohammed bin Abdul Mohsen Al-Zakari

Member of the Board of Directors
Member of the Executive Committee



Mr. Nasser bin Sharaf Al-Sharif

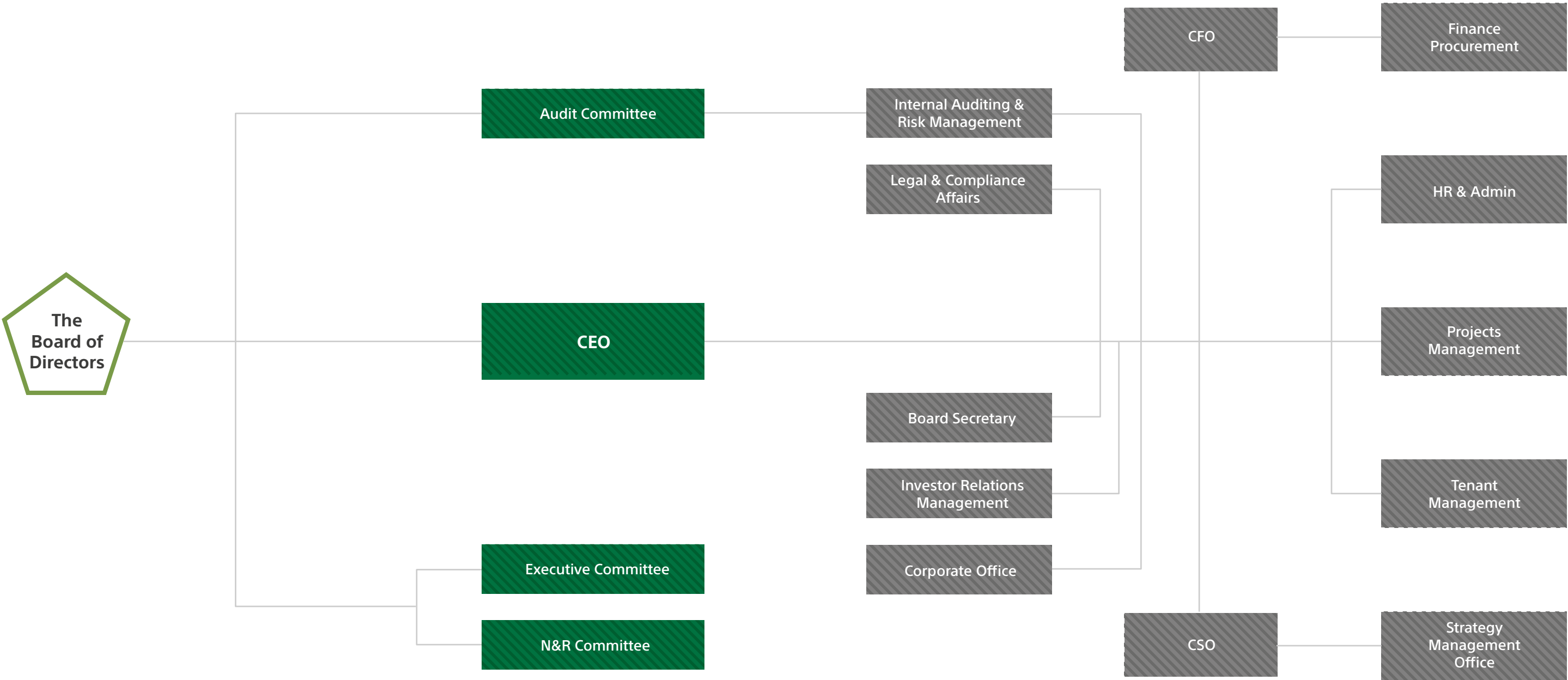
Member of the Board of Directors



Mr. Hathal bin Saad Al-Otaibi

Member of the Board of Directors
Chief Executive Officer

Organizational Structure





Business sectors

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



First: Retail real estate sector

1. Malls
2. Strip malls



Second: Hospitality

1. Alandalus Mall Hotel



Third: Offices

1. Salamah Office Tower
2. Qbic Plaza



First: Retail Real Estate

1. Malls



1.1 Alandalus Mall

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

Alandalus Mall includes 445 retails shops occupied by 434 tenants, with a total rental area of 94,405 sq.m, split into two floors. The mall is wholly owned by AlAhli REIT Fund (1), of which the Company owns 68.73%.

The leasing concept of Alandalus Mall is distinguished by diversification with tenant mix including a range of reputable international brands, such as H&M, Mothercare, Guess, Foot Locker, Paris Gallery, Center Point, American Eagle, Austin Red, Kiabi, and many other renowned brands, in addition to a luxurious restaurant area that includes the best restaurants in Jeddah, such as La Casa Pasta, AlBaik, McDonald's, and an entertainment area designed for different age categories.

In addition, Empire Cinemas halls were opened

with 15 different screens, VIP and children sections.

One of the most prominent achievements of Alandalus Mall was achieving high occupancy rate of 96%. Recent statistics indicate that the number of visitors to the mall exceeded 6 million in 2020.

This increase in the number of visitors was mainly driven by the precautionary measures taken to control the spread of the new Corona virus..

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

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

Alandalus Mall events 2020

In 2020, an entertainment calendar for Alandalus Mall Festival was launched, which includes more than 19 events performed by international and local teams:

- Aquarium event was held for one week in which an international choir attended. The event was well organized and covered by media coverage while observing the precautionary measures set.
- Lifestyle shows, two days.
- Global Fire & Laser event, two days.
- Popular folklore and Suleiman Al-Hussaini shows, for two days.
- Art Street event, three days
- Lute and Guitar band and Ahmad Al-Alawi band, two days
- International Bubble Show event, three days
- Illusion shows and Amin Band shows, three days
- Saudi National Day
- Circus, two days

Project Highlights



city
Jeddah



Total area of
148,481sqm



445
retail shops



434
tenants



Leased area of
94,405 sqm



Fully owned by
AlAhli REIT Fund
(1),



68.73%
owned by the
Company



6 million
visitors



5,575 sqm
cinema space

1.2 Hayat Mall

Hayat Mall is located in Riyadh on King Abdul Aziz Road, with a total area of 226,108 square meters (buildings and parking lots). It includes 551 retail shops occupied by 540 tenants, with a leasable area of 89,712 square meters. Hayat Mall is distinguished by its strategic location on King Abdul Aziz Road and diversified mix of anchor tenants such as Jarir Bookstore, Swarovski, Victoria Secret, Marks and Spencer, Virgin, Powell Café, Miniplus Entertainment City, and many leading brands, in addition to the newly developed restaurant area, due to which the center won the Excellence and Development Award presented by RECON MENA 2017, which includes many distinguished names such as: Applebee's, Copper Chandni, Ushal Restaurant, and Steak & Shake Restaurant.

Hayat Mall Center is owned by Hayat Real Estate Company of which Alanddalous Property owns a stake of 25%.

Hayat Mall has maintained high operational levels, with high occupancy rates of 96%, and the number of visitors exceeded 6.5 million visitors in 2020.



Hayat Mall events 2020

Hayat Mall actively participated in marketing events and held many shows, including:

- Exchange Your bill campaign
- Arabic Language International Day
- The Mall was equipped to combat Corona pandemic
- Saudi National Day

Project Highlights



Located in the city of Riyadh



Total area 226,108 sqm.



Retail shops 551



Tenants 540



Leased area 89,712 sqm



Owned by Hayat Real Estate Company



Alandalous Property's ownership 25%



6.5 million visitors



1.3 Dareen Mall

Dareen Mall was opened in 2009. It is strategically located on Dammam Corniche with a total area of 99,960 sqm, including built up area of 61,326 sqm and parking lots of 38,634 sqm. The land area is 59,050.79 sqm. The Mall is equally owned by the Advanced Markets Company and Alandalus Property.

Dareen Mall comprises 183 stores occupied by 160 tenants, with a rental area of 42,642 sqm which is divided into two floors:

- Supermarket, entertainment centers, anchor tenants, small retail shops, gaming area and restaurants overlooking the sea.

- Renowned brands: Hyper Panda, Mango, Mothercare, Cinema, Saco, Sparkies, and many others.

Dareen Mall witnessed a great demand with an occupancy rate 94% and over 2.5 million visitors in 2020G.

Project Highlights

Dareen Mall events 2020

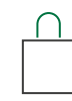
- National Day Celebration



Dammam
city



Total area
99,960 sqm



Retails shops
183



Tenants
160



Leased area
42,642 sqm



Owned by
Advanced Markets
Company



50%
owned by
the Company



2.5 million
visitors

First: Retail Properties

2. Strip shopping centers



2.1 Sahafa Center

Project Highlights

Built on a land leased by the Company, Sahafa Center is located on King Abdulaziz Road intersection with Prince Nasser Bin Saud Street, Sahafa District, northern Riyadh, with a total area of 12,395 sqm (built up area and parking lots).

Development of Sahafa Center was completed in quarter 4, 2014G and became operational in quarter 1, 2015G. The strategic location of Sahafa Center in Riyadh, which is surrounded by highly populated area with a large number of service firms, was taken into account in its concept design to keep pace with the urban development within the area.

Sahafa Center includes 27 commercial units occupied by 17 tenants. Rental units in the center vary between show rooms and business offices. Farm Superstores occupy one of the most prominent show rooms in the center, in addition to many other brands such as Dr. Café, Khobz wa Nawashif, Abdul Samad Al Qurashi. Sahafa Center achieved an occupancy rate of 91% in 2020.



Riyadh
city



Total area
12,395 sqm



Retails shops
27



Tenants
12



Operation
rate **91%**



Leased area
7,007 sqm



2.1 Tilal Center

Project Highlights

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

Tilal Center is located on Anas Bin Malik Road, northern Riyadh, with a total area of 9,021 sqm (built up area and parking lots). It comprises 21 commercial units occupied by 15 tenants, divided into three types: hypermarkets, "Danube" markets, main tenants, and other shops, such as: Starbucks and Whites Pharmacies, and Elite Oud.

Tilal Center achieved high occupancy rates of 100% in 2020.



Riyadh
city



Total area
9,021 sqm



Shops
21



Tenants
15



Operation
rate **100%**



Leased area
5,072 sqm

2.3 Yarmouk Center


Project Highlights

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


Yarmouk Center is located in Yarmouk district on Dammam road, northeast of Riyadh, on a land leased by the Company, with a total area of 10,822 sqm (built up and parking lots). Development was completed in quarter 4, 2014, and the center became operational in quarter 2, 2015.

Yarmouk Center comprises 27 commercial units occupied by 15 tenants of three types: hypermarkets ("Panda"), main tenants, and other small stores. There are many other brands besides Panda, such as Baskin Robbins, Saadeddin Sweets, and Al Tazaj Restaurant.


Yarmouk Center achieved an occupancy rate of 84% in 2020.




Riyadh city




Total area
10,822 sqm




Stores
27



Tenants
15



Leased area
5,475 sqm



Operation rate
84%




4.2 Al-Marwa Center

Project Highlights


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

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


Al-Marwa Center achieved 92% occupancy rate for the stores in 2020.




Jeddah city




Total area
17,030 sqm




Stores
42




27 offices



Leased area
9,752 sqm



Operation rate
94%



Commercial units
71





Second: Alandalus Hotel - Jeddah

Alandalus Hotel - Jeddah

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

The hotel tower was opened and became operational in quarter 2, 2017.

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



Jeddah - King Abdullah
Road and Prince Majed
Road



Total area
28,255 sqm



AlAhli REIT
Fund (1)



Operation rate
68.73%



164
suites



recreational
facilities



international
restaurants



Third:
Offices

Salama Office Tower

Salama Tower is uniquely located in Salama district on Madinah Road, close to Hira'a Street intersection.

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

Salama Tower is owned by AIAhli REIT Fund (1) of which the Company owns a stake of 68.73%.



Jeddah
city



Purchase value
SR 255 million



Lease period
5 years



Built up area
58,919.3 sqm



Leased area
31,420 sqm



Land area
7,682 sqm



Qbic Plaza - Riyadh

Qbic Plaza is uniquely located in Al-Ghadeer district, Riyadh, King Abdulaziz Road, near the Northern Ring Road intersection, about 2 km from King Abdullah Financial District and 20 km from King Khalid International Airport. The Plaza consists of a modern mixed-use office complex accommodating three interconnected and integrated buildings, and is fully leased to the Ministry of Housing.

Qbic Plaza is wholly owned by the AIAhli REIT Fund (1).



Riyadh
city



Purchase value
SR 250 million



Lease period
**3 years,
renewable for
another 3 years**



Built up area
42,145.31 sqm



Leased area
21,253 sqm



Land area
17,444 sqm

Investment in affiliates and sister companies

Affiliates and subsidiaries

The Company's percentage ownership in Manafea Alandalus Company and AlAhli REIT Fund (1) and its :main business activity as of December 31, 2020

Investment	Core Business	Fund size and capital	Country of incorporation	Company Ownership %
Manafea Alandalus Company	Manage and lease owned or leased properties (residential), manage and lease owned or leased properties (non-residential) in return for commission, develop and invest in real estate assets for the Company's account.	500,000	Saudi Arabia	70%
AlAhli REIT Fund 1	Investing mainly in developed income generating real estate assets	1,350,000,000	Saudi Arabia	68.73%

Sister Companies

Alandalus Company's investments include owning stakes in a number of sister companies, in which the Company owns 25% - 50% of their capital, as of December 31, 2020:

Name of sister company	Core Business	Capital	Country of incorporation	Company Ownership %
Alaswaq Almotatawerah Company	General construction of residential buildings, operating immovable cinemas, buy, sell and divide lands and real estate, off-plan selling, manage and lease owned or leased properties (residential), manage and lease of owned or leased properties (non-residential), manage real estate activities in return for commission	25,000,000	Saudi Arabia	50%
Western Jeddah Hospital Company	Healthcare and recovery	500,000	Saudi Arabia	50%
Hayat Real Estate Company	General construction of residential buildings, general constructions of non-residential buildings, including (schools, hospitals, hotels... etc.), renovation of residential and non-residential buildings, management and leasing of owned or leased properties (residential), management and leasing of owned or leased properties (non-residential)	5,000,000	Saudi Arabia	25%
Sorouh Al-Markaz Company	Buying, selling and dividing lands and real estate properties, off-plan sale activities, managing and leasing owned or leased properties (residential), managing and leasing owned or leased properties (non-residential), managing operating hotel apartments, brokerage activities (brokerage offices), real estate management in return for commission.	500,000	Saudi Arabia	25%
Al-Jawhara Al-Kubra Real Estate Development and Investment Company	General construction of residential buildings, general constructions of non-residential buildings, including (schools, hospitals, hotels ... etc.), buying, selling and dividing lands and real estates, off-plan sales activities, management and leasing of owned or leased properties (residential), management and leasing of owned or leased (non-residential).	500,000	السعودية	25%

Future projects

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

The project is located on King Abdul Aziz Square, at King Abdullah Road intersection with Prince Majed Road in Jeddah, adjacent to Alandalus Mall and Alandalus Mall Hotel. It is designed to build an integrated hospital to provide health care under the name of Dr. Suleiman Al Habib Hospital and is currently under construction. According the latest report received from the developer partner (Dr. Sulaiman Al Habib Medical Services Group), the project construction is expected to be completed in quarter 3, 2023, and accordingly, the project will commence operation in quarter 4 of the same year. The total estimated cost of the project according to the latest report received from the developer partner is SR 1.6 billion. The project completion rate as of the date of this report is 15%. The project will be funded mainly by bank loans in addition to partners' own resources.

This project is fully owned by West Jeddah Hospital Company, of which Alandalus Property owns 50%.





Second: AlJawhara AlKobra Project

The project is located in Asala district in Jeddah near Al-Jawhara Stadium (King Abdullah Sports City), on a total land area of 124,880 square meters. The project is designed to establish a commercial center in partnership with the other owners of the land.

The landowners established the project company (Al-Jawhara Al-Kubra Company), of which Alandalus Property Company owns 25%. The title deed of the project land has been transferred to the project company (Al-Jawhara Al-Kubra Company for Real Estate Development and Investment), ownership of which according to its amended articles of association is distributed as follows:

- Alandalus Property Company 25%.
- Jarir Commercial Development Company 42%
- Developing partner, Mohammad Abdulaziz Al-Habib and Partners Real Estate Investment Company (related parties) 33%.

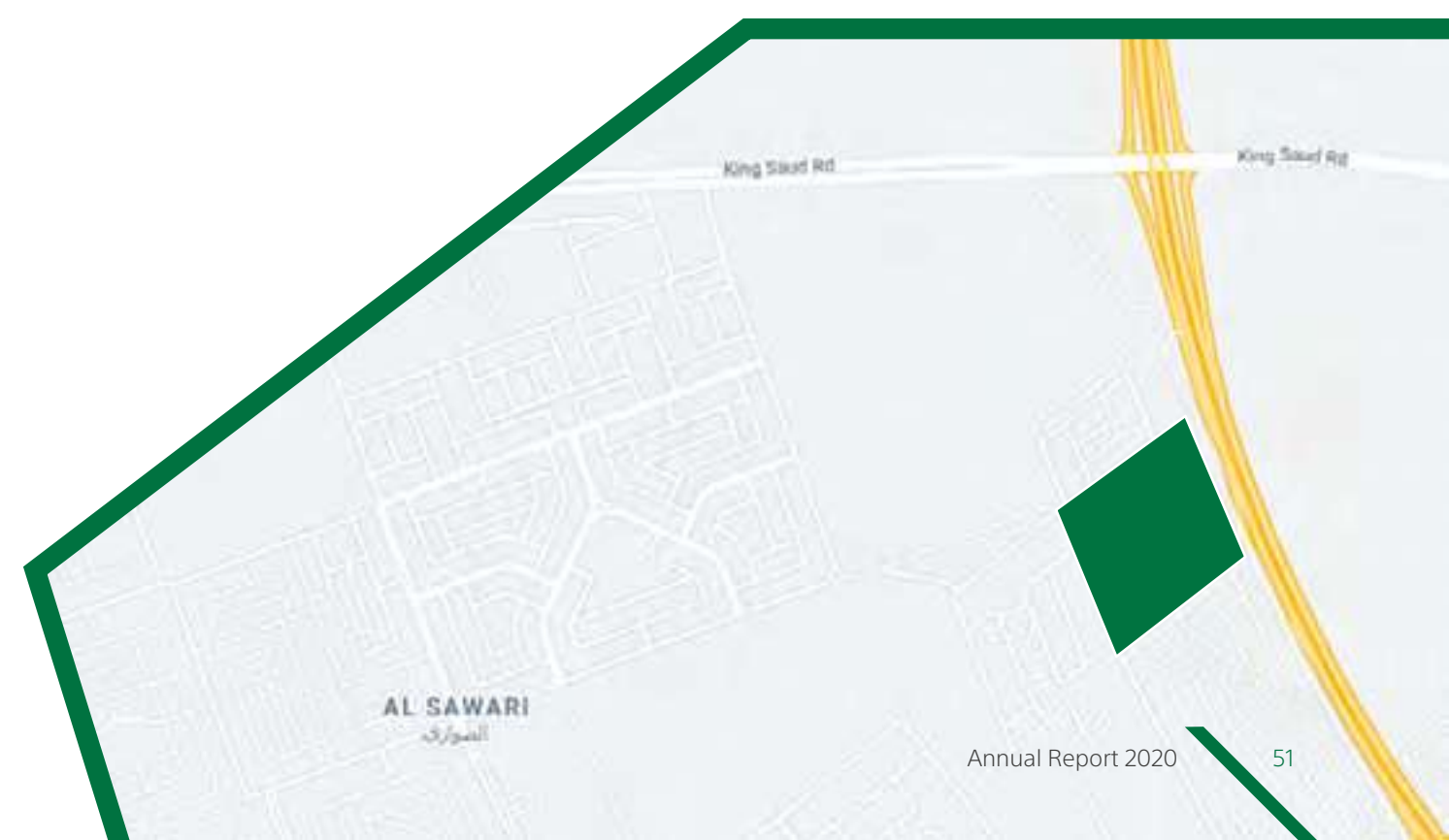
According to the latest report received from the developer partner, the completion rate is 22%, and the project construction it is expected to be completed in quarter 2, 2022, God willing. Accordingly, the project will become operational in quarter 3, 2022.

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

Third: Al-Sawari District Land Project, Jeddah

The Company owns 25% of the land located in Jeddah, Al-Sawari district, Al-Madina Road, with an area of 130,477 square meters, which was designated for the establishment of a commercial center (Panorama Jeddah Mall) through Soroush Al-Marakez Company, which was established by the land co-owners to own the project.

Upon an agreement with the other partners, Alandalus Property Company decided on 04/11/2018 to abandon this joint project based on a revised feasibility study of project. Considering the interest of the partners, the board of directors of Soroush Al-Markaz Company was assigned to determine the best investment use of the land, taking into account the location and characteristics of the land. However, the land title has not yet been transferred to Soroush Al-Markaz Company. The partners (related parties) still hold direct ownership of their shares in the land.



Corporate Communication

Human Capital

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

The Company's programs and courses cover all staff levels and are administered and coordinated by the Human Resources Department, in terms of the duration and conditions of the programs and courses based on the needs of employees and their different fields, as follows:

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

As part of the Company's commitment to its employees as the primary development tool and the cornerstone for performance improvement and enhancement at various levels, the Company held its annual party for this year in the presence of all employees.

Moreover, the Company paid great attention to the health of its employees and therefore contracted with major insurance companies in the Kingdom to provide superior healthcare to employees and their families.



Saudization and employment

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

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

The following is a statement of the number of employees in the Company and the Saudization ratio as of December 31, 2020:

Total Employees	Saudis	Non-Saudis	Saudization ratio	Range
77	34	43	44.87%	Medium green

Social Responsibility

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

In 2020, Alandalus Property Company hosted, through its commercial centers, many different social and humanitarian activities, in demonstration of its role in the society, the most prominent of which were:

- Children Festival in cooperation with the Ministry of Education.
- Ain Al-Rifq campaign in cooperation with the Ministry of Environment, Water and Agriculture.
- International Day of the Deaf in cooperation with a hearing impairment association.
- International Day for People with Disabilities, in cooperation with the Ministry of Health.
- International Volunteer Day (Ministry of Human Resources and Social Development)
- World Prematurity Day, in cooperation with the Saudi Neonatology Society.
- Gulf Cancer Awareness Week, in cooperation with King Fahd Medical City.
- International Volunteer Day, in cooperation with the Ministry of Human Resources and Social Development.
- Gulf Children Day, in cooperation with King Saud University.
- Science Exploration Campaign, in cooperation with King Saud University.
- Non-prescription drugs campaign, in cooperation with King Saud University.
- Ear Health Campaign, in cooperation with King Saud University.



Transactions with related parties

A- Description of transactions between the Company and related parties:

Related party	Relationship with the Company	Type o transaction	Duration	Value
AlAhli REIT Fund 1	Affiliate	Selling land plot No. (B/3) adjacent to Alandalus Mall	The transactions was signed on 26/10/2020. Title was transferred on 10/11/2020.	SR 43,510,500

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

#	Business or Contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2020)
1.	Management, operation and leasing services contract in respect of Hayat Mall in Riyadh, which is signed between the Company and Hayat Real Estate Company.	Hayat Real Estate Company, a sister company in which the Company owns 25% of its shares. The vice chairman of the board of directors, Eng. Saleh Al Habib, and Mr. Hathal Al-Otaibi, member of the Board of Directors, has indirect interest in the contract as they are members of the Board of Directors of Hayat Real Estate Company	Under the contract, Alandalus Property Company manages, operates and leases the Company's commercial center in Riyadh, "Hayat Mall", in return for the fees specified in the contract	01/01/2020 - 31/12/2021	Specific percentage of the Mall's total income and the amounts collected from tenants. The total amounts due to Alandalus Property Company in 2020 for management, operation and leasing services was SR 4,501,418
2	Transaction between Alandalus Property Company and Hayat Real Estate Company (sister Company).	Hayat Real Estate Company, a sister company in which the Company owns 25% of its shares. The vice-chairman of the Board, Eng. Saleh Al Habib, and the Board member, Mr. Hathal Al-Otaibi, have interest in the transactions as they are members of the Board of Directors of Hayat Real Estate Company.	Alandalus Property Company charges Hayat Real Estate Company a respective share of the general direct and administrative expenses	Five gregorian years starting from 2/8/2020	The total amounts charged to Hayat Real Estate Company during the fiscal year 2020 was SR 16,916,839
3	Lease contract for a real estate unit in Alandalus Mall, entered with Imtiaz Al Arabia Co. in which the Chairman of the Board, Mr. Abdul Salam Al-Aqeel, is the Chairman of the Board of Directors.	Emtiaz Al Arabia Company	A contract under which Imtiaz Al Arabia Company Ltd. leases an area of 83 sqm. in Alandalus Mall	Five years from 01/03/2015 to 28/02/2021. The contract is renewable by written agreement.	166,000
4	Lease contract for a real estate unit in Alandalus Mall, entered with Imtiaz Al Arabia Co. in which the Chairman of the Board, Mr. Abdul Salam Al-Aqeel, is the Chairman of the Board of Directors	Emtiaz Al Arabia Company.	A contract under which Imtiaz Al Arabia Company Ltd. leases an area of 105 sqm. in Alandalus Mall.	Five years from 01/11/2015 to 31/10/2021. The contract is renewable by written agreement.	273,000

#	Business or Contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2020)
5	Lease contract for a real estate unit in Alandalus Mall, entered with Imtiaz Al Arabia Co. in which the Chairman of the Board, Mr. Abdul Salam Al-Aqeel, is the Chairman of the Board	Emtiaz Al Arabia Company.	A contract under which Imtiaz Al Arabia Company Ltd. leases an area of 109 sqm. in Alandalus Mall.	Five years from 01/02/2016 to 31/01/2021. The contract is renewable by written agreement.	218,000
6	Lease contract for a real estate unit in Alandalus Mall, entered with Imtiaz Al Arabia Co. in which the Chairman of the Board, Mr. Abdul Salam Al-Aqeel, is the Chairman of the Board	Emtiaz Al Arabia Company.	A contract under which Imtiaz Al Arabia Company Ltd. leases an area of 218 sqm. in Alandalus Mall.	Five years from 15/04/2015 to 14/04/2021. The contract is renewable by written agreement.	436,000
7	Lease contract for a real estate unit in Alandalus Mall, entered with Imtiaz Al Arabia Co. in which the Chairman of the Board, Mr. Abdul Salam Al-Aqeel, is the Chairman of the Board.	Emtiaz Al Arabia Company.	A contract under which Imtiaz Al Arabia Company Ltd. leases an area of 321 sqm. in Alandalus Mall.	Five years from 15/01/2015 to 14/01/2021. The contract is renewable by written agreement.	481,500
8	Lease contract for an area at the Company's headquarters entered into with Global Health Care Co. in which Eng. Saleh bin Mohammad Al Habib (Vice Chairman) is a Board member.	Global Health Care Co.	A Contract under which the Global Health Care Co. leases an area of 666 sqm at the Company's head office building	The contract has been extended for six months ending on 30/06/2020	525,000
9	Lease contract for an area at the Company's headquarters entered into with Global Health Care Co. in which Eng. Saleh bin Mohammad Al Habib (Vice Chairman) is a Board member.	Global Health Care Co.	A Contract under which the Global Health Care Co. leases an area of 600 sqm at the Company's head office building	The contract has been extended for six months ending on 30/06/2020	450,266

#	Business or Contract	Related Party	Subject-matter of contract/ work	Duration of contract/ work	Annual amount in SR (during FY 2020)
10	Lease contract for an area at the Company's headquarters entered into with National Distribution Company, in which Eng. Saleh bin Mohammad Al Habib (Vice Chairman) is a Board member.	National Distribution Company	National Distribution Company rents an area of 74 sqm on the 2nd floor of the Company's head office building	The Contract has been extended for six months ending on 30/06/2020	51,500
11	Lease contract for a real estate unit at Alandalus Mall, which is owned by the Company, entered into with Global Health and Beauty Co. in which Eng. Saleh bin Mohammad Al Habib (Vice Chairman) is a Board member	Global Health and Beauty Co.	A contract under which Global Health and Beauty Co. rents an area of 206 sqm in Alandalus Mall	4 years from 01/05/2017 to 04/04/2021. The contract is renewable only by written agreement.	515,000
12	Lease contract for a real estate unit in Tilal Center, which is owned by the Company, entered into with International Pharmacies Company, in which Eng Saleh bin Mohammad Al Habib (Vice Chairman) is a board member	International Pharmacies Co.	Beauty Pharmacy Company rents units with a total area of 350 square meters to be used as a pharmacy under the brand name "Whites" at Tilal Center in Riyadh	Three years from 01/04/2017 to 31/03/22020, renewable only by written agreement	385,000
13	Lease contract for a real estate unit at the Company's Sahafa Center, signed with 4th Beauty Pharmacy Trading Company, in which Eng Saleh bin Mohammad Al Habib (Vice Chairman) acts as a member of the Board of Managers	4th Beauty Pharmacy Trading Co.	4th Beauty Pharmacy Trading Company rents units at Sahafa Center in Riyadh with an area of of 249.3 sqm to be used also as a pharmacy under the brand name "Whites"	One year from 18/12/2014 to 17/12/2019, renewable only by written agreement	200,000

Financial results and business data:

- Income statement
- Revenue Analysis
- المعايير المحاسبية
- تسهيلات التورق الإسلامي
- المدفوعات النظامية
- مخصصات الموظفين

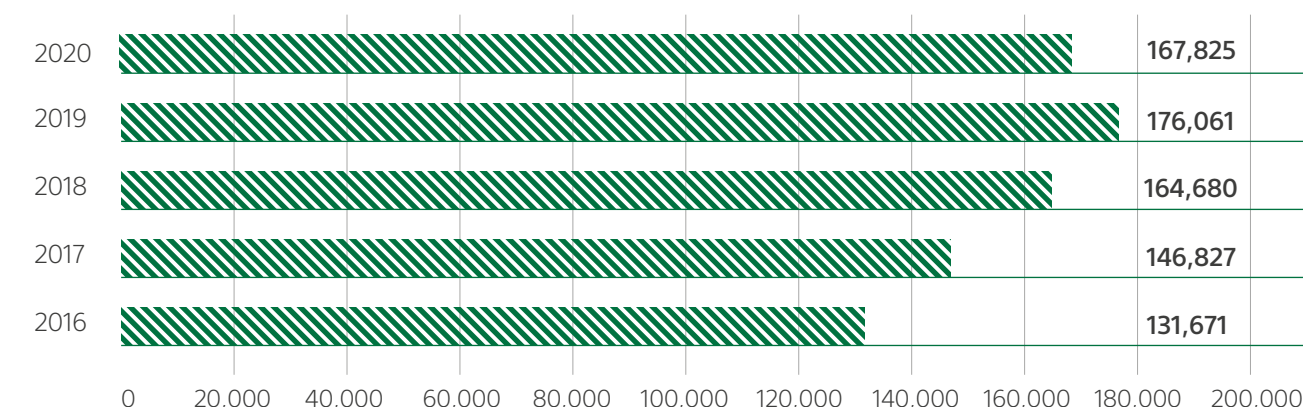
Financial results and business data:

Income statement

The following table sets out the Company's actual income statements for the years: 2016, 2017, 2018 2019 and 2020:

SR 000'	2016	2017 (consolidated)	2018 (consolidated)	2019 (consolidated)	2020 (consolidated)
Revenues	131,671	146,827	164,680	176,061	167,825
Cost of revenues	(49,711)	(66,677)	(70,995)	(73,659)	(72,170)
Gross profit	81,960	80,150	93,685	102,402	95,655
General and administrative expenses	(11,401)	(12,735)	(31,786)	(33,044)	(39,444)
Selling and marketing expenses	(1,265)	(931)	(1,785)	(2,423)	(2,118)
Company's share of profit from associate companies	29,448	38,848	33,260	37,020	26,148
Decrease in rental receivables from operating leases	-	(1,621)	(5,068)	(5,607)	(1,000)
Loss due to impairment of properties, equipment, and investment properties	-	-	(6,014)	-	(31,829)
Other income	1,113	856	4,258	5,846	919
Operating income	99,855	104,567	86,550	104,194	48,331
Interest expense on lease liabilities	-	-	-	(11,735)	(12,548)
Gains on investment properties transferred to associate companies	-	22,945	-	-	-
Cost of Islamic Tawarruq Financing	(6,315)	(7,019)	(4,004)	(4,470)	(12,673)
Profit before zakat	93,540	120,493	82,546	87,989	23,110
Zakat	(1,717)	(2,103)	(13,584)	(4,435)	(6,120)
Profit for the year	91,823	118,390	68,962	83,554	16,990
Return on:					
Company owners	-	118,390	47,972	64,821	14,341
Non-controlling interests	-	-	20,990	18,733	2,649
Other comprehensive income:					
Re-measurement of end-of-service benefits – specific benefit obligations	(24)	(215)	24	(254)	(244)
Total comprehensive income	91,799	118,175	68,986	83,300	16,746
Return on:					
Company owners	-	118,175	47,996	64,567	14,097
Non Controlling Interest	-	-	20,990	18,733	2,649
	91,799	118,175	68,986	83,300	16,746
Earnings per share					
Basic and diluted earnings per share from net profit for the year	1.31	1.69	0.69	0.93	0.20

Leasing revenues (SR 000')



The following table shows the changes in operating results between 2019 and 2020:

SR 000'	2019 (consolidated)	2020 (consolidated)	Change	% change
Revenues	176,061	167,825	(8,236)	-5%
Cost of revenues	(73,659)	(72,170)	1,489	-2%
Gross profit	102,402	95,655	(6,747)	-7%
General and administrative expenses	(33,044)	(39,444)	(6,400)	19%
Selling and marketing expenses	(2,423)	(2,118)	305	-13%
Company's share of profit from associate companies	37,020	26,148	(10,872)	-29%
Decrease in rental receivables from operating leases	(5,607)	(1,000)	4,607	-82%
Loss due to impairment of properties, equipment, and investment properties	-	(31,829)	(31,829)	100%
Other income	5,846	919	(4,927)	-84%
Operating income	104,194	48,331	(55,863)	-54%
Interest expense on lease liabilities	(11,735)	(12,548)	(813)	7%
Cost of Islamic Tawarruq Financing	(4,470)	(12,673)	(8,203)	184%
Profit before Zakat	87,989	23,110	(64,879)	-74%
Zakat	(4,435)	(6,120)	(1,685)	38%
Profit for the year	83,554	16,990	(66,564)	-80%
Return on:				
Company owners	64,821	14,341	(50,480)	-78%
Non-controlling interests	18,733	2,649	(16,084)	-86%
Other comprehensive income:				
Re-measurement of end-of-service benefits	(254)	(244)	10	-4%
Comprehensive income	83,300	16,746	(66,554)	-80%
Return on				
Company owners	64,567	14,097	(50,470)	-78%
Non-controlling interests	18,733	2,649	(16,084)	-86%

Revenue Analysis

By Company's activities:

	SR 000'	City	2016	2017	2018	2019	2020
Revenues	Alandalus Mall	Jeddah	106,634	121,373	124,232	125,376	101,712
	Sahafa Center	Riyadh	8,192	6,077	5,620	5,326	4,901
	Yarmouk Center	Riyadh	5,855	5,577	5,320	4,869	4,500
	Tilal Center	Riyadh	5,052	5,542	4,126	4,675	4,468
	Head Office Building	Riyadh	992	1,032	1,006	1,027	513
	Alandalus Mall Hotel Jeddah	Jeddah		7,226	24,376	16,890	8,547
	Marwa Center	Jeddah				8,468	7,650
	Salama Tower	Jeddah				9,430	19,250
	Qbic Plaza	Riyadh					11,783
	Mall operation	Riyadh					3,781
	Mall leasing	Riyadh					720
	Total revenues		131,671	146,827	164,680	176,061	167,825

		City	2016	2017	2018	2019	2020
Revenues	Andalus Mall	Jeddah	86.9%	82.7%	75.5%	71.2%	60.6%
	Sahafa Center	Riyadh	4.3%	3.8%	3.2%	3.0%	3%
	Yarmouk Center	Riyadh	0.8%	0.7%	0.6%	2.8%	2.7%
	Tilal Center	Riyadh	3.3%	3.8%	2.5%	2.7%	2.7%
	Head Office Building	Riyadh	4.7%	4.1%	3.4%	0.6%	0.3%
	Alandalus Mall Hotel	Jeddah	0.0%	4.9%	14.7%	9.6%	5%
	Marwa Center	Jeddah				4.8%	4.5%
	Salama Tower	Jeddah				5.4%	11.5%
	Qbic Plaza	Riyadh					7%
	Mall operation	Riyadh					2.2%
	Mall leasing	Riyadh					0.5%
	Total revenues			100.00%	100.00%	100.00%	100.00%

The Group's revenues for the fiscal year 2020 decreased by 5% to SR 167.82 million, compared to SR 176.1 million Saudi the fiscal year 2019. This decrease was mainly driven by a decrease in revenues of the retail sectors by 14% and hospitality by 49% due to the repercussions of Corona virus (Covid 19) pandemic. The Company took the initiative to grant discounts to tenants of its commercial centers and malls as a result of closing sales outlets during the total and temporary lockdowns. In spite of this, the office sector contributed to the acquisition of Qbic Plaza in Riyadh to set off the decline in revenues of retail and hospitality sectors, as the offices sector achieved revenues of SR 31.55 million, i.e. an increase of 200% over the previous year.

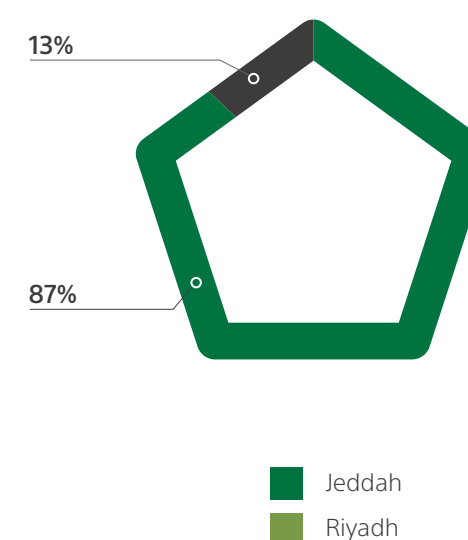
As a result, the gross profit decreased by 6.59% to SR 95.65 million, compared to SR 102.4 million in FY 2019, mainly driven by the decrease in the Company's total revenues. However, the Company's costs of revenue decreased by 2.2% YOY, supported by a decrease in the cost of retail sector revenues by 14.4% as a result of the operational costs control policy which the Company adopted to mitigate the pandemic repercussions.

The Company's operating profit also decreased by 53.61% to SR 48.33 million, compared to SR 104.2 million in 2019. This was mainly due to impairment of some real estate investments, property and equipment by SR 31.83 million, in addition to the Company's lower share of profit from sister companies.

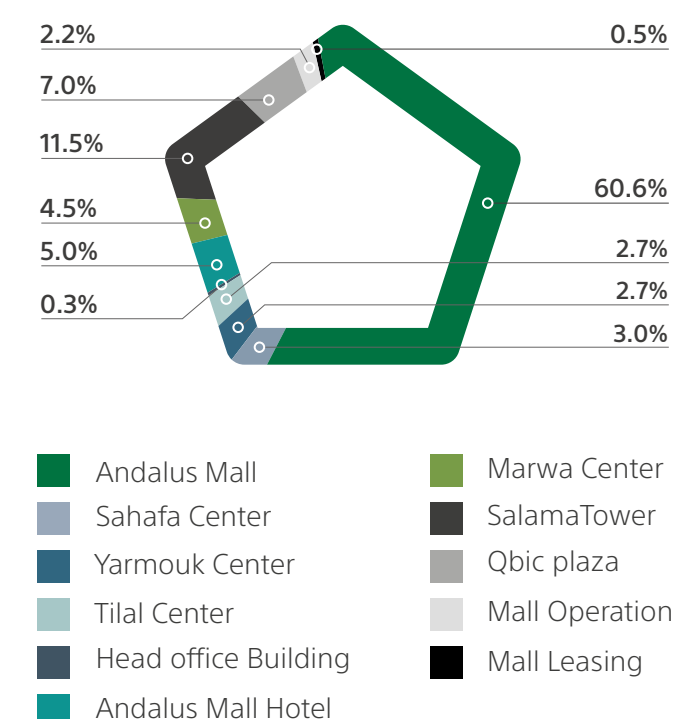
However, the decrease in the net profit to the Company shareholders was mainly driven by:

- Lower revenues of the retail and hospitality sectors as a result of making provisions for discounts to tenants of malls and commercial centers due to the repercussions of the Covid 19 pandemic, despite an increase in office sector revenues, which together led to lower gross profit.
- Lower Company's share in the profits of associates as a result of making provision for discounts to tenants of their malls and commercial centers.
- Recognizing an impairment loss for some real estate investments, properties and equipment.
- Increase of financing cost due to financing the acquisition of a new office building in Riyadh.

Geographical Analysis of Company Revenues



Company Revenue Analysis



Balance Sheet

The following table shows the Company's actual income statements for the years 2016, 2017, 2018 2019, and 2020:

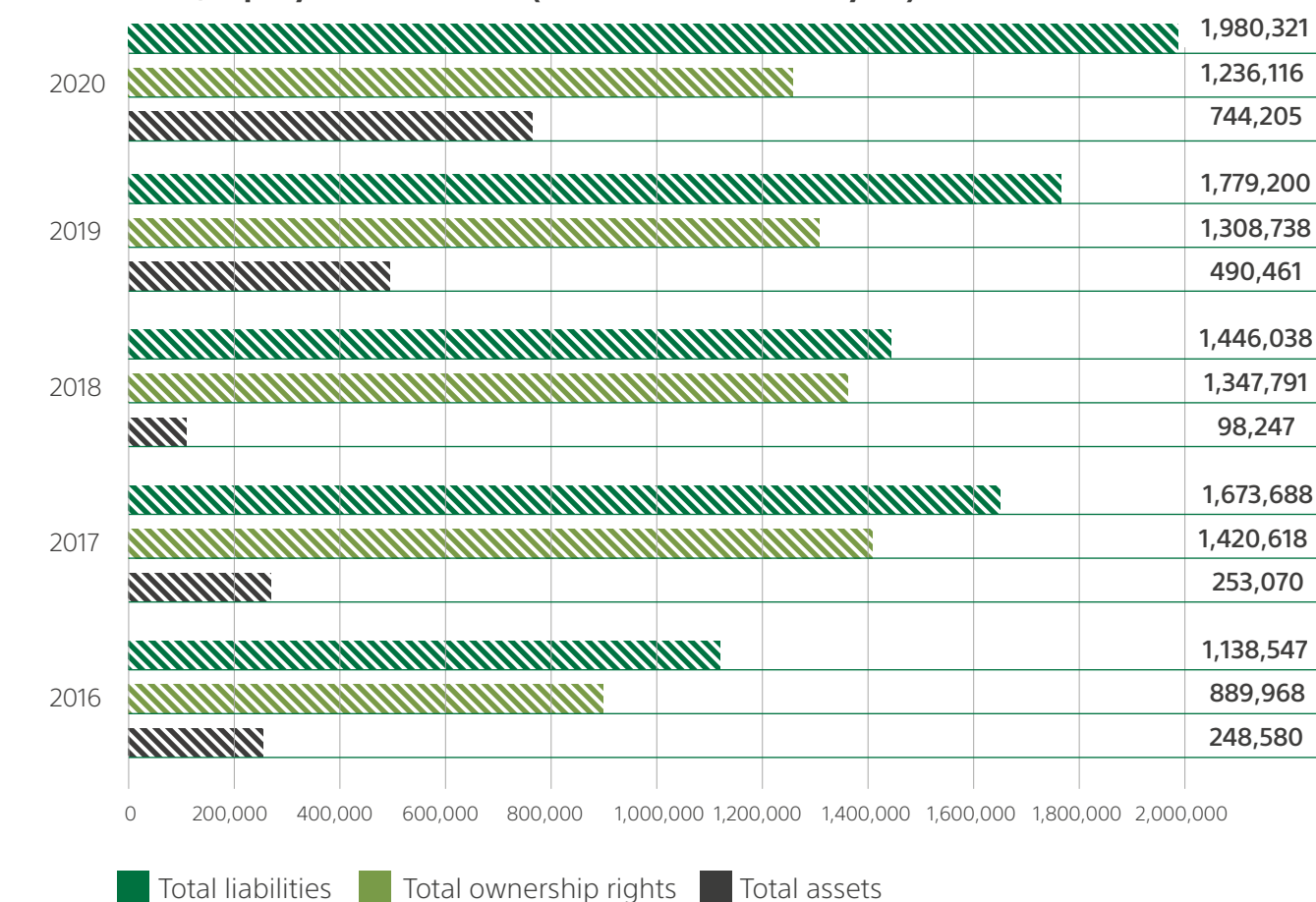
SR 000'	2016	2017	2018	2019	2020
		(consolidated)	(consolidated)	(consolidated)	(consolidated)
Assets					
Non-current assets					
Properties and equipment	10,504	202,352	195,759	188,383	155,822
Investment properties (*)	692,167	548,310	505,867	756,941	990,386
Right to use Assets				95,259	89,109
Investment in associates	387,960	457,273	493,988	464,834	481,483
Total non-current asset	1,090,631	1,207,935	1,195,614	1,505,419	1,716,800
Current assets:					
Receivables due from operating leases, net	10,878	14,321	26,098	38,639	50,999
Prepaid and other receivables	9,496	6,122	3,978	26,698	15,192
Due from related parties	239	1,097	17,124	37,945	14,850
Financial instruments at fair value through profit or loss	0	-	58,112	42,263	0
Cash and cash equivalent	27,303	444,213	145,112	148,233	182,483
Total current assets	47,916	465,753	250,424	293,780	263,521
Total assets	1,138,547	1,673,688	1,446,038	1,799,200	1,980,321
Equity and liabilities					
Capital	700,000	700,000	700,000	700,000	700,000
Statutory Reserve	72,287	84,126	88,925	95,381	96,841
Retained earnings	117,681	444,214	347,411	313,698	256,336
Shareholder equity	889,968	1,228,340	1,136,336	1,109,080	1,053,177
Non-controlling interests		192,278	211,455	199,658	182,939
Total shareholder equity	889,968	1,420,618	1,347,791	1,308,738	1,236,116
Non-current liabilities					
Employees' end of service benefits obligations	4,351	4,497	5,075	5,772	8,491
Islamic Tawarruq facilities	117,145	53,049	-	253,049	514,995
Lease contract liabilities under right-to-use assets				123,722	117,730
Rentals due from operating leases	8,159	9,169	9,724	-	-
Total non-current liabilities	129,655	66,715	14,799	382,545	641,216

SR 000'	2016	2017	2018	2019	2020
		(consolidated)	(consolidated)	(consolidated)	(consolidated)
Current liabilities					
Prepayments by tenants and deferred revenues	32,319	27,677	34,663	38,307	36,047
Lease obligations related to right-to-use assets, current portion	-	-	-	15,700	15,700
Current portion of Islamic Tawarruq facilities	68,169	122,331	1,823	-	-
Due to related parties	2,306	1,273	330	15,971	16,396
Zakat Provision	2,800	4,658	13,306	11,631	6,508
Due and other credit balances	13,329	30,417	33,326	26,305	28,338
Total current liabilities	118,924	186,355	83,448	107,916	102,989
Total liabilities	248,580	253,070	98,247	490,461	744,205
Total liabilities and Shareholder Equity	1,138,547	1,673,688	1,446,038	1,799,200	1,980,321

The fair value of the Group's investment properties as of December 31, 2020 amounted to SR 1.6 billion. The Group's share in the fair value of associate real estate amounted to SR 667 million. This brings the total fair value of the Company's real estate investments to SR 2.45 billion.

The real estate properties were evaluated by external valuers accredited by Saudi Authority for Accredited Valuers (TAQEEM) .

Total assets, equity and liabilities (in thousand Saudi riyals)



Accounting Standards

The Company's financial statements for the year ending December 31, 2020G were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the Kingdom of Saudi Arabia and other standards and regulations issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Islamic Tawarruq (securitization) Facilities

In year 2020, one of our subsidiaries (AlAhli REIT Fund 1) withdrew an amount of SR 250 million, which represents the second payment of the facilities agreement signed on November 7, 2018, for a total amount of SR 650 million. The term of the facility is 15 years and repayment will be made on quarterly basis. The purpose of the facility is to finance the purchase of the Qbic office building in Riyadh.

AlAhli REIT Fund (1) also withdrew the third payment of SR 13 million of the construction of the expansion of Alandalus Mall, as the term of the facility is 15 years and the payment will be made on a quarterly basis.

The following table sets out the details of all paid and outstanding facilities during the fiscal year 2020:

#	Loan provider	Principal loan amount	Term	Amounts paid in settlement of the loan in FY ended 31/2020/12/	Outstanding portion of the loan	Total indebtedness of Company and its subsidiaries
1	National Commercial Bank**	518,000,000	15 years	13,630,796	678,896,016	678,896,016

* AlAhli REIT Fund (1)

Regulatory Payments

Regulatory payments due during the year ended December 31, 2020:

Description	Paid amount	Due but unpaid until year end
Zakat	9,564,895	4,654,245
Taxes	791,930	209,000
GOSI	1,261,522	
Visas and passport expenses	127,550	
Labor Office fees	209,675	

Employee Related Provisions

End of service benefits provisions - as of December 31, 2020:

'SR 000	2020
Balance at the beginning of the year	5,772
Provision for the year	2,630
Payments made during the year	156
Actuarial losses due to re-measurement	245
Balance as of December 31	8,491

Company Board of Directors, Committees, and Executive Management:

Board Members:

A.Directors’ names, current and previous positions, qualifications and experience

#	Name	Current Positions	Previous Positions	Qualifications	Experience
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	Chairman of the Board, Alandalus Property Co.	Vice Chairman, Alandalus Property Co.	B.Sc. Industrial Management, King Fahd University of Petroleum and Minerals, 1990	Member of the Board of Directors of many companies, charities and societies, Member of the Board of Directors, Audit and Risks Committee, General Manager of many real estate and commercial companies, Managing Director of Jarir Commercial Investment Co.
2	Eng. Saleh bin Mohammad Al Habib	Vice-Chairman of the Board, and Chairman of the Executive Committee, Alandalus Property Co.	Managing Director, Mohamed Al-Habib Real Estate Investment Co.	B.Sc. Architecture, King Saud University, 2000	Member of the Board of Directors of Dr. Sulaiman Al Habib Medical Group, Managing Director of Mohammed Al Habib and Sons Holding Co. Managing Director of Hamat Property Co., Managing Director of Global Health Care Co., Managing Director of Mohammad Al Habib Real Estate Investment Co., Member of the Board of Directors of Hayat Real Estate Co.
3	Mr. Ahmed bin Abdul Rahman Al-Mousa	Board Member, Alandalus Property Co.	Board Member, Al-Jazirah Markets Co,	B.A, Business Administration, London College of Economics, 1999	Board Member, Abdul Rahman Abdullah Al-Mousa & Sons Co., Board Member, Abdulrahman Al-Mousa Holding Co., Board Member, Real Estate and Tourism Development Co. and board member, Al-Jazirah Markets Co.
4	Mr. Mohammad bin Abdulmohsen Al-Zakari	Board Member, Alandalus Property Co.	Executive Director, Al-Zakri Industry and Trading Co.	MA, Financial Management, Laverne University 2011	Practical experience in financial management, operational management, business development management, and executive management
5	Dr. Sulaiman Bin Ali Al-Hudhaif	Board Member and Chairman of the Nomination and Remuneration Committee, Alandalus Property Co.	General Manager, Human Capital Bank	PhD, Business Administration, Northeastern University 2006	General Manager, Human Capital Sector, Inmaa Bank, CEO, Elite World for Management & Organization Consulting, and executive General Manager of Human Resources and Development, Al-Rajhi Bank.
6	Dr. Abdulrahman bin Mohammad Al-Barrak	Board member, and Chairman of Audit Committee, Alandalus Property Co.	Vice Chairman of the Capital Market Authority	PhD, Finance, Newcastle University, United Kingdom. MA, Finance, University of Colorado, USA. BA, Accounting, King Faisal University, Saudi Arabia	Chairman of Tharaa Consulting Co. Acted as Vice Chairman of the Capital Market Authority. Worked as Head of Finance Department and Associate Professor, and Dean, King Faisal University, Saudi Arabia,
7	Mr. Nasser bin Sharaf Al-Sharif	Board member, Alandalus Property Co.	CEO, Awj Investment Co.	B.Sc. Economics and Finance 2004	Vice President. Private Wealth and Corporate Assets Management in Dubai, Head of Private Wealth and Corporate Assets Management in Riyadh, CEO of Awj Investment
8	Mr. Hathal bin Saad Al-Otaibi	Board member, Alandalus Property Co.	Acting CEO, Alandalus Property Co., and Business Development Manager	MDA, King Saud University 2016	Board member, Hayat Real Estate Co. Marketing Officer, National Industries Co. and Training Department, Al-Jazira Bank, and Product Manager, Al-Marai Co.

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

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

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

#	Member Name	Companies at which the director currently serves as board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability /)	Companies at which the director served as a board member or executive officer	Inside/ outside KSA	Legal status (listed/ unlisted joint-stock, limited liability/)
3	Mr. Ahmed bin Abdulrahman Al-Mousa	Al-Jazirah Markets Co.	Inside KSA	Unlisted joint stock			
		Real Estate and Tourism Dev. Co	Inside KSA	Unlisted joint stock			
		Abdulrahman Abdullah Al-Mou- sa & Sons Co.	Inside KSA	Unlisted joint stock			
		Abdulrahman Al-Mousa Hold- ing Co	Inside KSA	Unlisted joint stock			
		Alahli REIT Fund 1	Inside KSA	Traded real estate fund			
4	Eng. Saleh Bin Mohammad Al-Habib	Al-Zakari Industry and Trade Co.	Inside KSA	Unlisted joint stock			
5	Dr. Abdulrahman bin Mohammad Al-Barrak	Tharaa Investment Co.	Inside KSA	LLC	Lejam Sport Co.	Inside KSA	Listed JS.
		Saudi Credit Bureau- SIMAH	Inside KSA	Unlisted joint stock	Medgulf Insurance	Inside KSA	Listed JS.
		BinDawood Holding Co.	Inside KSA	Listed JS			
6	Mr. Nasser bin Sharaf Al-Sharif	Anan Holding Co.	Inside KSA	Unlisted joint stock	Saudi Arabia Refineries Co.	Inside KSA	Listed JS.
		Anan Housing Co.	Inside KSA	LLC			
		Arena Co.	Inside KSA	LLC			
		Saudi Fisheries Co.	Inside KSA	Listed JS			
		Awj Holding Co.	Inside KSA	LLC			
7	Mr. Hathal bin Saad Al-Otaibi	Alaswaq Almotatawerah Co.	Inside KSA	LLC	Al-Jawhara Al-Kubra	Inside KSA	LLC
		Sorouh Centers Co.	Inside KSA	LLC			
		Manafea Alandalus	Inside KSA	LLC			
		Hayat Real Estate Co.	Inside KSA	Unlisted joint stock			
		West Jeddah Hospital Co.	Inside KSA	LLC			

C. Board of Directors and type of membership

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

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

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

		Number of meetings (4 meetings)			
Member name		1st Meeting 2020-02-27	2nd Meeting 2020-08-20	3rd Meeting 2020-10-26	4th Meeting 2020-11-19
1	Mr. Abdulsalam bin Abdulrahman Al-Aqeel	✓	✓	✓	✓
2	Eng. Saleh bin Mohammad Al Habib	✓	✓	✓	✓
3	Mr. Ahmed bin Abdulrahman Al-Mousa	✓	✓	✓	✓
4	Mr. Mohammad bin Abdulmohsen Al-Zakari	✓	✓	✓	✓
5	Dr. Sulaiman bin Ali Al-Hudhaif	✓	✓	✓	✓
6	Dr. Abdulrahman bin Mohammad Al-Barrak	✓	✓	✓	✓
7	Mr. Nasser bin Sharaf Al-Sharif	✓	✓	✓	✓
8	Mr. Hathal bin Saad Al-Otaibi	✓	✓	✓	✓

Executive Committee

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

One of the key functions and responsibilities of the Executive Committee is to discuss any of the matters reserved for the Board of Directors without exception, make recommendations in respect thereof and submit such recommendations to the Board. The Committee also takes decisions on the matters assigned to it by the Board, makes and submits recommendations to the Board on all matters related to the investment policies, strategies, business plans and annual budget presented by the Company’s executive management, as well as the organizational and employment structure/ reorganization/ restructuring of the Company and its business policies, except for such policies that fall under the terms of reference of other board committees, including financial and accounting, compensation and remuneration policies and the internal audit guide. In addition, the Executive Committee considers joint ventures, mergers and acquisitions based on the Company’s plans, and proposed sale of Company’s lands and properties, dividends (cash and shares), writing off accounts receivable, oversees the operational developments and the Company’s overall performance, and approves workflow rules and regulations, except those that require the Board’s approval. The Committee also receives progress reports on key project and expansion plans, corporate risk profile as well as the effectiveness and efficiency of performance of the Risk Management Unit, and addresses the matters and obstacles related to the Company’s business. The Executive Committee, in accordance with the approved terms of reference, approves investments in new projects in line with the investment plan, amendments of budget items, capital purchases and operational expenses that exceed the Company’s approved budget; and reviews the valuation of Company’s assets.

B- Names of members, their current and previous positions, qualifications and experiences:

#	Name	Current Position	Previous Positions	Qualifications	Experience
1	Eng. Saleh bin Mohammad AL-Habib	Vice chairman of the Board and Chairman of the Executive Committee, Alandalus Property Co.	Managing Director of Mohammad Al-Habib Real estate Investment Co.	Bachelor degree, Architecture, King Saud University, 2000	Member of the Board of Directors of Dr. Sulaiman AL-Habib Medical Group. Managing Director of Mohammed Al Habib and Sons Holding. Managing Director of Hamat Property Co. Managing Director of Global Healthcare Co, Managing Director of Mohammad AL-Habib Real Estate Investment Co, Member of the Board of Directors of Hayat Real Estate Co.
2	Mr. Ahmad bin Abdulrahman AL-Mousa	Member of the Board of Directors of Alandalus Property Co.	Member of the Board of Directors of Jazeera Markets Co.	Bachelor degree, Business Administration, London School of Economic Science, 1999	Member of the Board of Directors of Abdulrahman bin Abdullah Al-Mousa and Sons Co, member of the Board of Directors of Abdulrahman Al-Mousa Holding Co. Member of the Board of Directors of Real Estate and Tourism Development Co, member of the Board of Directors of Aljazera Markets Co.
3	Mr. Ahmad bin Abdulrahman AL-Mousa	Member of the Board of Directors of Alandalus Property Co.	Member of the Board of Directors of Jazeera Markets Co.	Bachelor degree, Business Administration, London School of Economic Science, 1999	Member of the Board of Directors of Abdulrahman bin Abdullah Al-Mousa and Sons Co, member of the Board of Directors of Abdulrahman Al-Mousa Holding Co. Member of the Board of Directors of Real Estate and Tourism Development Co, member of the Board of Directors of Aljazera Markets Co.
4	Mr. Mohammad bin Abdulmohsen Al-Zakri	Member of the Board of Directors of Alandalus Property Co.	Executive director, Alzakri Industry and Trading Co.	Master degree, Financial Management, University of La Verne, 2011	Practical experience in financial management, operational management, business development and executive management.

C. Number, dates and attendance record of the Executive Committee meetings held in 2020:

During 2020, the committee did not convene. All matters reserved to the committee were referred to the board of directors.

Nomination and Remuneration Committee

a. Terms of Reference and Responsibilities

In respect of nomination, the Nomination and Remuneration Committee is responsible for:

1. Proposing clear policies and criteria of membership of the Board of Directors and the Executive Management
2. Recommending nominations and re-nominations to the Board of Directors in accordance with the approved policies and standards taking into account that any person who was previously convicted of any crime of dishonesty may not be nominated.
3. Preparing descriptions of the capabilities and qualifications required to join the Board or hold an executive management position;
4. Determining the time to be allocated by the member for the activities of the Board of Directors;
5. Conducting an annual review of the skills and experience required for Board membership and executive management positions;
6. Reviewing the structure of the Board and the Executive Management and recommending appropriated changes;
7. On an annual basis, ensuring independence of the independent members and that there is no conflict of interest if a board member also sets in the board of directors of another company.
8. Developing job descriptions for the executive and non-executive members, independent members and senior executives;
9. Developing procedures to fill in any vacant position in the Board or the Executive Management;
10. Determining the strengths and weaknesses of the Board and recommending solutions that are compatible with the Company's interests.

b.Members' names, current and previous positions, qualifications and experience:

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

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

#	Member's Name	Number of Meetings (2)	
		1st Meeting 27-02-2020	2nd Meeting 15-11-2020
1	Dr. Sulaiman bin Ali Al Hudaif (chairman)	✓	✓
2	Mr. Abdulsalam bin Abdulrahman AL-Aqeel	✓	✓
3	Eng. Saleh bin Muhammad AL-Habib	✓	✓

Audit Committee

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

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

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

Regarding the external auditor, the Committee will recommend the Board of Directors to nominate or remove auditors, determine their fees and evaluate their performance after verifying their independency and reviewing the scope of their work and their engagement terms. Moreover, the Committee will ensure the auditor's independence, objectivity and fairness as well as the extent of effectiveness of the audit taking into consideration all relevant rules and standards. Furthermore, the Committee shall review the plan and the activities of the Company's auditor and make sure that all technical and administrative auditing reports are within the scope of their auditing tasks, present its view on the same, and respond to the auditor's queries. It will also examine the auditor's report and any observations on the financial statements and follow up on any actions taken in this regard.

The Committee shall also ensure commitment to review the results of the reports made by the regulatory bodies and make sure that the Company has taken all necessary actions, and is in compliance with all applicable rules, regulations, policies and instructions. Moreover, the Committee shall review all proposed contracts and transactions with any related party and provide its views to the Board, and report to the Board all issues believed to require a further action along with its suggested course of action.

In respect of the Audit Committee's performance of its responsibilities, the Committee will provide its views, if any, on the financial statements and the adequacy of the Company's internal control system and other tasks carried out within its terms of reference. The Committee shall also discuss and examine its performance at least once a year in order to assess its effectiveness, and agree on the measures needed to improve its efficiency. Finally, a report on the Committee's performance must be presented to the Board.

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

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

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

#	Member's Name	Number of Meetings (4)			
		1st Meeting 26-02-2020	2nd Meeting 13-05-2020	3rd Meeting 19-08-2020	4th Meeting 04-11-2020
1	Dr. Abdulrahman bin Muhammad AL-Barrak (chairman)	✓	✓	✓	✓
2	Mr. Alaa bin Abdullah AL-Fadda	✓	✓	✓	✓
3	Mr. Saleh bin Abdullah AL-Yahya	✓	✓	✓	✓

Chief Executive Officer

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

Reporting Shareholders' Suggestions and Remarks to the Board of Directors

During the year 2020, the Board of Directors informed its members, non-executive members in particular, of all the inquiries and suggestions received from the shareholders that need considered and discussed and take into consideration those that conform to the Company's policies and the applicable rules and regulations.

Remuneration Policy:

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

1. The policy must be in conformity with the Company's strategy, objectives and risk profile;
2. The remuneration must be based on a recommendation from the Nominations and Remuneration Committee.
3. The remuneration must be fairly sufficient to attract, motivate and retain competent board members with appropriate experience.
4. Remuneration must be provided to motivate the Board members and the Executive Management to ensure long-term success and advancement of the Company, taking into account linking the variable portion of the remuneration with long-term performance.
5. The remuneration must be fair and commensurate with the members' role and responsibilities, with due consideration to the targets set by the Board to be achieved during the fiscal year.
6. For new appointments, remuneration must be determined in coordination with the Nominations and Remuneration Committee.
7. Market remuneration practices must be taken into account, while avoiding any unjustifiable increase in remuneration and compensation.
8. Any plan to grant shares in the Company to the board members, Executive Management and employees, either by issuing new shares or purchasing shares by the Company, must be coordinated with the Nominations and Remuneration Committee subject to relevant applicable regulations.
9. The remuneration will be stopped or recovered if not approved by the General Assembly.

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

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

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

Expenses will be reimbursed based on actual bills.

Executive Management Remunerations

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

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

Other provisions related to remuneration policy:

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

1. If the General Assembly decides to terminate the membership of absent board members due to failure to attend three consecutive meetings without valid reason, such member will not be entitled to any bonus for the period following the last meeting attended, and must return all the bonuses he might have received for that period.
2. The Board shall disclose in its report the details of remuneration policies, mechanism of determination, and the financial and in-kind benefits paid to each Board member for any executive, technical, managerial or advisory roles.

Disclosure of directors remuneration for their membership in the Company's Board of Directors during 2020, from January 01, 2020 until December 31, 2020

Based on the waiver by members of the Board of Directors and the committees and the Executive Management of their remuneration, the Board of Directors issued a decision to cancel their remuneration for the fiscal year 2020.

#	Fixed Remuneration							Varying Remuneration								
	Fixed amount	Board meeting Attendance fees	Total committee meeting attendance fess	In kind benefits	amounts received by Board members as employees or officers, or in return for technical, managerial or advisory services	Remuneration of the chairman of the Board, Managing Director, Secretary, if a Board member	total	Percentage of profits	Regular bonus	Short term incentive plans	Long term incentive plans	Bonus shares (value)	Total	End of service benefits	Grand total	Expense allowance
1. Independent members																
Dr. Abdulrahman Mohammad Albarrak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Sulaiman Alhudhaif	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Naser Al-Shareef	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Non-executive members																
Mr. Abdulsalam Al-Aqeel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eng. Saleh Al-Habib	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ahmad Al-Mousa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mohammed Al-Zakri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Executive Members																
Mr. Hathal Al-Otaiby	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Senior Executives remuneration

Remunerations of the top five senior executives, including the CEO and CFO in the fiscal year of 2020

Fixed Remunerations	
Salaries	3,276,564
Allowances	1,161,168
In-kind benefits	-
Total	4,437,732
Varying Remunerations	
Regular bonus	-
Profits	-
Short term incentive plans	-
Long term incentive plans	-
Bonus shares	-
Total	
End of service benefits	3,301,733
Total Board executive members remunerations	-
Grand total	3,301,733

Al-Andalus property is committed to disclosing the incentives granted to senior executives in total according to the statutory requirements contained in subparagraph (4/b) of Paragraph (a) of Article No. (93) of the Corporate Governance Regulations, without disclosing them in detail. To protect the interests of the company and prevent the damages that may befall the company if it is mentioned in detail, which is the creation of a climate of competition and job instability, and might reflect on the performance of the company and consequently on the shareholders.

Key Shareholders and Change in Equity Ownership

Change in Shareholders' Ownership and Interests

Shareholder Name	Number of shares at Offering	Number of Shares as of 01/01/2020	Number of Shares as of 31/12/2020	Change in Number of Shares	% Change
Borouj Global Ltd CO.	19,354,020	19,354,020	19,354,020	-	0.00%
Al-Zakri Industry and Trading Co.	12,096,262	12,096,262	12,096,262	-	0.00%
Abdulrahman Abdullah Al-Mousa & Partners Co.	4,838,506	4,838,506	4,838,506	-	0.00%

Change in Board Members and Senior Executives' Ownership and Interests

Shareholder Name	Number of shares at Offering	Number of Shares as of 01/01/2020	Number of Shares as of 31/12/2020	Change in Number of Shares	%Change
Eng. Saleh Mo-hammad Abdulaziz Alhabib	-	95,270	95,270	-	-100%
Dr. Sulaiman bin Ali Al-Hudhaif	-	-	46,800	46,800	0%

Shareholders' Assemblies

Meetings held in 2020

Board Members General Meeting Attendance Record

Member Name	The 13th Ordinary General Assembly 14/05/2020
1 Mr. Abdulsalam bin Abdulrahman Al-Aqeel	✓
2 Eng. Saleh bin Mohammad Al-Habib	✓
3 Mr. Ahmad bin Abdulrahman Al-Mousa	✓
4 Mr. Mohammed bin Abdulmohsen Al-Zakri	✓
5 Dr. Sulaiman bin Ali Al-Hudhaif	✓
6 Dr. Abdulrahman bin Mohammad Al-Barrak	✓
7 Mr. Nasser bin Sharaf Al-Shareef	✓
8 Mr. Hathal bin Saad Al-Otaibi	✓

Shareholders Registers Requests in 2020

Request Date	Reasons
01-01-2020	Corporate Action
06-05-2020	Company's General Assembly
14-05-2020	Profit File
18-05-2020	Corporate Action
22-10-2020	Corporate Action
15-12-2020	Corporate Action
27-12-2020	Corporate Action

Corporate Governance

The Company has always committed to implementing the best corporate governance practices. It was classified among the top 20 companies in terms of applying corporate governance principles according to the results of a study announced during the first Corporate Governance Global Conference which was organized by the Corporate Governance Center of the Al-Faisal University on Feb 2, 2021. Classification results were based on an independent and reliable criteria to assess the quality of corporate governance focusing on corporate governance in terms of rules, structure, processes, practices and reporting in relation to the Board of Directors, shareholders' rights, disclosure, transparency, and the rights of stakeholders.

In accordance with the requirements of Paragraph (1) of Article 90 of the Corporate Governance Regulations issued by the Board of the Capital Market Authority on 13/2/2017G, as amended under the CMA Board Decision of 20/5/2019.

The following table sets out the provisions of the said Governance Regulations that were implemented during the fiscal year ending 31/12/2020, and those that were not implemented and justification:

The Company represents that all the provisions of the Corporate Governance Regulation issued by the Capital Market Authority on 13/2/2017, as amended under CMA Board Resolution dated 20/05/2019, have been implemented except those listed below:

Article/ Clause No.	Article/Clause statement	Notes on implementation
Clause (B) of Article (32) Board Meetings	B. The Board shall convene at least four times a year, at least one meeting every three months	As this clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Board of Directors Regulations, both of which state that the Board shall convene at least twice a year. However, the Company has implemented this Clause as the Company's Board convened 4 times in 2020. The Company will incorporate this Clause into its internal governance regulation and the Board's regulation once it becomes obligatory.
Article 38 Secretary qualifications	The Board of Directors must set the perquisites that must be satisfied by the Board Secretary, provided that they include any of the following: 1- University degree in law, finance, accounting, administration or equivalent, with relevant work experience of no less than five years. 2- Relevant practical experience of no less than five years.	As this clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Board of Directors Regulations. However, the Company has implemented this clause; the Board Secretary in 2020 holds a university degree and has a relevant work experience of more than 5 years. The Company will incorporate this Clause into its internal governance regulation and the board's regulation once it becomes obligatory.

Article/ Clause No.	Article/Clause statement	Notes on implementation
Article 39 Training	The Company must pay adequate attention to training and qualifying the members of the Board and the Executive Management, and develop all necessary programs, taking the following into account: 1. Preparing programs for the newly appointed members of the Board and Executive Management in order to familiarize them with the status of the Company's business and activities, particularly in terms of: a. The Company's strategy and objectives; b. The financial and operational aspects of the Company's activities; c. The Board members' obligations, duties, responsibilities and rights; d. The committees' terms of reference and responsibilities 2. Developing the necessary mechanisms for Board members and the Executive Management to regularly attend training programs and courses in order to develop their skills and knowledge in the fields related to the Company's activities.	This Article is still indicative and will be complied with by the Company once it becomes obligatory.
Article 41 Assessment	A. Based on the Nomination Committee's recommendation, the Board will develop the necessary procedures to assess the performance of the Board, its members and committees and the Executive Management annually using efficient key performance indicators (KPIs) based on the achievement by the Company of its strategic objectives, the effectiveness of risk management and the efficiency of the internal control and other systems, provided that weaknesses and strengths are identified and addressed, and a solution is proposed based on the Company's interest. B. The performance assessment procedure must be in writing and clearly stated and disclosed to the Board members and the persons concerned with the assessment. C. The performance assessment shall cover the skills and experiences of the Board, identify their weaknesses and strengths, and suggest methods to address weaknesses, such as nominating competent professional personnel capable of improving the performance of the Board. The performance assessment will also include mechanisms of assessment of the Board's activities in general. D. The individual assessment of Board members will take into account the extent of participation of the member and his/her commitment to performing his duties and responsibilities, including attending the Board and committees' meetings and dedicating adequate time thereto. E. The Board will make the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	As this clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Board of Directors Regulations. However, the Company has implemented this clause; the Board Secretary in 2020 holds a university degree and has a relevant work experience of more than 5 years. The Company will incorporate this Clause into its internal governance regulation and the board's regulation once it becomes obligatory.

Article/ Clause No.	Article/Clause statement	Notes on implementation
Clause (B) of Article 54 Formation of the Audit Committee	(B) The Chairman of the Audit Committee must be an independent member	This clause is still indicative, therefore it is not included in the updated version of the Corporate Governance Regulations and the Audit Committee Terms of Reference. Nevertheless, the Company has implemented this article in 2020; the chairman of the Audit Committee is an independent member. The Company will incorporate this article in its internal corporate governance regulation and the Audit Committee's Terms of Reference once it becomes obligatory.
Article 70: Formation of Risk Management Committee	The Company's Board of Directors will form a Risk Management Committee whose Chairman and majority of members are non-executive directors. The committee members must have an appropriate level of knowledge in risk management and finance.	The Company has not implemented this article (formation of Risk management committee) as the article is still indicative. The Company will comply with this article once it becomes obligatory. However, the Company's risk management function is currently undertaken by the Audit Committee. The Company assigned this task to the Audit Committee. The Company has a risk management policy approved by the Board of Directors.
Article 71 Functions of Risk Management Committee	Matters reserved to the risk Management Committee	Currently undertaken by the Audit Committee
Article 72 Meetings of the Risk Management Committee	The Risk Management Committee meets regularly at least every six months and on need basis	Currently undertaken by the Audit Committee
Article 85 Employee Motivation	1- Forming committees or holding specialized workshops to hear the employees' views on the Company and discuss key subject matters of decisions. 2- Plans granting employees shares in the Company, a share of the profits earned, and retirement plans. 3- Establishing social programs for the Company's employees.	This is still an indicative article which the Company will implement once it becomes obligatory.
Article 87 Social Responsibility	The General Assembly will, upon a recommendation of the Board of Directors, set up a policy to ensure balance between its objectives and those of the society in order to develop the social and economic conditions of the society.	This is still an indicative article which the Company will implement once it becomes obligatory.

Article/ Clause No.	Article/Clause statement	Notes on implementation
Article 88 Social Role Initiatives	The Board of Directors develops programs and specifies the necessary means to launch the Company's initiatives in the field of social work, including the following: 1- Developing measurement indicators that link the Company's performance to its social contribution, and comparing the same with that of other companies in the same industry. 2- Disclosing the Company's social responsibility objectives to the employees and ensuring their awareness thereof. 3- Disclosing social responsibility fulfillment plans in periodic reports on the Company's activities.	As this Article is still indicative, it has not been incorporated into the updated corporate governance regulation. However, the Company played an active role in social responsibility and community service in 2020. It sponsored - through its commercial centers - a number of significant activities and programs organized by educational and charitable organizations. The company will incorporate this article in its internal governance regulation once it becomes obligatory.
Clause 3 of Article 89 Disclosure Policies and Procedures	The Company's website must include all the information that needs to be disclosed and any data or information published through other means of disclosure.	This is still an indicative article, which the Company will implement once it becomes obligatory. However, the Company has provided all required mandatory information on its website, such as the general meeting invitation, candidacy announcement and other information required. In addition, the Company has published most of the policies entailed by the governance regulation on its website.
Article 95 Formation of Corporate Governance Committee	If a Corporate Governance Committee is formed by the Board of Directors, such committee must be tasked with the functions prescribed under Article 94 of this Regulation. This committee must follow up on any matters related to the implementation of corporate governance and provide the Board of Directors at least annually with reports and recommendations in respect thereof.	This is still an indicative article, which the Company will implement once it becomes obligatory.
Subparagraph (4 / b) of Paragraph (a) of Article 93	The disclosure contained in this article in the report of the board of directors shall be according to the attached tables	The disclosure was made in aggregate in line with paragraph (b) of Article (60) of the Rules for the Offer of Securities and Continuing Obligations.

Risks

Alandalus Property has in place a risk management policy to address the risks it faces. This policy is based on regular review of risks in order to avoid exposure to them and minimize their impact (when they materialize), while increasing the likelihood of achieving the Company's strategic objectives and taking appropriate measures to reduce the probability and size of any potential losses. Accordingly, the Company clearly identifies the acceptable levels of the risks related to all its activities. In addition, the risk management system takes into consideration the correlation between different risks in order to assess their overall impact on the Company's operations and activities.

In particular, this policy is designed to:

1. Protect the interests of the Company shareholders and other stakeholders;
2. Comply with the corporate governance standards related to risk management and disclosure;
3. Protect the Company's strategic objectives and activities;
4. Enhance the effectiveness of the Company's management; and
5. Capture the investment opportunities to increase the value of the Company's assets and profitability in the long term.
6. Regarding risk identification, the Company makes every effort to identify the key risks it encounters. To this effect, it uses questionnaires, interviews, meetings with risk identification officers, in addition to evaluations provided by external experts, the findings of internal and external auditors, and other methods of risk identification. The Company also identifies the risks associated with its operations and records them in a "Risk Register," with description of the nature of each risk and technical opinion on its effect on the Company's operations. This register is periodically updated to reflect any internal and external changes and circumstances related to the Company operations.

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

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

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

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

According to current risk management system, responsibilities of risk management officers are distributed as follows:

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

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

01

Risks related to Corona pandemic:

The Corona pandemic (covid-19) faced worldwide is a major risk factor for the economies of countries. The global economy is suffering a major recession during this crisis. The real estate sector is one of the sectors affected by the repercussions of this pandemic. If the crisis continues, this will have a material adverse impact on the Company's operations and the results of business.

02

General Real Estate Risks:

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

03

Development risks:

Real estate development projects may face different risks, including, but not limited to:

1. Delayed completion and delivery of works
2. Estimated cost overrun
3. Failure to secure lease contracts at expected levels
4. Delayed governmental approvals and permits for land zoning and other governmental authorizations and licenses required

04

Correlation between Company's performance and retail sector:

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

05

Tax Risk:

Investment in the Company involves a variety of tax risks. If the Company incurs such taxes, it will reduce the cash available for its operations as well as the potential dividend distributions. Taxes incurred will cause the Company's return on investment, and consequently the share price, to decrease.

06

Risk of possible inability to renew leases or re-lease the space at the end of the lease term

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

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

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

07

Competition by existing or new malls:

Malls generally depend on footfall. Hence, the upgrading of existing malls or the entry of new malls into more accessible areas with features and services competitive with those of the Company's malls will have a significant adverse impact on the number of visitors of the Company's malls, which in turn will result in lower income for tenants, non-renewal of lease contracts, and consequently lower occupancy or rental rates.

Either of the two cases will negatively impact the Company's business, expectations, results of operations, financial position and future prospects.

08

Increase of operating and maintenance costs:

The Company's recurring expenses include the costs of operation and maintenance of its malls and commercial centers, as these facilities require regular maintenance to keep them in good operating conditions at optimal levels and retain their attractiveness to tenants and visitors. If such expenses increase more than expected as a result of various factors, such as increased labor costs, costs of contracts with third parties, repair and maintenance costs, or the Company's inability to pass the increase to the tenants, the Company's business, financial position and future prospects will be adversely and materially affected.

09

Litigation and Penalties:

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

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

10

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

Given the multiple construction and infrastructure projects being executed by various government agencies across the Kingdom, some of the Company's properties may be subject to expropriation, in whole in part, under the expropriation for public interest act issued under Royal Decree No. M/15, dated 11/03/1424H. If any of the Company's malls is expropriated, this will result in the discontinuation of business and consequently the loss of income of that mall.

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

11

Existing banking facilities arrangements

The Company enters into a number of credit facility contracts to finance its projects. Under such contracts, the Company is required to pay instalments and commissions according to a fixed schedule. Therefore, if the Company fails for any reason to generate sufficient cash flows from its core business or to secure the necessary funds from other sources, it may be unable to meet its financial obligations on the due dates under such contracts. This would constitute a breach of its obligations, which may cause the bank to require it to pay the full outstanding debt immediately and enforce foreclosure of collaterals. It may also cause other creditors of the Company to demand payment of outstanding debts.

Under such contracts, the Company is also bound by a number of commitments, including restrictions limiting its ability to pay distributions if such distribution would result in a breach of the debt coverage ratio stipulated in the contracts. In case of any breach by the Company of any of its obligations set out in these agreements, the lender may demand immediate payment of the outstanding debt balance and take other measures to recover their rights. These factors may have material adverse effect on the Company's credit record, business, results of operations and financial position.

12

Lack of funding for projects or availability of funding on unfavourable terms

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

The Company's ability to secure external financing depends on several factors, including its financial position, the size of its outstanding debt relative to its assets and equity, its credit position, the project's expected cash flow, financial performance and results of operations, and banks' desire to finance the sectors in which the Company operates, the securities provided, in addition to other factors that are beyond the Company's control, such as the overall economic situation, the financial markets condition, liquidity in the banking system, directions of the Saudi Central Bank, and interest rate levels.

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

Announcement published in 2020:

Headline	Date Published	Link
Alandalus Property Co. announced the latest developments related to the Company's joint venture with Dr. Sulaiman Al-Habib Medical Group Holding in Jeddah (Dr. Sulaiman Al-Habib Hospital)	28-01-2020	Click here
Alandalus Property Co. announced its consolidated annual financial results for the fiscal year ending 31-12-2019	01-03-2020	Click here
Alandalus Property Co. announced temporary closure of malls and commercial centers in compliance with the government instructions to control the spread of the novel Corona virus.	16-03-2020	Click here
Alandalus Property Co. announced the Board of Directors recommendation to distribute cash dividends to shareholders for the fiscal year ending December 31, 2019	01-04-2020	Click here
Alandalus Property Co. announces that its business has was affected by the precautionary measures taken to control the novel Coronavirus (COVID-19), and impact of the government support in curbing the effects of such measures.	15-04-2020	Click here
Alandalus Property Co. invited its shareholders to attend the 13th Ordinary General Assembly (first meeting)	22-04-2020	Click here
Alandalus Property Co. announced latest developments related to temporary closure of malls and commercial centers (partially reopened, following the temporary easing of the precautionary measures)	28-04-2020	Click here
Alandalus Property Co. announced the start of online voting on the articles of the agenda of the 13th Ordinary General Assembly (reminder)	10-05-2020	Click here
Alandalus Property Co. announced the latest developments related to the temporary closure of malls and commercial centers (partially open).	14-05-2020	Click here
Alandalus Property Co. announced the consolidated interim financial results for the period ending on 31-03-2020 (three months)	14-05-2020	Click here
Alandalus Property Co. announced the results of the 13th Ordinary General Assembly (first meeting)	17-05-2020	Click here
Alandalus Property Co. announced the latest developments related to temporary closure of malls and commercial centers (fulltime opening gradually).	01-06-2020	Click here
Alandalus Property Co. announced latest developments related to temporary closure of malls and commercial centers (amending working hours of malls in Jeddah).	07-06-2020	Click here
Alandalus Property Co. announced the latest developments related to temporary closure of malls and commercial centers (fully reopened, resuming work for all activities).	21-06-2020	Click here
Alandalus Property Co. announced the latest developments related to Al-Jawhara Al-Kubra project	15-07-2020	Click here
Alandalus Property Co. announced the interim consolidated financial results for the period ending 30/06/2020 (six months)	20-08-2020	Click here
Alandalus Property Co. announced that it sold the land plot adjacent to Alandalus Mall in Jeddah to AlAhli REIT Fund (1) (related party) for SR 43,510,500.	26-10-2020	Click here
Alandalus Property Co. announced the interim consolidated financial results for the period ending 30-09-2020 (nine months)	05-11-2020	Click here
Alandalus Property Co. announced the opening of candidacy for Board of Directors membership for the next term.	19-11-2020	Click here
Corrective announcement by Alandalus Property Co. regarding the opening of candidacy for the Board of Directors membership for the next term.	22-11-2020	Click here

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

During the fiscal year ended 31/12/ 2020, the operations of Alandalus Property Company were regularly reviewed by the Internal Audit Department under the supervision of the Board Audit Committee, in order to verify the effectiveness of the internal control system and procedures through internal audits that are designed to review the management and financial policies and procedures, and the process and output of financial reporting, in order to protect the Company's assets.

The Internal Audit Department assists the Audit Committee to achieve its objectives by implementing the corporate governance procedures and performing its supervisory role in order to achieve the Company's objectives while focusing on high-risk activities and processes.

Dividend Policy:

A. Profits will be distributed in accordance with the Company's Articles of Association as follows:

- 10% of net profits will be set aside to set up the Company's statutory reserve. The Ordinary General Assembly (OGM) may decide to discontinue such deduction when the said reserve equals 30% of the Company's paid-up capital.
- The OGM, based on a proposal of the Board of Directors, may set aside (10%) of net profit to set up an additional general reserve.
- The OGA may decide to establish other reserves to the extent that would serve the Company's interest or ensure distribution of constant dividends to shareholders. The OGA may also deduct amounts from the net profits to establish social organizations for the Company's employees or to support existing organizations.
- From the balance, an amount representing 5% of paid-up capital will be distributed to shareholders.
- Subject to the provisions stipulated in Article (20) of Alandalus Articles of Association and Article (76) of the Companies Law, after the foregoing, up to (5%) of the balance will be allocated to the Board of Directors, provided that in all cases, such distribution shall not exceed the maximum limits allowed by the Companies Law and its regulations, and shall be in accordance with the rules, decisions and official instructions issued by relevant authorities in this regard. However, the entitlement to such remuneration must be based on the number of meetings attended by the Board member.
- The Board of Directors may, after fulfilling the requirements set by the relevant authorities, distribute semi-annual and quarterly dividends as it deems appropriate.

Dividend Policy:

B. Details of Company's dividend distribution policy:

1. The shareholder shall be entitled to his share of the profits in accordance with the General Assembly's resolution on the distribution of dividends to shareholders or the resolution of the Board of Directors to distribute interim dividends. The resolution shall specify the due date and distribution date. Shareholders registered in the Shareholders Register at the end of the due date shall be entitled to receive dividends.
2. The Board of Directors shall implement the General Assembly resolution regarding the distribution of profits to the shareholders registered within 15 days of the dividend due date specified in the General Assembly or Board's resolution to distribute interim dividends.
3. The Board may decide to distribute interim dividends to shareholders semi-annually or quarterly, subject to the following requirements:
 - The General Assembly must authorize the Board to distribute interim dividends under a resolution to be taken annually.
 - The Company's profitability must be healthy and stable.
 - The Company must have reasonable liquidity and can reasonably predict its level of profit.
 - The Company must have distributable profits, according to the latest audited financial statements, that are sufficient to pay the proposed dividends, after deducting the amounts distributed and capitalized from such profits after the date of such financial statements.
 - Dividend distribution generally depends on several factors, including:
 1. The Company's profitability (i.e., realizing sufficient profits that allow statutory distribution) and its financial condition.
 2. Cash flow, new capital investments and future expected external financing, taking into account the importance of maintaining a strong liquidity policy to address any unforeseen changes.
 3. Any restrictions on distribution under the financing loans intended to be entered into by the Company.
 4. Any other legal or regulatory considerations

Dividends paid in quarter 2, 2020 for the fiscal year 2019

During quarter 2, 2020, cash dividends were paid to shareholders for the fiscal year ending 31/12/2019, as set out in the following table:

Percentage of dividends paid in 2020 for the fiscal year 2019		Total dividends
Date of payment	10/06/2020	
Percentage	10%	10%
Total amount	70,000,000	SR 70,000,000

Percentage of dividends proposed by the Board of Directors for the fiscal year 2020

The Board of Directors recommended that dividends payable for the fiscal year ending 31/12/2020 will be in accordance with the Company's announcement published on Tadawul website on 04/03/2021, as set out in the following table:

Percentage of dividends recommended by the Board of Directors for the fiscal year 2020		Total dividends
Percentage	5%	5%
Total amount	35,000,000	SR 35,000,000

Representations:

The Board of Directors of Alandalus Property Company represent that:

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

Conclusion

Ambitions and aspirations

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

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



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