



Riyadh
Development
Company

Board of Directors Report

During the time period
From 01/01/2022 To 31/12/2022



Contents

Board Of Directors Message	03
About Riyadh Development Company	05
Company Assets	11
Company Strategy	19
Financial Results	26
Financial Statements For The Past Five Years	30
Other Investments	33
Remaining Profits	35
Corporate Governance	37
Executive Committee	49
Audit Committee	52
Nominations And Rewards Committee	56
Statements of the Board of Directors	65
Disclosure	66
Risks That The Company May Face	71
Dividend Policy	74

Board of Directors Letter Riyadh's Growth... ARDCO's Growth

To the esteemed shareholders of Riyadh Development Company

As we witness together the incredible pace of the growth of our dear Kingdom, we see behind it the valiant efforts of its leadership to bring about a bright, prosperous future for the coming generations. These relentless efforts, carried out under the direction of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, and with the direct supervision of the Prime Minister, His Royal Highness Crown Prince Mohammed bin Salman Al Saud, are the driving force and the beating heart of the remarkable growth and prosperous renaissance taking place in the country. This has propelled the Kingdom to compete on the global stage through ambitious initiatives that take aim at improving quality of life for citizens and residents as well as improving infrastructure and urban development in Saudi cities, taking the Kingdom to new heights to rank among the fastest growing and largest economies around the world.

Our capital of Riyadh possesses all the key attributes that make it a globally competitive city and allow it to set the foundations for an economic powerhouse, bringing forth with it job creation, economic development, and investment opportunities. Today, Riyadh holds the 40th place in the ranking of the largest global city economies. Its ambition, however, is to be ranked among the top 10 worldwide, while increasing its population from 7.5 million to over 15 million as well as receiving more than 40 million visitors by 2030.

In light of these transformations across the Kingdom, and particularly Riyadh, the company's successive boards and executive management have continuously launched development projects and investment initiatives that witnessed the development, operation, and management of public good services projects, with the company building a stellar track record of community impact across the city and the country.

As its 30th anniversary approaches, Riyadh Development Company looks forward to continuing its role in the anticipated bright future of Riyadh. As such, in 2022, the Board of Directors adopted a new institutional transformation and corporate development program, which focuses on developing the company's infrastructure, attracting distinguished talents, and launching a 10-year corporate strategy with a vision focused on economy and investment. The company aims to achieve sustainable financial returns for its shareholders by diversifying the company's sources of income through a well-maintained mix of real estate leasing, real estate development and development management, and capitalizing on our leading position in the fresh produce and public goods services markets, while also evaluating and undertaking promising new projects and investments. ARDCO will use this momentum to keep pace with the rapid growth of Riyadh as the country's largest urban center, leading the country's urban renaissance and its march towards unprecedented growth, in step with the Kingdom's Vision 2030 and the ambitious Riyadh City Strategy, aiming to achieve sustainable growth and maximize shareholder return.

The company announces that, in the fiscal year ending on 31 December 2022, it has achieved profits amounting to SAR 300.4 million, a drop of 6% in comparison to the 2021 fiscal year. This is largely attributed to the drop in income from Tanal Company, an associate company, by 16% in 2022 as a result of the decrease in volume of land sales compared to 2021, despite the increase in the average price per sale.

Expenses also increased by 14% following the company's investment in maintenance to improve and further develop its assets in order to obtain mandatory building safety licenses as well as attracting talents in the operational sector to raise the company's operational efficiency. Zakat expenses also increased by 36% compared to the previous year, reaching SAR 12.6 million, although general and administrative expenses dropped by 10% compared to the previous year.

Regarding operating revenues, the company has achieved a remarkable increase of SAR 8 million following the acquisition of an office building during the 4th quarter of 2022 as well as the increase stemming high operational and occupancy rates in the company's centers and markets, reaching 93%. Profits from Islamic Murabaha deposits increased by 469% due to the increase in volume and interest rates of Murabaha investments compared to the previous year.

To conclude, we would like to express our deep thanks and great gratitude to all who contributed to our success, particularly to our valuable customers and suppliers for their constant cooperation, and to our shareholders for the trust you have placed in us.

Sincerely,
The Board of Directors

Riyadh Development Company Overview





About Riyadh Development Company

Riyadh Development Company [ARDCO] was established by Royal Decree No. [M/2] in 1994 as a joint-stock company by a vision from King Salman bin Abdulaziz, during his time in office as the Governor of Riyadh, with its first mandate being the development of the Qasr AlHukm area in central Riyadh. Proudly under his leadership as the first honorary Chairman of the company's Board of Directors. ARDCO progressed to become a cornerstone of Riyadh's real estate development and investment sector, through establishing, operating, and managing key projects in the public good services sector. ARDCO has built and currently manages several key service projects, operated by more than 150 highly qualified Saudis, leased to over 2,000 tenants, and serving more than 20 million people.

Vision

We strive to be the sustainable partner of choice to cultivate urban development and elevate human welfare. building on Riyadh's legacy towards promising horizons.





Values

Commitment

Credibility

Adaptability

Collaboration

Excellence

Initiative



Mission

We strive for excellence in real estate development and management, and to strengthen our pioneering position in the fresh produce and public good services sector. We are committed to enhancing our operational efficiency in our operating businesses and aim to diversify our investments, increasing returns on our assets, and maximizing total shareholder return. We will operate within a business philosophy that seeks to create impact all around us and achieve sustainability in its broadest sense, for the benefit of everyone across our value chain, including our customers, colleagues, partners and shareholders.



Business Lines

Since its inception, Riyadh Development Co. has operated in public good services and real estate development and operation across three business models :

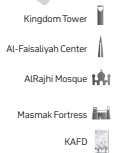
1. **Development.** The company has developed a multitude of commercial, residential, and public good services projects in central Riyadh and was also an infrastructure master developer of several residential communities in Riyadh.
2. **Operation.** The company runs fresh produce markets in multiple locations in Riyadh, operates public transport services between cities, and is active in car auction operation.
3. **Leasing.** The company manages the leasing of its assets and ceters, in addition to other retail space available at public good services projects operated by the company.

Company Assets










Company Assets




Riyadh Development Company owns 14 primary assets between real estate leasing, operational business, and land development and sales








Real Estate Leasing

- 01 AlTameer Wholesale Center 
- 02 AlTameer Meat and Vegetable Market 
- 03 Uteiqah Central Market 
- 04 AlTameer Riyadh Market 
- 05 AlTameer Cold Storage 
- 06 Aziziyyah Plots 
- 07 Mid-rise office building in AlMalqa 

Operational Business (Public Good Services)

- 08 AlTameer Central Market [AlAziziyyah Fruits and Vegetables] 
- 09 AlTameer Bus Terminal 
- 10 AlTameer International Car Auction 

Real Estate Development

- 11 AlTameer City for Technical Services 
- 12 Qasr AlHukm Area 
- 13 Tital AlRiyadh 
- 14 AlRimal Development 
- 15 AlShorouq Cities Plot 

Riyadh Development Company Projects

Each of Riyadh Development Co.'s investment projects have added significant value to Riyadh and the community throughout its history. These projects have gained major economic value through 14 of the company's assets:

Leasing

- 1 AlTameer Wholesale Center:** Developed in year 2000 and considered ARDCO's first and largest project to date. A mixed-use complex with retail, office, and residential units, located in AlDirah area on a plot in excess of 105,000 m².
- 2 AlTameer Meat and Vegetable Market in AlBatha:** Developed in 1997 in collaboration with the Riyadh Municipality, as the 14,000 m² landowner, through a build-operate-transfer (BOT) agreement. The market is the first indoor, fully climate-controlled marketplace for meat retail.
- 3 Uteiqah Central Market:** Built on an area of over 196,000 m², phase one of Utaiqah Central Market was inaugurated in 2016, with phase two following three years later in 2019. Developed in partnership with Riyadh Municipality, as the landowner, on a BOT agreement. Utaiqah is a historically significant landmark that offers today's family and individual consumers, as well as SMEs, a multitude of food options, from fresh produce to dates, meat, fish, and legumes.
- 4 AlTameer Riyadh Market:** Opened in 1999 over 25,000 m² near the intersection between AlBatha Street and South Ring Road, it is a multiuse complex with retail and office units. The market is part of a larger development along with the nearby AlAziziya central market that evolves into a singular comprehensive service complex.

- 5 **AlTameer Cold Storage:** Located over 27.000 m2 near AlTameer fresh produce markets. the company's cold storage warehouses are instrumental in meeting the markets' logistical needs. The first unit was leased out in 2013. after 4 years of development beginning in 2009.
- 6 **Al Aziziya Plots:** Parcels of land with a total area of 42.000 m2 strategically located along the South Ring Road. these are leased out in a build-operate agreement. Initially acquired in partnership with several investors in 2004.
- 7 **Mid-rise office building in AlMalqa (south of the King Fahd Rd. and King Salman Rd. intersection):** Acquired in 2022. and consists of 12-story office space with two-story parking. developed over a 3.346 m2 plot. with a total of 10.500 m2 leasable area.

Operations and Public Good Services

- 1 AlTameer Vegetables & Fruit Wholesale Market:** The marketplace was built upon ARDCO's own 300.000m2 land in AlAziziya in 1998. As one of the Middle East's largest wholesale fresh produce markets, this asset is a key supply point of local and imported fresh produce to numerous national and regional retail markets.
- 2 AlTameer Bus Terminal:** The bus terminal is an intercity travel facility over ARDCO's 150.000 m2 land in AlAziziya. Commenced operations in 2001, this is the Middle East's largest intercity bus terminal, with retail outlets for traveler shopping as well as office spaces for Hajj and Umrah companies.
- 3 AlTameer International Car Auction:** Established in 2007 and developed over 240.000 m2 of ARDCO-owned land in eastern Riyadh, the auction grounds comprise of nine auction lanes where potential buyers can bid on auctioned vehicles. It is supported by a 20.000-vehicle storage area. The location offers auctioning and sales centers servicing car financing companies.

Real Estate Development

ARDCO has invested in infrastructure and land development for several residential projects in northern and eastern Riyadh since 2001. These include:

- 1 Tilal AlRiyadh:** ARDCO was the infrastructure master developer on a plot acquired in 2001 and located over an area of one km² along Anas bin Malik Road in AlMalqa, one of Riyadh's most desirable districts. It is Riyadh's first gated community and remains one of the city's most premium residential areas.
- 2 AlRimal Development:** A sprawling 3.000.000 m² development in the AlRimal district. the land was acquired in partnership with Sumou Real Estate in 2014. Five years later, the two companies, along with Sumou Holding, established Tanal Investment and Real Estate – with ARDCO owning around 70% – to become the primary shareholder.
- 3 AlTameer Technical Services City:** Developed in 2002 and located over 250.000 m² in north-east of Riyadh. this location serves light manufacturing and construction industries in Riyadh.
- 4 AlShorouq Cities Development (Shorouq AlTameer):** Developed in 2002 over a plot of 2.900.000 m² owned by the company in northeastern Riyadh.

First: Owned centers and markets owned by the company

Administration\Center	Area [m2]
AlTameer Central Market [AlAziziyah Fruits and Vegetables]	229.226 m2
AlTameer International Car Auction	241.495 m2
AlTameer Bus Terminal	148.303 m2
AlTameer Wholesale Center	104.475 m2
AlTameer Riyadh Market	25.001 m2
AlTameer Plaza [1]	1.200 m2
AlTameer Plaza [2]	5.000 m2
AlTameer Plaza [3]	7.000 m2
AlTameer Cold Storage	27.864 m2
Aziziyah land - Developed with B.O.T	27.104 m2
Aziziyah land - Developed with B.O.T	15.576 m2
Mid-rise office building in AlMalqa	10.500 m2
Total	912.744 m2

Second: Company owned land:

Administration\Center	Area [m2]
Technical Services City Land - Complete Service Scheme	141.000 m2
Lands of Qasr Al-Hukm District	18.247.39 m2
Tilal Al-Riyadh Lands - Developed with Safi	22.965 m2
Tanal Company Scheme [Associate Company]	309.000 m2
Total	491.212.39 m2

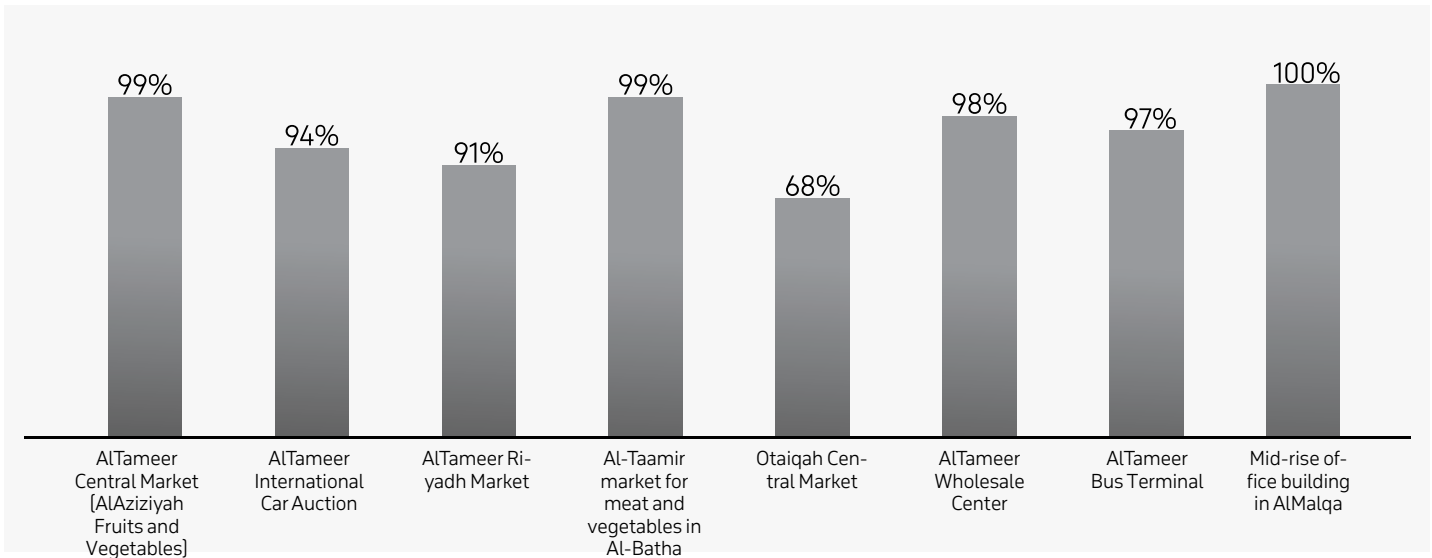
* The entire land area is 445.000 square meters in partnership with the associate company

Third: Projects built on leased land:

Administration\Center	Area [m2]
Otaiqah Central Market	186.000 m2
Al-Taamir market for meat and vegetables in Al-Batha	13.961 m2
Total	199.961 m2

Occupancy Rates

Occupancy rates for the year 2022



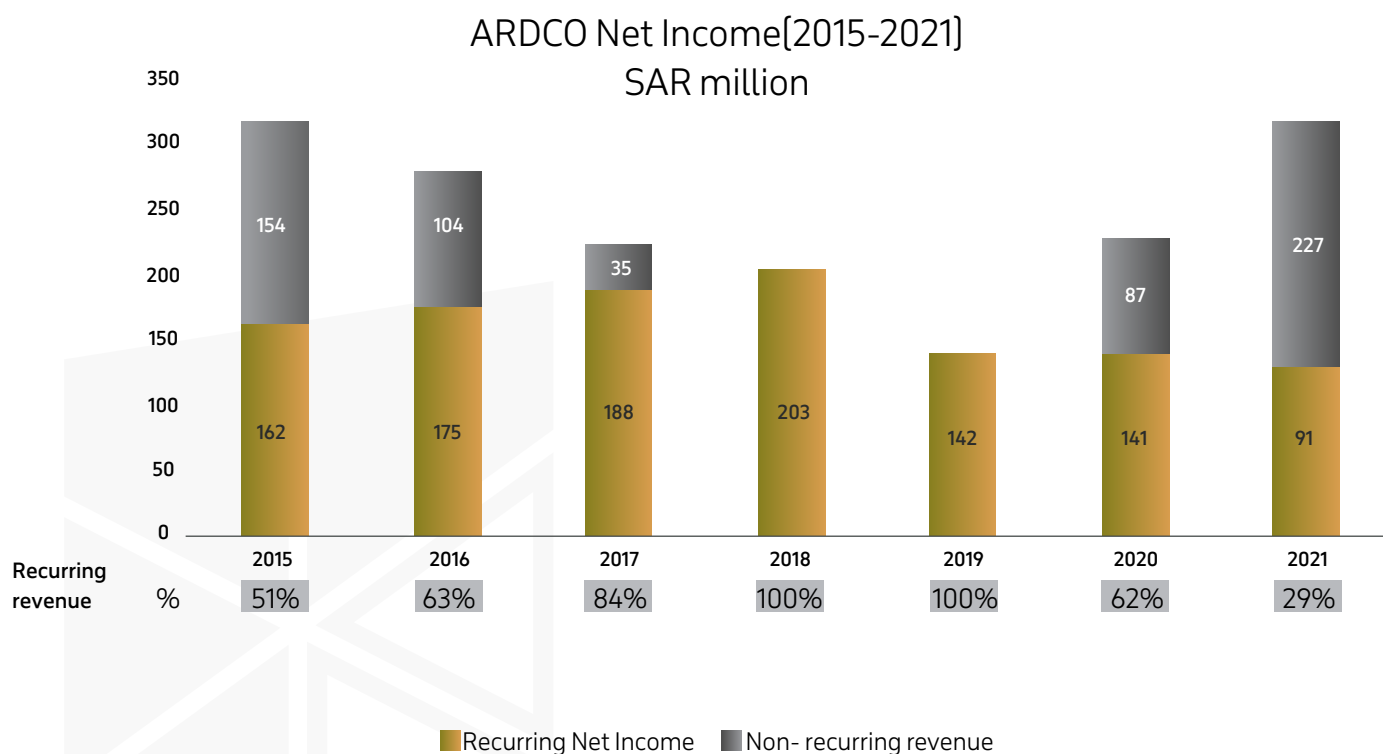
Company Strategy

We Invest for Growth

Despite the remarkable growth in ARDCO's financial performance over the past few years, the company's recurring net income has seen some decline.

Operational inefficiencies and aging assets, exacerbated by a lack of pre-emptive maintenance and investment in infrastructure development and modern technology, have all limited the company's ability to increase rental income and revenue.

In accordance with such, the company experienced a windfall from an investment in 2014 to develop infrastructure and resell plots in northern Riyadh. Despite the exceptional profitability of that deal, the company neither reinvested the windfall cash, built its capability, nor transferred knowledge gained from the project.



We Invest for Growth

Considering these events, the Board of Directors initiated a corporate restructuring and transformation program that included developing a new company strategy that prioritizes sustainable growth and maximizing shareholder return.

Strategy Development Methodology

In developing the new strategy, ARDCO prioritized maximizing shareholder return and sought to ensure the company's readiness for any economic and development boom. The steps in writing the strategy were as follows:

- Analyzing, reviewing, and in-depth understanding of five of the 20 most relevant economic sectors.
- Benchmarking, reviewing, and analyzing over 30 companies in said sectors.
- Conducting over 20 meetings and interviews with relevant stakeholders.
- Aligning the new strategy with the following notable national strategies:
 - Housing Program
 - Quality of Life Program
 - National Industrial Development and Logistics Program
 - National Transport and Logistics Strategy
 - National Investment Strategy
 - Tourism Strategy

Strengths

Based on findings from the above, ARDCO was able to identify strength areas in which to focus its investment and care:

- A strong reputation and solid track record that the company has developed by operating and growing its assets since its establishment in 1994.
- Strong relationships with public and private entities pertinent to the company's business lines.
- Long-standing operational businesses with more than 20 years of experience in operations in fresh produce and more than 15 years' experience in vehicle auctions.
- Proven, tangible track record in real estate investment.
- Strong cash position and debt raising capacity.

We Invest for Growth

Opportunities for Improvement

- Further expand and diversify key business concentrations. such as real estate leasing and fresh produce. which constitute 85 percent of the company's recurrent income.
- Enhance efficiency and capacity of businesses to capitalize market opportunities
[such as making use of undeveloped land at the AlTameer International Car Auction and re-utilize unused auction tracks.]
- Build sustainable growth engines rather than sole reliance on 3rd party partnerships for new projects. investing more in assets and capabilities and initiate knowledge transfer
[such as investing in the AlRimal development.]
- Invest in emerging sectors to further fuel future revenue and income streams
[such as logistics and build-to-suit.]

Riyadh's Growth, ARDCO's Growth

Riyadh is a growing metropolis that possesses the competitive edge to create jobs. grow the local economy. foster investment. and create endless opportunities. As the world's 40th biggest urban economy. the city aspires to break into the top 10 and increase its population from about 7.5 million to 15-20 million by 2030.

- 1 Top-down GDP analyses indicate that Riyadh is projected to become the world's 8th largest urban economy.
- 2 Based on the projected nominal GDP for 2030. Riyadh's population is expected to reach 15-20 million.
- 3 The Ministry of Tourism projects that more than 42 million people are expected to visit Riyadh by 2030. constituting 50 percent of non-religious visits in Saudi Arabia.



Our Future Outlook

In order to ensure sustainable growth and build a strong real estate conglomerate capable of meeting shareholders' aspirations, ARDCO is pursuing the following:

- **Generate stable** financial returns as a key objective. through a focus on real estate development while capitalizing on potential divestment and capital gain. when available.
- **Diversify** its asset portfolio across real estate and operations activities primarily in Riyadh. with an opportunistic eye towards other cities in KSA. if attractive and relevant to the company's immediate or long-term goals.
- **Maximize revenues** from existing assets and ensure that future investments are profitable.
- **Leverage** the company's strong financial position to achieve a feasible return on risks.
- **Strike partnerships** with established and/or complementary players to maximize value for all involved. with a controlling minority stake as a minimum degree of control. as well as creating added value in priority sectors.
- **Maximize total shareholder** return by balancing dividend and capital gain through reinvestment.

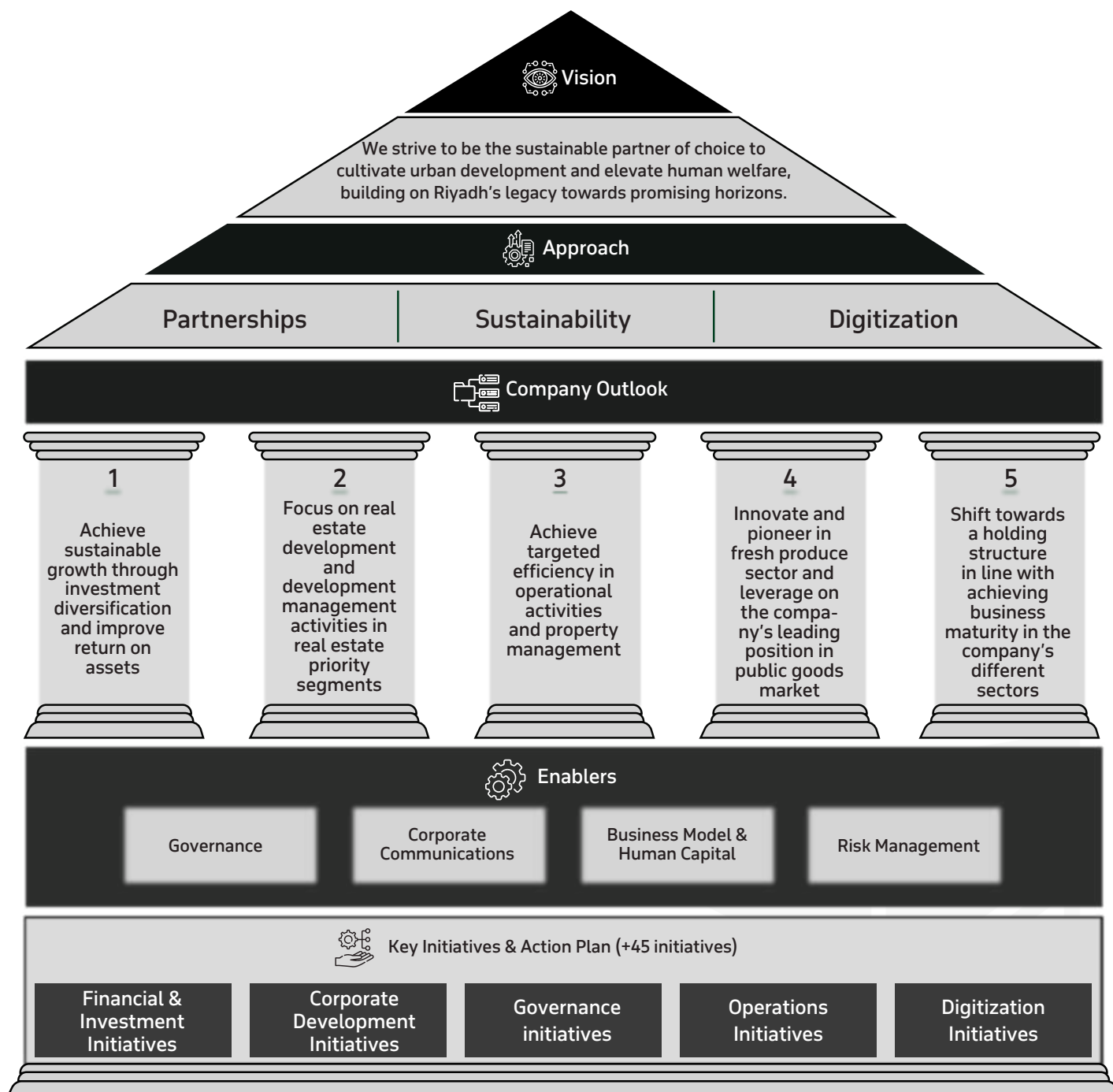
Sustainable Growth Drivers

Target Sectors

ARDCO conducted market analysis and sector benchmarks, through which it identified key strengths, areas of improvement as well as potential avenues of growth. Following which, the company analyzed emerging sectors in line with Vision 2030 and the strategic direction that Riyadh is embarking on. As a result of its research, ARDCO has decided to recalibrate its business lines onto key priority sectors that would help the company diversify its real estate and operational portfolio with an improved risk to return balance. These sectors are:

- 1 Real estate development and development management
- 2 Public goods services
- 3 Car auction
- 4 Financial investment

This approach will help bolster the company's vision and turn that vision into reality through its new strategy:



Financial Results



Financial results

- ▶ The company achieved total revenues for the fiscal year ending on 31/12/2022 amounting to [471.351.890] Saudi Riyals. a decrease of 2% from 2021.
- ▶ The company's expenses amounted to [170.995.625] Saudi Riyals.
- ▶ The company's net profit before zakat amounted to [313.044.178] Saudi Riyals.
- ▶ An amount of [12.687.913] Saudi Riyals was allocated for the legal zakat for the year 2022.
- ▶ An amount of [30.035.626] Saudi Riyals has been transferred to the General reserve. which is equivalent to [10%] of the company's net profits after deducting the legal zakat.





The impact of activities on the company's business

Statement	Operating activity	Leasing activity	Land activity	Shared assets and liabilities	Total
For the year ending on december 31. 2022					
Total assets	288,407,868	1,366,774,968	32,266,078	910,295,031	2,597,743,945
Total liabilities	42,473,354	92,130,861	110,038,427	155,464,697	400,107,339
Revenue	136,182,405	122,714,629	-	-	258,897,034
Cost of revenue	34,258,718	54,453,502	-	-	88,712,220
Gross profit	101,923,687	68,261,127	-	-	170,184,814
For the year ending on december 31. 2021					
Total assets	320,728,244	1,191,582,694	23,061,230	898,846,738	2,434,218,906
Total liabilities	39,707,363	98,319,725	102,328,725	172,620,749	412,976,562
Revenue	133,224,363	117,687,851	-	-	250,912,214
Cost of revenue	30,760,566	47,319,520	-	-	78,080,086
Gross profit	102,463,797	70,368,331	-	-	172,833,128



Comparative analytical presentation of operating results

The statement	Actual data 2022	Actual data 2021	Deviation [sar]	%Deviation
Revenue	258,897,034	250,912,214	7,984,820	%3
Cost of revenue	88,712,220	78,080,086	-10,632,134	-%14
Gross profit	170,184,814	172,832,128	-2,647,314	-%2
Marketing and administrative	66,696,445	74,307,855	7,611,410	%10
Net profit for main operations	103,488,369	98,524,273	4,964,096	%5

Data prepared as per the international accounting standards approved in the kingdom of Saudi Arabia.

The company recorded a drop in total profit by 2% and an increase in operating profit by 5% due to:

- Higher activity revenues and lower general and administrative expenses.



A statement of the value of the statutory payments due

Statement	2022	2021	Description	Cause
Zakat and tax	12,687,913	9,308,882	Imposed amounts that are zakat expenses	Government requirement
General Organization for Social Insurance [gosi]	2,405,748	1,463,840	The imposed amounts are social insurance expenses according to the labor system in the Kingdom of Saudi Arabia	Government requirement
Chamber of commerce and Industry	3,150	2,450	Fees	Government requirement
Edaa company	400,000	400,000	Fees	Regulatory requirement
Tadawul company	420,909	346,604	Fees	Regulatory requirement
Saudi Authority for Intellectual Property	46,725	-	Fees	Government requirement
Ministry of Commerce	1,825	-	Fees	Government requirement
Total	15,966,270	11,521,776		



Financial Statements for the Past Five Years



Statement of financial positions as of 31 December [SAR Million]

Statement	2022	2021	2020	2019	2018
Total assets	2,597.74	2,434.22	2,367.59	2,331.42	2,411.60
Non-controlling shareholders	-	-	-	-	-
Total shareholders' equity	2,197.64	2,021.24	1,981.10	1,927.91	2,067.55
Total liabilities	400.10	412.98	386.49	403.51	344.05

Data prepared as per the international accounting standards approved in the Kingdom of Saudi Arabia.



Income statement for fiscal years ending on 31 December [SAR Million]

Statement	2022	2021	2020	2019	2018
Revenue	258.89	250.91	237.73	249.70	282.99
Other revenue	212.45	232.17	93.14	13.21	6.63
Total revenue	471.34	483.08	330.87	262.91	289.62
Cost of revenue	88.71	78.10	69.11	64.88	67.64
Total profit and other income	382.63	405	261.77	198.04	221.98
Total cost	82.28	86.70	33.84	55.10	18.06
Net profit before minority shareholders	300.35	318.31	227.93	142.94	203.92
Share of non-controlling shareholders	-	-	-	-	-
Net profit for the year	300.35	318.31	227.93	142.94	203.92
Operating profit	103.49	98.52	146.58	154.84	202.58

Data prepared as per the international accounting standards approved in the Kingdom of Saudi Arabia



Statement of cash flows for financial years ending on 31 December [SAR Million]

Statement	2022	2021	2020	2019	2018
Cash flows from operational activities	112.03	144.06	165.91	190.35	197.09
Cash flows from investment activities	132.50-	134.67-	74.10-	21.26-	22.92-
Cash flows from financing activities	0.829-	2.41-	63.67-	179.46-	174.67-

- Some numbers of the comparative year have been reclassified to match the current year's format.
- Data prepared as per the international accounting standards approved in the Kingdom of Saudi Arabia.

Other Investments

The company has carried out various investment operations. as follows:

- 1 **investing** in the saudi heritage hospitality company [a closed saudi joint stock company] with 2 million shares. with a total value of 20 million riyals. or 8% of the capital. The company paid 5 million saudi riyals as a payment from its share in this investment. from which it recovered 1.2 million riyals saudi during 2022 and the company is currently under liquidation.
- 2 **On may 20, 2019.** the company. in partnership with Sumou Holding Company. established tanal real estate investment and development company [a limited liability company] with a capital of [100.000 Saudi Riyals] at a rate of 69.38% for the Riyadh Development Company and 30.62% for Sumou Holding Company. which is the same ownership percentage for both of them. In the land of AL-Thumama. which has an area of 3.000.000 m2 meters. for the purpose of transferring the assets of the first Riyadh Al-Taameer real estate fund. in which its participation was closed on 10/15/2019 ad. in order to complete the implementation of the remaining infrastructure works for the aforementioned land. During the second quarter of 2021. it was agreed to assign part of the share of Sumou Holding Company to Sumou Real Estate Company. and accordingly. the percentage of ownership became in Tanal Real Estate Investment and Development Company [Riyadh Development Company 69.38%. Sumou Holding Company 20.62%. Sumou Real Estate Company 10%]. The total investments of Riyadh Development Company in Tanal Real Estate Development and Investment Company [limited liability company] as of 31/12/2022 amounted to 231.347.588 Saudi Riyals.
- 3 **Investing** in short-term investment murabaha deposits with AL-Khair Capital Company. with a value of 400.000.000 Saudi Riyals.
- 4 **Investing** in short-term investment murabaha deposits with Al-Inma Bank. with a value of 60.000.000 Saudi Riyals.
- 5 **Investing** in long-term investment murabaha deposits with AL-Rajhi Bank. with a value of 185.000.000 Saudi Riyals.

Remaining Profits

Remaining profits

- ▶ The balance of the remaining profits as of 31 december 2022 was 294.744.421 Saudi Rivals.

Corporate Governance



In response to the requirements of the capital market authority and its regulating regulations. and as a commitment on the part of the company to establish the best practices of disclosure and transparency. the company discloses to its valued shareholders the following:

First: the provisions of the corporate governance regulations that have been applied and the provisions that have not been implemented and the reasons for that:

The following table shows a breakdown of the company's compliance with the saudi corporate governance regulations issued by the capital market authority.

	Article number	Article text	Partially Applied	Not applied	Comments
1	Thirty-ninth / training	2) develop the necessary mechanisms for each of the members of the Board of Directors and the executive management to obtain training programs and courses on an ongoing basis; in order to develop their skills and knowledge in areas related to the company's activities.		✓	The article is still guiding. and when it is compulsory. the company will Implement it.
2	Forty-first / evaluation	A) The Board of Directors - based on a proposal by the nominations committee - sets the necessary mechanisms to annually evaluate the performance of the board. its members and committees. and the executive management; this is done through appropriate performance measurement indicators related to the extent to which the strategic objectives of the company are achieved. the quality of risk management. the adequacy of internal control systems. and others. provided that the strengths and weaknesses are identified and a proposal to address them in accordance with the company's interest.	✓		Evaluation is done without setting performance indicators
3	Forty-first / evaluation	E) The Board of Directors shall make the necessary arrangements to obtain an evaluation by A competent third party for its performance every three years.		✓	The article is still guiding. and when it is compulsory. the company will Implement it.
4	Article 70: formation of the Risk Management Committee	By a decision of the company's Board of Directors. a committee named [risk management committee] shall be formed. Its chairman and the majority of its members are non-executive board members. It is required that its members possess an appropriate level of knowledge in risk management and financial affairs.	✓		Risk control is within the terms of reference of the audit committee.

	Article number	Article text	Partially Applied	Not applied	Comments
5	Seventy-second / meetings of the Risk Management Committee	The Risk Management Committee meets Periodically every [six months]. at least. and whenever the need arises.		✓	The risk register is presented to the audit committee and the Board of Directors annually.
6	Seventy-eighth / Internal Audit report	B] the Internal audit unit or department prepares a general written report and submits it to the Board of Directors and Committee Reviewing the audits conducted during the financial year and comparing them with the approved plan. in it. the reasons for any breach or deviation from the plan - if any - during the quarter following the end of the plan are indicated The relevant fiscal year.	✓		The internal audit system requires that the report be presented to the audit committee. and the audit committee reports the most important results of the report.
7	Eighty-fifth / motivating employees	1] forming committees or holding specialized workshops to listen to the views of the Employees of the company and discuss with them the issues and topics subject to important decisions.		✓	The article is still guiding. and when it is adhered to. the company applies it.
8	Eighty-fifth / motivating employees	2] programs for granting employees shares in the company or a share of the profits it achieves. and retirement programmes. and the establishment of an independent fund to spend on these programs.		✓	The article is still guiding. and when it is adhered to. the company applies it.
9	Eighty-fifth / motivating employees	3] establishment of social institutions for workers in the company.		✓	The article is still guiding. and when it is adhered to. the company applies it.
10	Eighty-seventh / social responsibility	The ordinary general assembly. based on a proposal from the Board of Directors. sets a policy that ensures the establishment of balance Between its goals and the goals that society aspires to achieve; in order to develop the social and Economic Conditions of the community.		✓	They will be adopted when they are mandatory.
11	Eighty eight/ Social work initiatives	1] establishing measurement indicators linking the company's performance with the initiatives it offers in social work. and comparing that with other companies with similar activity.		✓	The article is still guiding. and when it is adhered to. the company applies it.
12	Eighty eight/ Social work initiatives	2] disclosure of the objectives of social responsibility adopted by the company to its employees. and educating and educating them about it.		✓	The article is still guiding. and when it is adhered to. the company applies it.
13	Ninety-fifth / formation of the corporate governance committee	In the event that the Board of Directors forms a committee specialized in corporate governance. it must delegate it. The terms of reference stipulated in article 94 of these bylaws. and this Committee must follow up on any issues related to governance applications. and provide the Board of Directors. at least annually. with the reports and recommendations it reaches.	✓		Monitoring governance and updating its requirements falls within the jurisdiction of the legal department. The company does not have a governance committee. and when it is mandatory. it will be formed.

Second: classification of the members of the Board of Directors. the number of meetings during the year. the attendance record. and the names of the joint-stock companies in which a member of the Board of Directors is a member of its Board of Directors:

Composition of the Board of Directors - until 06-24-2022

	Article number	Member name	Membership rating		
			Executive	Non-executive	Independent
1		Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality			✓
2		Eng. Ali Abdullah AL-Hassoun		✓	
3		Mr. Khaled Saleh AL-Hathal			✓
4		Mr. Mansour Abdullah AL-zeer		✓	
5		Mr. Majid Nasser AL-Subaie			✓
6		Dr. Ali Abdulaziz AL-Khudairi		✓	
7		Mr. Fahad Abdullah AlKassim			✓
8		Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance		✓	

Composition of the Board of Directors - from 06-25-2022

	Article number	Member name	Membership rating		
			Executive	Non-executive	Independent
1		Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality			✓
2		Mr. Ali Abdullah AL-Hassoun		✓	
3		Mr. Sulaiman Nasser Al Hatlan			✓
4		Mr. Nayef Ibrahim AL-Hadithi			✓
5		Mr. Majid Nasser AL-Subaie			✓
6		Dr. Abdullah Abdulrahman AL-Hussein			✓
7		Mr. Fahad Abdullah AlKassim			✓
8		Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance		✓	

The current and previous positions of the Board of Directors, their Qualifications and experience:

Sn	Member name	Jobs [Current]	Jobs [Previous]	Qualifications and experience
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Mayor of Riyadh Region	Royal Commission for Riyadh City	He specializes in urban planning and management. He obtained a Master's degree from Harvard University in 2016 in Urban Planning and Management, and a Master's degree in Architecture and Urban Design from Columbia University in New York in 2014. And a PhD candidate from the University of Berkeley, USA. His highness previously worked in 2019 at the Royal Commission for Riyadh City. As a design and urban studies consultant, he also worked in 2019 at Skidmore, Owings and Merrill [SOM] in Chicago, USA, and also worked in 2011 as an architect in the Moriyama and Tashima Urban Planning Office in Canada.
2	Eng. Ali Abdullah AL-Hassoun	Businessman	CEO of Riyadh Development Company	He holds a Master's degree in Architecture and Planning from USA and has experience in the field of real estate, its Investments, and architectural and engineering planning.
3	Mr. Khaled Saleh AL-Hathal	Businessman	Businessman	He holds a Master's degree in Public Administration from Indiana State University, USA. He worked in the Ministry of Housing and Public Works, and he also worked in a leadership position in the General Electric Company, and he also worked in the AL-Faisaliah Group.
4	Mr. Mansour Abdullah AL-Zeer	Retired	Consultant in Khaled AL-Bultan Group	He holds a Bachelor's degree in Media and has done several works in the field of real estate investments and supervision of commercial and residential buildings.
5	Mr. Majid Nasser AL-Subaie	CEO of Nasser AL-Subaie & Sons Investment Company	Businessman	He holds a Bachelor's degree in Economics from King Saud University. He works as an executive director for Nasser AL Subaie & Sons Investment Company. He also works as a board member in the Saudi Automotive Services Company [SASCO] and also works as a board member in the Islamic Bank of Brunei.
6	Dr. Ali Abdulaziz AL-Khudairi	Retired	Member of the Shura Council	He holds a PhD in Arabic literature and has his own business in the field of real estate and participation in real estate ventures.
7	Mr. Fahad Abdullah ALKassim	Chairman of the Board of Directors at ALKassim Office for Accounting and Consulting	Chairman of the Board of Directors of Amwal Financial Consulting Company	He holds a Bachelor's degree in Accounting from King Saud University, he also obtained a management and leadership program from the University of Oxford, and he has membership in the Boards of Directors of a number of joint stock companies.
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	General Manager of the Insurance Excellence Department at the General Organization for Social Insurance	Director of Participants accounts department, General Organization for Social Insurance	He holds a Master's degree in Applied Statistics from the University of Guelph, Canada, and has held a number of positions at the General Organization for Social Insurance

The current and previous positions of the Board of Directors, their Qualifications and experience:

Sn	Member name	Jobs Current	Jobs Previous	Qualifications and experience
9	Mr. Sulaiman Nasser Al Hatlan	Member of the Audit Committee of the Board. Member of the Board of Directors of Maharah Human Resources Company. Member of the Board of Directors of the Saudi Vittrified Clay Pipe Company Member of the Board of Directors of the Lightweight Construction Company [SIPOREX]. and a non-executive member of the Board of Directors of Al-Hilal Investment Company. and a representative AL-Hilal Saudi Sports Club	Member of the training faculty at the Institute of Public Administration. Consulting Director. then Partner and CEO of House of National Consulting. Managing Director of Maharah Human Resources Company	Master's degree in Professional Accounting from the American University of California. and he Holds a Bachelor's degree in Accounting from King Saud University.
10	Mr. Abdul-Ilah Abdul Rahman Al Hussein	Membership of the Board of Directors of each of Alhusain Transportation Company and the Leading Supply Cement Company	Deputy General Manager of Abdulrahman AL-Hussein Corporation for Goods Transport	He holds a Bachelor's degree in Economics and Management from King Abdulaziz University.
11	Mr. Nayef Ibrahim AL-Hadithi	Member of the Board of Directors of Madaen Star Group specialized in real estate development	A professional career of more than ten years in the real estate sector. He worked for Colliers International in the field of real estate consulting and evaluation. feasibility studies. and in Madaen Star Group in the field of business development.	He holds a Bachelor's degree in Finance from the University of Arizona. USA.

Names of companies inside and outside the Kingdom in which a member of the company's Board of Directors is a member of its current and previous Boards of Directors or one of its Directors.

Sn	Member name	The names of the companies in which the board member is a member of their current boards of directors or one of their directors	Inside the Kingdom / outside the Kingdom	The legal entity	Names of companies whose board member was a member of their previous boards of directors or one of their managers	Inside the Kingdom / outside the Kingdom	Legal entity
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Riyadh Holding Co.	Inside the Kingdom	Holding company		Inside the Kingdom	
		Central Riyadh Development Co.					
		Rimat Riyadh Ddevelopment Co.					
2	Mr.Ali Abdullah AL-Hassoun	Nothing	-	-	AL-Ahsa Development Company	Inside the Kingdom	Listed company
3	Mr. Khaled Saleh AL-Hathal	AlBilad Capital	Inside the Kingdom	Closed joint stock company			
		Masik		Closed joint stock company			
		AlMaktaba Co.		Limited liability company			
		Semplegy international		Limited liability company			
		Mozn Investment Company		Limited liability company			
		Logistics Services Co.		Limited liability company			
		Al Bilad Bank		Listed company			
		Qurtoba Houses Fund		Closed ended fund			
		Al-Argan Co.		Limited liability company			
4	Mr. Mansour Abdullah AL-Zeer	Nothing	-	-	-	-	-
5	Mr. Majid Nasser AL-Subaie	SASCO	Inside the Kingdom	Listed company			
		Muhammad Ibrahim AL Subaie and Sons Investment Company (MASIC)		Closed joint stock company			
6	Dr.Ali Bin Abdulaziz AL-Khudairi	Nothing	-	-	-	-	-
7	Mr. Fahad Abdullah AlKassim	Savola Group	Inside the Kingdom	Listed company	Al bilad bank	Inside the Kingdom	Listed company
		Dallah Health Services Co.		Listed company	Naqel Co.		Closed joint stock company
		Dur Hospitality Co.		Listed company	SPL		Governmental institution
		Jarir Marketing Co.		Listed company	Abdullatif Alissa Holding Group Co.		Contribution not included
		Al-Argan Projects Co.		Closed joint stock company	Al-rajhi co.		Limited liability company
		Fincorp Investment Co.		Closed joint stock company (Egyptian)	Raj Real Estate Co.		Limited liability company
		Dr. Mohammed Rashid AL- Faqih and Partners co.		Closed joint stock company	National General Automotive Co.		Limited liability company
		Abdullah Ibrahim AL- Subaie Holding Co.		Closed joint stock company	Saudi Heritage Hospitality Co.		Closed joint stock company
		Basqat Gulf Co.		Limited liability company	Rakeen Najd International Co.		Closed joint stock company
		Century 21 Co.		Limited liability company			
		AlRajhi United Co.		Closed joint stock company			
		Ariz Commercial Investment Company Limited		Limited liability company			
		Jarir Investments Co.		Closed joint stock company			
		Mohammed Abdulaziz al Habib & Sons Holding co.		Closed joint stock company			
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Yamama Cement Co.	Inside the Kingdom	Listed company			
9	Mr. Sulaiman Nasser Al Hatlan	Maharah Human Resources Cco.	Inside the Kingdom	Listed company			
		Saudi Vitrified Clay Pipe Co.		Listed company			
		Lightweight Construction Co. - SIPOREX		Closed joint stock company			
10	Mr. Abdul-Ilah Abdul Rahman AL-Hussein	Al-Hilal Club Investment Co.		Closed joint stock company			
		Alhusain Trasportation Co.		Limited liability company			
		Leading Supply Cement Co.		Limited liability company			
11	Mr. Nayef Ibrahim AL-Hadithi	Madaen Star Group		Closed joint stock company			

Current and previous Executive Management positions, qualifications and experience.

Sn	Member name	Jobs Current	Jobs Previous	Qualifications and experience
1	Mr. Jehad Abdulrahman AL -Kadi	CEO	Senior Director - general department of local real estate investments in the Public Investment Fund (PIF)	Bachelor's degree in Economics from King Saud University in Riyadh. holds a Master's degree in Executive Management and is a candidate for an Executive Diploma for Membership of Boards of Directors. He also obtained a number of executive courses in a number of prestigious universities such as Harvard Business School. London Business School. and IE University in Madrid.
2	Dr. Wael Azzam Jundi	Chief Investment Officer	Career experience exceeding 20 years in the Investment sectors. establishing real estate funds and real estate development in several entities. including pricewaterhousecoopers PWC and Sinogulf	PhD In Economics from the University of Liverpool in the United Kingdom. in addition to a Master's Degree in Finance with distinction from the same university through the Chevening scholarship offered by the British government for outstanding students in the Middle East. a Master's degree in Political Science and a Bachelor's degree in Accounting and Finance. In addition to the above. he completed the leadership program for executives from the University of Oxford in the United Kingdom.
3	Mr. Anas Tariq Najmi	Chief Strategy and Business Development Officer	Strategy Advisor and Head of Riyadh Marketing and Investment promotion at Royal Commission for Riyadh City	Bachelor's degree in Management Information Systems from King Fahd University of Petroleum and Minerals. He also attended programs on negotiation strategies and marketing planning from INSEAD and Georgetown. respectively. He has also led several community programs within the Prince's Charities and Mosaic Leadership Summits in London and Manchester. UK which aim at leadership in the community.
4	Mr. Mohammed Ahmed Al-Kulaib	Chief Financial Officer	Chief Financial Officer of the Arab Agricultural Services company. ARASCO	Bachelor's degree in Accounting from King Faisal University in 2003. He also obtained a Master's degree in Business Administration from Murray State University in the United States in 2011. He also obtained the CMA certificate from the Institute of Management Accountants (IMA) in the United States of America in 2015.
5	Mr. Waleed Abdullah Al-Kharji	Chief Wholesale Markets Officer Acting Chief Commercial Centers Officer	General Manager of Trade Enablement in the Consumer Sector and led the development of many services and products in the communications. financial systems. customer relations and billing systems at STC	Bachelor's degree in Information Systems. King Saud University. more than 18 years of experience in the development processes of services and products. and more than ten years of work in Digital Transformation in information and communication technology companies.

Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals and remarks regarding the company and its performance: at the first meeting of the Board of Directors. the chairman of the Board of Directors. especially the non-executives. shall be notified of the proposals and observations received by the shareholders regarding the company and its performance.


The Board of Directors met during the period from 01/01/2022 to 31/12/2022 (8) meetings:

The ninth session until 06-24-2022

Sn	Member name	The meeting			
		The first 17/02/2022	The second 03/04/2022	The third 19/04/2022	Attendance rate
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Present	Present	Present	%100
2	Eng. Ali Abdullah AL-Hassoun	Present	Present	Present	%100
3	Mr. Khaled Saleh AL-Hathal	Present	Present	Apologized	%66.67
4	Mr. Mansour Abdullah AL-Zeer	Present	Present	Present	%100
5	Mr. Majid Nasser AL-Subaie	Present	Present	Present	%100
6	Dr. Ali Bin Abdulaziz AL-Khudairi	Present	Apologized	Present	%66.67
7	Mr. Fahad Abdullah AlKassim	Present	Present	Present	%100
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Present	Present	Present	%100

The tenth session from 06-25-2022

Sn	Member name	The meeting					Attendance rate
		The first 29/06/2022	The second 01/08/2022	The third 28/09/2022	The fourth 01/11/2022	Fifth 28/12/2022	
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Present	Present	Present	Apologized	Present	%80
2	Eng. Ali Abdullah AL-Hassoun	Present	Present	Present	Present	Present	%100
3	Mr. Sulaiman Nasser Al Hatlan	Present	Present	Present	Present	Present	%100
4	Mr. Abdul-Ilah Abdul Rahman Al-Hussein	Present	Present	Present	Present	Present	%100
5	Mr. Majid Nasser AL-Subaie	Present	Present	Apologized	Present	Apologized	%60
6	Mr. Nayef Ibrahim AL-Hadithi	Present	Present	Present	Present	Present	%100
7	Mr. Fahad Abdullah AlKassim	Present	Present	Present	Present	Present	%100
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Present	Present	Present	Present	Present	%100



The means relied upon by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external party that carried out the evaluation and its relationship with the company, if any

The nominations and remuneration committee investigates the weaknesses and strengths of the Board of Directors whenever they appear. studies them. finds out their causes. and proposes treatment in a way that benefits the company's interest and develops its performance.

Third: the interests and rights of the members of the Board of Directors, senior executives, their spouses and minor children: the interests and rights of the members of the Board of Directors

Ninth session

Sn	Member name	From 01/01/2022		%	To 24/06/2022		%
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Honesty 35.554	Personal -	%0.02	Honesty 35.554	Personal -	%0.02
2	Eng. Ali Abdullah AL-Hassoun	1.000		%0.001	1.000		%0.001
3	Mr. Khaled Saleh AL-Hathal	37.510		%0.02	37.510		%0.02
4	Mr. Mansour Abdullah AL-zeer	-		-	-		-
5	Mr. Majid Nasser AL-Subaie	1.000		%0.001	1.000		%0.001
6	Dr. Ali Abdulaziz AL-Khudairi	202.611		%0.11	5.781.907		%3.25
7	Mr. Fahad Abdullah AlKassim	2.000		%0.001	2.000		%0.001
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Insurances 8.800.034	Personal -	%4.95	Insurances 8.800.001	Personal -	%4.95

Tenth session

Sn	Member name	From 25/06/2022		%	To 31/12/2023		%
1	Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Honesty 35.554	Personal -	%0.02	Honesty 35.554	Personal -	%0.02
2	Eng. Ali Abdullah AL-Hassoun	-		-	-		-
3	Mr. Sulaiman Nasser Al Hatlan	37.510		%0.02	37.510		%0.02
4	Mr. Abdul-Ilah Abdul Rahman AL-Hussein	28.802		%0.02	47.140		%0.03
5	Mr. Majid Nasser AL-Subaie	-		-	-		-
6	Mr. Nayef Ibrahim AL-Hadithi	5.781.907		%3.25	6.596.999		%3.71
7	Mr. Fahad Abdullah AlKassim	2.000		%0.001	2.000		%0.001
8	Mr. Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Insurances 8.800.001	Personal -	4.95%	Insurances 100.008.8	Personal -	%4.95

Interest and rights of senior executives

Member name	First period 01/01/2021	%	Post period 31/12/2021	%
Mr. Jehad Abdulrahman Al-Kadi	-	-	-	-
Dr. Wael Azzam Jundi	-	-	7,000	%0.004
Mr. Anas Tariq Najmi	-	-	-	-
Mr. Mohammed Ahmed Al-Kulaib	-	-	-	-
Mr. Waleed Abdullah Al-Kharji	-	-	-	-

Executive Committee

Responsibilities & Functions of Board Committees

Executive Committee

Brief Description of the Committee Functions

1. Review the verification of the adequacy of working capital. the applicable business model and strategic plans and their funding activities.
2. Review all work before presenting it to the board and provide an opinion with a recommendation.
3. Review and recommend to the board investment opportunities. acquisition. integration. ownership and partnership activities.
4. Review and recommend to the board the impact of proposed transactions and transactions on the list of the financial position of the company. including the required funding. and assess the impact on liquidity and debt ratios.
5. Review the progress of the integration procedures and programs following the merger or acquisition of the business during the first trimester following the finalization of any transaction to ensure the successful integration of the acquired activity seamlessly into the business of the company.
6. The committee may perform any other functions consistent with its purposes. functions. responsibilities and any other work requested of the committee by the Board of Directors.
7. The committee through its chairman. shall report periodically to the Board of Directors on all decisions. actions and actions taken.
8. The company shall bear any costs necessary for the committee to carry out its work after the approval of the board

Committee members and number of meetings held for 2022:

9th session

Sn	Committee members	Number of meetings [2]	
		First 10/02/2022	Second 17/04/2022
1	Mr. Khaled Saleh AL-Hathal "Chairman of the Committee"	Present	Apologized
2	Mr. Fahad Abdullah AlKassim "Member"	Present	Present
3	Mr. Majid Nasser AL-Subaie "Member"	Present	Present
4	Mr. Abdullah Mohammed AL-Bahouth	Present	Present

10th session

Sn	Committee members	Number of meetings [3]		
		First 21/09/2022	Second 14/12/2022	Third 20/12/2022
1	Mr. Majid Nasser AL-Subaie "Chairman of the committee"	Present	Present	Present
2	Mr. Fahad Abdullah AlKassim "Member"	Present	Present	Present
3	Mr. Nayef Ibrahim AL-Hadithi "Member"	Present	Present	Present
4	Mr. Abdullah Mohammed AL-Bahouth	Present	Present	Present

Audit Committee

Audit Committee

Brief Description of the Committee Functions:

The committee shall examine the matters pertaining to it or to which it is referred by the board and shall submit its recommendations to the board for decision or for decisions to be taken by the board. The committee shall inform the board of its findings. take decisions or recommend them. The committee is responsible for monitoring the company's work and financial activities to verify policies and procedures that guarantee the integrity and integrity of reports. financial lists and internal control systems. The committee's functions include. in particular:

1. Financial reports:

- Consider the initial quarterly and annual financial lists before they are presented to the Board of Directors and provide feedback and recommendations to ensure their integrity. fairness and transparency.
- Provide a technical opinion. at the request of the board. on whether the annual report of the board and the financial statements of the company are fair. balanced and understandable and include information that allows shareholders and investors to assess the financial position. performance. business model and strategy of the company.
- Examine any significant or unusual issues contained in financial reports and accounts.
- Examine any issues raised by the company's financial manager. his/her supervisor. company obligor. or auditor.
- Verification of accounting estimates in material matters in financial reports.
- Study. provide opinions and recommend to the Board of Directors on corporate accounting policies.

2. Internal audit:

- The study and review of the company's internal control, financial and risk management systems.
- Supervise and verify the effectiveness of internal audit management plans and actions in line with regulations, regulations and professional practice in this regard, and recommend to the Board of Directors the appointment and proposal for remuneration of the director of the internal audit unit or department.
- Study internal audit reports and follow up on the implementation of corrective actions for the observations contained therein.
- Oversight and oversight of the performance and activities of the internal auditor and the internal audit department of the company, in order to ensure that the necessary resources are available and effective in performing the work and tasks assigned to it. If the company does not have an internal auditor, the committee shall make recommendations to the board on the need for his appointment.
- Ensure the independence of internal audit and enable it to function effectively.

3. Auditor:

- Recommend to the board the nomination, dismissal, determination of fees and performance evaluation of external auditors, after ascertaining their independence and reviewing the scope of their work and the terms of their engagement.
- Verify the independence and objectivity of the external auditor, taking into account the relevant rules and standards.
- Review the company auditor's plan and work, verify that there are no overlaps or deficiencies in the performance of his or her functions and verify that he or she does not perform functions beyond the scope of the audit work, and express its views thereon. Respond to external auditor's inquiries.
- Study the reports and observations of the external auditor on the financial statements.
- make observations thereon, if any, and follow up action taken thereon.

4. Commitment assurance:

- Review the results of oversight reports and verify that the company has taken the necessary action.
- The oversight of a company's compliance with regulations, rules, policies and instructions related to the scope of its work.
- Review contracts and proposed dealings with relevant parties and potential conflicts of interest, if any, and make recommendations thereon to the board.
- Raise to the board, within the scope of its work, such matters as it deems necessary for action and make recommendations on the steps to be taken.

Committee members and number of meetings held for 2022:

9th session

Sn	Committee members	Number of meetings [2]	
		First 14/02/2022	Second 17/04/2022
1	Dr.Ali Abdulaziz AL-Khudairi "Chairman of the Committee"	Present	Present
2	Dr. Tami Hadeef AL-Bakmi	Present	Present
3	Mr. Majid Nasser AL-Subaie "Member"	Present	Present
4	Mr. Sulaiman Nasser AL-Hatlan	Present	Present

10th session

Sn	Committee members	Number of meetings [2]	
		First 26/07/2022	Second 23/10/2022
1	Mr. Sulaiman Nasser AL-Hatlan "Chairman of the Committee"	Present	Present
2	Mr. Saleh Megbel AL-Khalaf "Member"	Present	Present
3	Mr. Ahmed Abdullah AL Kanhal "Member"	Present	Present
4	Mr. Nayef Ibrahim AL-Hadithi "Member"	Present	Present

Nomination and Rewards Committee

Brief description of the Committee functions:

- **A. The Committee is responsible about the following functions with respect to the rewards:**
- Develop a clear policy for all members of the Board of Directors, the committees of the Board and executive management, and submit it to the Board of Directors for consideration for adoption by the General Assembly, taking into account performance-related criteria, disclosure and verification of implementation.
 - Clarify the relationship between bonuses granted and the applicable bonus policy and show any material deviation from this policy.
 - Periodically review the rewards policy and assess its effectiveness in achieving its objectives.
 - Recommend to the Board the remuneration of its members, its committees and senior executives in accordance with the policies and regulations adopted.
 - Review and endorse the Chief Executive Officer recommendations on the general criteria for financial rewards and other benefits for senior executives, which the Chief Executive Officer implements in the light of the policy mentioned in paragraph [1] above.



Brief description of the duties of the committee:

► B. The Committee is responsible about the following functions with respect to the nominations:

- Propose clear policies and criteria for membership in the Board and executive management.
- Recommend to the Board of Directors the nomination and re-nomination of its members in accordance with approved policies and standards. taking into account that no person convicted of a crime against the Secretariat shall be nominated.
- Prepare a description of the capacity and qualifications required for membership of the Board and for executive management positions
- Identify the time a member should be allocated to the work of the Board of Directors.
- Annual review of the required skill or experience requirements for board membership and senior management positions.
- Review the structure of the Board. executive management and its committees and make recommendations to the Board on possible changes
- The independence of independent members is verified on an annual basis and there is no conflict of interest if the member is a board member of another company.
- Functional description of executive board members. non-executive members. independent members and senior management.
- Establish special procedures to fill a vacancy in the event of a vacancy in the membership of the Board or of senior management.
- Identify the weaknesses and strengths of the Board and propose solutions to address them in the interest of the company by proposing the necessary mechanisms to evaluate the performance of the Board. its members and committees on an annual basis through appropriate performance measurement indicators linked to the achievement of the strategic objectives of the Company and the quality and adequacy of internal control systems and others. identifying the strengths and weaknesses and proposing that they be addressed in the company's interest.
- Review the remuneration of Board committees. recommend any amendments thereto. and submit them to the Board for adoption.
- Provide an appropriate level of training and familiarization to the new members of the Board and the committees on the tasks and achievements of the company so that they may perform their work with the required efficiency.
- Develop mechanisms for the continuous access of each board member or executive management to training programs and courses in order to develop their skills and knowledge in areas related to the company's activities or management.

C. The Committee shall also have the following functions and responsibilities:

- Assist the Board in the development and review of the organizational structure of the company.
- Monitor the application of employee grievance policy and ensure its effectiveness.



Board of Directors, Executive Committee, Audit Committee, and Nomination and Rewards Committee Incentives

- ▶ Members of the Board shall be remunerated for a specified amount. meeting attendance allowance. expense allowance. benefits in kind or a percentage of profits. Two or more of these benefits may be combined. and not later than provided for by the Companies Regulations and Rules in accordance with the schedule included in this policy and any subsequent changes to the policy adopted in accordance with the Regulations.
- ▶ Such remuneration may vary in amount and in the light of this policy. The annual report of the Board of Directors to the General Assembly for shareholders must include a comprehensive account of all remuneration. expense allowance and other benefits received by Board members during the financial year. as well as a statement of the receipts of Board members as workers. administrators. equivalent to technical or administrative work or consultancy [if any]. and also an indication of the number of Board meetings and the number of meetings attended by each Member from the date of the last meeting of the General Assembly.
- ▶ If the remuneration of the members of the Board is a percentage of the profits. the provisions of article 76 [2] of the Companies Regulations and article 45 of the Regulations shall be taken into account. provided that the total amount of remuneration and financial and in-kind benefits received by a member of the Board shall not in any case exceed SAR 500.000 per year.
- ▶ Take into account that the remuneration of independent board members is not a percentage of the profits made by the company or is directly or indirectly based on the profitability of the company.

Board of Directors, Executive Committee, Audit Committee, and Nomination and Rewards Committee Incentives

A. Each member of the Board, including the Chairman of the Board, shall be entitled to the following rewards:

- ▶ An annual bonus provided that the total amount of bonuses and financial or in-kind benefits received by a member of the Board of Directors does not exceed SAR 500.000 per year according to the regulations. The Chairman of the Board and the chairpersons of the Committees may be granted an additional bonus in exchange for the responsibilities and the tasks entrusted to them.
- ▶ An attendance allowance of SAR 3.000 per session.
- ▶ Travel and transportation allowance for those who are outside the city of the meeting headquarters in the amount of SAR 3.000.
- ▶ Profit bonus: A certain percentage of the net profits determined by virtue of a recommendation of the Rewards and Nominations Committee. in the event that a company achieves profits after meeting the statutory conditions and requirements. The bonus of independent board members shall not be a percentage of the profits made by the company. nor shall it be based directly or indirectly on the profitability of the company.
- ▶ The amount of the annual bonus for a Board member may be revised from one period to the next on the recommendation of the Committee in the light of performance changes and thus the approval of shareholders by the General Assembly.
- ▶ The meeting attendance allowance and the additional attendance allowance are paid on a quarterly basis. while the annual lump-sum bonus is paid after its approval by the General Assembly to shareholders.

B. Each member of the committees emanating from the Board shall be entitled to the following rewards:

- ▶ A yearly lump sum of SAR 150.000.
- ▶ An attendance allowance of SAR 3.000 per session.
- ▶ Annual bonus and meeting attendance allowance are paid on a quarterly basis.

C. Members of the Board and members of the committees emanating from the Board shall be entitled to the following expenses and other benefits:

- ▶ The cost of travel tickets is borne by the company for Board and committee members residing
- ▶ outside Riyadh. The company shall bear the costs of accommodations and tickets for all members of the Board. the committees. and the executive administration in the event of holding the meeting outside Riyadh. The member shall be given a lump sum if he so desires. provided that it does not exceed SAR 5.000.
- ▶ All round-trip tickets for members of the Board and committees are at first class or business class.

It also asserts that there is no material deviation from this policy.

Board of Directors. Executive Committee. Audit Committee. and Nomination and Rewards Committee Remuneration Report

Name	Fixed Remuneration Components							Variable Remuneration Components						End –of-Service Benefits	Total
	Specific Amount	Board Meeting Attendance Compensation	Total Committee Meeting Attendance Compensation	Fringe Benefits	Technical Administrative. and Consultancy Compensation	Board Chairman/ Managing Director/Board Secretary Compensation (if present)	Subtotal	Share of Revenue	Periodic Incentives	Short-Term Incentive	Long-Term Incentive	Granted Shares	Subtotal		
First: Independent Members															
1- His Highness Prince Faisal bin Abdulaziz bin Ayyaf – Representing Riyadh Municipality	-	21.000	0	0	0	400.000	421.000	0	0	0	0	0	0	0	421.000
2- Mr. Khaled Saleh Al-Hathal	-	6.000	6.000	0	0	0	12.000	0	0	0	0	0	0	0	12.000
Mr. Fahad Abdullah AlKassim	-	24.000	15.000	0	0	0	39.000	0	0	0	0	0	0	0	39.000
4- Mr. Sulaiman Nasser Al-Hatlan	-	15.000	6.000	0	0	0	21.000	0	0	0	0	0	0	0	21.000
5- Mr. Abdulelah Abdulrahman Al-Husain	-	15.000	9.000	0	0	0	24.000	0	0	0	0	0	0	0	24.000
Mr. Nayef Ibrahim Al-Hadithi	-	15.000	12.000	0	0	0	27.000	0	0	0	0	0	0	0	27.000
7- Mr. Majid Nasser Al-Subaie	-	18.000	21.000	0	0	0	39.000	0	0	0	0	0	0	0	0
Total	-	114.000	69.000	0	0	0	585.000	0	0	0	0	0	0	0	585.000
Second: Non-Executive Members															
1- Dr. Ali Abd El-Aziz Al-Khudairi	-	6.000	9.000	0	0	0	15.000	0	0	0	0	0	0	0	0
2- Mr. Mansour Abdullah Al-Zeer	-	9.000	3.000	0	0	0	12.000	0	0	0	0	0	0	0	0
3- Mr. Abdullah Mohammed Al-Bahouth	-	24.000	24.000	0	0	0	48.000	0	0	0	0	0	0	0	0
4- Eng. Ali Abdullah Saleh Al-Hassoun	-	24.000	0	0	0	0	24.000	0	0	0	0	0	0	0	0
Total	-	63.000	36.000	0	0	0	99.000	0	0	0	0	0	0	0	0
Third: Executive Members															
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Board of Directors. Executive Committee. Audit Committee. and Nomination and Rewards Committee Incentives

SN	Name	Fixed bonuses [except for attending sessions]	allowance for attending sessions	Total
Audit Committee Members				
1	Dr. Ali Abd El-Aziz Al-Khudairi	75.000	6.000	81.000
2	Mr. Sulaiman Nasser Al-Hatlan	150.000	6.000	156.000
3	Dr. Tami Hadeef Al-Bakmi	75.000	6.000	81.000
4	Mr. Majid Nasser Al-Subaie	75.000	6.000	81.000
5	Mr. Saleh Megbel Al-Khalaf	75.000	6.000	81.000
6	Mr. Ahmed Abdullah Al Kanhal	75.000	6.000	81.000
7	Mr. Nayef Ibrahim Al-Hadithi	75.000	3.000	78.000
Total		600.000	39.000	639.000
Nomination & Reward Committee Members				
1	Mr. Khaled Saleh Al-Hadhal	0	3.000	3.000
2	Mr. Mansour Abdullah Al-Zeer	75.000	3.000	78.000
3	Dr. Ali Abd El-Aziz Al-Khudairi	75.000	3.000	78.000
4	Dr. Fahad Mousa Al-Zahrani	150.000	12.000	162.000
5	Mr. Abdulelah Abdulrahman Al-Husain	75.000	9.000	84.000
6	Mr. Abdullah Mohammed Al-Bahaouth	75.000	9.000	84.000
Total		450.000	39.000	489.000
Executive Committee Members				
1	Mr. Khaled Saleh Al-Hadhal	75.000	3.000	78.000
2	Mr. Fahad Abdullah AlKassim	150.000	15.000	165.000
3	Mr. Majid Nasser Al-Subaie	150.000	15.000	165.000
4	Mr. Abdullah Mohammed Al-Bahaouth	150.000	15.000	165.000
5	Mr. Nayef Ibrahim Al-Hadithi	75.000	9.000	84.000
Total		600.000	57.000	657.000

Committee members and the number of its meetings for the year 2022

9th Session

SN	Committee Members	Number of Meetings [1] meeting
		First 08/02/2022
1	Mr. Khaled Saleh AL-Hathal "Chairman of the Committee"	Present
2	Dr. Ali Abdulaziz AL-Khudairi "Member"	Present
3	Mr. Mansour Abdullah AL-Zeer "Member"	Present
4	Dr. Fahad Mousa AL-Zahrani "Member"	Present

10th Session

SN	Committee Members	Number of Meetings [3] meetings		
		The First 18/10/2022	The Second 24/11/2022	The Third 08/12/2022
1	Mr. Abdul-Ilah Abdul Rahman AL-Hussein "Chairman of the Committee"	Present	Present	Present
2	Dr. Fahad Mousa AL-Zahrani "Member"	Present	Present	Present
3	Mr. Abdullah Mohammed AL-Bahouth "Member:"	Present	Present	Present

Fifth: Compensations and Rewards

Fifth: Compensations and Rewards

Statement	Five top executives may receive the highest awards and compensation including the CEO and CFO
Salaries and Compensations	SAR 7.696.790
Benefits	-
Periodic and Annual Rewards	-
Incentive Schemes	SAR 6.109.578
All other compensations or rewards paid monthly or yearly	-

Sixth: Results of the annual audit of the effectiveness of internal Audit procedures

As part of its audit of the company's final financial statements, the External Auditor evaluates the internal control system, including the accounting system in both theory and practice, and provides the company with a report containing the weaknesses of the system, if any, and how to address them. It is also enabled to consult the reports of the internal audit unit for the period under examination. Under the supervision of the Audit Committee, the company's internal audit unit carries out continuous financial, operational and technical audits to verify the effectiveness and efficiency of the internal control systems in protecting the company's assets, assessing business risks and measuring the adequacy of performance. The Internal Audit Unit submits its quarterly periodic reports to the Audit Committee, which contains the results of the internal control evaluation of the company. The annual audit committee report confirmed the effectiveness and quality of the company's internal control procedures and did not detect any fundamental weaknesses in the company's internal control system during 2022.

Statements of the Board of Directors

Board of Directors statements

- 1 The account records have been properly prepared.
- 2 The system of internal audit is well established and effectively implemented.
- 3 There is no objection that the source can continue its activity

Disclosure



Disclosure

- ▷ The company acknowledges that there are no loans on the company.
- ▷ There is no penalty, precautionary measure or precautionary restriction imposed on the company by the authority or any supervisory, regulatory or judicial authority.
- ▷ The company acknowledges that none of the members of the Board of Directors, the CEO, the Chief Financial Officer, or any person related to them, has any direct or indirect interest in the business that is carried out for the company's account, and that all members of the Board of Directors do not have any participation in any a loan or the company guarantees any of the members of the Board of Directors in return for a loan or commitment of any kind.
- ▷ The company does not have any information about arrangements or agreements under which any of the members of the Board of Directors or any of the senior executives waived any salary or compensation.
- ▷ There are no contracts with parties related to members of the Board of Directors, CEO, senior executives or any of their relatives.
- ▷ The company has no information about arrangements or agreements under which any of the company's shareholders waived their rights to profits.
- ▷ There are no other investments or reserves created for the benefit of any of the company's employees.
- ▷ The company has not reported any interest in the class of voting shares and any change in those rights during the last fiscal year.
- ▷ The company does not have debt instruments convertible into shares, or any option rights, subscription right warrants or similar rights.
- ▷ The company has not issued any conversion or subscription rights under convertible debt instruments, option rights, subscription right notes, or similar rights.
- ▷ The company has no refund, purchase or cancellation of any redeemable debt instruments.
- ▷ The Board of Directors recommended, in its meeting held on 03/21/2023, to the next general assembly, to disburse an amount [44.444.444.25] Saudi Riyals for the company's shareholders at [25 halalas] per share as dividends for the second half of the year 2022.

General Associations

Name	Attendance record	
	Extraordinary general assembly meeting 05/12/2022 [remotely]	Ordinary general assembly meeting 06/29/2022 ad [remotely]
Prince / Faisal bin Abdulaziz bin Ayyaf - Representative of Riyadh Municipality	Present	Apologized
Eng.Ali Abdullah AL-Hassoun	Present	Present
Mr. Khaled Saleh AL-Hathal	Apologized	Membership expired
Mr. Mansour Abdullah AL-Zeer	Present	Membership expired
Mr. Majid Nasser AL-Subaie	Present	Present
Dr.Ali Abdulaziz AL-Khudairi	Apologized	Membership expired
Mr. Fahad Abdullah AlKassim	Present	Present
Mr.Abdullah Mohammed AL-Bahouth - Representative of the General Organization for Social Insurance	Present	Present
Mr. Sulaiman Nasser Al Hatlan Member since 25-06-2022	-	Apologized
Mr. Abdul-Ilah Abdul Rahman AL-Hussein Member since 25-06-2022	-	Present
Mr. Nayef Ibrahim AL-Hadithi Member since 25-06-2022	-	Present

Dividend distribution

	Dividend percentages distributed during the year		Proposed profit percentages to be distributed at the end of the year	Total profits
	Earnings for the first half of 2021	Earnings for the second half of 2022		
Per	5 %	2.5 %	2.5%	10 %
Total	88,888,888.50 SAR	44,444,444.25 SAR	44,444,444.25 SAR	177,777,777 SAR

Shareholder register requests and their dates

The number of the company's requests for the register of shareholders	The date of application	Reasons for the request
1	12-10-2022	Earnings file
2	30-06-2022	other
3	29-06-2022	General Assembly
4	01-06-2022	other
5	16-05-2022	Earnings file
6	12-05-2022	General Assembly
7	18-04-2022	corporate actions
8	18-04-2022 [Restrictions]	corporate actions
9	02-03-2022	corporate actions
10	03-03-2022	corporate actions

Risks that the Company May Face

The risks described below do not include all the risks that the company may face. Rather, it is possible that there are additional risks that are not known to the company at the present time, or that the company may consider insignificant, that may hinder its operations.

Fluctuation in the company's operations and dependence on service projects:

The company's business depends on two main lines:

- ▶ [1] Services and public good projects
- ▶ [2] Real estate development projects and commercial centers.

The income of these projects may be affected in the future by the extent of demand for them. Which may result in a negative impact on the company's operational results and financial position. What may affect the company's activity in services and public benefit projects also is the change in demand and demand for such projects in different seasons witnessed by the city of Riyadh in particular, and the Kingdom in general. However, the company has turned to projects that provide various services and commodities in the fields of transportation, cars, vegetables, fruits, meat, and commercial centers, and its growth is directly related to population growth

Revenue collection:

The company's revenue sources through the company's centers and markets are between check collection, deposit in banks and cash collection, especially the latter. However, the company has addressed these risks by preparing accurate documentary courses and applying automated systems and electronic monitoring and follow-up systems to reduce these risks.

Obstructions to the company's business:

The company relies in its activities on the infrastructure of its projects, which contributed to increasing the confidence of its dealers. It has taken the necessary measures to protect its property from natural disasters or terrorist incidents by applying the highest levels of safety through periodic maintenance and harnessing security protection, but there is no guarantee by the company that its business will not be affected, even indirectly, by any of these obstacles.

Saudization:

The company does not see any danger as the company is classified within the excellent range according to the classification of the Ministry of Human Resources and Social Development, but there is no guarantee that the company will be able to maintain the current Saudization rate, but the important thing is that the company has accurate, modern and documented systems, regulations and procedures for all practical tasks, in addition to a policy that aims to ensure the employment of Saudis and raise the percentage of Saudization.

Credit Risk:

Credit risk represents the inability of one party to meet its obligations, which leads to the other party incurring financial losses. The company seeks to reduce credit risk through periodic follow-up of any outstanding receivables.

Liquidity Risk:

It is the risk of an entity's inability to secure the necessary liquidity to meet the obligations related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The company manages liquidity risk by ensuring that the necessary financing is available in the company when needed.

Currency Exchange risk:

It is the risk of change in the value of financial instruments due to changes in the exchange rates of foreign currencies. The company's main transactions are in Saudi Riyals. Management believes that the currency risk is insignificant.

Fair Value:

The fair value represents the value according to which an asset is exchanged, or a liability is settled, between willing parties under fair dealing terms. Since the company's financial statements are prepared according to the historical cost principle, it can result in differences between the book value and the estimated fair value. The management believes that the fair value of the Company's financial assets and liabilities are not significantly different from their carrying values.

Dividend Policy



Dividend Policy:

Subject to the provisions of other relevant regulations, the company's annual net profits shall be distributed after deducting all general expenses and other costs, including the legally imposed zakat, as follows:

- [10%] of the net profits shall be set aside to form a statutory reserve. and the Ordinary General Assembly may stop this when the aforementioned reserve reaches 30% of the paid-up capital.
- The remainder is distributed to the shareholders as a first payment equal to [5%] of the paid-up capital
- After the foregoing [5%] the rest shall be allocated to remunerate the members of the Board of Directors. taking into account the decisions or instructions issued in this regard by the competent authorities. and the remainder shall be distributed after that to the shareholders as an additional profits.
- The company may also distribute interim profits to its shareholders on a semi-annual or quarterly basis.

Thank
you

