Sale of twenty one million (21,000,000) Shares representing 30% of Alandalus Property Company Capital through an Initial Public Offering at an Offer Price of eighteen SAR (18) per Share

A Saudi Joint Stock Company in accordance with the Commercial Registration No 1010224110 dated 17/09/1427H (corresponding to 10/10/2006G) and the Ministerial Resolution number 2509 dated 03/09/1427H (corresponding to 26/09/2006G)

Offering Period: Seven (7) days starting from Thursday 06/03/1437H (corresponding to 17/12/2015G) to Wednesday 12/03/1437H (corresponding to 23/12/2015G)

Prospectus

Alandalus Property Company

Alandalus Property Company ("the Company"), is a Saudi Joint Stock Company in accordance with the Commercial Registration No 1010224110 dated 17/09/1427H (corresponding to 10/10/2006G) and the Ministerial Resolution number 2509 dated 03/09/1427H (corresponding to 26/09/2006G).

The Company was established as a Saudi closed joint stock company with a fully paid capital of two hundred and thirty eight million and nine hundred thousand Saud Riyals (SAR 238,900,000), divided into twenty three million, eight hundred and ninety thousand (23,890,000) Ordinary Shares at a nominal value of SAR 10 per share fully paid. In the Shareholders Extraordinary Meeting on 15/10/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand Saud Riyals (238,900,000) to a fully paid capital of three hundred and forty three million Saudi Riyals (343,000,000) divided into thirty four million and three hundred thousand (34,300,000) Ordinary Shares. The increase in the amount of one hundred and four million and one hundred thousand Saudi Riyals (SAR 104,100,000) was covered through issuance of new shares paid in cash by Shareholders. In the Extraordinary General Meeting on 19/05/1436H (corresponding to 10/03/2015G), the Shareholders decided again to increase the Company's capital from three hundred and forty three million Saudi Riyals (SAR 343,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares. The capital increase of three hundred and fifty seven million (357,000,000) Saudi Riyals was covered via the Retained Earnings account.

The Company›s current Share Capital is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Initial Public Offering (the "Offering") of twenty one million (21,000,000) Ordinary Shares (the "Offer Shares" and each is "an Offer Share") with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share and at an offer price of eighteen SAR (18) each, representing thirty percent (30%) of the issued share capital of the Company, is directed at and may be accepted by two tranches of investors ("Investors"):

Tranche (A): Institutional investors consisting of a number of institutions and companies including investment funds (the "Institutional Investors") (see section 1 ("Definitions and Abbreviations"). The number of Offer Shares to be allocated to Institutional Investors is twenty one million (21,000,000) Shares, representing 100% of the Offer Shares. In the event that Individual Investors (as defined in Tranche (B) below) subscribe to all the Offer Shares allocated to them, the Institutional Bookrunner has the right, subject to the Capital Market Authority›s ("CMA") consent, to reduce the number of Offer Shares allocated to Institutional Investors to twelve million and six hundred thousand (12,600,000) Shares, representing up to 60% of the Offer Shares. Ninety percent (90%) of the Tranche (A) Offer Shares are to be allocated to investment funds, which percentage shall be subject to adjustment, in the event that other institutions, excluding investment funds, do not fully subscribe to the remaining ten percent (10%) of the Offer Shares allocated to them, or in the event that the mutual funds do not subscribe to the full portion allocated to them ninety percent (90%).

Tranche (B): Individual Investors including Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit provided that any such woman provides evidence that she is the child›s mother and that she is widowed or divorced (collectively "Individual Investors" and severally an "Individual Investor") (all of them with the Institutional Investors are "Subscribers"). The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, the relevant regulations shall be enforced against that person. A maximum of eight million and four hundred thousand (8,400,000) Shares representing up to 40% of the Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe to the full amount of Offered Shares allocated to them, the Bookrunner may, subject to the CMA›s consent, reduce the number of Offered Shares to match the number actually subscribed to by the Individual Investors.

The Offer Shares are being sold by the following Selling Shareholders, Burooj International Company Limited, Al Zakari Industry and Trading Company, Abdul Rahman Abdulla Al Moosa and Sons, Abdullah bin Saad Al Rashid Trading Company, Al Romaizan for Gold and Jewelry Company, Moosa Abdulla Al Ismaeel, Sulaiman Mohammad Abdulla Al Dawood and Ayman Mohammad Al Modaifir, whose names appear on pages [iv] (collectively, the "Selling Shareholders"), who collectively own 99.99% of the Company's pre-Offering Shares (the remaining percentage represents the Board membership Guarantee Shares). Upon completion of the Offering, the Selling Shareholders will collectively own 69.99% of the Company's Share Capital and will consequently retain a controlling interest in the Company. The proceeds from the Offering, after deducting the Offering expenses (the "Net Proceeds"), will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder›s percentage of ownership in the Offer Shares being sold in the Offering and the Company will not receive any part of the Net Proceeds (see section 8 ("Use of Proceeds"). The Underwriter has committed to fully underwrite the Offering (see section 13 "Underwriting"). The persons whose names are included in the Prospectus as Company Owners will be restricted from disposing of their Shares for twelve (12) months starting from the date on which trading of the Offer Shares commences on Tadawul ("Lock-in Period") as indicated in page [xii] of this Prospectus. Following the end of their respective Lock-in Periods, they may only dispose of their respective Shares after obtaining the approval of the CMA. The names of the Substantial Shareholder who own 5% or more in the Company's share Capital are listed on page [50] of this Prospectus.

The Offering will commence on 06/03/1437H (corresponding to 17/12/2015G) and will remain open for a period of seven (7) days up to and including Wednesday 12/03/1437H (corresponding to 23/12/2015G) (the "Offering Period"). Subscription to the Offer Shares can be made through branches of the selling agents ("Selling Agents") listed on pages [vii to viii] during the Offering Period (see "Key Dates and How to Apply" Section and Section 16 "Subscription Terms and Conditions"). Subscribers of Institutional tranche may subscribe to the Offer Shares through the Bookrunner during the Bookrunning process that takes place prior to offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares. The minimum allocation per Subscriber is ten (10) Offer Shares, while maximum number of Offer Shares that may be allocated for a Subscriber is two hundred and fifty thousand (250,000) shares. The balance of the Offer Shares (if any) will be allocated to subscribers on a pro-rata basis based on the number of Offer Shares they subscribed for. In the event that the number of Individual Subscribers exceeds eight hundred and forty thousand (840,000), the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Subscriber, and the Offer Shares will be allocated equally between all Subscribers. If the number of Subscribers exceeds eight million and four hundred thousand (8,400,000), the Company will not guarantee the minimum allocation of 10 Offer Shares per Subscriber and the allocation will be determined in accordance with the recommendation of the Company and the Financial Advisor. Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Selling Agents. Notification of the final allotment and refund of excess subscription monies, if any, will be made by 20/03/1437H (corresponding to 31/12/2015G) (see subsection entitled "Allocation and Refund" in Section 17 ("Subscription Terms and Conditions").

The Company has one class of shares. Each Share entitles its holder to one vote, and each shareholder with at least 20 Shares has the right to attend and vote at a General Shareholders Assembly ("General Meeting"). No Shareholder benefits from any preferential voting rights. The Offer Shares shall be entitled to receive dividends declared by the Company from the date of this Prospectus and during subsequent fiscal years (see section 7 ("Dividend Policy").

Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the admission of the Shares to the Market. All supporting documents required by the CMA have been supplied, and all relevant approvals pertaining to this Offering have been granted. Trading in the Offer Shares on the Saudi Stock Exchange (the "Exchange" or the "Tadawul") is expected to commence shortly after the final allocation of the Offer Shares and the satisfaction of necessary conditions and procedures (see the section "Key Dates for Investors and How to Apply"). Following the trading of Shares on the Exchange (Tadawul), Saudi nationals as well as non-Saudi individuals who are residents in the Kingdom, companies, banks and funds and nationals of other GCC countries, will be permitted to trade in the Shares. Moreover, Qualified Foreign Investors ("Qualified Foreign Investors") and approved QFI Clients ("Approved QFI Clients") will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Shares. Furthermore, non-Saudi natural persons who are not residents in the Kingdom and institutions incorporated outside the Kingdom are permitted to acquire an economic interest in the Shares by entering into a swap agreement with a person authorized by the CMA to acquire, hold and trade in shares on Tadawul on behalf of a Foreign Investor (the "Authorized Person"). Under such swap agreements, the Authorized Person will be the registered legal owner of such Shares.

The "Important Notice", page ii and section 2 ("Risk Factors") of this Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Financial Advisor, Institutional Bookrunner and Underwriter

Selling Agents

This Prospectus includes information given in compliance with the Listing Rules of CMA. The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm,, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 17/02/1437H (corresponding 29/11/2015G)

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

الأندلس
Alandalus
Property العقارية

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When applying for the Offer Shares, investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available for collection from the Company, the Lead Manager, the Selling Agents or by visiting the websites of the Company (www.alandalus.com.sa) or the CMA (www.cma.org.sa) or the Financial Advisor and Lead Manager website (www.riyadcapital.com).

Riyadh Capital Company ("Riyadh Capital") has been appointed by the Company to act as a financial advisor in respect of the Offering (the "Financial Advisor"). Riyadh Capital has also been appointed as Lead Manager ("Lead Manager"), Institutional Bookrunner (the "Bookrunner") and Underwriter ("the Underwriter") in relation to the Offering under this Prospectus. (See Section 13 entitled "Underwriters).

This Prospectus includes information given in compliance with the Listing Rules of the CMA. The Directors, whose names appear in page iv collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, a substantial portion of the information in the Prospectus which is relevant to the market and industry in which the Company operates is derived from external sources, and while neither the Company nor any of the its advisors, whose names appear on page vi of this Prospectus (together the "Advisors"), has any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way as, a promise, affirmation or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on the part of the Company, its Board Members or the Selling Shareholders or any of their advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and investment needs.

The Offering is being made to, and is only capable of acceptance by (1) the Institutional Investors including a number of establishments, companies and investment funds, (see Section 1 "Definitions ad Abbreviations" in this Prospectus) and (2) individual Subscribers including natural persons of Saudi Arabia including Saudi female divorcee or widow who has children form a marriage to a non-Saudi. She can subscribe on behalf of those children to her account given that she provides proof of motherhood. The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, the relevant regulations shall be enforced against that person.

The distribution of this Prospectus and the sale of the Offer Shares in any other country except Saudi Arabia or is expressly prohibited. The Company, Selling Shareholders, and Financial Advisor require recipients of this Prospectus to inform themselves and strictly observe any regulatory restrictions relating to the Offer Shares.

Market and Industry Data

Information on the market and sector in which the company operates contained in this Prospectus was provided by the market research and sector Advisor ("Market and Sector Advisor" which is Colliers International. This study covers the period from 2010G to 201G5.

It should be noted that Colliers International is a leading global real estate services company, founded in 1976G by collaboration of 3 real estate companies. Colliers International employs (12,300) employees in 522 offices in 62 countries. It also provides several services to its customers represented in management of lease contracts as well as management and development of real estate properties. Colliers helps real estate owners and tenants and those who work in the field of real estate development to achieve their goals by providing several services and integrated commercial real estate studies.

The Company believes that the data and information obtained or extracted from the market report prepared by the Market Advisor is reliable, but none of the Company, the Directors, or the Advisors have independently verified such information and data, and no guarantee can be provided as to its accuracy or completeness.

It should be noted that neither the Market Advisor nor any of its shareholders or members of its Board of Directors or their relatives have any shares or interests of any kind in the Company. The Market Advisor has given its written consent to use the market research data in the form and manner contained in this Prospectus and has not withdrawn such consent until the date of this Prospectus.

Financial Information

The audited financial statements as at and for the years ended 31 December 2012G, 2013G, 2014G and 30 June 2015G and the notes thereto, have been prepared and audited in conformity with the Accounting Principles of Saudi Organization for Certified Public Accountants ("SOCPA") by the Company certified auditor (Dr. Mohammed Al Omari and Co., Certified Auditors and Consultants). The Company publishes its financial statements in Saudi Arabian Riyals.

The financial and statistical information contained in this Prospectus is subject to rounding. Accordingly, where numbers have been rounded up or down, there may be minor differences between the figures set out in the Prospectus and the audited financial statements.

Forecasts and Forward Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions provided by the Company based on its experience in the Market as well as publically available data. Future operating conditions may differ from the assumptions used and consequently no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that the statements included in this Prospectus

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

Subject to the requirements of the Listing Rules, the Company must submit a supplementary Prospectus to the CMA if, at any time after the Prospectus has been published and before the admission of the Offer Shares to listing, the Company becomes aware that (i) there has been a significant change in any material information contained in the Prospectus or any document required by the Listing Rules, or (ii) additional significant matters have become known which would have been required to be included in the Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the foregoing and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Board Members

Table 1: Board of Directors

N	Name	Represented	Post	Nationality	Age	Adjective	Direct Ownership *		Indirect Ownership		Membership Date**
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Burooj International Company Limited	Mohammed Abdulaziz Al Habib	Chairman	Saudi	65	Non-executive	39.50%	27.65%	0.10%	0.07%	19/5/1436H (corresponding 10/3/2015G)
2	Al Zakari Industry and Trading Company	Abdulmohsen Mohammed Al Zakari	Member	Saudi	55	Non-executive	24.68%	17.28%	-	-	19/5/1436H (corresponding 10/3/2015G)
3	Burooj International Company Lmited	Abdussalam Abdulrahman Al Aqeel	Member	Saudi	49	Non-executive	39.50%	27.65%	-	-	19/5/1436H (corresponding 10/3/2015G)
4	Abdul Rahman Abdulla Al Moosa and Sons	Ahmed Abdulrahman Al Moosa	Member	Saudi	37	Non-executive	9.87%	6.91%	-	-	19/5/1436H (corresponding 10/3/2015G)
5	Moosa Abdulla Al Ismaeel	In his personal capacity	Member	Saudi	72	Non-executive /Independent	2.47%	1.73%	-	-	19/5/1436H (corresponding 10/3/2015G)
6	Abdulaziz Abdullah Al Rashid	In his personal capacity	Member	Saudi	35	Non-executive	0.001%	0.001%	-	-	19/5/1436H (corresponding 10/3/2015G)
7	Solaiman Mohammad Abdulla Al Dawood	In his personal capacity	Member	Saudi	63	Non-executive /Independent	2.47%	1.73%	-	-	19/5/1436H (corresponding 10/3/2015G)
8	Khaled Mohammad Hamad Al-Saliee	In his personal capacity	Member	Saudi	52	Non-executive /Independent	0.001%	0.001%	-	-	19/5/1436H (corresponding 10/3/2015G)
9	Ayman Mohammad Al Modaifir	In his personal capacity	Member	Saudi	39	Executive	1.25%	0.88%	-	-	19/5/1436H (corresponding 10/3/2015G)

Source: The Company

As per the Company's By-Laws and the Companies Regulations, every one of the Board Members shall own shares with a total nominal value of SAR 10,000 at least ("Membership Guarantee Shares") to be lodged in one of the local banks.

* Such shares include the guarantee shares of the Board Members which have been allocated to them by the Selling Shareholders for every one of their representatives on the Board, who own directly 1,000 shares.

** The dates mentioned in this table are appointment dates in the current post mentioned in that table. The C.Vs of-the Board Members indicate the appointment starting dates for every one of them in the Company, whether on the Board or in any other post before this appointment (for further information, refer to section "5 organization structure" of this Prospectus).

Company Address

Alandalus Property Company
Riyadh, Northern Ring Road
P.O. Box 260020 Riyadh 11342
Kingdom of Saudi Arabia
Tel: +966 11 470 0735
Fax: +966 11 450 6760
Website: www.alandalus.com.sa
E-mail: info@alandalus.com.sa

Company Authorized Representative

Abdul Salam Abdul Rahman Al Ageel
Board Members
Alandalus Property Company
P.O. Box 300734 Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 11 462 9884
Fax: +966 11 462 9868
Website: www.alandalus.com.sa
E-mail: asmail@jaririnv.com

Aymen Mohammed Al-Modaifir
Chief Executive Officer
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P.O. Box 260020 Riyadh 11342
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Tel: +966 11 470 0735
Fax: +966 11 450 6760
Website: www.alandalus.com.sa
E-mail: aiman.Modaifir@alandalus.com.sa

Board secretary

Fahd Saud Al Teraiqi
Board secretary
Alandalus Property Company
Riyadh
P.O. Box 260020 Riyadh 11342
Kingdom of Saudi Arabia
Tel: +966 11 470 0735
Fax: +966 11 450 6760
Website: www.alandalus.com.sa
E-mail: f.turaiqi@alandalus.com.sa

Stock Market

Saudi Stock Exchange (Tadawul)
Abraj Atta'awuneya
700 King Fahad Road
P.O. Box 60612 Riyadh 11555
Kingdom of Saudi Arabia
Tel: +966 11 218 1200
Fax: +966 11 218 1220
Website: www.tadawul.com.sa
E-mail: webinfo@tadawul.com.sa

Advisors

Financial Advisor, Lead Manager and Bookrunner	
Riyad Capital Company Takhasosi Street - Prestige Centre Building P.O. Box 21116, Riyadh 11475 Kingdom of Saudi Arabia Tel: +966 (11) 486 5696 Fax: +966 (11) 486 5908 Websitewww.riyadcapital.com E-mail: ProjectAPC@riyadcapital.com	

Legal Advisor	
Salman Meteb Al Sudairi Legal Office in cooperation with Latham & Watkins LLP King Fahd Road Tatweer Towers, Tower 1, Floor 7 PO Box 17411, Riyadh 11474 Kingdom of Saudi Arabia Tel: +966 (11) 207 2500 Fax: +966 (11) 207 2577 Website: www.lw.com E-mail: inforriyadh@lw.com	Law Office of Salman M. Al-Sudairi in association with

Financial Due Care Advisor	
Ernst & Young & Partners King Fahd Road, Faisaliah Tower, Floors 6&14 PO Box 2732, Riyadh 11461 Kingdom of Saudi Arabia Tel: +966 (11) 273 4740 Fax: +966 (11) 273 4730 Website: www.ey.com E-mail: Riyadh@sa.ey.com	

Market and Industry Research Advisor	
Colliers International Almas Tower - King Fahd Road PO Box 5678, Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 (11) 217 9997 Fax: +966 (11) 217 4090 Website: www.colliers.com E-mail: emea@colliers.com	

Auditor	
Dr. Mohammed Al Omari and Co., Certified Auditors and Consultants PO Box 8736, Riyadh 11492 Kingdom of Saudi Arabia Tel: +966 (11) 278 0608 Fax: +966 (11) 278 2883 Website: www.alamri.com E-mail: info@alamri.com	

Note: All the aforementioned Advisors/consultants have given and not withdrawn their written consent for the appearance of their names and logos and inclusion of their statements in the form and context set out in this Prospectus; and do not themselves, or any of their relatives or affiliates have any shareholding or interest of any kind in the Company or any of its subsidiaries/affiliates as at the date of this Prospectus

Underwriter

Riyad Capital Company
Takhasosi Street - Prestige Centre Building
P.O. Box 21116, Riyadh 11475
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5696
Fax: +966 (11) 486 5908
Websitewww.riyadcapital.com
E-mail: ProjectAPC@riyadcapital.com

Selling Agents

Riyad Bank
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Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 404 2618
Website: www.riyadhbank.com
E-mail: customercare@riyadbank.com

The National Commercial Bank
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Kingdom of Saudi Arabia
Tel: +966 (12) 6493333
Fax: +966 (12) 6437426
Website: www.alahli.com
E-mail: contactus@alahli.com

Al Rajhi Bank
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Kingdom of Saudi Arabia
Tel: +966 (11) 2116000
Fax: +966 (11) 4600705
Website: www.alrajhibank.com.sa
E-mail: contactCentre1@alrajhibank.com.sa

Samba Financial Group
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Saudi Arabia
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Fax: +966 (11) 479 9402
Website: www.samba.com
E-Mail: customercare@samba.com

Selling Agents

Saudi British Bank (SABB)
Prince Abdul-Aziz Ben Moosaed bin Jalawi Street
P.O. Box 9084 Riyadh 11413
Saudi Arabia
Tel: 966 (11) 405 0677
Fax: 966 (11) 405 0660
Website: www.sabb.com
E-mail: sabb@sabb.com

Banque Saudi Fransi
Al Maathar Street
P.O. Box 56006 Riyadh 11554
Kingdom of Saudi Arabia
Tel: +966 (11) 404 2222
Fax: +966 (11) 404 2311
E-mail: communication@alfransi.com.sa
Website: www.alfransi.com.sa

Company Bankers

Al Rajhi Bank
Olaya Road
P.O. Box 28, Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (11) 2116000
Fax: +966 (11) 4600705
Website: www.alrajhibank.com.sa
E-mail: contactCentre1@alrajhibank.com.sa

Saudi British Bank (SABB)
Prince Abdul-Aziz Ben Moosaed bin Jalawi Street
P.O. Box 9084 Riyadh 11413
Saudi Arabia
Tel: 966 (11) 405 0677
Fax: 966 (11) 405 0660
Website: www.sabb.com
E-mail: sabb@sabb.com

Summary of the Offering

This summary of key information is intended to provide a brief overview of the information contained in in detail in this Prospectus. As such, it does not contain all of the information that must be taken into consideration upon taking a decision to invest in the Company Shares. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole. In particular, it is important to carefully consider the "Important Notice" and "Risk Factors", prior to making any investment decision in the Offer Shares.

The Company

The Company was established pursuant to the Ministerial Resolution number 2509 dated 03/09/1427H (corresponding to 26/09/2006G) issued by the HE the Minister of Commerce and Industry announcing the incorporation of the Company as a Saudi closed joint stock company registered under Commercial Register of Riyadh No 1010224110 dated 17/09/1427H (corresponding to 10/10/2006G). with a fully paid capital of two hundred and thirty eight million and nine hundred thousand Saud Riyals (SAR 238,900,000), divided into twenty three million, eight hundred and ninety thousand (23,890,000) Ordinary Shares. In the Shareholders Extraordinary Meeting on 15/10/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand Saud Riyals (238,900,000) to a fully paid capital of three hundred and forty three million Saudi Riyals (343,000,000) divided into thirty four million and three hundred thousand (34,300,000) Ordinary Shares. The increase in the amount of one hundred and four million and one hundred thousand Saudi Riyals (SAR 104,100,000) was covered through issuance of new shares paid in cash by shareholders. In the Extraordinary General Meeting on 19/05/1436H (corresponding to 10/03/2015G), the Shareholders decided again to increase the Company's capital from three hundred and forty three million Saudi Riyals (SAR 343,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy (70,000,000) Ordinary Shares. The capital increase of three hundred and fifty seven million (357,000,000) Saudi Riyals was covered via the Retained Earnings account.

Activities of the Company

The main activity of the Company is real estate development and investment such commercial centers and neighborhood shopping Centres (Strip Malls).

Main purposes of the Company according to its By-Laws:

1- Construction and holding and management of commercial and residential centers and complexes.
2- General contracting of commercial and residential buildings; educational, recreational and health facilities; roads; dams and water and sewerage projects and electrical and mechanical works.
3- Maintenance and operation of Real Estate facilities; buildings and commercial centers
4- Holding of lands and Real Estates and development and investment thereof in the interest of the Company as per the objectives declared.
5- Construction, holding, investment, maintenance and operation of commercial centers, medical centers, hotels and touristic centers

The Company will conduct its activities subject to having obtained the necessary licenses from the competent authorities

Substantial Shareholders, No. of their shares and percentage of their holdings before and after Offering

The Substantial Shareholders are: Burooj International Company Limited, Al Zakari Industry and Trading Company, Abdul Rahman Abdulla Al Moosa and Sons Company, Abdullah bin Saad Al Rashid Trading Company, and Al Romaizan for Gold and Jewelry Company. Table 51 in "The Company" section outlines the details of Substantial Shareholders who directly own 5% or more of the Company's Share Capital, number of their shares and their ownership percentage before and after the Offering.

Selling Shareholders

Shareholders	Pre-Offering			Post-Offering		
	No. of shares	Nominal Value (SAR)	% of Direct Ownership	No. of shares	Nominal Value (SAR)	% of Direct Ownership
Burooj International Company Limited	27,646,600	276,466,000	39.50%	19,352,020	193,520,200	27.65%
Al Zakari Industry and Trading Company	17,279,376	172,793,760	24.68%	12,095,262	120,952,620	%17.28
Abdul Rahman Abdulla Al Moosa and Sons	6,911,151	69,111,510	9.87%	4,837,506	48,375,060	%6.91
Abdulla bin Saad Al Rashid Trading Company	6,911,151	69,111,510	9.87%	4,837,506	48,375,060	%6.91
Al Romaizan for Gold and Jewelry Company	6,912,151	69,121,510	9.87%	4,838,506	48,385,060	%6.91
Moosa Abdulla Al Ismaeel	1,728,037	17,280,370	2.47%	1,209,626	12,096,260	%1.73
Solaiman Mohammad Abdulla Al Dawood	1,728,037	17,280,370	2.47%	1,209,626	12,096,260	%1.73
Ayman Mohammad Al Modaifir	877,497	8,774,970	1.25%	613,948	6,139,480	%0.88
Total	**69,994,000**	**699,940,000**	**99.99%***	**48,994,000**	**489,940,000**	**%69.99**

* 0.01% owned by 6 members of the Board as membership Guarantee Shares for: Mohammed Abdulaziz Al Habib, Abdulsalam Abdulrahman A;ageel, Abdulmohsen Mohammed Al Zakari, Ahmed Abdulrahman Almoosa, Abdulaziz Abdullah Alrashid and Khaled Mohammed Alsalea

Share Capital	Seven hundred million Saudi Riyals (SAR 700,000,000)
Total Number of Company Shares	Seventy million (70,000,000) Ordinary Shares fully paid
Nominal Value	Ten Saudi Riyals (SAR 10) per share
Offering	Twenty one million (21,000,000) Ordinary Shares with a fully paid nominal value of Ten Saudi Riyals (SAR 10) per share, representing thirty percent (30%) of the Company's Share Capital.
Number of offered shares	Twenty one million (21,000,000) Ordinary Shares fully paid.
Percentage of Offer Shares to the total number of Company Share	The Offer Shares represent thirty percent (30%) of the issued share capital of the Company.
Offer Price	Eighteen SAR (18) per Offer Share
Total Value of Offer Shares	Three hundred and seventy eight million SAR (378,000,000)
Use of Proceeds	The total proceeds from the Offering are estimated to be three hundred and fifty nine million SAR (359,000,000) (net after deducting the Offering expenses of around nineteen million Saudi Riyals (SAR 19 million), will be distributed to the selling Shareholders on pro rata basis according to the number of Offer Shares held by each Selling Shareholder. The Company will not take any amount of the Offering Proceeds. (For further information on the use of proceeds, see section 12 ("Use of Proceeds").
Number of Offer Shares Underwritten	Twenty one million (21,000,000) Shares
Total Amount Underwritten	Three hundred and seventy eight million SAR (378,000,000)
Targeted Investors	Tranche (A): Institutional investors consisting of a number of institutions and companies including investment funds (see section 1 ("Definitions and Abbreviations") in this Prospectus. Tranche (B): Individual Investors including Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit provided that any such woman provides evidence that she is the child's mother and that she is widowed or divorced. The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, the relevant regulations shall be enforced against that person.
Number of Offer Shares available to each of the targeted investors	
Number of Offer Shares available to Institutional Investors	Twenty one million (21,000,000) Shares. In the event Individual Investors (as defined in Tranche (B) below) subscribe to all the Offer Shares allocated to them, the Lead Manager has the right, subject to the Capital Market Authority's consent, to reduce the number of Offer Shares allocated to Institutional Investors to twelve million and six hundred thousand (12,600,000) Shares, representing up to sixty percent (60%) of the Offer Shares.
Number of Offer Shares available to Individual Investors	A maximum of eight million and four hundred thousand (8,400,000) Shares representing up to forty percent (40%) of the Offer Shares shall be allocated to Individual Investors.
Method of subscription for each category of targeted Investors	
Subscription Method for Institutional Investors	Institutional Investors as defined in Section (1) "Definitions and Abbreviations" shall have the right to apply to subscribe to the Offer Shares. They can obtain the Subscription Application Forms from the Bookrunner.
Subscription Method for Individual Investors	Subscription Application Forms will be available during the Offering Period at the branches of the Lead Manager and Selling Agents. Subscription Application Forms should be completed in accordance with the Instructions set out in section 16 ("Subscription Terms and Conditions"). Individual Investors who have recently participated in previous initial public offerings in Saudi Arabia are able to subscribe through the Internet, phone and automated teller machines ("ATMs") or throw any of the branches of the Selling Agents that offer some or all of these subscription channels to their customers, provided that: (1) the subscriber must have a bank account at the Selling Agents which offer such services; and (2) there should have been no changes in the personal information of the Subscriber since he has participated in a recent subscription.
Minimum Number of Offer Shares to be applied for by each category of targeted Investors	
Minimum Number of Offer Shares to be applied for by Institutional Investors	(100,000) of the Offer Shares

Minimum Number of Offer Shares to be applied for by Individual Investors	Ten (10) Ordinary Shares
Minimum Subscription Amount by each category of targeted Investors	
Minimum Subscription Amount for Institutional Investors	SAR (1,800,000)
Minimum Subscription Amount for Individual Investors	SAR (18)
Maximum Number of Offer Shares to be applied for by each category of targeted Investors	
Maximum Number of Offer Shares to be applied for by Institutional Investors	SAR (3,499,999) of the Offer Shares
Maximum Number of Offer Shares to be applied for by Individual Investors	Two hundred and Seventy thousand (250,000) Shares
Maximum Subscription Amount by each category relevant to the number of shares offered for each targeted category of investors	
Maximum Subscription Amount for Institutional Investors	SAR (62,999,982)
Maximum Subscription Amount for Individual Investors	SAR (4,500,000)
Allocation of Offer Shares to each category of targeted Investors	
Allocation of Offer Shares to Institutional Investors	The number of Offer Shares to be allocated to Institutional Investors is 21,000,000 Shares, representing a hundred percent (100%) of the Offer Shares. In the event Individual Investors subscribe to all the Offer Shares allocated to them, the Institutional Bookrunner has the right, subject to CMA's consent, to reduce the number of Offer Shares allocated to Institutional Investors to twelve million and six hundred thousand (12,600,000) Shares, representing up to sixty (60%) of the Offer Shares after completion of the subscription by the Individuals. Ninety percent (90%) of the Tranche (A) Offer Shares are to be allocated to investment funds, which percentage shall be subject to adjustment, in the event that other institutions, excluding investment funds, do not fully subscribe to the remaining ten percent (10%) of the Offer Shares allocated to them, or in the event that the mutual funds do not subscribe to the full portion allocated to them Ninety percent (90%).
Allocation of Offer Shares to Individual Investors	Allocation is expected to take place by Thursday 20/03/1437H (corresponding to 31/12/2015G) .The minimum allocation per Subscriber is ten (10) Offer Shares, while maximum number of Offer Shares that may be allocated for a Subscriber is two hundred fifty thousand (250,000) Shares. The balance of the Offer Shares (if any) will be allocated to subscribers on a pro-rata basis based on the number of Offer Shares subscribed for. In the event that the number of the Individual Subscribers exceeds eight hundred and twenty thousand (840,000), the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Subscriber, and the Offer Shares will be allocated equally between all Subscribers. If the number of Subscribers exceeds eight million and four hundred thousand (8,400,000), the Company, the allocation will be determined in accordance with the recommendation of the Company and the Financial Advisor.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding by the Selling Agents. Notification of the final allotment and refund of subscription monies, if any, will be made by 20/03/1437H (corresponding to 31/12/2015G) (see Section 16 entitled "Subscription Terms and Conditions– Allocation and Refunds).
Offering Period	The Offering will start on 06/03/1437H (corresponding to 17/12/2015G) and will last for Seven (7) calendar days, up to and including the last day of the offering closing on 12/03/1437H (corresponding to 23/12/2015G).
Shares' Dividends	The Offering Shares will be entitled to receive their portion of any dividends declared by the Company for the period from the date of this Prospectus and for the following financial years. (see section 7 "Dividends Policy" of this Prospectus)
Voting Rights	The Company has only one class of Shares. No Shareholder shall have any preferential voting rights. Each of the Shares entitles its holder to one vote. Each Shareholder with at least 20 (twenty) shares has the right to attend and vote at the General Assembly meeting. (See subsections "Summary of By-Laws" and "Description of Shares-Voting Rights" of Section 11 "Legal Information" in this Prospectus.

Lock-up Period/ Restrictions on Dealings with Shares	The persons whose names appear in the Prospectus as owners of the Company may not dispose of any Shares during a period of twelve (12) months from the date on which trading of the Offer Shares commences on Tadawul. After the expiry of this period, they may dispose of their Shares subject to the CMA's prior consent.
Listing and Trading of Shares	Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. An application has been made to the CMA for the admission and listing of the Shares on the Exchange (Tadawul), All relevant regulatory approvals pertaining to the Offering have been granted. Trading in the Offer Shares is expected to commence on the Exchange soon after the final allocation of the Offer Shares (see the ("Key Dates for Investors and Subscription Procedures") section in this Prospectus).
Risk Factors	There are certain risks relating to an investment in the Offering. These risks can be generally categorized into: (i) risks related to the Company's operations; (ii) risks related to the market; and (iii) risks related to the Offer Shares. These risks should be considered carefully prior to making an investment decision in the Offer Shares (see section 2 ("Risk Factors")).
Costs	The Selling Shareholders will be responsible for all costs associated with the Offering, which are estimated to be approximately nineteen million Saudi Riyals (SAR 19), and will be deducted from the total proceeds of the Offering. This figure includes the fees of the Financial Advisor, Lead manager, the Underwriters' fees, Selling Agents' expenses, Legal Advisors, Due Diligence Advisor, market consultants, marketing expenses, printing and distribution expenses and other related expenses.
Underwriter	Riyadh Capital Company

Note: It is important to carefully consider the "Important Notice" (page ii) and section 2 ("Risk Factors") of this Prospectus prior to making any investment decision regarding the Offer Shares.

Key Dates for Subscribers and Subscription Procedures

Expected Offering Timetable	
Event	**Dates**
Subscription period for Institutional Investors and Bookrunning	Subscription period for Institutional commences on Thursday 21/02/1437H (corresponding to 03/12/2015G) and will last for Seven (7) calendar days, up to and including the last day of the offering closing on Wednesday 27/02/1437H (corresponding to 09/12/2015G).
Last date for submission of the Subscription Application Forms for Institutional Investors	on 27/02/1437H (corresponding to 09/12/2015G).
Subscription period for Individual Investors during which their applications are submitted and their values are paid	Subscription period for Individuals commences on Thursday 06/03/1437H (corresponding to 17/12/2015G) and will last for Seven (7) calendar days, up to and including the last day of the offering closing on Wednesday 12/03/1437H (corresponding to 23/12/2015G).
Last date for submission of the Subscription Application Forms and subscription monies by the Individual Investors	on Wednesday 12/03/1437H (corresponding to 23/12/2015G).
Last date for submission of the Subscription Application Forms by the Institutional Investors based on the shares allocated for every one of them.	on Monday 03/03/1437H (corresponding to 14/12/2015G).
Last date for payment of subscription monies for Institutional Investors based on the shares allocated for every one of them.	on Monday 10/03/1437H (corresponding to 21/12/2015G).
Expected announcement date for allocation of Offer Shares (for Institutional and Individual Investors)	on Thursday 20/03/1437H (corresponding to 31/12/2015G)

Note: The above timetable and dates therein are indicative. Actual dates will be announced through Saudi Arabic newspapers, on the Tadawul website (www.tadawul.com.sa) and on CMA's website (www.cma.org.sa).

How to Apply

Subscription to the Offer Shares is directed at and may only be accepted by:

Tranche (A): Institutional Investors: Subscription to the Offer Shares in this tranche is directed to, and may only be accepted by, institutions, including investment funds (see Section 1 ("Definitions and Abbreviations") for more information). These Institutional Investors may apply in accordance with the conditions set for in this Prospectus. The Institutional Investors can obtain the Subscription Application Forms from the Bookrunner.

Tranche (B): Individual Investors: Subscription to the Offer Shares in this tranche is directed to, and may only be accepted by, Saudi nationals, including women who are divorced or widowed and have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit (provided that any such woman provides evidence that she is the child's mother and that she is widowed or divorced). The subscription by a person in the name of his divorced wife shall be deemed invalid and, in such cases, the relevant regulations shall be enforced against that person. The Individual Investors can obtain the Subscription Application Forms from the Lead Manager and branches of the Selling Agents. Subscription may also be made through the Internet, banking phone or ATMs at any of the Selling Agents, which offer such services to the subscribers provided that the following requirements are satisfied:

1. the subscriber must have a bank account at the Selling Agents which offer such services; and
2. there should have been no changes in the personal information of the Subscriber by way of exclusion or addition of any member of his family since he has participated in a recent subscription.

Subscription Application Forms must be completed in accordance with the instructions mentioned under section 16 "Subscription Terms and Conditions" of this Prospectus. Every subscriber must agree on all relevant items in Subscription Application Form. The Company reserves the right to reject, in full or in part, any application for New Shares that does not comply with any of the Subscription terms or requirements. In the event a subscriber subscribed twice, the second application shall become cancelled and void and the first on will be valid. No amendment or withdrawal can be made to the Subscription Application Form after submission to the Selling Agents. Once submitted, a Subscription Application Form shall represent a legally binding contract between the applicant and the Company (Please see section 16 "Subscription Terms and Conditions" of this Prospectus).

Summary of Key Information

This summary of key information is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and recipients of this Prospectus are advised to read the entire Prospectus in full and any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole. Expressions and abbreviations in this prospetus shall have the meaning assigned to them in Section 1 "Expressions and Abbreviations" and elsewhere in the Prospectus.

1- The Company

(a)- Overview

Alandalus Property Company ("the Company") is a Saudi joint stock company under commercial registration no. 1010224110, dated 17/9/1427H, (corresponding to 10/10/2006G) and Ministerial Resolution no. 2509, dated 03/09/1427H, (corresponding to 26/09/2009G). The main business of the Company is commercial real estate investment and development, including construction and possession and management of commercial centers and residential compounds as well as construction, possession, investment, maintenance and operation of medical, hotel and tourist centers.

The Company was established as a Saudi closed joint stock company with a fully paid capital of two hundred and thirty eight million and nine hundred thousand Saud Riyals (SAR 238,900,000), divided into twenty three million, eight hundred and ninety thousand (23,890,000) Ordinary Shares. In the Shareholders Extraordinary Meeting on 15/10/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand (SAR 238,900,000) to a fully paid capital of three hundred and forty three million (SAR 343,000,000) divided into thirty four million and three hundred thousand (34,300,000) Ordinary Shares. The increase in the amount of one hundred and four million and one hundred thousand (SAR 104,100,000) was covered through issuance of new shares paid in cash by shareholders. In the Extraordinary General Meeting on 19/05/1436H (corresponding to 10/03/2015G), the Shareholders decided again to increase the Company's capital from three hundred and forty three million (SAR 343,000,000) to seven hundred million (SAR 700,000,000) divided into seventy (70,000,000) Ordinary Shares with a par value of ten (SAR 10) per share. The capital increase of three hundred and fifty seven million (SAR 357,000,000) was covered via the Retained Earnings account. The said capital after the increase represents the current Company's capital as of the date of this Prospectus. The table below outlines the ownership structure of Shares before and after the Offering:

Table 2: Company Ownership Structure before and after the Offering

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage
Burooj International Co. Ltd.*	27,646,600	276,466,000	39.50%	0.10%*	19,352,020	193,520,200	27.65%	0.07%
Al Zakari Industry and Trading Company	17,279,376	172,793,760	24.68%	-	12,095,262	120,952,620	17.28%	-
Abdulrahman Abdullah Al Moosa and Sons Co.	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Abdullah Saad Al Rashid Company for Trade	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Al Romaizan for Gold and Jewelry Company	6,912,151	69,121,510	9.87%	-	4,838,506	48,385,060	6.91%	-
Moosa Abdullah Moosa Al Ismaeel	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	-
Sulaiman Mohammed Abdullah Al Dawood	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	
Ayman Mohammed Saleh Al Modaifir	877,497	8,774,970	1.25%	-	613,948	6,139,480	0.88%	-

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Ownership Percent-age	Indirect Ownership Percent-age	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percent-age
Mohammed Abdulaziz Al Habib**	1,000	10,000	0.001%	7.51%	1,000	10,000	0.001%	5.25%
Abdussalam Abdulrahman Al Aqeel***	1,000	10,000	0.001%	0.13%	1,000	10,000	0.001%	0.09%
Abdulmohsen Mohammed Al Zakari****	1,000	10,000	0.001%	23.20%	1,000	10,000	0.001%	16.24%
Ahmed Abdulrahman Al Moosa*****	1,000	10,000	0.001%	0.75%	1,000	10,000	0.001%	0.53%
Abdulaziz Abdullah Al Rashid	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-
Khaled Mohammed Al Soleia	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-
Public	-	-	-	-	21,000,000	210,000,000	30.00%	-
Total	**70,000,000**	**700,000,000**	**100.00%**	**31.69%**	**70,000,000**	**700,000,000**	**100.00%**	**22.18%**

* Indirect shares for Burooj International Company Ltd through its ownership of 5% of the Company that acquired Burooj.
** Indirect Shares of Mohammed Abdulaziz Suleiman Al Habib, through his ownership of 88% interest of the Capital of Mohammed Abdulaziz & Sons Holding Company.
*** Indirect Shares of Abdussalam Abdulrahman A Aqeel, through his ownership of 90% interest of the Capital of Herma National Company.
**** Indirect Shares of Abdulmohsen Mohammed Abdul Kareem Al Zakari, through his ownership of 94% interest of the Capital of Al Zakary Industry and Trading Company.
*** Indirect Shares of Ahmed Abdulrahman Al Moosa, through his ownership of 8% interest of the Capital of Abdul Rahman Abdullah Al Mooosa Holding Company
Source: The Company

(b)- Main Company Activities

Alandalus Property Company relies on investment in retail real estate activities such as commercial centers and Strip Malls. The Company owns 3 commercial centers at different ownership percentage:

- A Commercial center established under the name “Alandalus Mall” in Jeddah, owned at 100% by the Company.
- A Commercial center established under the name “Hayat Mall” in Riyadh, owned at 25% by the Company.
- A Commercial center established under the name “Dareen Mall” in Dammam, owned at 50% by the Company.

In addition to the above mentioned commercial centers, the Company developed 3 shopping centers at neighborhoods (Strip Malls) at an ownership percentage of 100% established on leased lands (Yarmouk Center, Tilal Center and Sahafa Center). The Company leased Sahafa Center land from Moosa Abdullah Al Ismail, a related party (Board Member). For more information, see section “Legal Information” of this Prospectus.

(c)- Vision and Mission

Vision:

To be the most influential developer and investor of choice in the income generating properties related to retail sector, and complementary hospitality projects and versatile projects in the Kingdom of Saudi Arabia.

Mission:

Develop and sustain the Company in the Kingdom of Saudi Arabia through concentrating on the development of income generating commercial retail projects and their complements of hospitality projects, high quality versatile projects, and investment in promising opportunities by working with our strategic partners who share the same goals with us.

Values

The Company is distinguished by the following institutional values through which it seeks to attain its goals:

1. Ambition
2. Passion
3. Confidence
4. Determination
5. Participation

Strategy

1. The continuous improvement of operational performance, developing, managing and renting commercial centers of the Company to achieve highest levels and occupancy and reach for the optimal mix of tenants.
2. Development of new commercial centers projects, hospitality projects and the versatile projects
3. Complete or partial acquisition of other current projects of distinct performance, or which the Company believes that such acquisition will result in distinct performance of such projects
4. The strategic investment in the operational and leasing arm of the Company represented in Hamat Real Estate Company in order to expand the Company portfolio of projects and business networks as well as meeting clients (tenants) growing requirements

(d)- Strengths and Competitive Advantages:

1. Existence in main cities of the Kingdom
2. Quality and diversity of projects in addition to position of every project in the city where it exists
3. Strategic relationship with the retail sector (not competitive to our customers)
4. Strategic investment in the retail operational and leasing arm of the Company (Hamat Real Estate Company) to operate company centers as well as other centers.

2- Overview of the Market

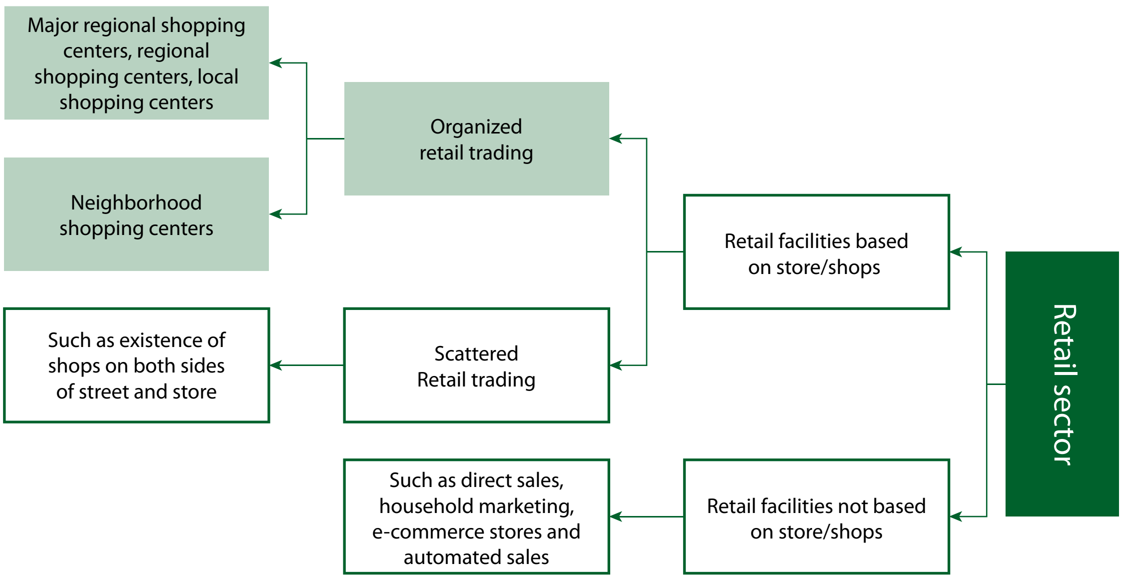
Gross Domestic Product (GDP")grew in the Kingdom at a CAGR of 9.3% for the period between 2010G to 2014G. The rate of inflation decreased during the same period from 5.3% in 2010G to 2.4% in 2014G. The table below shows a number of economic indicators of the Saudi economy for the period 2010G - 2014G. Population of 30 years age or below constitute 58% of the total Kingdom's population.

According to statistics of the General Authority for Tourism and Antiquities, total spending of tourists (foreign and domestic) reached SR 76 billion, and spending on accommodation and shopping represented the largest percentage of foreign tourists spending, representing 39% and 20% respectively. Spending rates of domestic tourists on accommodation and shopping reached 25% and 9% respectively.

Generally, retail structure in the Kingdom can be classified into the following basic categories:

- Retail facilities which are based on stores/ shops include categories of retail stores in general (consumable/ non-consumable goods), and special retail stores (international brands).
- Retail facilities which are not based on stores/ shops include categories, electronic shopping via the Internet.

Figure (1) Retail sales per channels, based/ not based on shops



Source: Market Report

Organized retail developments in Riyadh are classified into categories based on the size as follows:

- ### neighborhood shopping Centres
  - Typical Gross Leasable Area (GLA): 3,000-10,000 square meters
  - Concept: a row of stores or service outlets managed as a retail establishment with on-site car parking in front of the stores. The commercial Centre in the neighborhood provides limited variety of consumable goods and personal services in a limited commercial zone.
  - Type of the main store: Supermarket
- ### Local commercial Centres
  - Typical GLA is less than 40,000 square meters
  - Concept: a wide range of clothing stores and other consumer goods offer more than .neighborhood shopping Centres.
  - Type of the main store: Multi-sections store/ supermarket, pharmacy, household items, large specialized stores
- ### Regional trade Centres
  - Typical gross leasable area (GLA) 40,000 - 80,000 square meters
  - Concept: stores for fashion shows, and typically include stores open internally and connected to a common corridors.
  - Typical type of main store: a large multi-section store, discounted goods store, offering of food and beverages and fashion.
- ### Major regional trade Centres
  - Typical leasable area is more than 80,000 square meters
  - Concept: Similar to the concept of regional malls, with more diverse shows with a wide variety of goods.
  - Type of the main store: a large multi-section store, wholesale store, large dining and beverage facilities, and fashion and clothes stores

Summary Financial Information

The selected financial information presented below should be read together with the audited financial statements for the financial years ended 31 December 2012G, 2013G, 2014G and 30 June 2015G, including, in each case, the notes thereto, all of which are included elsewhere in the Prospectus.

Table 3: Summary of Financial Information

Income statement (SAR '000s)	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Rental income	92,539	97,075	102,610	49,256	61,301
The cost and income from leasing	(26,861)	(26,018)	(31,942)	(14,664)	(22,649)
Total income from leasing	65,679	71,057	70,667	34,592	38,652
Income from investment in affiliates (real estate)/projects	28,403	33,153	34,691	18,028	18,316
Total business income	94,081	104,210	105,358	52,620	56,968
Selling and distribution expenses	(793)	(2,073)	(2,734)	(1,374)	(656)
General and administrative expenses	(7,803)	(5,760)	(5,577)	(2,707)	(3,182)
Income from main operations	85,486	96,379	97,047	48,539	56,968
Net income	73,761	85,552	86,807	43,313	48,218
Earnings per share based on Company's capital of seven hundred million Saudi Riyals (SAR700 million)	1.05	1.22	1.24	0.62	0.69

Source: Audited Financial Statements

Statement of Financial Position (SAR Million)	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Current assets	58,917	63,880	42,568	70,990	44,996
Non-current assets	853,100	942,616	1,010,693	960,951	1,053,865
Total Assets	912,017	1,006,496	1,053,261	1,031,941	1,098,860
Total current liabilities	101,080	101,568	93,700	116,530	96,693
Total non-current liabilities	199,145	207,584	175,410	174,754	169,798
Total liabilities	300,225	309,152	269,110	291,284	266,491
Total Shareholders' Equity:	611,792	697,344	784,151	740,658	832,369
Total Shareholders' Liabilities and Equity	912,017	1,006,496	1,053,261	1,031,941	1,098,860

Source: Audited Financial Statements

Statement of Cash Flows Position (SAR Million)	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Net cash from operating activities	59,756	78,315	81,678	59,437	58,255
Net cash from (used in) investing activities	(56,482)	(88,407)	(34,573)	(26,497)	(46,152)
Net cash used in financing activities	(51,336)	7,454	(43,279)	(40,562)	(5,046)

Source: Audited Financial Statements

Indicators Financial (%)	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Annual revenue growth	-	4,9%	5,7%	-	24,5%
Annual growth of net income	-	16,0%	1,5%	-	11,3%
The total income from the lease / rental income margin	71,0%	73,2%	68,9%	70,2%	63,1%
Net gain / rental income margin	79,7%	88,1%	84,6%	87,9%	78,7%
Total debt to equity (times)	0,43	0,38	0,29	0,32	0,27
Returns om Shareholders Equity	12,1%	12,3%	11,1%	5,8%	5,8%
Return on assets	8,1%	8,5%	8,2%	4,2%	4,4%

Source: Audited Financial Statements

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1. Definitions and Abbreviations

Underwriting Agreement	The underwriting agreement between the Company and the Underwriter
Management	The Management of the Company
Listing	Listing of the Offering Shares in the Exchange and, where applicable, submission of the registration and admission application.
Subscription Application Form	The application form submitted by the subscriber to purchase the offered shares
Shares	Seventy million (70,000,000) fully paid shares of the Company with a nominal value of ten Saudi Arabian Riyals (SAR 10) each
Offered Shares	Twenty million (21,000,000) Ordinary Shares
Board Members	The members of the board of directors of the Company who have been appointed by the Extra-ordinary General Meeting, whose names appear in the Section entitled "the Organization Structure", page 45 and of this Prospectus.
Relatives	The husband, wife and minor children
Tadawul or the Exchange	An automatic system to buy and sell Saudi shares
Official Gazette	Um Al Qura, the official Gazette of the Government of Saudi Arabia
Shareholders Meeting	Shareholders meeting of the Company's shareholders
Ordinary General Meeting	An ordinary general assembly of the Shareholders
Extra-ordinary General Meeting	An extra-ordinary general assembly of the Shareholders
Public	Including Institutional Investors and Individual Investors who have the right to subscribe to the Offer Shares.
Selling Agents	The Selling Agents whose names are listed in pages vii and viii of this Prospectus
Government	The Government of Saudi Arabia
SAR or SR	Saudi Arabian Riyal, the official currency of Saudi Arabia
Offer Price	Eighteen SAR (18) per Offer Share
Market or Capital/Financial Market	Saudi Financial Market
Person	A natural or legal person
The Company	Alandalus Property Company, a Saudi Joint Stock Company in accordance with the Commercial Registration No 1010224110 dated 17/09/1427H (corresponding to 10/10/2006G)
Affiliates	The businesses in which the Company owns long term interest varying between 20-50% of the Capital in accordance with equity method. The associate include the Company investments (as defined below).
Company Investments	The Company investments include: • Advanced Markets Company • Hayat Real Estate Company • Hamat Real Estate Company • Sorouh El Marakez Company
Advanced Markets Company	A limited Liability company registered in Riyadh under Commercial Registration No. 1010239800, dated 25/10/1428H (corresponding to 06/11/2007G)
Hayat Real Estate Company	A closed joint stock company registered in Riyadh under Commercial Registration No. 1010266057, dated 11/04/1430H (corresponding to 13/04/2009G)
Hamat Real Estate Company	A limited Liability company registered in Riyadh under Commercial Registration No. 1010272755, dated 25/08/1430H (corresponding to 16/08/2009G)
Sorouh El Marakez Company	A limited Liability company registered in Riyadh under Commercial Registration No. 1010418671, dated 28/08/1435H (corresponding to 26/06/2014G)
Operator	Hamat Real Estate Company

Offering	Subscription to 21,000,000 shares, representing to 30% of the Company's Share Capital
Related Party	Means in the Listing Rules and in the List of Expressions used in CMA's laws and regulations the following: 1. affiliates of the issuer (Company). An affiliate means "a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect"; 2. substantial shareholders of the issuer (the Company) who owns 5% or more in the Company's shares; 3. directors and senior executives of the issuer (the Company); 4. directors and senior executives of affiliates of the issuer (the Company); 5. directors and senior executives of substantial shareholders of the issuer (the Company); 6. the legal advisor and the financial advisor to the issuer(the Company); 7. any relatives of persons described at (1), (2), (3), (4)or (5) above; 8. any company controlled by any person described at (1), (2), (3), (4), (5), (6) or (7) above.
Control	The ability to influence the actions or decisions of another person, directly or indirectly, alone or in combination with a relative or affiliate, through any of the following: (1) Possession of 30% or more of the voting rights in the Company; (2) The right to appoint 30% or more of the members of the management team. The term "control" is interpreted accordingly.
Offering Period	The Offering will start on Thursday 06/03/1437H (corresponding to 17/12/2015G) and will last for Seven (7) calendar days, up to and including the last day of the offering closing on Wednesday 12/03/1437H (corresponding to 23/12/2015G).
Lock up or Restriction Period	The persons whose names appear in the Prospectus as owners of the Company may not dispose of any Shares during a period of twelve (12) months from the date on which trading of the Offer Shares commences on Tadawul. After the expiry of this period, they may dispose of their Shares subject to the CMA's consent.
Listing Rules	The Listing Rules issued by CMA pursuant to Article 6 of Capital Market Law promulgated by Royal Decree No M/30, dated 2/6/1424H (corresponding to 31/7/2003G and amended by CMA's Board resolution number 1-36-2012, dated 11/8/1434H (corresponding to 25 November 2012G)
Corporate Governance Regulations	The Corporate Governance Regulations in KSA issued by Capital Market Authority under resolution No 1-212-2006 dated 12/10/1427H corresponding to 12/11/2006G and amended by CMA's Board number 1-10-2010, dated 30/3/1431H (corresponding to 16/3/2010G).
Underwriter	Riyadh Capital Company appointed by the Company as a sole Underwriter to the Offering
Applicant	Institutional Investors and Individual Investors
Board or Board of Directors	Board of Directors of the Company
Auditor	Dr. Mohammed Al Omari and Co., Certified Auditors and Consultants
Lead Manager	Riyadh Capital Company
Shareholders	Shareholders at any time
Substantial Shareholder	A person who owns 5% of more of the Company Shares
Selling Shareholders	Selling Shareholders as at the date of this Prospectus are: Burooj International Company Lmited, Al Zakari Industry and Trading Company, Abdul Rahman Abdulla Al Moosa and Sons, Abdulla bin Saad Al Rashid Trading Company, Al Romaizan for Gold and Jewelry Company, Mr.Moosa Abdulla Al Ismaeel, Mr.Solaiman Mohammad Abdulla Al Dawood, Mr.Ayman Mohammad Al Modaifir
Legal Advisor	Sulaiman Meteb Al Sudairi Legal Office in cooperation with Latham & Watkins LLP
Financial Advisor	Riyadh Capital Company
Advisors	The Company Advisors with regard to the Offering whose names appeared in page vi of the this Prospectus
Subscriber	A person who subscribes to the Offer Shares
KSA or the Kingdom	Kingdom of Saudi Arabia

Institutional Investors	The Institutional Investors include the following institutions: • publicly offered investment funds established in Saudi Arabia and investing in securities listed on the Exchange provided that the terms of the respective funds permit such investment, and provided that the terms and conditions of the CMA's Investment Funds Regulations are complied with; • persons authorized by the CMA to deal in securities as principal provided that the minimum capital adequacy requirements are complied with; and • publicly listed companies (through their portfolios which are managed by authorized persons), publicly listed banks and insurance companies, in compliance with the regulations issue by CMA, and provided that their subscription does not result in any conflict of interest;
Prospectus	This document prepared by the Company related to the Offering
By-Laws	The by-laws of the Company, which are approved by the Company's General Meeting
Capital Market Law	Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G) as amended.
Companies Regulations	The Companies Regulations issued under Royal Decree No. M/6 dated 22/3/1385H(corresponding to 21 July 1965G), as amended
Subscription Application Form	The subscription application form to be used by Subscribers to subscribe to the Offer Shares
CMA or the Authority	The Capital Market Authority in Saudi Arabia
MOC	Ministry of Commerce and Industry in Saudi Arabia
Eligible Foreign Investor	A foreign investor for CMA who in accordance with the rules regulating the investment of qualified foreign and financial institutions qualified in listed shares.
Approved Client	A client for an eligible foreign investor approved by CMA in accordance with the rules regulating the investment of qualified foreign and financial institutions qualified in listed shares.
Small Shops	Shops of areas less than 200 square meter
Major Tenant	A Tenant who owns 5 or more units of a total area not less than 500 square meter
Hypermarket	A Space that is dedicated for sale of food and non-food stuff (garments, shoes, electrical items, utensils, etc.) with an area not less than 5 thousand square meters.
Leisure Centre	An area dedicated for leisure, mechanical and electronic games, whether for children or others.

2. Risk Factors

Anyone wishing to invest in the offered shares should carefully study all information contained in this Prospectus, including the risks described below, before deciding whether to invest or not in the offered shares. The risks outlined below may not include all the risks that the Company may encounter, as additional factors, currently unknown to the Company, may exist and will affect its operations. The Company's Board of Directors affirm that there is no significant risk that may adversely affect the Company's business and financial performance, other than risks disclosed below, according to the information available to them as of the date of this Prospectus.

The Company's business, what is mentioned in this Prospectus, financial conditions, future prospects, results of operations and cash flows could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Company's management has not identified or that it currently considers not to be material, actually occur or become material risks.

An investment in the Offer Shares is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from such investment. Any prospective investor, who is in any doubt about the action he should take, should consult a financial advisor licensed by the CMA for advising on purchasing shares or other securities.

In the event of the occurrence of any other risk factors which the Company currently believes to be substantial, or the occurrence of any other risks that the Company did not identify, or that it does not currently consider to be material, the value of the Company shares may decrease and prospective investors may lose all or part of their investment in such shares.

The risks and uncertainties described below are presented in an order that does not reflect their importance. Additional unknown risks and uncertainties or those deemed immaterial now, may have the impacts shown in this Prospectus.

2-1 Risks related to the Company's business and operations

2-1-1 Company's Performance linked with Retail Sector

The tenants business at the Company's commercial centers concentrates on retail sector, which is the main driver for performance of commercial centers. Therefore when there is a decline in the retail sector or a slowdown in growth in general, it will be reflected directly on the performance of the tenants and their ability to continue to rent stores leased to them at the Company's commercial centers, and on their ability to meet their financial obligations as tenants. This is due to the fact that a large segment of tenants pay rentals thru resource from retail sector, which in turn reduces the Company's ability to receive rentals owed to it or retain existing tenants. In addition, the decline in the growth of retail sector affects the Company's ability to increase rental rates, or enforce the Company to reduce rental rates during periods of decline or slowdown in growth to avoid losing tenants of shops in the Company's commercial centers at the time, and motivate them to continue as tenants until retail sector returns momentous. Therefore, the decline or slowdown in growth or the retail sector in general will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-2 Impact of changes in the market on long-term leases over the years

The Company usually concludes long-term rental contracts with the key tenants in its commercial centers with lease periods vary between 10 and 20 years. These contracts usually include increments in rental value agreed upon at the conclusion of the contract, and they are scheduled throughout the term of the lease. The Company determines such increments in view of several considerations that include, but not limited to, the Company's estimates of the expected rates of increase in price levels in general, and rental prices in particular, average of rental value for the first year or years before applying increases, the importance and the competitive position of the tenant in the market, the prevailing annual increase rate at that time in rental values, and the negotiating position of the Company and the tenant.

There is no guarantee that the increases determined by the Company at the time of conclusion of the lease contract will be sufficient to compensate the Company for the increases in the operating costs or inflation rates, or that such increases will be corresponding to growth rates on the rental values when they are due. Therefore, in case that such increases are insufficient to cover operating costs or inflation rates, or to keep pace with growth rates, or if rental values obtained from major tenants are less than the market fair rental value, and the Company may not be able to negotiate with the tenants to change them before expiration of the term of these contracts, the Company's business, results of operations, financial condition and prospects will be adversely and materially affected.

2-1-3 Risks Associated with Expansions and Renovations to the Company's Commercial Centers

In case the Company makes any expansion or improvements to one of the commercial centers, that would substantially affect the utilization and benefit of the leased areas, such works will probably lead to giving exemptions from payment of rents to some tenants for a fixed term, or compensate them for a portion of the paid rent, as a result of the disruption of their businesses for the period during which expansions, improvements and renovations would be implemented. Depending on the size of these works and their impact on tenants, the Company also may have to reduce the rents of some stores to compensate some tenants for damage resulting from the implementation of such works. If approved by the Company, the value of such reduction will vary according to each individual case. There is no guarantee that such exemptions or reduction in stores rentals by the Company will not exceed the Company's estimates.

In addition, there is no assurance that the Company will achieve the desired objectives of these expansions, improvements and renovations as they are linked with several factors such as the quality of planning, design, duration, cost, quality of implementation, and occupation of additional spaces by value added tenants along with current tenant mix. In the event of failure of one or more of these factors or if the Company was forced to grant exemptions or reductions of rental values more than estimated, the Company's business, results of operations, financial condition and future prospects would be adversely and materially affected.

2-1-4 Impact of Implementation of Some Government Projects on the Company's Commercial Centers

Since the government agencies involved in implementation of many construction and infrastructure works in various parts of the Kingdom, some of the Company's real estate properties may be subject to expropriation, either in full or in part, for the public interest pursuant to the Law of Expropriation of Property for the Public Benefit issued by Royal Decree No. M/15 dated 11/03/1424H. In case of expropriation of any of the Company's shopping centers, it will lead to cessation of the business of that center, and accordingly loss of income and revenues of the center. Although the Law of Expropriation of Property for the Public Benefit stipulates that expropriation must be for fair compensation, but that compensation may not enough to compensate the Company for the loss of income due to the suspension of activities of the expropriated commercial center. In addition, the procedures for assessment of compensation and for objections if the compensation is not accepted by the Company, usually take very long periods. According to the Company's knowledge, Jeddah Municipality is planning to establish Metro project that will pass through Prince Majid road on which the commercial center will be established under joint venture agreement entered into between the Company and Manafea Holding Company. Until the date of this Prospectus, the Company has not started implementation of that center. The implementation of Metro project may result in Order of expropriation of land or part thereof. Therefore, in case any of the Company's property is subject to expropriation under the Law of Expropriation of Property for the Public Benefit, the Company's business, results of operations, financial condition and future prospects will be adversely and materially affected.

2-1-5 Reliance on External Operators and Contractors

The Company's equity is (33.40%) in Hamad Real Estate Company (hereinafter referred to as the **"operator**"), under partnership contract between the Company and Assala Holding Company, which is other partner in ownership of the operator by (66.60%). Both partners are committed to use the operator exclusively for lease, operation and management services in respect of all commercial centers owned by the Company or under its control and control of its subsidiaries on commercial basis for next several years. The Company is represented by its Chief Executive Officer in the operator's Board of Directors by. (For more details, please refer to section 4 "the Company" in this Prospectus).

The performance of the Company's commercial centers depends largely on the ability of the operator to lease the vacant stores, collect rents, establish good relations with tenants, and operate efficiently. The Operator and the Company obtain assistance from a number of contractors, contracted by the Company and working under the supervision of the operator, to provide security and maintenance services, cleaning and other services related to commercial centers. Accordingly, any shortage or deficiency in the level of service provided by the operator or from the contractors for any reason or operator fails to contractors manage the required efficiency would be would direct impact and substantially to the Company's business and results of operations and financial condition and prospects.

In addition, significant failure of the operator to run any or some of the Company's centers will increase the costs incurred by the Company for appointment of a suitable substitute for the operator to manage and operate the commercial center(s) which the operator failed to operate, and that will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-6 Impact of the Operator's Failure to Manage the Company's Commercial Centers

Hamat Real Estate Company, with (33.40%) of its capital owned by the Company, manages 18 commercial Centers. The Company owns three of these Commercial Centers with different percentages of ownership and three others developed entirely by the Company on leased piece of land. Therefore failure of Hamat Real Estate Company in management of these centers or any of them, that might lead to termination of any management and operation service agreement related them, whether belonging to the Company or owned by third parties, will decrease the income of Hamat Real Estate Company and significantly affects its income, which would materially and adversely affect the Company's business, results of operations, financial condition and future prospects.

2-1-7 Visitors Dissatisfaction of shop/ Store Tenants withing the Commercial Center

The stores of the Company's commercial centers are operated by a number of tenants who are working in various activities and targeting various categories of customers of different ages. The impression of visitors about the Company's commercial centers and their satisfaction of goods and services provided by tenants, with whom the Company does not have any relationship or any control, might affect the competitive position of these centers, and the Company's reputation in general. Growing incidence of dissatisfaction by visitors to the Company's commercial centers would expose the Company to risk of low rate of turnout. Its performance will be adversely affected as a result of being forced to reduce rental values or incur additional costs in order to restore the confidence of the affected visitors to commercial centers by conducting marketing campaigns. Thus, such things would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-8 Risks relating to Road Maintenance and Modification of of their Routes

One of the most important factors on which the Company's builds its decision to choose the site for establishment of commercial centers is, but not limited to, the easy access by visitors. The vast majority of visitors to commercial centers depend on their private cars or taxis to reach there. Maintenance works carried out on roads leading to commercial centers are beyond the Company's control, and may lead to a negative impact on the number of visitor to these commercial centers. This limits the Company's ability to raise rental of stores affected by such works, or may be forced to cut rental values to keep tenants. In case the maintenance or construction works continue on nearby roads or the those leading to the Commercial Centers for long time, it will adversely and materially affect the occupancy rates in the affected commercial centers, number of visitors and average rental prices of its stores, which would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-9 The Company's Entry into New businessees

The Company is currently building five-star hotel apartments on the land owned by it, on which Alandalus Mall (Alandalus Square) has been constructed, which will be adjacent to Alandalus Mall. It is expected to become operational during the third quarter of 2016G and will be managed by Holiday Inn Middle East Ltd Company under the brand name "Bridge City" owned 100% by the InterContinental Hotels Group (IHG). The Company also signed a partnership contract with Dr. Sulaiman Al-Habib Medical Services Holding Group, for development and operation of medical hospital, bearing the name of "Dr. Sulaiman Al-Habib Medical Services Holding Group" on the same piece of land (Alandalus Square) referred to in this section "Risk Factors". The Company will own 50% of this project. It should be noted that the Company has not yet started implementation of this project. (For more details, please refer to paragraphs 3.8.11 and 10.1.11 of Section 11 "Legal Information" of this Prospectus).

The Company has entered into two hospitality and medical services projects, which are new sectors for the Company. The Company has no experience in these two sectors differing from the main business activity of the Company in commercial centers. In addition, the Company depends mainly on each of the Intercontinental Hotels Group and Dr. Sulaiman Al Habib Medical Services Holding Group for management of both projects, and therefore, it does not guarantee the success of these two projects and that they will achieve the desired results, since their success depends largely on the commitment and ability of the two operators to operate them efficiently and profitably. Thus, failure of the operators of the two projects to achieve the desired results or to manage them efficiently as required, will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

In addition, the termination of the management agreement by Holiday Inn Middle East Company and inability of the Company to provide proper alternative, on a timely and cost-effective manner, will adversely and materially affect the hotel operation and occupancy rate, which would, in turn, adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-10 Concentration of Company's Revenues

The ratio of lease revenues realized by Alandalus Mall to the grand total of lease revenues and income from investments is estimated to account for 76.5%, 73.9%, 74.0%, 66.0% for the years 2012G, 2013G, 2014G and June, 2015G respectively as at June 2015G. Therefore, the financial performance of the Company depends largely on the performance of Alandalus Mall. It is estimated that the ratio of total income from the lease to the total income from the activity (lease income and investment income) accounted for 69.8%, 68.2%, 67.7% and 67.8% for the years 2012G, 2013G, 2014G and June, 2015G respectively. Occurrence of any adverse factors, including, but not limited to, low occupancy rates, low rental values, high operating costs or occurrence of any of incidents beyond the control of the Company, such as acts of force majeure (for more details, please refer to paragraph 2-2-11 of this section) would adversely and materially affect the performance of Alandalus Mall and accordingly the Company's performance, and as such would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-11 Concentration of Company Clients

Part of the Company’s revenues is generated mainly from a number of key customers, for example Savola Group Company (APU), Fawaz Alhokair Company, and Dar al-Bandar Company constitute 10%, 9.6%, and 4.9% respectively of the total business income (for more details, see table (101), section (4) “The Company” in this Prospectus). In the event that the Company is unable to maintain its trade relations with any of its key customers, this will directly affect negatively the Company’s income. In addition, these customers occupy large rental spaces in a number of the Company’s centers, Thus, any termination of the contractual relationship with any of them will lead to losing their presence in the their stores as a part of stores that attract customerss to the Company’s commercial centers, which in turn will affect the number of visitors to these centers, and hence, decrease the number of merchants who are willing to rent spaces in such centers. Accordingly, the Company’s failure to maintain its relations with key rental customers will have a negative and significant effect on the Company’s business, results of operations, financial condition and prospects.

2-1-12 Risks Associated with Financing

(a)- Arrangements of Existing Financing

The Company has entered into four financing contracts (Islamic Securization formula “Tawaruq”) with Al Rahil Bank to finance projects, with a maximum limits totals SAR 540 million as of December 2014G. The Company withdrew SAR 530 million as of June 30, 2015G, The Company is committed under these contracts to pay premiums and commission of these facilities according to specific timetables (for more details, please refer to Section 11 “Legal Information” of this Prospectus). In case the Company does not realize sufficient cash flows from its main activities for any reason and if the Company is not able to provide funds for payment of due installments under the credit facilities contracts from other sources, there is no guarantee that the Company will be able to fulfill payment of installments on the due dates which will be a breach of its obligations under these contracts. This will expose the Company to demands from different lenders for full payment of debt balances owed to them by the company, booking the guarantees provided to them under these contracts and make judiciary execution, including the land and real estates mortgaged by the Company as a guarantee for payment of facilities. This would adversely and materially affect the Company’s reputation and ability to obtain credit facilities in the future, and would adversely and materially affect the Company’s business, results of operations, financial condition and future prospects.

According to such contracts, the Company is also committed with a number of undertakings that must be adhered to, including, but not limited to, the obligation not to make a dividend in excess of a certain percentage, or commitment to some financial undertakings (for more details, please refer to paragraph 2-3-2 “Dividends” of this section). Any breach by the Company of undertakings set forth in any of these contracts will be considered as a breach that entitles the lender the right to request the Company to pay the full balance of the debt immediately, and to take all other actions to satisfy his rights under the relevant facilities contract. The occurrence of any of these events would adversely and materially affect on the Company’s credit reputation and ability to obtain credit facilities in future as well as it will adversely and materially affect the Company’s business, results of operations, financial condition and future prospects. (For more details about the financing contracts, please refer to Section 11 “Legal Information” of this Prospectus).

(b)- Future Financing Risks

The Company’s main activity is limited in the real estate development projects of commercial centers that require huge amounts to set up and run. Since there is no guarantee that the Company’s self-financing resources alone can fulfill the financing needs of investments, the Company will have to secure needed funds from financing agencies. Thus, the Company’s ability to implement future projects depends largely on its ability to obtain sufficient funding from financing agencies.

The Company’s ability to secure appropriate financing from lenders depends on a number of factors, including, but not limited to, the financial condition of the Company, size of existing debts compared to size of its assets and equity, the credit position of the company, the expected cash flows of the relevant project, Company’s financial performance and results of operations, the desire of the funders to finance sectors in which the Company operates, guarantees that can be provided and the Company’s ability to provide adequate guarantees upon request of such facilities. In addition, the Company’s ability to obtain external financing, in general, depends on other factors beyond its control, including, but not limited to, the general economic situation of the Kingdom, the financial markets conditions and liquidity available to the funders and commercial banks, directions of the Saudi Arabian Monetary Agency and levels of interest rates prevailing at the time of obtaining financing. There is no guarantee that the Company will be able to obtain, fully or partially, the required funding to finance future projects which would substantially affect the Company’s ability to implement these projects. Obtaining necessary funding at non-preferable conditions or at higher costs than the Company’s expectations will also reduce relevant project returns and cash flows. Therefore, the lack of Company’s ability to obtain financing or obtaining it at non-preferable conditions will have a negative and significant impact on the Company’s business, results of operations, financial condition and future prospects.

(c)- High Cost of Financing Received by the Company

Since its inception, the Company has adopted specific policy with regard to the method of loans obtained. Such policy requires that all financing agreements concluded by the Company should be compatible with Sharia, in the form of Murabaha contracts for future selling of shares in specific Companies. This requires that mechanism for withdrawal of these funds should be through purchase of shares of these Companies, then selling them during a short interval through the Saudi stock market. This interval may range from several hours to several days so that the Company is trying to avoid any losses from these transactions, as their purpose is to achieve legitimate Murabaha (profits) and not to invest in stocks. In addition, to the risks of potential losses from transactions of purchasing and selling of the shares of these Companies, this financing structure requires that profit margin should be based on fixed (SIBOR) prices for long periods extend to throughout the term of facilities granted to the Company, which usually means that the cost of financing is higher than other forms of financing where SIBOR price is variable in accordance with the rates prevailing in the banking sector or higher than other forms of financing where SIBOR price is fixed for short periods. Therefore, the high cost of funding and inability of the Company to provide suitable financing alternatives will have negative and significant impact on the Company's business, results of operations, financial condition and future prospects.

(d)- Shareholders' Guarantees

A number of the Company's Shareholders presented personal guarantees for the Company obligations under the signed financing agreement between the Company and Al Rajhi Bank dated 29/02/1429H (corresponding to 16/02/2008G). This is done by submitting guarantees by Al Zakari Company for Trading and Industry (by 24.68%), Abdul Rahman Abdullah Al Moosa & Sons Co. (by 9.87%), Abdullah Saad Al-Rashid Trading Co. (by 9.87%), Romaizan for Gold and Jewelry Co. (by 9.87%), Moosa Abdullah Al Ismail (by 2.47%), Sulaiman Mohammed Dawood (by 2.47%) and Ayman Mohammed Al-Modaifir (by 1.25%) (for further information, please refer to subsection 11-6-3 "Credit Facilities and Loans" of this Prospectus.

The Company and shareholders who gave these guarantees submitted a letter of undertaking to Al Rajhi Bank, on 14/06/2015G under which they were committed to continue fulfilling all obligations, debt, costs, accrued liabilities on the Company for the benefit of Al Rajhi Bank, until the completion of the IPO process, and then to give any alternative or additional guarantees required by Al Rajhi Bank. Accordingly, Al Rajhi Bank may request additional guarantees from the Company in exchange of cancellation of the personal shareholders guarantees, and the Company may not be able to provide same, which would put the Company in a breach situation, and accordingly Al Rajhi Bank may request the Company to repay the entire debt balance immediately and take all other actions to get his rights under the facilities contract. Thus, the occurrence of this will adversely and materially affect the Company's credit reputation; ability to obtain credit facilities in the future as well as it will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-13 Risks relating to mortgage of some land plots owned by the company and its affiliates

The Company has entered into Shariah-complaint credit facilities with Al-Rajhi Bank to finance some of its current projects. The security package to the said bank to secure repayment under such facilities includes mortgage of a land plot owned by the Company in Jeddah under title deed No, 467 issued on 30/3/1424H (30/6/2003G). The Company transferred this land to Al Rajhi Development Company, a subsidiary to Al Rajhi Bank, until full repayment of the finance. (For more information, please refer to section 11 "Legal information" of this Prospectus).

Advanced Markets Company, an affiliate, mortgaged a land plot owned by it, on which Dareen Mall is constructed, under title deed No. 7301050077740431010101032, dated 25/12/1429H (23/12/2008G) as a security for repayment of financing obtained from SABB under the agreement concluded by the Advanced Markets Company with SABB, on 29/09/1429H (24/9/2008G). A danced Markets Company transferred this land to the Arabia Real Estate Company Ltd, (a subsidiary to SABB) as a security for repayment of financing granted to it under the said financing agreement. The Advance Markets Company repaid the full financing amount provided to it by SABB and terminate the referenced financing agreement. Now, the process is underway to retransfer the land by the Arabian Real Estate Company Ltd to the interest of the Advance Markets Company. (For more information, please refer to section 11 "Legal information" of this Prospectus).

Any breach by the Company of its obligations toward Al Rajhi Bank will lead to the possibility execution by the Bank on the land and asking to sell it, in addition to the buildings built on it, to redeem the value of the debt due to it from the Company from the proceeds of sale in accordance with judicial applicable procedures. Tis sale may have a negative impact on the Company's business and the loss of one of its income-generating assets, which would adversely affect its revenues and consequently its financial results. In addition to the above, any delay by SABB caused by a delay in the procedures of reacquiring the land owned by the Advance Market Company would impact the Company's ability to act freely on this property, which can cause it some procedural problems related thereto.

2-1-14 Possible Effects of future zakat assessments from previous years

The Company provides annual zakat declarations, based on which it pays due amounts and obtains zakat certificates from the Department of Zakat and Income Tax (DZIT) in the Kingdom. However, the last final Zakat assessment obtained by the

Company was for the fiscal year ended 31/12/2007G, and it did not receive zakat assessments for the following years from the financial year ended 31 December 2008G to the fiscal year ended December 31, 2014G due to the objection of the Company to final zakat assessment for the year 2007G. It appealed and the issue was resolved at the end of 2014G, where the Company accepted the outcome of that appeal.

The Company has not received any claims from DZIT to pay any zakat differences for the period between 2008G and 2014G, and currently such differences that may be claimed by DZIT cannot be predicted for the above mentioned years. Also, currently the outcome of the objections of the Company on zakat assessments cannot be predicted, and in the case of the DZIT requests the Company to definitively and finally pay differences in Zakat amounts due from it, it would have negative and significant impact on the Company's business, results of operations, financial condition and future prospects.

2-1-15 Recent Application of Corporate Governance Rules

The Extraordinary General Assembly of shareholders dated 19/05/1436G (corresponding to March 10, 2015G) has adopted corporate governance regulations including new procedures and rules that are required to comply with under the Corporate Governance Regulations issued by the Capital Market Authority (CMA) in the Kingdom. These procedures and rules include composition of Internal Audit, Nomination and Remuneration Committees which have been recently created pursuant to the Regulations. The Company's success in proper practicing of corporate governance depends on the extent of comprehension and understanding of these rules and the actual correct application of them by the Board of Directors and its committees, management and employees, especially with regard to formation related to the Board of Directors and its committees, requirements of independence, exercise of the Board of Directors and its committees their roles and responsibilities, and principles associated with the conflict of interests, related parties and continuous disclosure.

The Company's failure to apply the rules of corporate governance, especially to the extent required by the Corporate Governance Regulations issued by CMA will affect the quality of Company's management, and methods of making-up decisions. Failure to comply with these rules will also lead to violating the continuing listing obligations required by the Capital Market Laws and Implementing Regulations after listing, which may expose the Company to sanctions by the CMA. Accordingly, the Company's failure to comply with application of governance rules of will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-16 Recent Composition of Committees emanatinmg from the Board of Directors

The Board of Directors has recently formed Audits Committee, Nomination and Remuneration Committee and Executive Committee to perform the functions and responsibilities set out for each Committee in accordance with the internal Corporate Governance system, which was adopted by the Extraordinary General Assembly of Shareholders dated 19/05/1436H (Corresponding to March 10, 2015G) (For more details, please refer to Section 5 " Organizational Structure of the Company" of this Prospectus.

Due to recent formation of these committees, the inability of their members to carry out the responsibilities assigned to them and to follow work methodology that ensures protection of the interests of the Company and its shareholders may affect the quality of application of the Corporate Governance system and the Board of Directors' ability to effectively monitor the Company's business through these committees. Accordingly, the Company is exposed to the potential of non-compliance with Corporate Governance and continuous Disclosure requirements issued by CMA after listing the Company on the Exchange (Tadawul), which will result in imposing financial fine on the Company by CMA. In addition, failure of the the members of committees to assume their responsibilities efficiently may expose the Company to other operational, administrative, financial and monitoring risks, which would have negative and significant impact on the Company's business, results of operations, financial condition and future prospects.

2-1-17 New Internal Audit Department and limited number of staff in it

The Company has recently formed an Internal Audit Department to audit the Company's accounts, prepare risk management and internal control reports, prepare financial reporting, monitor internal corporate governance, and conduct important investigations in internal violations of regulations within the Company. The Internal Audit Department is currently composed of only one employee, and this could affect the management's ability to perform its tasks and the accuracy of its reports, which will therefore affect the ability of the Board's to efficiently perform its functions, and thus affect the Board's ability to monitor the Company's business as required. Moreover, the inability of the Internal Audit Department to perform its tasks as required will result in exposing the Company to various risks relating to adherence to requirements of corporate governance and continuous disclosure requirements issued by the system after listing the Company in the Stock Exchange (Tadawul), as well as other operational, administrative, financial and supervisory risks. Therefore, if the Company failed to provide the appropriate number of staff with the required competence to perform internal audit Function, the Company's business, results of operations, financial condition and future prospects would be adversely and materially affected.

2-1-18 Performance of affiliate/subsidiary Companies affected by decisions of other partners in them

The Company keep shares/ equities in sister companies as means to achieve strategic and investment targets, and enter into joint ventures with third parties, with a ratio not to exceed 50%. (For more details, please refer to Section 4 “The Company” in this Prospectus). The Company’s ownership of equities in the sister companies authorizes achievement of an important influence on the decisions of these companies through participation in directing its financial and operating policies. However, these ratios are not up to the degree of control over decisions and financial and operational policies of these companies because the Company does not have a sufficient majority to do so. Therefore the Company does not guarantee that it would have complete control of these companies because the equity ratios do not enable the Company to extend its full control over these companies since all of them are limited liability companies or closed joint stock companies, requiring approval of other partners/ shareholders on many decisions that should be taken unanimously or by majority, such as modifying the companies’ articles of associations, and increasing the financial burden borne by partners. Thus, partners/ other shareholders in the mentioned companies may disrupt or disable the issuance of any resolution proposed by the Company and they do not approve for any reason, or make up decisions or take actions not accepted by the Company. Accordingly, the Company does not guarantee the continuity of profitability and performance of these companies as they were in previous years, because their performance could be adversely affected by the investment views and directions of partners/ other shareholders, which might not be matching with the Company’s directions and investment objectives, and thus would adversely and materially affect the Company’s business, results of operations, financial condition and future prospects.

2-1-19 Loss by the Company’s Commercial Centres the lease relationship wihth major retail groups

The lease strategy for commercial centers relies on leasing large area stores to major tenants in commercial centers under contracts ranging between 3 to 20 years. As for small area stores, they are rented under annual lease contracts. Major tenants (of Large Areas) represent core for attraction of shoppers as well as other tenants to take advantage of these major tenants to create customer base for them. Also, the lease strategy depends on building good business relations with key retail groups having well-known brands, which rent several stores in the Company’s commercial centers. The inability of the Company, for any reason, to maintain the major tenant groups and major retail groups or attract suitable alternatives to them will affect the Company’s ability to attract visitors to these malls and thus will adversely and materially affect the Company’s business, results of operations, financial condition and future prospects.

The occurrence of any disputes with key customers or major retail groups would lead to delays in receiving the Company’s due rents from them or difficulty in negotiating the renewal of leases for a large number of stores in the Company’s commercial centers, which will cause considerable losses resulting from closure of all or some of these stores, and force the Company to find suitable replacement to rent these stores at appropriate time and price. If the Company could not find a suitable replacement to rent these stores at suitable time, rental value and favorable conditions to the company, this will adversely and materially affect the Company’s business, results of operations, financial condition and future prospects.

2-1-20 Failure, Procrastination and Inability of Tenants to Pay Due Rents

The Company’s income depends mainly on financial stability and credit capability of its tenants, and the extent of their commitment to pay rents on time. Inability of some tenants to pay rents owed to the Company or delay in payment at maturity dates could happen and materially affect the cash flow of the Company, and accordingly would affect its ability to meet commitments to lenders and owners of lands rented by the Company. Also, it would affect the Company’s ability to move forward in establishment of new projects, and might force it get alternative financing to meet its obligations, and that would adversely and materially affect the Company’s business, results of operations, financial condition and future prospects.

In addition, the enforcement of rights set forth in the lease contracts with tenants and collection of such rights by Hamat Real Estate Company may require a great deal of cost and time. Usually payment period under the lease contracts would be every six months. Some tenants delay payment of due rents, which may lead to delay the collection of receivable to more than 180 days (for more details on accounts receivable, please refer to Section 6 “Management Discussion and Analysis of the Financial condition of the Company” of this Prospectus).

Therefore, failure of any tenants to pay due rents or delay payment for long periods for any reason, and the exercise of the Company’s rights by the means set forth in the lease contracts will adversely and materially affect the Company’s business, results of operations, financial condition and future prospects. It should be noted that the proportion of tenants with bad debts during the previous three years was 2%, 4%, and 1% of total receivables from tenants during the years 2012G, 2013G, and 2014G, respectively.

2-1-21 Inability to Renew Leases or Re-lease

The Company’s income depends mainly on lease revenues related to commercial centers belonging to it. There is no guarantee that the Company will be able to renew the leases with tenants upon their expiry. Also, the Company may renew the leases at less favorable conditions than current one, or tenants may procrastinate in evacuation and handing over the stores upon expiry or termination of their lease contracts. Also the matter may need some time, or the Company may resort to spending on marketing vacant stores and searching for new tenants, which will introduce the Company to loss of rental revenues of vacant stores, as well as additional expenses related to discounts on rents and marketing campaigns for vacant stores. In addition, there is no guarantee of re-leasing to tenants as important as current tenants, which would adversely affect the Company's business, results of operations, financial condition and future prospects.

2-1-22 Lack of success of new projects inside and outside the Kingdom

The Company strategies include continuing expansion of its business in establishment, ownership and management of commercial centers and hospitality sector, or other investments in the Kingdom or abroad for the coming years. Establishment of such projects may face many challenges and obstacles such as finding new distinctive sites at competitive prices; reaching the best contractual terms for the rental or purchase of land on which the project will be established; or the ability of the Company or other companies where the Company invests, to develop these sites and complete the construction within the specified period and estimated costs for them. If the Company fails to comply with the specified period, there is no guarantee that it will succeed in opening the new projects, have the ability to achieve revenues, cover capital expenditures, operating, marketing and administrative costs, differences in currency exchange rates and investment risks abroad, which will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-23 Risks of Construction, Development and Safety of Buildings

The Company works for acquisition or development of projects to continue expansion of its commercial real estate sector associated with the retail sector in the Kingdom. Accordingly it is exposed to risks usually linked with all companies working in the construction and development projects, which makes the Company's development and construction works exposed to the following risks:

a. **Availability of building materials and fluctuations of their costs:** the Company's contractors depend largely on the basic construction materials including, but not limited to, cement, steel. Some materials are provided locally, while the remaining portion is provided through imports from abroad. Therefore, any shortfall in the materials necessary for completion of the construction works will result in noticeable increase in their prices, which will make the Company incur construction costs significantly exceeding the current estimated costs as a result of increased material and labor costs and other costs. This is in addition to incurring unexpected costs, including, but not limited to, any fees that may be imposed by the Kingdom on the import of construction materials or the high prices of materials due to their scarcity in the market. This makes project implementation or operation, or both, not economically viable because there is no guarantee that the Company will raise rental rates enough to offset the increase in costs. For example, the high demand for construction materials will limit the Company's ability to secure its needs of these materials to complete its projects on time as scheduled or not at all. Consequently, this will lead to increase in other costs such as those resulting from suspension of work by contractors, or resulting from bringing another contractor and incurring expenses of some labors, despite the suspension of the project, which will result in losses to the Company with respect to these projects, and will in turn adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.
b. **Dependence on Contractors or Developers:** The Company relies heavily on a number of external contractors and consultants in order to complete construction projects, including planning, design, project management, engineering, and procurement and construction services. In case of non-availability of some of such services required by the Company's projects on reasonable basis and commercial prices, except from limited number of qualified and appropriately efficient suppliers, the Company's operations will be exposed to interruption or to be adversely affected due to the failure or delay in providing these services as a result of significant change in the conditions of providing them, or failure of suppliers to meet the quality standards required by the company. If the Company is forced to change a major service provider, this may result in additional costs and disruption of operations, and accordingly cause losses to Company with respect to those projects. There is no guarantee that the Company will be able to find alternative services in a timely manner or not at all, which would adversely affect the Company's business, prospects, results of operations and financial condition. In addition, any default or breach by any of the contractors to their works, by having structural or construction defects with respect to the built-up buildings, and not having them rectified in a timely manner or not at all, will affect the Company's reputation, and in turn will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

With regard to projects shared by the Company with other partners, development works are assigned to a developer other than the company, and therefore lack of ability or commitment by such developer to achieve the desired results or failure to develop that in accordance with the required efficiency, time schedule and budget, will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

a. **Approval of government agencies:** the Company shall obtain necessary approvals, licenses and permits from the relevant governmental authorities for its projects before commencement. In case of any future changes in regulations and policies, currently unknown to the company, or for any other regulatory reasons, in the event that the Company or any of its Group companies are unable to obtain required governmental licenses or approvals, or in case of significant delay in obtaining that, there would be delay in commencement of the project works and increase of the pre-operating costs. The Company may have to abandon some of these projects, and thus the expenses incurred will be accounted as capital losses, which will aversely and materialy affect the Company's business, expectations, results of operations, financial condition and future prospects. Some of the important licenses are those related to licensing and sorting of the land for hospital project belonging to Dr. Sulaiman Habib Medical Services Holding Group, which has not yet started, as it is still under planning, engineering and operational studies. In addition to that, the Company has not finished the procedures for sorting and transferring the ownership of the project land, which may take several years to be finalized (for more details, see section 4, "the Company").

b. **Availability of labor:** continuation of work in the Company's projects depends largely on the availability of necessary professional labors at reasonable prices to complete the implementation as per the time schedule specified. Therefore, the inability of the contractors or the subcontractors of the projects to provide necessary labors to complete work on projects at reasonable prices for any reason will lead to delay in implementation of these projects on time, which adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

c. **Insurance risk:** The contractors implementing the Company's various projects insure the Company's existing assets in the workplace. Although the contractors and subcontractors of projects obtain insurance policies to protect their business in the work sites to avoid the effects that may result from a variety of risks, there is no guarantee that the insurance coverage obtained by these contractors would be sufficient upon occurrence of any events that call for compensation, which would adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

d. **Other reasons facing the Company in the existing projects or completion of the new projects and other consequences:** The Company may face other reasons relating to its existing projects, that may delay or prevent completion of its projects on time, due to technical malfunctions, default of contractors, unexpected engineering problems, presence of defective construction materials, wrong methods of construction, occurrence force majeure acts, natural disasters or any other factors beyond the control of the Company. Such delay or failure by the Company to complete its major projects, will increase financing, construction, repair and renovation costs, which in turn will lead to termination of the Company's future supply and financing agreements, and will affect the performance of existing projects and commitments in front of others. This will lead to filing claims by third parties requesting compensation for damages resulting from the breach of sale and supply contracts or termination of these contracts, which would adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-1-24 Defects and deficiencies in design and quality of construction

Any defects in the design or construction of the commercial centers and complexes owned by the Company would influence the performance of the centers, their competitive position, rental rates and number of visitors to them, and accordingly would lead to repair works and additional costs to the Company. In addition, the interruption of business and losses incurred by leased stores, will in turn affect the Company's operations, and therefore the Company would be forced to make cuts on the rental values of stores leased to tenants affected by these works to retain and motivate them to continue, which would adversely and significantly affect to the Company's business, results of operations, financial condition, future prospects.

2-1-25 The Company's dependence on transactions with related parties

In some of its operations, the Company depends on transactions with certain related parties under certain contracts entered into by the Company concerning some services provided to the its commercial centers, or lease contracts entered into by the Company as a tenant, which do not generate direct income for the company, but as per which the Company depends on services provided by the concerned related parties. The Company has currently six (11) contracts entered into with related parties: a joint venture with Dr. Sulaiman Al Habib Medical Services Holding Group, with which the Chairman Mohammed Abdulaziz Al-Habib has relationship, as indirect shareholder and board member. It should be noted that the Company has not yet begun the implementation of the joint venture with Dr. Sulaiman Al-Habib Medical Services Holding Group. Also, there is a lease with Moosa Abdullah Al Ismail (board member), and four (4) operations and lease contracts with Hamat Real Estate Company (for more details, please refer to section 11 "Legal Information" of this Prospectus). The total rent paid by the Company under the lease contract signed with Moosa Abdullah Al Ismail, with respect to Sahafa Center land represents 18.2% of total rent paid by the Company to other parties.

In addition, there are two lease contracts with the Fourth Beauty Pharmacy for Trading to rent spaces in each of Tilal Center and Sahafa Center. The two contracts are considered contracts with related parties due to the indirect ownership of the Board member, Abdulaziz Mohammed Al Habib, in Beauty Pharmacy Company, through his ownership of an interest in Mohammed Abdulaziz and Sons Holding Company, which in turn owns an interest in the capital of Beauty Pharmacy Company. The rental value of the lease relating to Tilal Center is SAR 385,000 annually, while the rental value of the lease relating to Sahafa Center is SR 300,000 annually. The Company has also entered into a lease contract with the International Healthcare Company, in which the Board member, Abdulaziz Mohammed Al Habib owns indirect interest, through his ownership of an interest in Mohammed Abdulaziz and Sons Holding Company, to rent spaces in the head office building which is located on the Northern Ring Road in Riyadh. The rental value of the leased spaces under these two contracts totals SAR 933,825 annually. The Company has also entered into a lease contract with the National Distribution Company to rent a space in the Company's head office building to be used by the National Distribution Company as an administrative headquarters. This contract is also considered a contract with a related party due to the indirect ownership of the Board member, Abdulaziz Mohammed Al Habib, of an interest in the National Distribution Company, through its ownership in Mohammed Abdulaziz & Sons Holding Company, which owns an interest in the capital of the National Distribution Company. The rental value of this contract is SAR 51,500 annually (for more details, see section 11 "Legal Information" of this Prospectus). The total revenues from related parties total SAR 1,670,325, representing 2.72% of the rental revenues during 2015G.

Therefore, there is no guarantee of the Company's ability to renew the contracts with related parties will be renewed in future at the end of their terms. Furthermore, it is stipulated under Article (69) of the Companies Regulation and Article (18) of the Corporate Governance Regulations that a Board member shall not, without a prior authorization from the General Assembly, to be renewed each year, have any interest (whether directly or indirectly) in the Company's business and contracts. Therefore, the Company's Board or any of its group companies or the General Assembly of the Company or any of its group companies may not agree on the renewal of those contracts. On the other hand, the related parties may not agree on the renewal of those contracts under the conditions required by the Company. Due to the Company's significant reliance on such contracts, there termination would have negative and material impact on the profitability of the Company and consequently on its results of operations and financial condition and prospects.

2-1-26 The exercise of some shareholders and directors of works competing the Company's business

Some of the substantial shareholders and Directors conduct businesses covered under the domain of real estate development and investment in commercial centers, which could be similar to the Company's business or competing with it, directly or indirectly, which could lead to a conflict of interest between the work of that main shareholder or director and the Company's business. According to the requirements of Article (70) of the Companies Regulations and Article (18) of the Corporate Governance Regulations, a Board member may not participate in any work that competes with the Company's business, without obtaining an authorization from the General Assembly, renewed annually, in this respect. Such shareholders and directors have impact on the Company decisions, and, sometimes, their interests may not be consistent with the interests of other shareholders when making up decisions of the Company. In addition, since they are related parties, they have the ability to access to internal information of the company, and they may use such information for their private interests or in contradiction with the Company's interests and goals. In case the directors, who have conflicting interests with the Company's interest, have negative influence on the Company's decisions, or they use the Company's information in a way harmful to its interests, this would have negative and substantial impact on the Company's business, results of operations, financial condition and future prospects. (For more details, please refer to section 11-13 "Directorship of directors of the board on other companies' boards which conduct similar or competitive business" of Legal Information section).

2-1-27 The Company's dependence on public services, and proper maintenance of its assets and infrastructure

The Company's success depends on its ability to maintain the integrity and maintenance of all its assets, including its commercial centers. Interruption of utilities of water, electricity and air conditioning as well as lack of adequate periodical maintenance for any reason will affect the quality of facilities and thus the rate of the public demand on them. Accordingly, the Company's business, results of operations, financial condition and future prospects will be adversely and materialy affected.

2-1-28 Risks associated with management information systems

The Company relies on its internal systems for management of financial systems, information systems and electronic support systems as well as other systems that manage and control services provided by Hamat Real Estate Company, as the operator of the Company's commercial centers. Any disruption or interruption in application and upgrading of the Company's internal systems or its own business infrastructure, or any deterioration in the performance of these systems and infrastructure will lead to inability of the Company to efficiently provide services, conduct operations or supervise services provided by service providers, and thus would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-29 Higher operating and maintenance costs

The Company's routine expenses include operating and maintenance expenses for its complexes and commercial centers which need ongoing maintenance to keep them operational, in good conditions and attractive to the tenants and visitors. In case that these expenses get higher than expected due to several factors including increased labor costs, costs of contracts with third parties, costs of repair and maintenance, or inability of the Company to transfer burden of these expenses and recover them from tenants, the Company's business, results of operations, financial condition and future prospects will be adversely and materially affected.

2-1-30 Calculating the ages of Receivables and Payables manually

The Company calculates manually ages of receivables and payables, as they are extracted from some of the financial information prepared by the Company and then manually entered on the Company's electronic systems, which may result in inadvertent major accounting errors during the process of recording. The occurrence of significant accounting errors related to calculation of the ages of the receivables or payables will lead to a material misstatement in the Company's accounts, which would have negative and significant impact on the Company's business, results of operations, financial condition and future prospects.

2-1-31 Lack of historical information for some of the new investments

The Company is developing new projects in collaboration with other partners, and does not have historical data showing its commercial performance. The initial financial statements related to these projects do not represent an accurate basis for evaluating their future financial performance (and accordingly the Company's financial performance), or for the investors to make up the decision to buy IPO shares subject of this Prospectus. The Company cannot guarantee that expectations and estimates based on which feasibility studies were prepared are true, accurate or free from projections...etc. Therefore, in case that these projects have not achieved the potential financial results, the Company's business and activities, financial condition, results of operations and assessment of its future business would be adversely and materialy affected.

2-1-32 Reliance on Key Personnel and ability to employ qualified personnel

The Company relies on the capabilities and expertise of its executive directors and key employees to execute its business strategy and daily operations. In order for the Company to stay competitive, it must hire right people and qualified personnel with high skills, multiple experience and management capabilities in the field of real estate development and marketing. The Company's failure to recruit qualified staff, retain key personnel, plan to assign future employees of the company, set compensation plans and competitive allowances to ensure continuation of existing staff and invest in development of personnel basic skills, or unexpected loss of senior management personnel and failure to recruit highly qualified new staff for senior management would have negative impact on the proper implementation and management of the Company's strategic plans.

The Company competes with other companies in the real estate sector and other sectors with respect to employment of qualified personnel with proper skills and expertise. The Company may not be able to attract or retain the qualified key personnel, and that would affect the Company's business, results of operations, financial condition and future prospects.

2-1-33 Compliance with Saudization Requirements

The government is taking measures to encourage companies to hire Saudi citizens and increase the percentage of Saudization through "Netagat" program under which the Company's commitment to Saudization requirements is measured based on employment of Saudis compared to the average of Saudization ratio in Companies operating in the same sector. The Company is within the Platinum category given the current proportion of Saudi national employees in the Company, where the Saudization ratio is about 36.84% of the total staff of the Company. (For more details, see Section 4 "the Company" in this Prospectus).

The Company's failure to comply with policies and rates of Saudization and the applied GOSI policies will lead to inability of the Company to attract non-Saudi staff and personnel to work with it, which would adversely affect the Company's ability to carry out its work, operations, ability to meet its obligations, profitability, financial performance and results.

2-1-34 The Company's inability to comply with the regulatory requirements

The Company's operations are subject to the rules and regulations of safety, health, security, services and maintenance applied by the Department of Civil Defense, Ministry of Commerce and Industry, Ministry of Labor and its Offices, General Authority for Tourism and Antiquities, Municipalities and various Secretariats in the Cities where the Company carries out its activities. This is in addition to the rules, regulations and circulars issued by the Capital Market Authority (effective the date of listing the Company's shares in the Saudi Stock Market (Tadawul)) and other relevant government authorities in the Kingdom. In case the Company is unable to comply with any of the governing rules and regulations, it will bear costs, fines and civil or criminal penalties. There is no guarantee that the Company will bear heavy costs for investigation or rectification of a particular situation if it violates any rules or regulations, or becomes liable under any of them, and thus it will result in interruption of the Company's business, until it obtains the necessary permits and approvals, or until correction of a certain violation.

No assurance can be given that no violation of regulations will happen as a result of the Company's inability to obtain permits or because of human errors or equipment failure or other reasons. Any such violation by the Company or inability to comply with any of such regulations will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-35 Adequacy of Insurance Coverage

The Company follows insurance policies that stipulate provision of insurance coverage for its assets and personnel. The Company maintains insurance policies including insurance of commercial centers and other properties against all risks as well as insurance against work interruption and other types of insurance coverage. However, there are certain risks usually remain uninsured because they are either uninsurable or their insurance is not cost-effective. Also, insurance policies usually contain exceptions not covered by insurance and they do not provide full coverage against all potential risks. Therefore, there is no guarantee that such insurance policies will be sufficient at all times and circumstances. The Company cannot give any assurance that the insurance coverage would be sufficient in all cases or cover all risks to which the Company could be exposed. Uninsured losses may occur, or their amount may exceed the insurance coverage. The Company may not succeed in proving its claim for any losses according to the insurance policies in force because of the terms of the insurance policy, even though such claims are filed correctly. As a result, the Company's business, results of operations, financial condition and future prospects might be adversely and materially affected.

2-1-36 Lawsuits and Fines

The Company is exposed to risk of lawsuits that may be filed by several parties, including tenants, customers, visitors of Company's commercial centers, guests, Company's partners, suppliers, employees, regulators, operators and owners of land leased by the Company to set up its projects. Awards issued on such lawsuits, when they are against the Company's interest, would charge the Company for related litigation costs or large fines that might be imposed by the regulatory bodies. All this would have a negative and significant impact on the Company's business, results of operations, financial condition and future prospects. Also, there is a lawsuit filed against the Company with an expected financial impact of approximately SAR 650 thousand. (For more details, please refer to Section 11 **"**Legal Information**"** of this Prospectus).

2-1-37 Competition from existing or newly established Commercial Centers

Commercial centers in general depend on the number of visitors and turnout of public towards them. Therefore, renovation of some the existing centers, or emergence of new commercial centers in areas readily and easily accessible to shoppers, with competitive features and services exceeding those available at the Company's commercial centers will adversely and materially affect the number of visitors to the Company's commercial centers which will lead to lower revenues realized by tenants and thus will lead to failure of tenants to renew their contracts and accordingly will reduce the occupancy or request decrease of rental rates. Both cases will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-1-38 Termination or non-renewal of development, operation and management agreements for future projects

The Company entered into a licensing and management agreement in the hospitality sector with an international operator (Holiday Inn Middle East Co. Ltd.) dated July 17, 2013G, upon which the Company grants the operator the management and operation of its hotel. The agreement allows the operator to terminate it in the event of violation of the Company to any of its core commitments. The operator may have conflicting interests or not matching with the Company's interests, given that there is no exclusive licensing right for the Company with that operator, which may lead to the withdrawal of the operator from the existing agreement or failure to perform his obligations as per that agreement. Termination of the operation and management agreement for any reason, inability of the Company to renew the agreement at favorable conditions, or failure of the operator in implementation of any of his obligations will substantially affect the performance of the Company's hotel, which would have a negative and material impact on the Company's business, expectations, results of operations, financial condition and future prospects.

In addition, the Company entered into a partnership agreement with Dr. Sulaiman Al Habib Medical Group Services Holding Company to develop and operate by establishment of a joint venture to build and develop the hospital under the name "Dr. Sulaiman Al Habib- Medical Group". Implementation has not started yet. Dr. Sulaiman Al Habib Medical Group Services Holding Company will run the hospital, by using its own trademark, as well as the design and management of the hospital, while the Company will provide the land where the project will be implemented. In the event that the operator ceases management and operation of the hospital, this may result in discontinuation of the hospital, as the brand belongs to the operator and the Company has no experience in management and operation of hospitals. The Company may not find another partner who can run the hospital on commercial basis appropriate to the Company and its investment objectives, and may not find a Hospital operator at all. If this happens it will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-1-39 Termination or non-renewal of Licenses and Permits for the Company

The Company is required to obtain and maintain the required permits, licenses and regulatory approvals related to its activities in the real estate sector in the Kingdom. Such licenses include, but not limited to, the commercial registration of companies and their subsidiaries issued by the Ministry of Commerce and Industry, certificates of trademark registration, certificates of Saudization, certificates of Zakat and Income, licenses of accommodation facilities, certificates of classification and price lists issued by the General Authority for Tourism and Antiquities. Most of the Company's licenses are subject to the conditions under which licenses will be suspended or terminated if the Company or any of its groups fail to fulfil and comply with these conditions. Moreover, when there is a request to renew or modify the scope of the license, there is no guarantee that the concerned authority will renew or modify the license, or if it did that it would not impose conditions that would adversely affect the Company's performance. The Company's hotel projects, after the operation, are also subject to the periodical review and evaluation by the General Authority for Tourism and Antiquities, at least once a year.

In case the Company is unable to renew a license or obtain any licenses necessary to its business, or any of its licenses are suspended, terminated or renewed at unfavorable conditions to the company, or the Company could not obtain additional licenses that might be required in future, the Company or any of its group companies will be requested to stop and cease carrying out their business, which will result in disruption of its operations, incurring additional costs and suspension of tenants activities, which will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-1-40 The Company's Investment in Projects on leased land owned by third parties

The Company is investing in projects on leased land owned by other parties for terms ranging between 20 and 25 years, which are Tilal Center, Yarmouk Center, and Sahafa Center (built on land leased from the board member, Ismail Abdullah Al Ismail), in addition to Prince Majid Center in Jeddah, which yet to be implemented. Therefore, the Company's failure (and its partners in these projects) to obtain the required licenses or develop and build the project within the timeframe and budgeted amount, inability to lease at the expected amount, inability to hand over stores to tenants or delay in that or inability to collect or fulfill obligation in front of land owners in a proper and timely manner, will adversely and materially affect the Company business, results of operations, financial condition and future prospects.

2-1-41 Limited ability of the Company to sell lands jointly owned with third parties

The Company jointly owns with other partners, both the land on which Hayat Mall has been established and the land on which Panorama Jeddah Mall will be established, with ownership share of 25% for the Company in both pieces of land. The Company may need during the regular course of work to sell one of its properties, due to its poor performance or existence of better investment opportunities to purchase alternative premises, or use the proceeds of sale in development of new real estates. If the Company wishes to sell its share in any of these lands, or any other lands to be jointly owned by the Company and other partners, it must first give other co-owners enough time to exercise their right of first refusal and to submit their bids to buy the Company's share in the land, which may take long time to be carried out, and constrains the Company's ability to sell its share to other parties.

In addition, for the Company to sell its share in the land co-owned with other persons, practically, it requires the presence of each of the other co-owners, or their legal agents, in front of the Notary and waive their right of first refusal and consent to the transfer of the Company's interest in the land to the buyer. This would limit the Company's ability to sell any of these lands or any land jointly owned in future with other parties. In case the Company receives an attractive offer to sell its share in co-owned land, and it could not complete the sale transaction due to the mentioned obstacles. Therefore, this will affect the Company's investment and required management plans, and as such, will adversely and materially affects the Company's business, results of operations, financial condition and future prospects.

2-1-42 Lack of audited financial statements for the half of 2015 of investee companies and the issuance of separate financial statements for Hayat Mall Center in previous years

The Company invests in Hayat Real Estate Company, Advanced Markets Company and Hamat Real Estate Company, for which no audited financial statements have been issued for the first half of 2015G. However, with regard to Hayat Mall, there have been separate audited financial statements in previous years before 2015G as an independent center. On 2 January 2015G, Hayat Mall owners, in their capacity as the only owners of Hayat Mall and the only partners in Hayat Real Estate Company decided unanimously to start issuing financial statements for Hayat Property Company and cease issuing financial statements for Hayat Mall as an independent center as of 1 January 2015G. (for further information, please refer to Section 4 "The Company" in this Prospectus).

The Company's share in the revenues of Hayat Real Estate Company, Advanced Markets Company and Hamat Real Estate Company constituted 13.5%, 7.3%, and 2.3% respectively of the total rental income and investment income as at 30 June 2015G (for more details, please refer to section (6) "Management Discussion and Analysis of the Financial Position and Results of

Operations of the Company" of this Prospectus, table (124). In the event that the approved figures in those audited financial statements at the end of the year vary, or their correctness is affected as a result of consolidating Hayat Mall financials in the financial statements of Hayat Real Estate Company, this will negatively and substantially affect the results of the Company's operations and financial conditions and prospects.

2-1-43 Risks related to failure to transfer the ownership of Panorama Mall land to Sorouh Centers

The Company owns 25% of Panorama Mall land in Jeddah, which is jointly owned with Mohammed Abdulaziz Al Habib and Patents Investment Company (at 50%) and Asalah Real Estate Holding Company (25%), directly as indicated in the land deed. Partners in the land have formed a joint venture named "Sorouh Centers Company", owned in the same ratios as the project land, so as to own the land and execute Panorama Mall project on it in Jeddah (for more details, see subsection 4-9-4 "Sorouh Centers Company", Section (4) "The Company "in this Prospectus).

It has been determined, according to the partners agreement, to transfer the ownership of the land in the name of Sorouh Centers Company, which has not happened until the date of this Prospectus. The competent Government agencies stipulated that the ownership of the land shall be transferred to Sorouh Centers Company to issue it the related permits and licenses, such as building permit. In the event that the partners fail to transfer the land as determined, it will lead to delaying the implementation of the project and the Company in such a case will incur additional administrative expenses and pre-operation expenses, which will result in adversely affecting the Company's business, results of operations, financial condition and prospects.

2-1-44 Experience in management of Joint Stock Compamies

Since its incorporation, the Company is managed as a closed joint stock company, and therefore, the senior management staff has limited experience in management of public shareholding companies, and how to comply with the rules and regulations for companies listed in the Saudi stock market. The Company's employees, in general, and key management personnel, in particular, shall exert additional efforts to ensure the Company's compliance with regulatory rules and rules of disclosure imposed on listed companies. This may lead to imposition of fines on the Company and to reducing the time spent by senior management to manage the Company's daily works, which in turn will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-1-45 Intellectual property rights owned by the Company and its Sister Companies

The Company relies on commercial names and trademarks owned by it in its work. The competitive position of the Company and its sister companies depends on several factors, including the ability to use their brands to offer their services in the sectors where they operate, and their protection from infringement and illegal use. Any reduction considered essential in the value of these trademarks and other intellectual property rights of the Company and dependent sister companies, whether as a result of issues related to ownership, customer complaints, negative publicity, legal actions, infringements of others or other factors, would harm the reputation of the Company and thus adversely and materially affect the Company and sister companies' business, expectations, results of operations, financial condition and future prospects.

2-1-46 The volume of e-commerce

With technological advances, e-commerce sector grew to become a competitor to traditional commerce as it enables e-commerce shoppers from shopping via the Internet through multiple shopping sites that offer various commodities, including, but not limited to, electronics, clothing, personal items without the need to resort to the commercial centers. The e-commerce may result in reluctance of some visitors from visiting the commercial centers which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2-2 Risks related to the Market

2-2-1 The Competitive Environment

The main activity of the Company is development, ownership and management of commercial centers. Companies operating in this sector in the Kingdom compete to attract tenants, based on locations of commercial centers and distinctive factors such as design, type of main tenants, availability of parking lots, as well as competitive rental rates. In case competitors attract tenants by offering better rental prices, or special and attractive deals leading to withdrawal of visitors from the Company's commercial centers, or should there be increased spaces offered by competitive commercial centers in the Kingdom, not being offset by similar increase in space required by tenants of the Company's commercial centers, then the Company will be forced to adjust rental rates in response to changes in market prices, leading to negative and material impact on the Company's business, results of operations, financial condition and future prospects.

Also, renovation or expansion of commercial centers to enhance their attractiveness to visitors will lead to increased costs. However, this endeavor might not succeed at the end, and might decrease demand for the Company's commercial centers because of the new or current competition, which would adversely affect the business performance of tenants including occupancy rates and lower rental income, which would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-2-2 Lack of political and economic stability in the Middle East

Many countries in the Middle East suffer from political or security instability at the present time. There is no guarantee that the economic and political conditions in those countries or any other countries will not have a negative impact on the financial markets in the Kingdom in general, and on the Company's business, results of operations and financial condition, in particular.

2-2-3 Risks of change in Regulatory Environment

Like any other companies operating in the Kingdom, the Company's business, is governed by a number of laws and regulations which are subject to change and modernization. Also it is subject to new regulations or laws issued by the respective official agencies from time to time, which might adversely affect the Company's revenues, increase the costs and commitments, limit its ability to achieve the expansion plans and implementation of projects, or lose of permits, which would adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-2-4 Issuance of the New Companies Regulations

The Council of Ministers has recently issued the new Companies Regulations to replace the current Regulations, which will enter into force after five (5) months from the date of its publication in the official gazette (Umm Al-Qura). The new regulations may impose some new regulatory requirements that must be complied with by the Company or its associates/affiliates. This may require the Company to take the necessary actions to comply with such requirements, which could affect its business plan or take a long time to implement. The new Regulations also imposed stricter penalties on violation of its provisions as well as mandatory rules. Therefore it is possible that the Company may be exposed to such sanctions in the event of non-compliance with such Regulations.

2-2-5 The Economic Performance of the Kingdom

Expected future performance of the Company depends on a number of factors relating to economic conditions in the Kingdom in general, including, but not limited to, the factors of inflation, growth of gross domestic product (GDP) and per capita income, and so on. The Kingdom's macro and micro economies rely mainly on oil and petroleum industries, which still controls a large share of GDP, and therefore any unfavorable fluctuations occur in oil prices will have direct and substantial impact on the plans and the growth of Saudi economy in general and on government spending, which would adversely affect the retail trading and the turnout of visitors towards the Company's mall, which would adversely impact the financial performance of the Company due to its work within the Saudi economy system and it is affected by the rates of government spending.

The continued growth of the Saudi economy depends, also, on several other factors, including the continued population growth and investments of both public and private sectors in infrastructure. Therefore, any change in any of these factors will have significant impact on the economy and therefore will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-2-6 Decline in Spending per Capita in the Kingdom

The Company depends on income per capita expenditure rate in the Kingdom, where most of the Company's revenues are generated from leasing the spaces available in the commercial centers to retail stores. Any substantial decline in per capita expenditure rate will be negatively reflected by decrease of retail sales, which would reduce the rent values or make discounts on them in response to the decline in sales of tenants and help them to continue occupying the store leased to them, which will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-2-7 Fluctuations in the Real Estate Sector

The Company's profitability depends primarily on the level of land sales prices and building rentals. The Company relies on its expansion on purchase and lease of land or rental of ready-made sites on one hand, and on the other hand, as for revenues, it depends mainly on returns of rental space available in commercial centers to retailers. The real estate sector in the Kingdom has witnessed several fluctuations in both real estate prices and rental rates as a result of market factors. The Company's business is directly affected by such fluctuations, where the decrease in revenues from rentals below the Company's expectations, even for a short time, will cause losses to the Company which could lead to reduction or suspension of any or all of the projects, or their operations. Therefore, unfavorable significant fluctuations in real estate sector will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

In addition, unfavorable fluctuations in real estate rental prices, or any other economic unfavorable conditions in the real estate sector, would put pressure on the Company to lower leasing rates, which will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-2-8 Risks of Real Estate Assessment

It is difficult to predict the value of the real estate assets because of the individual nature of each property and because of the local and regional characteristics of the real estate markets which are subject to change by time and will be affected by various factors, including assessment methods used. The Company's assessment and independent assessment will significantly affect the market value of the real estates of the Company and its commercial centers. Also, such assessments would be exposed to substantial doubts as they are built on assumptions which might be wrong, and as such would adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-2-9 Imposition of duties on Land in the Kingdom

Due to the nature of the Company's business that depends significantly on real estate prices, and consequent to the Cabinet's resolution to impose fees/duties on the white (undeveloped) lands on 12/02/1437H (corresponding to 24/11/2015G), which will lead to a change in land prices and thus will positively or negatively influence the prices of the Company's real estate and assets, in addition to the rental prices of stores in its commercial centers. Therefore, any adverse change in the white land prices as a result of the imposition of regulatory fee or zakat on land in the Kingdom will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-2-10 Difficulty in Liquidating Real Estate Investments

The real estate investments are, by nature, long-term investments which are difficult to sell compared to other investments, especially in case of lower demand on land and real estate in the Kingdom. Therefore, the changing nature of market conditions will make the Company's real estate portfolio and its commercial real estates in a situation not ideal any time in future, and that would increase the difficulty of liquidating the Company's investments and as such would adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-2-11 Force Majeure

The Company's operations are adversely affected by incidents beyond its control such as natural disasters (i.e. earthquakes, floods, fires or hurricanes), acts of terrorism, riots, disturbances in cities, strikes, picketing or other forms of labor strikes by workers or employers. Occurrence of any of these events will interrupt the Company's business, in part or in total, increase the costs incurred by the Company or hurt the Company's reputation and brand. Occurrence of any these events will adversely and materially affect the Company's business, expectations, results of operations, financial condition and future prospects.

2-3 Risks relating to the Shares offered through IPO

2-3-1 Effective Control by Existing Shareholders

After the completion of the IPO, existing shareholders will own 70% of the Company's capital and thus will be able to collectively influence matters and decisions that need to be approved by the General Assembly including the election of the members of the Board of Directors, and permission for participation of Directors in works competitive to Company's business, amendments to the Statute. This situation may be expoited in a manner that would materially affect the Company's business, financial condition and results of operations. Also after the end of the lock-up period, the existing shareholders, and in future another group of shareholders due to changed structure of shareholders, could be have the ability to control the Company's decisions in a way that might significantly affect the Company's business, financial condition, results of operations and future prospects.

2-3-2 Dividends

The Company's decision to distribute dividends in the future depends on a number of factors, including but not limited to, profits realized, size of profits, financial condition of the company, availability of cash flow, financing and investment needs, constraints imposed by the funding institutions on the Company's dividends. For example, the current funding contracts between the Company and Al Rajhi Bank stipulate that the Company shall not distribute dividends to shareholders unless the debt coverage ratio is equivalent to 1.75, which the Company may not be able to realize. In addition to the above, the Company's ability to distribute dividends to shareholders depends on other factors, subject to the Board's evaluation, and therefore the

Company does not give any assurance to its shareholders that there will be any future dividends.

2-3-3 Liquidity and Volatility of Share Price

There is no assurance that the prices of the share that will be traded in the market after the IPO process will be equal or higher than the Offering price, and subscribers may not be able sell their shares at the same Offer price or higher. Company's share price in market may be subject to large fluctuations as a result of factors of changes in Company's business results, financial condition or future performance expectations, as a result of the Saudi economy condition, market conditions of the sector, change in government regulations, as well as any other factors beyond the Company's will and control.

2-3-4 Lack of previous Market for the Company's Shares

Currently and previously, there was not financial market for trading of the Company's shares. There are no assurances of existence of an effective and continuous market for trading of the Company's shares after the end of subscription. If an active trading market for the shares of the Company does not develop, the liquidity and trading price of the Company's shares will be adversely affected.

Subscription price is determined based on several factors, such as the Company's history, future prospects, market sector where it competes, and assessment of the administrative, operational, financial results of the Company. Many factors, such as the Company's financial results, general conditions, health of the general economy, regulatory environment in which the Company operates or other factors beyond the Company's control, may cause significant variation in the liquidity and trading of the Company's share and its price.

2-3-5 Sale of large number of Shares in the Market after the IPO

Sale or likelihood of sale of large number of stocks in the financial market after the IPO is completed, may have negative impact on the stock price in the market. After the IPO is successfully completed, the existing shareholders will be subject to a lock-up period of twelve (12) months starting from the date of trading, which prohibits them from disposal of any of the shares they own in the Company. Selling of a large number of shares by the Founding Shareholders or any of them after the end of the lock-up period may have negative impact on the Company's shares and lower their price in the market.

2-3-6 Offering of IPO Shares in Future

Currently, the Company has no plans to issue new shares immediately after the IPO is completed. However, this might happen in the future, which could lead to a negative impact on the stock price or dilute ownership by the Company's shareholders in case they don't subscribe to the capital increase.

3. Overview of Market and Industry

Alandalus Property Company has appointed Colliers International Company ("Colliers International") to conduct a study on the retail sector in Saudi Arabia, for the period 2010G - 2015G. All information has been obtained from the market report prepared by Colliers International.

Colliers International is a leading global real estate services company. It was founded in 1976G through cooperation of three real estate services companies. Colliers employs 12,300 employees working in 522 office in 62 countries.

Unless otherwise stated, information relating to the retail sector has been obtained from the report prepared by Colliers International, which gave its written consent to use the report in the form and context contained in this Prospectus, and it has not withdrawn such consent until the date of this Prospectus. Neither Colliers International, nor its employees or any of their relatives, or its subsidiaries have any kind of interest in the Company.

3-1 Overview of the Saudi Economy

3-1-1 Key Economic Indicators of the Kingdom of Saudi Arabia

Gross Domestic Product (GDP")grew in the Kingdom at a CAGR of 9.3% for the period between 2010G to 2014G. The rate of inflation decreased during the same period from 5.3% in 2010G to 2.4% in 2014G. The table below shows a number of Economic indicators of the Saudi economy for the period 2010G - 2014G

Table 4: Key economic indicators of the Kingdom of Saudi Arabia

Key Indicators	2010G	2011G	2012G	2013G	2014G
Nominal GDP (billion Saudi Riyals)	1,976	2,511	2,752	2,791	2,822
Actual GDP growth (%)	4.8	10.0	5.4	2.7	3.6
Actual GDP growth of the oil sector (%)	2.4	4.3	5.5	(1.5)	0.7
Actual GDP of non-oil private sector growth (%)	5.3	8.3	4.9	5.4	5.3
The current account balance (as a percentage of GDP)	13	24	23	18	12
Inflation (%)	5.3	3.9	2.9	3.7	2.4
Imports (billion Saudi Riyals)	370	456	539	582	597
Trade balance (billion Saudi Riyals)	577,5	918,75	926,25	836,25	712,5

Source: Market Report

3-1-2 The Demographics of the Kingdom

The rate of population growth increased in the Kingdom at CAGR of 2.8% for the period 2010G - 2013G, where population aged 30 years and below represented 58% of the total population.

The table below shows the demographics of the Kingdom by age group in 2010G.

Table: 5 The demographics of the Kingdom by age group in 2010G

Age Group (in Years)	Percentage of Total Population
0-4	11.50%
5-9	10.40%
10-14	9.90%
15-19	9.10%
20-24	8.50%
25-29	9.00%
30-34	10.40%
35-39	8.90%
40-44	6.90%

Age Group (in Years)	Percentage of Total Population
45-49	5.00%
50-54	3.60%
55-59	2.40%
60-64	1.60%
65-69	1.10%
70-74	0.70%
75+	1.00%

Source: Market Report

3-1-3 Trends of Tourist Spending

According to statistics of the General Authority for Tourism and Antiquities, total spending of tourists (foreign and domestic) reached SR 76 billion, and spending on accommodation and shopping represented the largest percentage of foreign tourists spending, representing 39% and 20% respectively. Spending rates of domestic tourists on accommodation and shopping reached 25% and 9% respectively.

The table below shows the trends of tourist spending in 2013G.

Table 6: Trends of tourist spending

SR Million	Foreign visitors spending	%	Domestic visitors spending	%
Accommodation	18,897	39%	7,063	25%
Food and beverage	4,335	9%	5,708	20%
Transportation	7,939	17%	5,253	19%
Entertainment and recreation	632	1%	5,983	21%
shopping	9,504	20%	2,444	9%
Others	6,593	14%	1,527	5%
Total	**47,900**	**100%**	**27,978**	**100%**

Source: Market Report

3-2 Overview of the Retail sector

Generally, retail structure in the Kingdom can be classified into the following basic categories:

- Retail facilities which are based on stores/ shops include categories of retail stores in general (consumable/ non-consumable goods), and special retail stores (international brands).
- Retail facilities which are not based on stores/ shops include categories, electronic shopping via the Internet.

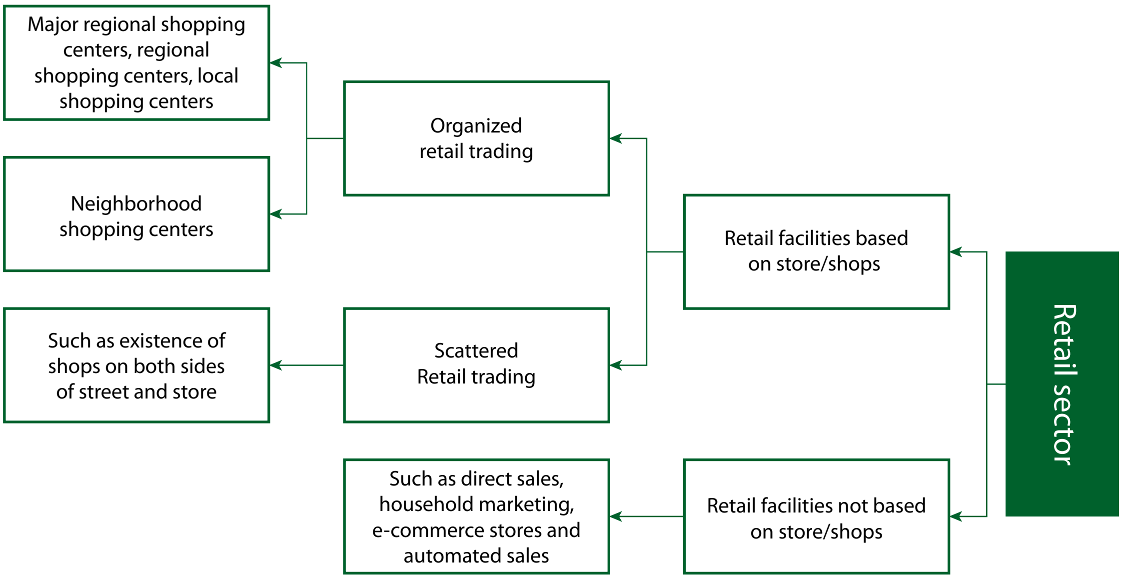
3-2-1 Retail Sector patterns

From real estate development perspective, retail based on stores/ shops can be classified into two main sections:

- Organized retail trade includes major regional shopping Centres, regional shopping Centres, local shopping Centres, districts shopping Centres and others.
- Scattered retail trade, such as shops on both sides of the street (street-side shops), stores, and others.

The following figure shows retail sales according the channels which are based on stores/ stores.

Figure (2) Retail sales per channels, based/ not based on shops



Source: Market Report

3-2-2 Stores/ shops based retail trade, from the space perspective

Organized retail developments in Riyadh are classified into categories based on the size as follows:

Neighborhood shopping Centres

- Typical Gross Leasable Area (GLA): 3,000-10,000 square meters
- Concept: a row of stores or service outlets managed as a retail establishment with on-site car parking in front of the stores. The commercial Centre in the neighborhood provides limited variety of consumable goods and personal services in a limited commercial zone.
- Type of the main store: Supermarket

Local commercial Centres

- Typical GLA is less than 40,000 square meters
- Concept: a wide range of clothing stores and other consumer goods offer more than .neighborhood shopping Centres.
- Type of the main store: Multi-sections store/ supermarket, pharmacy, household items, large specialized stores

Regional trade Centres

- Typical gross leasable area (GLA) 40,000 - 80,000 square meters
- Concept: stores for fashion shows, and typically include stores open internally and connected to a common corridors.
- Typical type of main store: a large multi-section store, discounted goods store, offering of food and beverages and fashion.

Major regional trade Centres

- Typical leasable area is more than 80,000 square meters
- Concept: Similar to the concept of regional malls, with more diverse shows with a wide variety of goods.
- Type of the main store: a large multi-section store, wholesale store, large dining and beverage facilities, and fashion and clothes stores

3-2-3 Criteria for Assessment of the Commercial Centre

For assessment of the commercial Centre, the following table shows a list of relevant criteria and weights assigned to them:

Table 7: Mall Assessment Criteria

Comparison Criteria	Weights
Site Location	20%
Accessibility	20%
Parking	15%
Specifications and Utilities	20%
Offers of retail products	25%
Total	**100%**

Source: Market Report

- Mall site plays a vital role in its success and attractiveness, and it has been assigned a weight of 20%. The site is assessed in view of several factors, including proximity to buildings and commercial areas, proximity to existing residential neighborhoods, and proximity to hospitality projects, including hotels.
- Site accessibility and visibility are important criteria of success. Weight of 20% is assigned for the site. Accessibility to the mall is assessed by easy access from the main road, having a façade on the road, whether the commercial Centre has multiple entrances and exits, and traffic congestions on the facade and the surrounding area.
- The presence of a sufficient amount of parking and loading and unloading areas within the Central Business District is also an important criterion which is vital for the project. It has been appointed a weight of 15%, where the assessment and measurement of parking through a number of parking provided by the mall and the adequacy of such parking spaces so that the ratio of total leasable area / number of parking spaces is suitable, and the percentage of spaces for every shop/store is also suitable. The download / upload of a commercial Centre is assessed based on the traffic congestion around the mall, and the appropriateness of its design
- Public utilities and specifications have been given a weight of 20%. Upon consideration of specifications and public utilities, the quality of finishing, design of the mall and security in charge of the commercial Centre are assessed , as well as the availability of public utilities, which include public WCs, help desks and information desks inside the mall, prayers areas, and management offices, are assessed.
- One of the most important criteria for assessment of the mall are the offers of retail products. This criterion has been given a weight of 25%. When looking at the offers of retail products in the mall, the total leasable area, mix of tenants and their targeted segments are assessed. In addition to assessment of quality and diversity of food, beverage and entertainment elements, as they are important drives for the increased demand on the mall.

Based on the above criteria, a ratio of 100% is reached which will help to define the assessment of any mall.

The above criteria are used to assess the class of the retail mall project such as: First Class Mall (Class A), Second Class (Class B) or Unclassified (U).

3-2-4 Demand Drives for Commercial Centres

Population

The Kingdom of Saudi Arabia has one of the largest and fastest growth of population in Gulf countries. The Compound Annual Growth Rate (CAGR) reached 2.8% for the period between 2010G and 2013G. This growth is a positive drive to increase demand for the retail sector in the Kingdom.

Spending trends in retail sector

Spending on retail sector, including food and non-food sectors, over the years from 2010G to 2014G at a CAGR of 5.1%, 11% and11.5% in Riyadh, Jeddah and Dammam & Khobar, respectively, driven by the growth of per capita disposable income.

Limited entertainment options

Due to the lack of entertainment facilities in the Kingdom, shopping Centres are considered the best choice for families. Demand for internal entertainment Centres increases also due to the hot climate in the Kingdom.

High GDP per capita and disposable income

The growth of per capita disposable income is a key driver for the increased demand on retail consumable products which enhance the demand for commercial Centres.

3-3 Retail sector in Riyadh

3-3-1 Available Supply of Commercial centres in Riyadh

(a) Major regional commercial Centres

In recent times, trend has increased towards establishment of major regional commercial centres due to changing aspirations of consumers from traditional shopping experience to shopping and entertainment. Major regional malls fulfill these aspirations better than smaller Centres due to:

- larger spaces allocated for major stores, which are attractive points for visitors
- larger spaces allocated for entertainment, which are key drivers for the increase in demand for major regional commercial Centres
- mixed diversity offered to tenants (shops, major stores, entertainment area, and dining area). Visitors can do different activities in one place.

The Company has Hayat Mall which is classified as one of the major regional commercial Centres. Total leasable area of major regional commercial centres in Riyadh is 541,577 square meters. The table below shows the major regional commercial centres in Riyadh.

Table 8: Major regional commercial centres in Riyadh

Name of Mall	GLA (m2)	Owner	Opening Date	Class
Riyadh Gallery	118,500	Saleh Al-Rajhi and Fahd Al-Moqbil	2008G	A
Hayat Mall	88,199	Alandalus Real Estate Co. Abdullah Sa'ad Al-Rashid Heirs of Abdulaziz Abdullah Al-Moosa	2006G	A
Panorama Mall	82,878	Future Markets	2010G	A
Granada Centre	82,000	GOSI	2005G	A
Sub-total	370,870			A
Al-Qasser Mall	90,000	Dar Al-Arkan Real Estate Co	2012G	B
Othaim Mall-Rabwa	80,000	Othaim Investment & Real Estate Development Co.	2009G	B
Sub-total	170,000			B
Total	**541,577**			

Source: Market Report

Mall Classification: a. Class A- First Class Malls
b. Class B- Second Class Malls

(b) Regional Commercial Centres

Regional commercial centres have been existing in Riyadh for long time where they were prevalent before heading towards major regional commercial Centres. GLA of regional commercial centres in Riyadh is 450,336 square meters. The table below shows regional commercial centres in Riyadh.

Table 9: Regional commercial centres in Riyadh

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Al-Nakheel Mall	53,251	Arab Centres Co. Ltd.	2014G	A
Kingdom Centre	45,500	Trade Centre Co. Ltd.	2003G	A
Sub-total	98,751			A
Gardena Mall	75,000	Aofaz for Investment and Marketing	2007G	B
Rimal Centre	55,113	Kinan International Real Estate Development Company	2006G	B
Olaya Avenue	50,000	Abdul Mohsen al-Muqrin Group	2013G	B
Salam Mall	48,771	Arab Centres Co. Ltd.	2005G	B

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Khurais Mall	41,670	Arab Centres Co. Ltd.	2002G	B
Aziziah Mall	41,031	Kinan International Real Estate Development Company	2004G	B
Riyadh Avenue Mall	40,000	Lulu Saudi Company for Major Markets Limited	2010G	B
Sub-total	351,585			B
Total	**450,336**			

Source: Market Report

Centre Classification: a. Category A – First Class Centres

b. Category B– Second Class Centres

(c) Local Commercial Centres

GLA of local commercial centres in Riyadh stands at 674,656 square meters. The table below shows the local commercial centres in Riyadh.

Table 10: Local commercial centres in Riyadh

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Alfaisaliah Centre	35,000	Al-Khozama Management Co.	2000G	A
Centria Mall	12,660	Mohammed Abdulaziz Al-Doghaither	2008G	A
Olaya Tower Centre	6,773	GOSI	2014G	A
Boulevard Tower Rafale	4,500	Rafale	2014G	A
Sub-total	58,933			B
Tala Mall	35,400	Inma'ieh for Real Estate and Tourism Development company	2006G	B
Othaim Mall-Khurais Road	35,000	Othaim for Investment and Real Estate Development Co.	2009G	B
Valencia Bazaar	35,000	-	2014G	B
Marina Mall	32,912	Abdul Mohsen Al-Mogren Group	2008G	B
Sahara Mall	32,500	Riyadh Sahara Mall	1997G	B
Al-Aqariyah	24,635	Saudi Real Estate Co	2000G	B
Flamingo Mall 1	23,800	Castle House for Real Estate Investment and Development	2008G	B
Lock Lazer Mall	22,000	Saad Fahad Al-Walan	2009G	B
Nujoud Centre	10,900	Her Royal Highness Princess Lulua Al-Faisal bin Abdulaziz Al Saud	1984G	B
Sahara Plaza	10,234	Arab Centres Co. Ltd.	2002G	B
Subtotal	262,381			B
Alkhaima Mall	36,000	Mohammed Abdul Latif Al-Shayie Co.	2004G	U
Royal Centre	36,000	Saleh Al-Habeeb Group	2005G	U
Bade'a Mall	33,000	Abdul Mohsen Al-Muqrin Group	2008G	U
Asir Miga Mall	30,000	-	2003G	U
Alandalus Centre	30,000	Saleh Al-Habeeb Group	1984G	U
City Centre	30,000	Abdul Mohsen Al-Muqrin Group	2006G	U
Al-Quds Mall	24,000	-	1998G	U

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Ibn Sulaiman Commercial Centre	22,000	Ibn Sulaiman Commercial Centre	-	U
Al-Sadhan Mall-Sahafa	20,000	Abdullah Bader AlSadhan	1993G	U
Al-Sadhan Mall-Al-Sweidy	15,695	Abdullah Bader AlSadhan	2008G	U
Al-Orouba Plaza Mall	15,000	-	1991G	U
Granada Mall	12,000	Al-Motaq Real Estate Investment Company	-	U
Reem Plaza	10,847	Advanced Centres	-	U
Al-Moosa Centre	10,000	Al-Moosa Endowments	1985G	U
Jamal Mall	9,000	-	1994G	U
Saud Commercial Complex	7,800	-	2008G	U
Al-Nemer Group	7,000	Al-Nemer Group	1990G	U
Najd Mall	5,000	Al-Najd Group	2000G	U
Subtotal	353,342			
Total	**674,656**			

Source: Market Report

Centre Classification:
a. Category A – First Class Centres
b. Category B– Second Class Centres
c. Category U – Unclassified Centres

3-3-2 Market share of commercial centres owners in Riyadh

The table below shows the market share of ten largest owners of commercial centres in Riyadh.

Table 11: Market share of ten largest owners of commercial centres in Riyadh

Owner	GLA (M2)	Market Share (%)
Arab Centres Co. Ltd.	153,926	9.23%
Saleh Al Rajhi and Fahad Al-Moqbil	118,500	7.11%
Abdul Mohsen Al-Mogrin Group	115,912	6.95%
Othaim Investment and Real Estate Development Co.	115,000	6.90%
Kinan International Real Estate Development Co.	96,144	5.77%
Dar Al Arkan Real Estate Development Company	90,000	5.40
GOSI	88,773	5.32%
Alandalus Property Company	88,199	5.29%
Future Markets	82,878	4.97%
Aofaz for Investment and Marketing	75,000	4.50%
Others	643,042	38.56%
Total	**1,667,569**	**100.00%**

Source: Market Report

3-3-3 Spending rates in commercial centres in Riyadh

The table below shows the spending rates in commercial centres in Riyadh for the period between 2011G and 2014G.

Table 12: Spending rates in commercial centres in Riyadh

Billion Saudi Riyals	2011G	2012G	2013G	2014G
Total spending on retail sector	58,47	60,2	63,92	67,25
Growth of spending on retail sector	5.78%	2.96%	6.18%	5.20%
Spending rates in commercial Centres	34.11%	36.52%	36.56%	36.56%
Spending in commercial Centres	19,94	21,99	23,37	24,59

Source: Market Report

3-3-4 Performance indicators of commercial centres in Riyadh

(a)- Analysis of occupancy rates

First class commercial centres enjoy higher occupancy rates than second-class commercial Centres. The table below shows occupancy rates for commercial centres in Riyadh.

Table 13: Occupancy rates in accordance with the classification of the shopping Centre

Mall Classification	First class shopping Centre	Second class shopping Centre
Occupancy rate (%)	98%	94%

Source: Market Report

(b)- Analysis of Rental Rates

Rental rates vary according to the type of store and commercial Centre, where first-class commercial centres enjoy rental rates higher than second-class shopping Centres because of their distinct sites and diverse mix of tenants, which attract larger number of visitors. In addition, rental rates for dining areas are the highest among other types of shops, because they attract a large number of visitors at the week end.

Table 14: Annual rental rates according to classification of the Centre and type of the store, 2015G

Type of the Store	First-class Shopping Centres, (SAR/ m2)	Second-class Shopping Centres, (SAR/ m2)	Increase rate for the benefit of first-class Centres (%)
Shop	3,003	2,138	40%
Dining Area	3,460	2,484	39%
Major Store	1,762	1,428	23%

Source: Market Report

(c)- Historical Rental Rates

Rental rates continue to increase every year for the period between years 2010G-2014G. The increase rate was higher than inflation rates between years 2010G-2012G, while it was close to inflation rates for the period between years 2013G-2014G.

Table 15: Annual growth of rental rates in Riyadh

Type of Store	Annual Rental Rates (SAR)				
	2010G	2011G	2012G	2013G	2014G
Shop	2,236	2,339	2,443	2,483	2,531
Dining Area	2,501	2,610	2,735	2,804	2,901
Major Store	1,409	1,460	1,525	1,547	1,572

Source: Market Report

3-3-5 Porter Analysis of Competitive Forces

Five Forces model is used to assess the attractiveness (profitability) for commercial centres sector in Riyadh. This framework provides a starting point for strategic analysis of the structure of competition between the commercial centres and attractiveness of the competition. We conclude from these five forces that when these forces are high, the sector relating to them will not be attractive. Here are the five forces framework used in the analysis:

1- Threat relating to entry of competitors

Commercial centres market in Riyadh is attractive and profitable sector for new entrants to the market, in view of the following motives:

- Current demand exceeds the current supply which makes it an attractive market for new entrants
- Performance of existing retail Centres appear to achieve profitable results
- Absence of the principle of distinction between retail facilities trends.
- The commercial centres sector is considered as the only acceptable social destination for family
- Appropriate spending indicators in commercial centres and continued growth in population

There are several factors hinder the new entrants, including:

- The need for a large capital which requires large investment and specialized expertise in commercial Centres
- Competitive behavior expected from operators of existing commercial Centres, making the entry of commercial centres to the market very expensive
- Accessibility to major retailers such as Al Hukair, Al Shaya, Majid Al Futtaim, Al Shalhoub.
- Be distinguished from the currently existing retail malls to achieve better value than the competitors, which in turn will increase the capital requirements.

We consider the threat for entry of new competitors to the commercial centres sector in Riyadh as moderate.

2- Threat relating to alternative services

- In general there is no clear alternative for commercial Centres, as they are considered one of the few acceptable entertainment options that are easy to access in Riyadh.

We consider the threat for entry of alternative competitors to the commercial centres sector in Riyadh as low.

3- The bargaining power of customers

- The retailer tenants are the main clients for commercial centres operators, and the potential spending by visitors on stores of commercial Centre is a major attraction for retailers.
- As for retailers, there is a limited number of well-known retailers who are controlling most brands in the Kingdom, including Al Hukair, Al Shaya, Majid Al Futtaim, Al Shalhoub, and Rubayiat
- The renowned retailers enjoy high bargaining power and they have the ability to rent stores of commercial centres at a lower cost than small traders as a result of their control of most of the supplied brands

We consider the bargaining power of customers as **high** for commercial centres sector in Riyadh.

4- The bargaining power of suppliers

- Suppliers to Commercial Centres: operators of commercial Centres, land owners, maintenance companies and others.
- The bargaining power of land owners depends on the location of land. For Riyadh, due to the abundance of land in the areas around the city Centre and lack of supply in the middle of the city, land owners have limited negotiation power in territories outside the city Centre and this power increases when they own lands in the city Centre. However, the current trend towards establishment of commercial centres in new areas outside the city Centre limits the bargaining power of land owners.
- Operators of commercial centres have high bargaining power. The industry is characterized by being specialized and require high expertise to deal with strong base of customers (retailers and visitors of the Centre)
- As for other suppliers, such as maintenance companies and security companies, they have limited bargaining power due to their abundance.

We consider the bargaining power of suppliers as **medium** in commercial centres sector in Riyadh.

5- Intensity of competition

- Structural environment of retail sector can be analyzed through the intensity of competition framework. The intensity of competition in a sector indicates to what extent the companies operating in the sector put pressure on each other and reduce the potentials of profitability among each other.
- Intensity of competition categories can be identified as high due to the presence of many competitors, estimated to be more than 25 operators in the Kingdom.

- Market share is unequally divided between competitors due to difference in size of their business. The top 5 operators of retail malls hold more than 35% of the gross leasable area of retail space in the retail sector.

We consider the intensity of competition as **medium** in retail malls sector in Riyadh

3-3-6 Hayat Mall performance compared to most prominent competitors

The table below gives an overview of Hayat mall compared to its competitors. These Centres have been chosen because they serve the commercial area served by Hayat Mall and almost have similar specifications.

Table 16: Overview of Hayat Mall in comparison to its Competitors

Name of Centre	Hayat Mall	Sahara Mall	Riyadh Gallery Mall	Panorama Mall	Granada Centre	Nakheel Mall
Location	King Abdulaziz Road/ King Fahad District	King Abdulaziz Road/ King Fahad District	King Fahad Road/ King Fahad District	Takhasousi/ Maathar District	Eastern ring road	Imam Saud bin Abdulaziz Rd/ Mugharrazat
Type of Centre	Major Regional commercial Centres	Local Commercial Centres	Major Regional Commercial Centres	Major Regional Commercial Centres	Major Regional Commercial Centres	Regional Commercial Centres
Centre classification	A	B	A	A	A	B
Date of opening	2006G	1997G	2008G	2010G	2005G	2015G
Owner	Alandalus Property Company Abdullah Saad Al-Rashid Abdulaziz Abdullah Al Moosa	Riyadh Sahara Mall	Al-Rajhi and Al-Mogbil Co.	Future Markets	GOSI	Arab Centres Co. Ltd.
Build-up area	128,989	44,200	182,000	133,608	136,000	86,756
Leasable area (m2)	88,199	32,500	118,500	82,878	82,000	53,251
Land Area (m2)	146,069	85,000	124,000	140,000	-	122,000
Number of floors	2	3	3	2	2	2
Number of stores	487	180	325	250	235	226
Number of visitors per year	10,027,990	-	-	10,000,000	11,670,000	-
Efficiency ratio*(%)	68%	74%	65%	62%	60%	61%
Occupancy rate (%)	%99	98%	99%	99%	97%	94%
Number of parking lots	2,533	1,200	2,400	2,000	4,500	1,370
Parking ratio ** (%)	35	27	49	41	18	39

Source: Market Report

* Efficiency ratio (GLA/built-up area)

** Parking ratio (GLA/ Number of parking lots)

Table 17: Mixture of Hayat Mall tenants compared to its competitors.

Name of Centre	Shops	Small main stores	Major stores	Hyper	Entertainment	Dining	Total
Hayat Mall	40%	6%	17%	22%	13%	2%	100%
Sahara Mall	56%	3%	0%	18%	15%	8%	100%
Riyadh Gallery Mall	45%	9%	17%	15%	9%	5%	100%
Panorama mall	33%	11%	26%	19%	9%	2%	100%
Granada Centre	39%	3%	21%	23%	9%	5%	100%
Nakheel Mall	45%	26%	10%	0%	14%	4%	100%
Average	**43%**	**8%**	**15%**	**16%**	**14%**	**4%**	**100%**

Source: Market Report

3-4 Available supply of .neighborhood shopping Centres in Riyadh

3-4-1 The concept of neighborhood shopping Centres

The .neighborhood shopping Centres are usually retail stores, developed and managed by their owners as individual property. The retail component of the .neighborhood shopping Centre usually consists of a major large commercial store or semi-major store as well as a number of non-major stores, providing services to support the surrounding squares and its respective area. The .neighborhood shopping Centre provides parking lots (opposite to commercial stores) designed to allow smooth flow of traffic within the vehicle area, as well as easy entry and exit to and from the project. The success of neighborhood shopping Centre largely depends on its geographical location. These projects, not only serve residents of the area, but also play additional role for other commercial development projects in the area (office buildings, hospitals, schools, universities, etc.) located in the vicinity.

3-4-2 Main Store

Main stores are widely found in .neighborhood shopping Centres, in the form of a supermarket or sometimes clothing shows. The main stores occupy a large area of neighborhood shopping Centres, and enjoy great negotiating capacity due to the large space they occupy. They also serve as the main generators for movement of customers to .neighborhood shopping Centres.

Most of the major stores in the Kingdom take the form of a supermarket such as Danube, Al-Tamimi, and Panda. There are also major stores in the form of electronics or clothing shows such as SACCO, Xtra, Centre point, and Red TAG. Major stores are used to attract the activity towards smaller retailers which take the form of rows of commercial shops.

3-4-3 Shops

Small shops in .neighborhood shopping Centres are strip of stores that serve public gathering and movement areas, and close to residential neighborhoods. These stores face streets to facilitate the parking and access of vehicles.

Small shops are food and beverage stores, electronics shows, pharmacies, washing, laundry, and cleaning services. These stores are present to support .neighborhood shopping Centres and residential areas.

(a)- Al-Tilal Centre

The table below shows an overview of Al-Tilal Centre compared to its competitors.

Table 18: Overview of Al-Tilal Centre compared to its competitors.

Centre Name	Land area (m2)	Number of stores	Occupancy rate (%)	Leasable area (m2)	Rental (SR/m2)	Number of parking lots	Leasable area/ Land area	Leasable area/No. of parking lots
Al-Tilal Centre	9,018	18	98%	5,064	1,725	180	0,42	28
Al-Malqa Plaza	18,000	24	100%	8,693	1,800	115	0,48	75
Average	**14,694**	**22**	**99%**	**6,879**	**1,772**	**147.5**	**0,45**	**52**

Source: Market Report

(b)- Al-Sahafa Centre

The table below shows an overview of Al-Sahafa Centre compared to its competitors.

Table 19: Overview of Al-Sahafa Centre compared to its competitors.

Centre Name	Land area (m2)	Number of stores	Occupancy rate (%)	Leasable area (m2)	Rental (SR/ m2)	Number of parking lots	Leasable area/ Land area	Leasable area/number of parking lots
Al-Sahafa Centre	12,367	24	99%	7,135	1.700	200	0.73	35.7
Jana Mall	14,000	21	99%	5,800	1,550	130	0.41	44.6
Average	**13,184**	**23**	**99%**	**6,468**	**1,640**	**165**	**0.57**	**40.15**

Source: Market Report

(c)- Yarmouk Centre

The table below shows an overview of Yarmouk Centre compared to its competitors.

Table 20: Overview of Yarmouk Centre compared to its competitors

Centre Name	Land area (m2)	Number of stores	Occupancy rate (%)	Leasable area (m2)	Rental (SR/m2)	Number of parking lots	Leasable area/ Land area	Leasable area/No. of parking lots
Yarmouk Centre	10,823	25	91%	5,317	1,700	182	0.55	29
Granada Centre	13,000	21	100%	8,521	1,600	140	0.65	60
Eshbelia Plaza	17,200	26	100%	6,892	1,500	95	0.41	60
Qurtuba	7,100	16	100%	1,650	1,600	70	0.23	24
Average	**13,341**	**23**	**98%**	**5,595**	**1,593**	**131**	**0.52**	**50**

Source: Market Report

3-5 The Retail Sector in Jeddah

3-5-1 Available Supply of Commercial centres

(a)- Major Regional Commercial Centres

The Company has Alandalus Mall, a commercial Centre classified as a major regional commercial Centres, which have a gross leasable area 516.840 square meters in Jeddah. The table below shows the major regional commercial centres in Jeddah.

Table 21: Major regional commercial centres in Jeddah

Name of Centre	Leasable Area (m2)	Owner	Date of Opening	Centre classification
Arab Complex	95,526	Arab Centres Co. Ltd.	2008G	A
Red Sea Markets	110,000	Red Sea Markets Co., Ltd.	2008G	A
Al-Salam Mall	111,914	Arab Centres Co. Ltd.	2012G	A
Alandalus Mall	86,635	Alandalus Real Estate Co.	2007G	A
Subtotal	403,779			A
Al-Jamjoum Centre	112,765	Commercial Real Estate Commercial Markets Co. Ltd.	1988G	B
Subtotal	112,765			B
Total	**516,840**			

Source: Market Report

Centre Classification: Category A – First Class Centres

Category B– Second Class Centres

(b)- Regional Commercial Centres

The spread of regional commercial centres in Jeddah is less than similar centres in other regions of the Kingdom. Due to their proximity to the holy cities, the developers of commercial centres in Jeddah, tend to establish major regional commercial centres to meet the desire of tourists to fulfill their various needs in one place (entertainment and food). Gross leasable area of regional commercial centres in Jeddah is 280,344 square meters. The table below shows regional commercial centres in Jeddah.

Table 22: Regional Commercial centres in Jeddah

Name of Centre	Leasable Area (m2)	Owner	Date of Opening	Centre classification
Aziz Mall	70,500	Arab Centres Co. Ltd.	2005G	A
Subtotal	70,500			A
Serafi Mega Mall	62,000	Saleh Serafi	2005G	B
Flamengo Mall	62,000	Abad for Investment and Real Estate Development Co.	2013G	B
Roshan Mall	35,844	Kinan International Real Estate Development Company	2006G	B
Subtotal	159,844			B
Hira International Mall	50,000	Omar Qasem Alesayi Group/ Scape Companies Group	1994G	U
Subtotal	50,000			
Total	**280,344**			

Source: Market Report

Centre Classification: Category A – First Class Centres
Category B– Second Class Centres
Category U – Unclassified Centres

(c)- Local Commercial Centres

Most regional commercial centres were established during the period prior to 2000G and they are mostly located within the main central areas, (such as Prince Mohammed bin Abdulaziz , and King Abdulaziz Road projects), making them different from their counterparts in Riyadh and Al Khobar and other regions of the Kingdom. Local commercial centres in Jeddah are more successful than their counterparts in the Kingdom as they are characterized by their specialization. Moreover, developers of the commercial centres in Jeddah are still turning to establishment and development of local commercial centres in spite of the lack of available land. Gross leasable area of the local commercial centres in Jeddah is 676,796 square meters. The table below shows the local commercial centres in Jeddah.

Table 23: Local commercial centres in Jeddah

Name of Centre	Leasable Area (m2)	Owner	Date of Opening	Centre classification
Stars Avenue Mall	35,500	Medad for Real Estate Development and Investment Co.	2008G	A
Eatwall Mall	13,817	Bunian United Co.	2005G	A
Lo Shato Mall	12,588	Bunian United Co.	2008G	A
Al-Khayat Centre	10,000	Al-Khayat Group	1991G	A
Lee Mall	4,496	Bunian United Co.	2001G	A
Subtotal	76,401			A
Sultan Mall	38,477	Prince Abdullah ibn Turki ibn Abdulaziz	2004G	B
Jarir Mall 2	35,000	Jarir Investment Co.	2004G	B
Hayfa Mall	31,400	Arab Centres Co. Ltd.	2012G	B
Tahliya Commercial Centre	30,000	-	2007G	B
University Plaza	22,137	Kinan International Real Estate Development Company	2005G	B
Teatro Mall	17,200	-	2008G	B

Name of Centre	Leasable Area (m2)	Owner	Date of Opening	Centre classification
La Promenade	16,560	Zahid Trading & Real Estate Development Co., Ltd.	2002G	B
Basateen Centre	13,010	Basateen Real Estate Company Limited	1987G	B
Jarir Mall 1	11,000	Jarir Real Estate Co.	2002G	B
Tahliya Centre	7,000	-	1997G	B
Roshana International Centre	6,750	-	2008G	B
Lo Doumi	4,322	Al-Bunian Co. United	2002G	B
Jameel Square	5,000	Hadia Abdul Latif Jameel Co. Ltd	2009G	B
Subtotal	237,856			B
Al-Mosa'idiah Plaza	30,000	Balbaid Companies Groupo	1981G	U
Baroum Commercial Centre	30,000	Abdullah Mohammed Baroum Sons Co. Ltd	1985G	U
Al-Mosa'idiah Centre 1&2	30,000	Al-Hijaz Real Estates Markets Co.	1977G	U
Nama Market	24,978	SEDCO Holding Co.	-	U
Al-Bilad Mall	23,000	Abad Investment and Real Estate Development Co.	2008G	U
Sahara Grand Mall	22,350	-	2007G	U
Jeddah International Centre	20,000	-	1984G	U
Al-Salama Centre	20,000	-	2006G	U
Nojoud Centre	18,000	-	2007G	U
Al-Hadab Tahliyah Centre	17,500	-	2001G	U
Mahmoud Saeed Oasis Mall	17,000	Mahmoud Saeed Group	2000G	U
Al-Mahmal Centre	15,000	Saleh Ibn Mahfouz & Co.	1987G	U
Al-Nakheel Centre	15,437	Mohammad Salem Ibn Mahfouz	1992G	U
Al-Sawari Landmark	10,800	-	2005G	U
Coral Mall	10,000	-	2001G	U
Al-Rajhi Gallery	10,000	-	2009G	U
Aya Mall	9,600	-	2008G	U
Gallery Marketing Centre	9,000	Elaf Group	2013G	U
Daniah Centre	8,499	SEDCO Holding	-	U
China Town	8,000	-	2008G	U
In to Mall	7,000	-	2006G	U
Jeddah Mall	6,375	-	2001G	U
Subtotal	362,539			U
Total	**676,796**			

Source: Market Report

Centre Classification: Category A – First Class Centres
Category B– Second Class Centres
Category U – Unclassified Centres

3-5-2 Market share of owners of commercial centres in Jeddah

The table below shows the market share of the ten largest owners of commercial centres in Jeddah.

Table 24: Market share of the ten largest owners of commercial centres in Jeddah

Owner's Name	GLA (M2)	Market Share (%)
Arab Centres Co. Ltd.	309,340	20.99%
Real Estate Commercial Markets Co. Ltd.	112,765	7.65%
Red Sea Markets Co. Ltd.	110,000	7.46%
Alandalus Property Company	86,635	5.88%
Abad Investment and Real Estate Development Co.	85,000	5.77%
Saleh Sairafi	62,000	4.21%
Kinan International Real Estate Development Co.	57,981	3.93%
Omar Qassim Alesayi Group/ Scape Group Companies	50,000	3.39%
Jarir Investment Co.	46,000	3.12%
Prince Abdullah bin Turki bin Abdulaziz	38,477	2.61%
Others	515,782	34.99%
Total	**1,473,980**	**100.00%**

Source: Market Report

3-5-3 Spending Rates in Shopping Centres in Jeddah

The table below shows the spending rates in the commercial centres in Jeddah for the period between 2011G- 2014G.

Table 25: Spending rates in shopping centres in Jeddah

Billion Saudi Riyals	2011G	2012G	2013G	2014G
Total spending of residents on retail sector	33.76	39.02	44.12	46.72
Growth in spending on retail sector	9.82%	15.56%	13.07%	5.90%
Ratio of spending in the commercial centre	40.71%	40.00%	38.00%	38.00%
Spending of residents on commercial centres	13.75	15.62	16.78	17.77
Tourists spending in commercial centres	3.13	2.68	2.48	1.87
Spending in commercial Centres	16.87	18.31	19.26	19.64

Source: Market Report

3-5-4 Performance indicators of commercial centres in Jeddah

(a)- Analysis of occupancy rates

The table below shows commercial centres occupancy rates in Jeddah.

Table 26: Occupancy rates according to the classification of the shopping Centre

Centre classification	First-class shopping Centres	Second-class shopping Centres
Occupancy rate (%)	95%	94%

Source: Market Report

(b)- Analysis of Rental Rates

Rental increase requested by first-class commercial centres in Jeddah is less than their counterparts in Riyadh. Dammam and Khobar, as customers in Jeddah prefer shopping in local commercial centres (mostly classified as second-class) to meet their different needs. Rental rates vary according to the type of store, where dining spaces are considered the highest among other types of stores, because they attract a large number of visitors at the week end and occupy a small rental space therein.

Table 27: Annual rental rates according to Centre classification and type of store, 2015G

Type of the store	Shopping malls, First-class (SR/ m2s)	Second-class shopping Centres (SR/m2)	The rate of increase for the benefit of first-class Centres (%)
Shop	2,696	2,363	14%
Dining area	3,336	3,004	11%
Major store	1,732	1,432	21%

Source: Market Report

(c)- Historical rental rates

Rental rates continued to grow every year for the period between 2010G -2014G, where they were higher than the inflation rate for the period, except in 2011G where the increase rate was limited.

Table 28: Annual growth of rental rates in Jeddah

	Annual rental rates (SAR)				
Type of Store	2010G	2011G	2012G	2013G	2014G
Shop	2,160	2,185	2,261	2,378	2,424
Dining area	2,663	2,700	2,802	2,959	3,033
Major store	1,388	1,395	1,436	1,499	1,526

Source: Market Report

3-5-5 Porter Analysis of Competitive Forces

Five Forces model is used to assess the attractiveness (profitability) for commercial centres sector in Jeddah. This framework provides a starting point for strategic analysis of the structure of competition between the commercial centres and attractiveness of the competition. We conclude from these five forces that when these forces are high, the sector relating to them will not be attractive. Here are the five forces framework used in the analysis:

1- Threat relating to entry of competitors

Commercial centres market in Jeddah is attractive and profitable sector for new entrants, in view of the following drivers:

- Current demand exceeds the current supply which makes it an attractive market for new entrants
- Performance of existing retail centres appears to achieve profitable results
- Absence of the principle of distinction between retail facilities trends
- The commercial centres sector is considered as the only acceptable social destination for family, as well as Jeddah Corniche
- Appropriate spending indicators in commercial centres and continued growth in population
- Arrival of local and foreign visitors to the Makkah area for religious purposes increases spending on retail sector.

There are several factors that hinder new entrants, including:

- The need for a large capital which requires large investment and specialized expertise in commercial Centres
- Competitive behavior expected from operators of existing commercial Centres, making the entry of commercial centres to the market very expensive
- Location and price of lands
- Accessibility to major retailers such as Al Hukair and Al Shay.
- Be distinguished from the currently existing retail malls to achieve better value than the competitors, which in turn will increase the capital requirements.

We consider that the threat for entry of new competitors to the commercial centres sector in Jeddah as moderate.

2- Threat relating to Alternative Services

- In general there is no clear alternative for commercial centres, as they are considered one of the few acceptable entertainment options that are easy to access in Jeddah.

We consider the threat for entry of alternative competitors to the commercial centres sector in Jeddah as low.

3- The Bargaining Power of Customers

- The retailer tenants are the main clients for commercial centres operators, and the potential spending by visitors on stores of commercial centre is a major attraction for retailers.
- A wide range of options is available for residents of Jeddah for shopping and entertainment, especially when compared with Riyadh. For the basis of preferences, desires and needs, it enjoys higher supply of entertainment options (such as the Corniche and Beach, etc.)
- As for retailers, there is a limited number of well-known retailers who are controlling most brands in the Kingdom, including Al Hukair, Al Shaya, Majid Al Futtaim, Al Shalhoub, and Rubayiat
- In spite of the fact that competition in Jeddah is higher than Riyadh, known retailers enjoy high bargaining power and ability to rent commercial centre units at a less cost than small traders

We consider the bargaining power of customers as high for commercial centres sector in Jeddah.

4- The bargaining power of suppliers

- Suppliers to commercial Centres: operators of commercial Centres, land owners, maintenance companies and others.
- Land owners in Jeddah enjoy high bargaining power due to limited supply of lands in Jeddah.
- Operators of commercial centres have high bargaining power. The industry is characterized by being specialized and require high expertise to deal with strong base of customers (retailers and visitors of the Centre)
- As for other suppliers, such as maintenance companies and security companies, they have limited bargaining power due to their abundance.

We consider the bargaining power of suppliers as **medium** for commercial centres sector in Jeddah.

5- Intensity of competition

- Structural environment of retail sector can be analyzed through the intensity of competition framework. The intensity of competition in a sector indicates to what extent the companies operating in the sector put pressure on each other and reduce the potentials of profitability among each other.
- One of the noticeable things in Jeddah is the dominance of Arab Centres Co. Ltd. on the market, with a market share equals three times the market share of the second-largest owner.
- Intensity of competition categories can be identified as medium due to the presence of many competitors with close market shares

We consider the intensity of competition as medium in retail malls sector in Jeddah.

3-5-6 Alandalus Mall performance compared to most prominent competitors

The table below shows an overview of Alandalus mall compared to its competitors. These Centres have been chosen because they serve the commercial area served by Alandalus Mall and almost have similar specifications.

Table 29: Overview of Alandalus Mall compared to its competitors

Name of Centre	Alandalus Mall	Al-Salam Mall	Flamingo Mall	Aziz Mall	Arab Complex	Red Sea Mall
Site	Prince Majid Road/ Fayha'a District	Prince Majid Road/ Fayha'a District	Prince Majid Road/ Aziziah District	Prince Majid Road/ Faysaliah District	Madina Road/ Nuzha District	Imam Saud bin Abdulaziz Road/ Al-Mugharrazat
Type of Centre	Major Regional Commercial Centre	Major Regional Commercial Centre	Major Regional Commercial Centre	Major Regional Commercial Centre	Major Regional Commercial Centre	Major Regional Commercial Centre
Classification of Centre	A	A	B	A	A	A
Date of Opening	2007G	2011G	2013G	2005G	2008G	2008G
Owner	Alandalus Property Company	Arab Centres Co. Ltd.	Abad Investment and Real Estate Development Co., Ltd. Centres	Arab Centres Co. Ltd.	Arab Centres Co. Ltd.	Red Sea Markets Co. Ltd.
Built-up area (M2)	121,191	212,825	170,000	93,310	247,848	248,000
GLA (M2)	86,635	111,914	62,000	70,500	95,526	110,000

Name of Centre	Alandalus Mall	Al-Salam Mall	Flamingo Mall	Aziz Mall	Arab Complex	Red Sea Mall
Land area (M2)	143,972	197,000	92,000	102,000	132,000	242,000
Number of Floors	2	2	3	2	4	3
Number of Stores	368	180	320	220	350	484
Number of Annual visitors	12,608,674	-	-	10,099,200	16,250,000	15,600,000
Efficiency rate * (%)	71%	53%	36%	76%	41%	44%
Occupancy Rate (%)	99%	85%	90%	100%	88%	97%
Number of Parking Lots	3,000	1,420	2,700	1,400	1,500	4,300
Parking Ratio **	29	79	23	51	68	26

Source: Market Report

* Efficiency ratio (GLA/built-up area)

** Parking ratio (GLA/ Number of parking lots)

Table 30: Mixture of Alandalus Mall tenants compared to its competitors

Name of Centre	Shops	Small main stores	Major stores	Hyper	Entertain-ment	Dining	Total
Alandalus Mall	37%	8%	19%	21%	14%	1%	100%
Al-Salam Mall	39%	11%	32%	14%	0%	4%	100%
Flamingo Mall	34%	11%	19%	24%	10%	2%	100%
Aziz Mall	36%	11%	18%	22%	11%	2%	100%
Arab Complex	38%	11%	25%	7%	15%	4%	100%
Red Sea Mall	33%	8%	27%	16%	12%	4%	100%
Average	**36%**	**10%**	**23%**	**17%**	**10%**	**3%**	**100%**

Source: Market Report

3-6 Retail Sector in Dammam and Al Khobar

3-6-1 Available supply of commercial Centres

(a)- Major regional commercial centres

The total leasable area of major regional business centres in Dammam and Al Khobar is 411,740 m2s. The table below shows the major regional commercial centres in Dammam and Al Khobar.

Table 31: Major regional commercial centres in Dammam and Al Khobar

Name of Centre	Leasable Area (M2)	Owner	Date of Open-ing	Classification of Centre
Dhahran Complex	163,740	Arab Centres Company Limited	2008G	A
Al-Rashid Mall	150,000	Al Rashid Trading & Contracting Co.	1995G	A
Subtotal	313,740			A
Amwaj Mall	98,000	Buruj International Company Limited	2009G	B
Subtotal	98,000			B
Total	**411,740**			

Source: Market Report

Centre Classification: Category A – First Class Centres

Category B– Second Class Centres

(b)- Regional commercial centres

The Company has Dareen Mall which is classified as one of the regional commercial centres. Most of the regional commercial centres in Dammam are located on the area close to the Corniche. Major regional commercial centres are located in Al Khobar where population enjoy higher income levels. Gross leasable area of regional commercial centres in Dammam and Al Khobar is 234,255 square meters. The table below shows regional commercial centres in Dammam and Al Khobar.

Table 32: Regional commercial centres in Dammam and Al Khobar

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Othaim Mall	60,000	Othaim Investment and Real Estate Development Co.	2010G	B
Venicia Mall	44,500	Abdul Mohsen Al-Muqrin Group	2007G	B
Al-Shati Mall	43,400	East Beach Co. Ltd	2006G	B
Dareen Mall	41,355	Developed Markets Company (50% owned by Alandalus Property Company)	2009G	B
Subtotal	189,255			B
Hayat Plaza	45,000	-	-	U
Subtotal	45,000			U
Total	**234,255**			

Source: Market Report

Centre Classification: Category B– Second Class Centres

Category U– Unclassified

(c)- Local commercial Centres

Gross leasable area of local commercial centres in Dammam and Al Khobar is 183,028 square meters. The table below shows the local commercial centres in Dammam and Al Khobar.

Table 33: Local commercial centres in Dammam and Al Khobar

Name of Centre	Leasable Area (M2)	Owner	Date of Opening	Classification of Centre
Gosaibi Group	7,200	Gosaibi Group	2007G	A
Subtotal	7,200			A
Marina Mall	28,000	Abdul Mohsen Al-Muqrin Group	2009G	B
Ibn Khaldoun Mall	20,500	Olayan Real Estate Company Limited	2003G	B
Fouad Centre	16,196	Abdullah Fouad Holding Company	1999G	B
Subtotal	64,696			B
Al-Shira Complex	29,000	Al-Hussaini Real Estate Investment Company	2008G	U
Al-Turki Centre	20,600	Al-Turki Group	2005G	U
Corniche Plaza	15,000	Al-Mutlaq Real Estate Investment Company	2005G	U
Al-Awal Plaza	8,769	Kinan International Real Estate Development Co.	1999G	U
Alissa Centre	7,800	-	-	U
Al-Waha Mall	7,363	-	-	U
Al-Khobar Mall	6,000	-	2001G	U
Al-Rahmania Complex	6,000	-	-	U
Al-Khobar Plaza	6,000	-	-	U
Al-Joma'a Centre	4,600	-	-	U
Subtotal	111,132			U
Total	**183,028**			

Source: Market Report

Centre Classification: Category A – First Class Centres

Category B– Second Class Centres

Category U– Unclassified

3-6-2 Market Share of the Owners of Commercial centres in Dammam and Al Khobar

The table below shows the market share of the ten largest owners of commercial centres in Dammam and Al Khobar

Table 34: Market share of the ten largest owners of commercial centres in Dammam and Al Khobar

Owner	Leasable Area (M2)	Market Share (%)
Arab Centres Co. Ltd.	163,740	19.75%
Al-Rashid Trading & Contracting Co.	150,000	18.09%
Buruj International Company Limited	98,000	11.82%
Abdul Mohsen Al-Mugrin Group	72,500	8.75%
Othaim Investment and Real Estate Development	60,000	7.24%
East Beach Co. Ltd	43,400	5.24%
Developed Markets Company (50% owned by Alandalus Property Company)	41,355	4.99%
Al-Hussaini Real Estate Investment Company	29,000	3.50%
Al-Turki Group	20,600	2.48%
Olayan Real Estate Company Limited	20,500	2.47%
Others	129,928	15.67%
Total	**829,023**	**100.00%**

Source: Market Report

3-6-3 Spending rates in commercial centres in Dammam and Al Khobar

The table below shows the spending rates in commercial centres in Dammam and Al Khobar for the period between 2011G -2014G.

Table 35: Spending rates in commercial centres in Dammam and Al Khobar

Billion Saudi Riyals	2011G	2012G	2013G	2014G
Total spending of residents on retail sector	12.35	14.29	16.15	17.11
Growth in spending on retail sector	9.82%	15.70%	13.07%	5.90%
Ratio of spending in the commercial Centre	44.47%	44.47%	44.47%	44.47%
Spending of residents on commercial Centres	5.49	6.35	7.18	7.61
Tourists spending in commercial Centres	1.77	1.49	1.41	1.33
Spending in commercial Centres	7.27	7.84	8.6	8.93

Source: Market Report

3-6-4 Performance indicators of Commercial Centres

(a)- Analysis of Occupancy Rates

First class commercial centres enjoy higher occupancy rates than second-class commercial Centres. The table below shows occupancy rates for commercial centres in Dammam and Al Khobar.

Table 36: Occupancy rates in accordance with the classification of the shopping Centre

Mall Classification	First class shopping Centre	Second class shopping Centre
Occupancy rate (%)	100%	95%

Source: Market Report

(b)- Analysis of Rental Rates

First class commercial centres enjoys higher rental rates than their counterparts in second class shopping Centres. The increase required by first class shopping Centres in Dammam and Al Khobar is higher than those in Riyadh and Jeddah due to the low quality of the supply of second class shopping malls in the region.

Table 37: Annual rental rates according to classification of the Centre and type of the store, 2015G

Type of the Store	First-class Shopping Centres, (SAR/ m2)	Second-class Shopping Centres, (SAR/ m2)	Increase rate for the benefit of first-class Centres (%)
Shop	2,549	1,534	66%
Dining Area	4,380	2,731	60%
Major Store	1,296	751	72%

Source: Market Report

(c)- Historical Rental Rates

The table below shows rental rates in Dammam and Al Khobar during the period between 2010G- 2014GG, the annual growth of rental rates in Dammam and Al-Khobar is higher than those in Riyadh and Jeddah.

Table 38: Annual growth of rental rates in Dammam and Al-Khobar

Type of Store	Annual Rental Rates (SAR)				
	2010G	2011G	2012G	2013G	2014G
Shop	1,719	1,798	1,855	1,926	1,980
Dining Area	2,958	3,102	3,206	3,341	3,439
Major Store	890	921	946	974	1,000

Source: Market Report

3-6-5 Porter Analysis of Competitive Forces

Five Forces model is used to assess the attractiveness (profitability) for commercial centres sector in Dammam and Al-Khobar. This framework provides a starting point for strategic analysis of the structure of competition between the commercial centres and attractiveness of the competition. We conclude from these five forces that when these forces are high, the sector relating to them will not be attractive. Here are the five forces framework used in the analysis:

1- Threat relating to entry of competitors

Commercial centres market in Dammam and Al-Khobar is attractive and profitable sector for new entrants to the market, in view of the following motives:

- Current demand exceeds the current supply which makes it an attractive market for new entrants.
- Performance of existing retail centres appear to achieve profitable results.
- Absence of the principle of distinction between retail facilities trends.
- The commercial centres sector is considered as the only acceptable social destination for family, as well as the Corniche
- Appropriate spending indicators in commercial centres and continued growth in population
- The General Authority for Tourism and Antiquities is taking initiatives to stimulate tourism in Dammam and Al-Khobar, which will, in turn, increase the number of tourists and accordingly the spending on commercial centres.

There are several factors hinder the new entrants, including:

- The need for a large capital which requires large investment and specialized expertise in commercial centres
- Competitive behavior expected from operators of existing commercial centres, making the entry of commercial centres to the market very expensive.
- Accessibility to major retailers such as Al-Hukair and Al-Shaya.
- Be distinguished from the currently existing retail malls to achieve better value than the competitors, which in turn will increase the capital requirements.

We consider the threat for entry of new competitors to the commercial centres sector in Dammam and Al-Khobar as moderate.

2- Threat relating to Alternative Services

- In general, there is no clear alternative for commercial centres, as they are considered one of the few acceptable entertainment options that are easy to access in Dammam and Al-Khobar.

We consider the threat for entry of alternative competitors to the commercial centres sector in Dammam and Al-Khobar as low.

3- The Bargaining Power of Customers

- The retailer tenants are the main clients for commercial centres operators, and the potential spending by visitors on stores of commercial centre is a major attraction for retailers.
- As for retailers, there is a limited number of well-known retailers who are dominating most brands in the Kingdom, including Al Hukair, Al Shaya, Majid Al Futtaim, Al Shalhoub, and Rubayiat.

We consider the bargaining power of customers as **high** for commercial centres sector in Dammam and Al-Khabar.

4- The bargaining power of suppliers

- Suppliers to commercial centres: operators of commercial centres, land owners, maintenance companies and others.
- Land owners in Dammam and Al-Khobar have medium bargaining power because of the availability of several options for developers of shopping centres when buying land.
- Operators of commercial centres have high bargaining power. The industry is characterized by being specialized and require high expertise to deal with strong base of customers (retailers and visitors of the centre).
- As for other suppliers, such as maintenance companies and security companies, they have limited bargaining power due to their abundance.

We consider the bargaining power of suppliers as medium in commercial centres sector in Dammam and Al-Khabar.

5- Intensity of competition

- Structural environment of retail sector can be analyzed through the intensity of competition framework. The intensity of competition in a sector indicates to what extent the companies operating in the sector put pressure on each other and reduce the potentials of profitability among each other.
- Market share is unequally divided between competitors due to difference in size of their business. The top 5 operators of retail malls hold more than 66% of the total leasable area of retail space in the retail sector.

We consider the intensity of competition as high in retail malls sector in Dammam and Al-Khobar

3-6-6 Dareen Mall performance compared to most prominent competitors

The table below shows an overview of Dareen Mall compared to its competitors. These centres have been chosen because they serve the commercial area served by Dareen Mall and almost have similar specifications.

Table 39: Overview of Dareen Mall to its Competitors

Name of Centre	Dareen Mall	Marina Mall	Al-Shira Mall	Ibn Khaldoun Mall	Al-Shati Complex	Othaim Mall
Site	Al-Khaleej Road/ Aziziah District	Al-Khaleej Road/ Badi District	18th Street/Al Adama District	King Fahad Road/ Al-Qadisiyah	Gulf Road	Prince Mohammed bin Fahad/ Nuzha District
Type of Centre	Regional Commercial Centre	Local Commercial Centre	Local Commercial Centre	Local Commercial Centre	Regional Commercial Centre	Regional Commercial Centre
Classification of Centre	B	B	U	B	B	B
Date of Opening	2009G	2009G	2008G	2003G	2006G	2010G
Owner	Developed Markets Company (50% owned by Alandalus Real Estate Co.)	Abdul Mohsen Al-Mugrin Group	Al-Hussaini Real Estate Investment Company	Olayan Real Estate Co. Ltd.	East Beach Co. Ltd	Othaim Investment and Real Estate Development
Built-up Area (m2)	61,326	45,000	53,200	29,000	62,000	100,000
Leasable Area (m2)	41,279	28,000	29,000	20,500	43,400	60,000
Land Area (m2)	59,051	50,000	20,000	62,000	28,000	50,000
Number of floors	2	2	3	1	4	4

Name of Centre	Dareen Mall	Marina Mall	Al-Shira Mall	Ibn Khaldoun Mall	Al-Shati Com-plex	Othaim Mall
Number of stores	183	340	140	77	250	392
Number of Annual visitors	-	-	-	-	-	-
Efficiency rate (%)*	67%	62%	55%	71%	70%	60%
Occupancy Rate (%)	98%	100%	75%	94%	95%	88%
Number of Parking Lots	1,440	800	700	745	600	1,500
Parking Ratio**	29	35	41	28	72	40

Source: Market Report

* Efficiency ratio (GLA/built-up area)

** Parking ratio (GLA/ Number of parking lots)

Table 40: Mixture of tenants of Dareen Mall compared to its competitors

Name of Centre	Shops	Small main stores	Major stores	Hyper	Entertainment	Dining	Total
Dareen Mall	40%	10%	14%	25%	9%	3%	100%
Marina Mall	85%	0%	0%	0%	11%	4%	100%
Al-Shira' Mall	70%	2%	10%	5%	9%	3%	100%
Ibn Khaldoun Mall	44%	16%	15%	25%	0%	0%	100%
Al-Shati Complex	34%	21%	18%	16%	8%	3%	100%
Othaim Mall	40%	6%	16%	17%	19%	3%	100%
Average	**52%**	**%**	**12%**	**15%**	**9%**	**3%**	**100%**

Source: Market Report

3-6-7 Hotel Apartments in Jeddah

According to General Authority for Tourism and Antiquities' classification, the accommodation assigned for long stay is defined by the expression "furnished apartments", but in order to comply with international destinations, we have used the expression "Hotel Apartment" or "Serviced Apartments" instead of furnished apartments.

Applying the concept of serviced apartments has not yet started in Jeddah, and the current existing projects carry local brands, and provide little of public services and benefits. The current unbranded serviced apartments dominate the system of "long stay", compete with three-star and two-star facilities, and attract demand from domestic tourists market.

(a)- Key performance indicators of Hotel Apartments in Jeddah

Performance in Riyadh exceeds all other major cities in the Kingdom over the past three years, as it is characterized by the increases in occupancy rates and average daily rental of rooms. While occupancy rates in Jeddah and Makkah are the least during the past three years, it is worth noting that the current supply in Jeddah is more than its counterparts in other cities, except for Riyadh. The current supply of units in Jeddah and Riyadh is more than 10,000 units, while other cities offer between 2,000 to 4,000 units.

Table 41: Key Performance Indicators of Hotel Apartments in Jeddah compared to other cities

City	Occupancy rates			Average daily room rental (SAR)			Revenue per available room (SAR)		
	2012G	2013G	2014G	2012G	2013G	2014G	2012G	2013G	2014G
Riyadh	80%	83%	80%	392	403	410	290	302	328
Madinah	68%	69%	70%	225	245	235	153	165	165
Makkah	53%	52%	56%	251	249	238	134	130	133
Al-Khobar	65%	67%	71%	198	210	200	129	141	142
Jeddah	60%	65%	66%	258	264	285	155	172	188

Source: Market Report

(b)- Current supply of hotel (serviced) apartments

According to the General Authority for Tourism and Antiquities, there are 377 hotel apartments in Jeddah licensed in 2014G, and they are officially classified into four categories as follows:

- First-Class
- Second-class
- Third-Class
- Unclassified

The following table shows the supply of hotel apartments in Jeddah for 2014G

Table 42: The current supply of hotel apartments in Jeddah

Hotel apartments	Number of Apartments	Number of properties
First-Class	44	1
Second-class	2,880	80
Third-Class	8,041	187
Unclassified	1,863	69
Total	**12,828**	**337**

Source: Market Report

(c)- Distribution of hotel apartments market sectors

The table below describes the projected categories of hotel apartments market, which only includes real estate that do not carry well-known brand.

Table 43: Classification of tenants of hotel apartments by purpose of visit and nationality, 2013G

Purpose of Visit	Percentage	Nationality	Percentage
Companies	10%	The Kingdom	78%
Recreation	65%	Gulf	15%
Visit family and friends	10%	Europe/ America	1%
Meetings, incentives, conferences and stores	2%	Asia	5%
Temporary stay	13%	Others	1%

Source: Market Report

Guests of hotel apartments mostly travel for the purposes of entertainment, shopping and week-end stays. Branded hotel apartments have ability to attract new guests who are long staying expatriates who prefer to get a hassle-free experience in hotel apartments as compared to local hotel apartments..

(d)- The Advantages of linking commercial centres with hospitality facilities

The table below shows the advantages of linking commercial centres with hospitality facilities for each of them.

Table 44: Advantages of linking commercial centres with hospitality facilities

	Hospitality Services Benefited from Shopping Centres	Shopping Centres Services Benefited from Hospitality Elements
Guests	Added value and competitive advantage over competitors	Attract different categories such as entertainment, commercial activity and long and short stay visitors
Awareness	Increase of awareness of clients of the shopping centre and hotel apartments	
Shared facilities	Provide additional facilities for guests such as food and beverages	N/A
Economic ben-efits	Take advantage of high demand to generate occupancy rates, along with prevailing rate in the market	Take advantage of the demand generated by the hospitality element

Source: Market Report

4. The Company

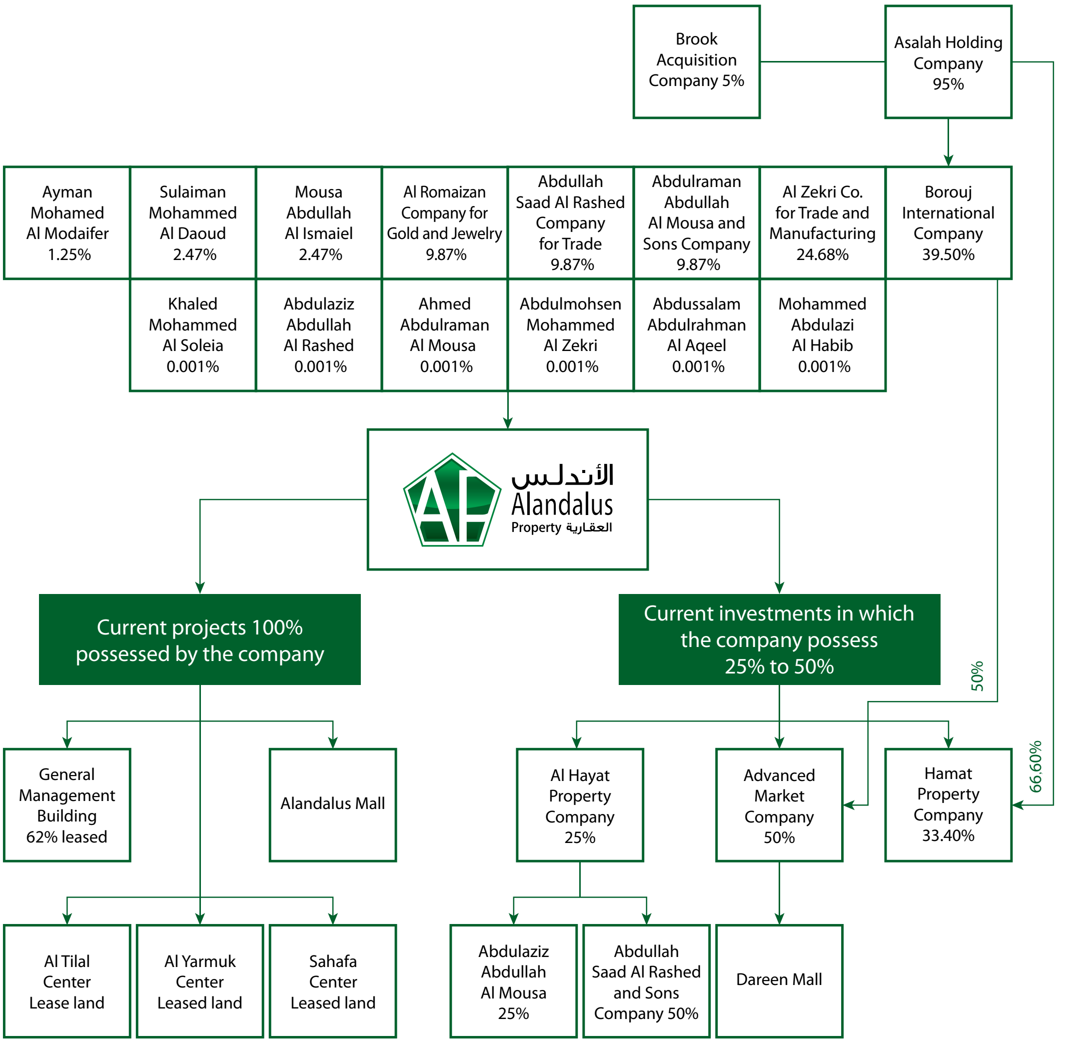
4-1 Company Profile

Alandalus Property Company ("the Company") is a Saudi joint stock company with its head office in Riyadh, Al Wadi District – North Ring Road, under commercial registration no. 1010224110, dated 17/9/1427H, (corresponding to 10/10/2006G) and Ministerial Resolution no. 2509, dated 03/09/1427H, (corresponding to 26/09/2009G). The main business of the Company is commercial real estate investment and development, including construction and possession and management of commercial centers and residential compounds as well as construction, possession, investment, maintenance and operation of medical, hotel and tourist centers.

The Company was established as a Saudi closed joint stock company with a fully paid capital of two hundred and thirty eight million and nine hundred thousand Saud Riyals (SAR 238,900,000), divided into twenty three million, eight hundred and ninety thousand (23,890,000) Ordinary Shares. In the Shareholders Extraordinary Meeting on 15/10/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand (SAR 238,900,000) to a fully paid capital of three hundred and forty three million (SAR 343,000,000) divided into thirty four million and three hundred thousand (34,300,000) Ordinary Shares. The increase in the amount of one hundred and four million and one hundred thousand (SAR 104,100,000) was covered through issuance of new shares paid in cash by shareholders. In the Extraordinary General Meeting on 19/05/1436H (corresponding to 10/03/2015G), the Shareholders decided again to increase the Company's capital from three hundred and forty three million (SAR 343,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares with a par value of ten (SAR 10) per share. The capital increase of three hundred and fifty seven million (SAR 357,000,000) was covered via the Retained Earnings account. The said capital after the increase represents the current Company's capital as of the date of this Prospectus.

4-2 The Company's Orgganozation Structure

The Company's Organization Structure



4-3 Key Development since Company incorporation

The following table shows the Company key developments since its incorporation up to the date of this Prospectus.

Table 45: Company Key Developments

Year	Event
2006G	• Incorporation of the Company with a fully paid capital of two hundred and thirty eight million and nine hundred thousand Saudi Riyals (SAR 238,900,000) • Starting construction of Alandalus Mall in Jeddah
2007G	• Increase of the Company capital from two hundred and thirty eight million and nine hundred thousand Saudi Riyals (SAR 238,900,000) to three hundred and forty three million Saudi Riyals (SAR 343,000,000) • Opening of Alandalus Mall in Jeddah • Starting construction works in Dareen Mall in Dammam • Signing a memorandum of understanding with city of Jeddah Municipality to develop Alandalus Square Project as a prime project
2008G	• The Company acquired 50% of Hayat Mall in Riyadh • In partnership with Abdullah Saad Abdulrahman Al Rasheed, purchase of a land lot in Al Asha, located east of King Abdulaziz National Guard Hospital, with an area of 185,083 square meters. The Company percentage is 15.06%, valuing 30 million Saudi Riyals, of the original land area of total 1,228,969 square meters
2009G	• Opening of Dareen Mall in Dammam • Issuance of Alandalus Project Construction License from the Municipality of Jeddah.
2010G	• Selling 25% of the Company share in Hayat Mall
2011G	• Selling of the Company share in a land in Al-Asha city in favor of Ali Hussain Ali Al Jabra. The Company's share was 51.3 million Saudi Riyals
2012G	• Starting construction of Stay Bridge Suites in Jeddah, Alandalus Mall • The Company acquired 33.40% of Hamat Real Estate Company
2013G	• Starting construction of shopping centers in districts: Sahafa Center, Tilal Center, and Yarmouk Center • Acquisition of 25% of a land in Jeddah for the construction of Panorama Mall • Signing Agreement for the management and operation of Staybridges Suites in Jeddah, Alandalus Mall, which is adjacent to Alandalus Mall with Holiday Inn Middle East Company Ltd., under the commercial name of (Staybridge) 100% possessed by Intercontinental (IHG) for 15 years
2014G	• Completion of construction of shopping centers at districts: Sahafa Center, Tilal Center, and Yarmouk Center • The completion of the first phase of Staybridge Suites Project, Jeddah, Alandalus Mall • The incorporation of Sorouh Centers Company, with the Company share of 25% in order to possess Panorama Mall
2015G	• Starting expansion works in Alandalus Mall

Source: The Company

4-4 Vision and Mission

4-4-1 Vision:

To be the most influential developer and investor of choice in the income generating properties related to retail sector, and complementary hospitality projects and versatile projects in the Kingdom of Saudi Arabia.

4-4-2 Mission:

Develop and sustain the Company in the Kingdom of Saudi Arabia through concentrating on the development of income generating commercial retail projects and their complements of hospitality projects, high quality versatile projects, and investment in promising opportunities by working with our strategic partners who share the same goals with us.

4-4-3 Values

The Company is distinguished by the following institutional values through which it seeks to attain its goals:

1. Ambition
2. Passion
3. Confidence
4. Determination
5. Participation

4-4-4 Strategy

1. The continuous improvement of operational performance, developing, managing and renting commercial centers of the Company to achieve highest levels and occupancy and reach for the optimal mix of tenants.
2. Development of new commercial centers projects, hospitality projects and the versatile projects
3. Complete or partial acquisition of other current projects of distinct performance, or which the Company believes that such acquisition will result in distinct performance of such projects
4. The strategic investment in the operational and leasing arm of the Company represented in Hamat Real Estate Company in order to expand the Company portfolio of projects and business networks as well as meeting clients (tenants) growing requirements

4-5 Key Developments of the Company's Capital

The Company was established as a closed joint stock company under commercial registration no. 1010224110, dated 17/09/1427G (corresponding to 10/10/2006G) and Ministerial Resolution no. 2509 dated 03/09/1427H, corresponding to 26/09/2006G) with a capital of two hundred and thirty eight million and nine hundred thousand Saudi Riyal (SAR 238,900,000), divided into twenty three million, eight hundred and ninety thousand (23,890,000) Ordinary Shares. The following table shows the Company ownership upon incorporation.

Table 46: The Company Ownership Structure upon incorporation

Name of Shareholder	No. of Shares	Par Value of Shares (SAR)	Ownership Percentage
Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment	5,972,500	59,725,000	25.00%
Al Zakari Industry and Trading Company	5,972,500	59,725,000	25.00%
Jarir Company for Commercial Investments	3,583,500	35,835,000	15.00%
Abdul Rahman Abdulla Al Moosa and Sons	2,389,000	23,890,000	10.00%
Abdul Rahman Abdulla Al Moosa and Sons	2,389,500	23,890,000	10.00%
Al Romaizan for Gold and Jewelry Company	2,398,000	23,890,000	10.00%
Moosa Abdulla Al Ismaeel	597,250	5,972,500	2.50%
Solaiman Mohammad Abdulla Al Dawood	597,250	5,972,500	2.50%
Total	**23,890,000**	**238,900,000**	**100.00%**

Source: The Company

In the Extraordinary General Meeting held on 15/10/1428H (corresponding to 27/10/2007G), the shareholders decided to increase the Company's capital from two hundred and thirty eight million and nine hundred thousand Saudi Riyal (SAR 238,900,000) to fully paid capital of three hundred and forty three million Saudi Riyals (SAR 343,000,000) divided into thirty four million and three hundred thousand Saudi Riyals (SAR 34,300,000) Ordinary Shares. The increase in the amount of one hundred and four million and one hundred thousand Saudi Riyals (SAR 104,100,000) was covered through rights issue paid in cash by shareholders.

Table 47: The Company ownership Structure after increase of the Company capital as of 15/10/1428H (corresponding to 27/10/2007G)

Name of Shareholder	No. of Shares	Par Value of Shares (SAR)	Ownership Percentage
Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment	8,575,000	85,750,000	25.00%
Al Zakari Industry and Trading Company	8,575,500	85,750,000	25.00%
Jarir Company for Commercial Investments	5,145,000	51,450,000	15.00%
Abdul Rahman Abdulla Al Moosa and Sons	3,430,000	34,300,000	10.00%
Abdul Rahman Abdulla Al Moosa and Sons	3,430,000	34,300,000	10.00%
Al Romaizan for Gold and Jewelry Company	3,430,000	34,300,000	10.00%
Moosa Abdulla Al Ismaeel	857,500	875,500	2.50%
Solaiman Mohammad Abdulla Al Dawood	857,500	875,500	2.50%
Total	**34,300,000**	**343,000,000**	**100.00%**

Source: The Company

It is worth mentioning that during the year 2011G, the shareholders, each in proportion to his ownership in the Company, sold part of their Company shares, equal to 1.25% of the Company's total capital, in favor of the CEO/ Ayman Mohammed Al Modaifir. In the same year, Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment and Jarir Company for Commercial Investment waived by sale all of their shares in the Company in favor of Burooj International Company Ltd. Without any change no in the value of the Company capital.

Table 48: Company Ownership Structure after entry/ exit of some shareholders

Name of Shareholder	No. of Shares	Par Value of Shares (SAR)	Ownership Percentage
Burooj International Company Ltd.	13,547,814	135,478,140	39.00%
Al Zakari Industry and Trading Company	8,467,384	85,750,000	24.69%
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	51,450,000	9.87%
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	34,300,000	9.87%
Al Romaizan for Gold and Jewelry Company	3,386,954	34,300,000	9.87%
Moosa Abdulla Al Ismaeel	846,738	34,300,000	2.47%
Solaiman Mohammad Abdulla Al Dawood	846,738	875,500	2.47%
Ayman Mohammed Saleh Al Modaifir	430,464	4,304,640	1.25%
Total	**34,300,000**	**343,300,000**	**100.00%**

Source: The Company

In the Extraordinary General Meeting held on 19/5/1436H (corresponding to 10/3/2015G), the shareholders decided again to increase the Company capital from three hundred and forty three million Saudi Riyals (SAR 343,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares. The capital increase in the amount of three hundred and fifty seven million Saudi Riyals (SAR 357,000,000) was covered via the retained earnings account. The said capital after the increase represents the current c\Company capital as of the date of this Prospectus.

Table 49: Company Ownership Structure as of the date of the Prospectus

Name of Shareholder	No. of Shares	Par Value of Shares (SAR)	Ownership Percentage
Burooj International Company Ltd.	13,547,814	27,646,600	39.50%
Al Zakari Industry and Trading Company	8,467,384	17,279,376	24.68%
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	6,911,151	9.87%
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	6,911,151	9.87%
Al Romaizan for Gold and Jewelry Company	3,386,954	6,912,151	9.87%
Moosa Abdulla Al Ismaeel	846,738	1,728,037	2.47%
Solaiman Mohammad Abdulla Al Dawood	846,738	877,497	2.47%
Ayman Mohammed Saleh Al Modaifir	430,464	1,000	1.25%

Name of Shareholder	No. of Shares	Par Value of Shares (SAR)	Ownership Percentage
Mohammed Abdulaziz Al Habib	34,300,000	1,000	0.001%
Abdussalam Abdulrahman Al Aqeel	13,547,814	1,000	0.001%
Abdulmohsen Mohammed Al Zakari	8,467,384	1,000	0.001%
Ahmed Abdulrahman Al Moosa	3,386,954	1,000	9.87%
Abdulaziz Abdullah Al Rashid	3,386,954	1,000	9.87%
Khaled Mohammed Al Soleia	3,386,954	1,000	9.87%
Total	**846,738**	**34,300,000**	**2.47%**

Source: The Company

4-6 Company shares ownership structure before and after the offering

The Company current capital is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares with a value of ten (10) Saudi Riyals per share. Following is the Company share ownership structure before and after the offering.

Table 50: Company Ownership Structure before and after the Offering

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Ownership Percent-age	Indirect Ownership Percent-age	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percent-age
Burooj International Co. Ltd.*	27,646,600	276,466,000	39.50%	0.10%	19,352,020	193,520,200	27.65%	0.07%
Al Zakari Industry and Trading Company	17,279,376	172,793,760	24.68%	-	12,095,262	120,952,620	17.28%	-
Abdulrahman Abdullah Al Moosa and Sons Co.	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Abdullah Saad Al Rashid Company for Trade	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Al Romaizan for Gold and Jewelry Company	6,912,151	69,121,510	9.87%	-	4,838,506	48,385,060	6.91%	-
Moosa Abdullah Moosa Al Ismaeel	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	-
Sulaiman Mohammed Abdullah Al Dawood	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	
Ayman Mohammed Saleh Al Modaifir	877,497	8,774,970	1.25%	-	613,948	6,139,480	0.88%	-
Mohammed Abdulaziz Al Habib**	1,000	10,000	0.001%	7.51%	1,000	10,000	0.001%	5.25%
Abdussalam Abdulrahman Al Aqeel***	1,000	10,000	0.001%	0.13%	1,000	10,000	0.001%	0.09%
Abdulmohsen Mohammed Al Zakari****	1,000	10,000	0.001%	23.20%	1,000	10,000	0.001%	16.24%
Ahmed Abdulrahman Al Moosa*****	1,000	10,000	0.001%	0.75%	1,000	10,000	0.001%	0.53%
Abdulaziz Abdullah Al Rashid	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Ownership Percent-age	Indirect Ownership Percent-age	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percent-age
Khaled Moham-med Al Soleia	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-
Public	-	-	-	-	21,000,000	210,000,000	30.00%	-
Total	**70,000,000**	**700,000,000**	**100.00%**	**31.69%**	**70,000,000**	**700,000,000**	**100.00%**	**22.18%**

Source: The Company

* Indirect shares for Burooj International Company Ltd through its ownership of 5% of the Company that acquired Burooj.

** Indirect Shares of Mohammed Abdulaziz Suleiman Al Habib, through his ownership of 88% interest of the Capital of Mohammed Abdulaziz & Sons Holding Company.

*** Indirect Shares of Abdussalam Abdulrahman A Aqeel, through his ownership of 90% interest of the Capital of Herma National Company.

**** Indirect Shares of Abdulmohsen Mohammed Abdul Kareem Al Zakari, through his ownership of 94% interest of the Capital of Al Zakary Industry and Trading Company.

*** Indirect Shares of Ahmed Abdulrahman Al Moosa, through his ownership of 8% interest of the Capital of Abdul Rahman Abdullah Al Mooosa Holding Company

4-7 Substabtial Shareholders who own five percent (5%) or more of company shares.

The following table shows details of the Company's Substantial Shareholders who own directly five percent (5%) or more of the Company capital

Table 51: Details of Substantial Shareholders who directly own (5%) or more of the Company's Capital

Shareholders	Pre Offering			Post Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	No. of Shares	Par Value (SAR)	Indirect Ownership Percentage
Burooj International Co. Ltd.	27,646,600	276,466,000	39.50%	19,352,020	193,520,200	27.65%
Al Zakari Industry and Trading Company	17,279,376	172,793,760	24.68%	12,095,262	120,952,620	17.28%
Abdulrahman Al Moosa and Sons Company	6,911,151	69,111,510	9.87%	4,837,506	48,375,060	6.91%
Abdullah Saad Al Rashid Co. for Trade	6,911,151	69,111,510	9.87%	4,837,506	48,375,060	6.91%
Al Romaizan for Gold and Jewelry Company	6,912,151	69,121,510	9.87%	4,838,506	48,385,060	6.91%
Total	**65,660,429**	**656,604,290**	**93.80%**	**45,960,800**	**459,608,000**	**65.66%**

Sauce: Company

The following table shows details of Substantial Shareholders who own indirectly five percent (5%) or more of the Company's Capital.

Table 52: Details of Substantial Shareholders who own indirectly five percent (5%) or more of the Company's Capital.

Shareholders	Pre Offering			Post Offering		
	No. of Shares	Par Value (SAR)	Indirect Ownership Percentage	No. of Shares	Par Value (SAR)	Indirect Ownership Percentage
Asalah Holding Company[1]	26,266,170	262,661,700	37.53%	18,386,319	183,863,190	26.27%
Abdulmohsen Mohammed Al Zakari[2]	16,243,553	162,435,530	23.20%	11,370,486	113,704,860	16.24%
Jarir Commercial Development Co.[3]	9,484,714	94,847,140	13.55%	6,639,300	66,393,000	9.49%

Shareholders	Pre Offering			Post Offering		
	No. of Shares	Par Value (SAR)	Indirect Ownership Percentage	No. of Shares	Par Value (SAR)	Indirect Ownership Percentage
Jarir Commercial Investments Co[4]	9,010,478	90,104,780	12.87%	6,307,335	63,073,350	9.01%
Abdulrahman Abdullah Moosa Holding Co.[5]	6,566,543	65,665,430	9.38%	4,596,581	45,965,810	6.56%
Abdullah Saad Al Rashid[6]	6,566,543	65,665,430	9.38%	4,596,581	45,965,810	6.56%
Mohammed bin Abdulaziz Al Habib and Sons Holding Co.[7]	5,972,927	59,729,270	8.53%	4,181,049	41,810,490	5.97%
Dr. Sulaiman bin Abdulaziz Al Habib Co. for Commercial Investment[8]	5,972,927	59,729,270	8.53%	4,181,049	41,810,490	5.97%
Dr. Sulaiman bin Abdulaziz Al Habib[9]	5,972,927	59,729,270	8.10%	3,971,996	39,719,960	5.67%
Mohammed bin Abdulaziz bin Sulaiman Al Habib [10]	5,256,176	52,561,760	7.51%	3,676,323	36,763,230	5.25%

Source: The Company

1- Indirect shares for Asalah Holding Company result from the possession of an equivalent to 95% of the capital of Burooj International Company Ltd.

2- Indirect shares for Abdulmohsen Al Zakari result from the possession of an equivalent to 94% of the capital of Al Zakari Company for Industry and Trade.

3- Indirect shares for Jarir Commercial Development Company result from the possession of an equivalent to 36.11% of the capital of Asalah Holding Company.

4- Indirect shares for Jarir Commercial Investments Company result from the possession of an equivalent to 95% of the capital of Jarir Commercial Development Company.

5- Indirect shares for Abdulrahman Al Moosa Holding Company result from the possession of an equivalent of 95% of the capital of Abdul Rahman Abdulla Al Moosa and Sons.

6- Indirect shares for Abdullah bin Saad Al Rashid result from his possession of an equivalent to 95% of the capital of Abdul Rahman Abdulla Al Moosa and Sons.

7- Indirect shares for Mohammed Abdulaziz Al Habib and Sons Company result from the possession of an equivalent to 22.74% of the capital of Asalah Holding Company.

8- Indirect shares for Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment result from the possession of an equivalent to 22.74% of the capital of Asalah Holding Company.

9- Indirect shares for Dr. Sulaiman bin Abdulaziz Al Habib result from his possession of an equivalent to 95% of the capital of Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment.

10- Indirect shares for Mohammed Abdulaziz bin Sulaiman Al Habib result from his possession of an equivalent to 88% of the capital of Mohammed Abdulaziz Al Habib Holding and Sons Company.

4-8 Overview of Shareholding Companies

4-8-1 Burooj International Company Ltd.

Burooj International Company Ltd. is a limited liability company registered in Riyadh under commercial registration no. 1010216635, dated 29/01/1427H (corresponding to 28/02/2006G) with a capital of five hundred thousand Saudi Riyals (500,000).

The Company business activities include buildings general contracting, buildings maintenance, electrical and mechanical works, commercial services, import and export, third parties marketing, purchase of lands for buildings construction and investment by sale or lease to the benefit of the Company.

Following is the distribution of shares possession in Burooj International Company Ltd.:

Table 53: Ownership Structure of Burooj International Company Ltd.

<table>
<tr><th>Name of Shareholder</th><th>No. of Shares</th><th>Share Value (SAR)</th><th>Total Shares Value (SAR)</th><th>Ownership Percentage in Burooj International Co. Ltd.</th></tr>
<tr><td>Asalah Holding Company is a limited liability Company fully owned by the following: (for more information please refer to table (54)
<table>
<tr><th>Name of Shareholder</th><th>Ownership Percentage</th></tr>
<tr><td>Jarir Property Development Co. (a limited liability Co.)</td><td>36.11%</td></tr>
<tr><td>Mohammed Abdulaziz Al Habib and Sons Holding Co. (a closed joint stock company</td><td>22.74%</td></tr>
<tr><td>Dr. Sulaiman Bind Abdulaziz Company for Commercial Development (a limited liability company)</td><td>%22,74</td></tr>
<tr><td>Saudi Aramco Company for Investment Management (a limited liability company)</td><td>12.00%</td></tr>
<tr><td>Saleh bin Mohammed AL Habib Co. for Commercial Development (a limited liability company)</td><td>3.20%</td></tr>
<tr><td>Abdulaziz bin Mohammed Al Habib Company for Property Development (a limited liability company)</td><td>3.20%</td></tr>
<tr><td>**Total**</td><td>**100**</td></tr>
</table>
</td><td>9,500</td><td>50</td><td>475,000</td><td>95%</td></tr>
<tr><td>Burooj Acquisition Co., a limited liability Co. owned by the following: (for more information, please refer to table 66)
<table>
<tr><th>Name of Shareholder</th><th>Ownership Percentage</th></tr>
<tr><td>Asalah Holding Co.(a limited liability Co.)</td><td>95.00%</td></tr>
<tr><td>Burooj International Company</td><td>5.00%</td></tr>
<tr><td>**Total**</td><td>**100**</td></tr>
</table>
</td><td>500</td><td>50</td><td>25,000</td><td>5%</td></tr>
<tr><td>**Total**</td><td>**10,000**</td><td>**-**</td><td>**500,000**</td><td>**100%**</td></tr>
</table>

Source: The Company

(a)- Asalah Holding Company

Asalah Holding Company is a limited liability company registered in Riyadh under commercial registration no. 1010253572, dated 29/10/1435H (corresponding to 25/08/2014G with a capital of three hundred million Saudi Riyals (SAR 300,000,000).

The Company business activities include buildings general contracting, maintenance of residential and commercial buildings, electrical and mechanical works, third parties import and export services and purchase of lands for buildings construction and investment by sale or lease to the benefit of the Company.

Following is the percentages of shares ownership distribution in Asalah Holding Company:

Table 54: Asalah Holding Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Asalah Holding Company
Jarir Commercial Development Co. (a limited liability Co.)	2,166,384	50	108,319,200	36.11%
Mohammed bin Abdulaziz Al Habib and Sons Holding Co. (a limited liability Co.)	1,364,510	50	68,225,500	22.74%
Dr. Sulaiman bin Abdulaziz Al Habib Co. for Commercial Investment (a limited liability company)	1,364,510	50	68,225,500	22.74%

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Asalah Holding Company
Saudi Aramco Company for Investment Management (a limited liability company) *	720,000	50	36,000,000	12.00%
Saleh bin Mohammed Al Habib Company for Commercial Devel-opment (a limited liability company)	192,298	50	9,614,900	3.2%*
Abdulaziz bin Mohammed Al Habib Company for Property Investment (a limited liability company)	192,298	50	9,614,900	3.2%*
Total	**6,000,000**	**-**	**300,000,000**	**100.00%**

Source: The Company

*100% owned by Saudi Aramco

Jarir Commercial Development Company

Jarir Commercial Development Company is a limited liability company registered in Riyadh under commercial registration no. 1010220301, dated, 18/4/1432H (corresponding to 22/03/2011G) with a capital of five hundred thousand Saudi Riyals (SAR 500,000).

The Company business activities include property management, development and maintenance, purchase and ownership of properties for the benefit of the Company, general contracting for buildings; buildings, roads and dams maintenance, water and sewage works, electrical and mechanical works, establishment, management and maintenance of hospitals, clinics and health facilities.

Following is the percentages of shares ownership distribution in Jarir Commercial Development Company:

Table 55: Jarir Commercial Development Company Ownership Structure

Shareholder Name	No. of Shares	Shares Value in (SAR)	Total Value (SAR)	Ownership Percentage in Jarir Commercial Development Company
Jarir Commercial Investment Company	475	1,000	475,000	95.00%
Herma International Company	5	1,000	5,000	1.00%
Herma Projects Company	5	1,000	5,000	1.00%
Labab Herma Company	5	1,000	5,000	1.00%
Norah National Company	5	1,000	5,000	1.00%
Herma National Company	5	1,000	5,000	1.00%
Total	**500**	**-**	**500,000**	**100.00%**

Source: The Company

Jarir Commercial Investments Company

Jarir Commercial Investments Company is a limited liability company registered in Riyadh under commercial registration non 1010067839, dated 14/04/1408H (corresponding to 06/12/1987G) with a capital of one million Saudi Riyals (SAR 1,000,000).

The Company activities include purchase of lands for buildings construction and investment by sale or lease for the benefit of the Company, general contracting for buildings, maintenance of buildings, roads and dams, water and sewage and water works, electrical and mechanical works, maintenance and repair of electronic and electrical devices, and office machines, computer maintenance and import and marketing for third parties.

Following is the percentages of shares ownership distribution in Jarir Commercial Investment Company

Table 56: Jarir Commercial Investment Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Jarir Commercial Investment Company
Herma International Company	200	1,000	200,000	20.00%
Herma Projects Company	200	1,000	200,000	20.00%
Labab Herma Company	200	1,000	200,000	20.00%
Norah National Company	200	1,000	200,000	20.00%
Herma National Company	200	1,000	200,000	20.00%
Total	**1,000**	**-**	**1,000,000**	**100.00%**

Source: The Company

Herma International Company

Herma International Company is a closed joint stock company registered in Riyadh under commercial registration no. 1010391668, dated23/12/1434H (corresponding to 28/10/2013G) with a capital of two million and four hundred thousand Saudi Riyals (SAR 2,400,000).

The company business activities include property investment via purchase and investment of lands and properties either by lease or sale for the benefit of the Company, management and operation of cities and public and private facilities, architectural, civil, mechanical and electrical contracting, construction and maintenance works, ready-made clothing retail and wholesale trade, electronics, food, fabrics, readymade clothing, and import and export services for third parties.

Following is the percentages of shares ownership distribution in Herma International Company:

Table 57: Herma International Company Ownership Structure

Name of Shareholder	No .of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Herma International Company
Mohammed Abdulrahman Al Aqeel	216,000	10	2,160,000	90.00%
Norah Abdulaziz Naser Al Aqeel	3,000	10	30,000	1.25%
Abdulkareem Mohammed Abdulrahman Al Aqeel	5,250	10	52,500	2.19%
Sara Mohammed Abdulrahman Al Aqeel	2,625	10	26,250	1.09%
Alia Mohammed Abdulrahman Al Aqeel	2,625	10	26,250	1.09%
Mohammed Abdulrahman Al Aqeel	2,625	10	26,250	1.09%
Ghalia Mohammed Abdulrahman Al Aqeel	2,625	10	26,250	1.09%
Abdulrahman Mohammed Abdulrahman Al Aqeel	5,250	10	52,500	2.19%
Total	**240,000**	**-**	**2,400,000**	**100.00%**

Source: The Company

Herma Projects Company

Herma Projects Company is a Saudi closed joint stock company registered in Riyadh under commercial registration no. 1010391707 dated 23/12/1434H (corresponding to 28/10/2013G with a capital of two million and four hundred thousand Saudi Riyals (SAR 2,400,000).

The Company business activities include purchase and investment of lands and properties by lease or sale for the account of the Company, construction works, general contracting, management and operation of cities and public and private facilities, all types of property investment, commercial and health, cleaning and entertainment services, retail sale and whole sale of construction materials, clothes, equipment, food and fabrics.

Following is the percentages of shares ownership distribution in Herma Projects Company:

Table 58: Herma Projects Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Herma Projects Company
Naser Abdulrahman Al Aqeel	216,000	10	2,160,000	90.00%
Al Bandari Barjas Abdulmohsen Abanami	3,000	10	30,000	1.25%
Abdulrahman Naser Al Aqeel	5,250	10	52,500	2.19%
Abdulaziz Naser Abdulrahman Al Aqeel	5,250	10	52,500	2.19%
Mohammed Naser Abdulrahman Al Aqeel	5,250	10	52,500	2.19%
Norah Naser Abdulrahman AL Aqeel	2,625	10	26,250	1.09%
Al Anoud Naser Abdulrahman Al Aqeel	2,625	10	26,250	1.09%
Total	**240,000**	**-**	**2,400,000**	**100.00%**

Source: The Company

Labab Herma Company

Labab Herma Company is a Saudi closed joint stock company registered in Riyadh under commercial registration no. 1010391693 dated 2/12/1434H (corresponding to 28/10/2013G), with a capital of two million and four hundred thousand Saudi Riyal (SAR 2, 400,000).

The Company business activities include purchase and investment of lands and properties by lease or sale for the account of the Company, management and operation of cities and public and private facilities, architectural, civil, mechanical and electrical contracting, construction and maintenance works, ready-made clothing retail sale and wholesale trade, electronics, food, fabrics, readymade clothing, and import and export services for third parties.

Following is the percentages of share ownership distribution in Labab Herma Company

Table 59: Labab Herma Ownership Structure:

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Labab Herma Company
Abdullah Abdulrahman Al Aqeel	216,000	10	2,160,000	90.00%
Al Jawhara Abdulkareem Al Abdulkareem	3,000	10	30,000	1.25%
Mohammed Abdullah Abdulrahman Al Aqeel	3,000	10	30,000	1.25%
Abdulrahman Abdullah Abdulrahman A lAqeel	3,000	10	30,000	1.25%
Naser Abdullah Abdulrahman A lAqeel	3,000	10	30,000	1.25%
Nora Abdullah Abdulrahman Al Aqeel	3,000	10	30,000	1.25%
Ahmed Abdulrahman Al Aqeel	3,000	10	30,000	1.25%
Abdulkareem Abdullah Abdulrahman Al Aqeel	3,000	10	30,000	1.25%
Abdussalam Abdullah Abdulrahman Al Aqeel	3,000	10	30,000	1.25%
Total	**240,000**	**-**	**2,400,000**	**100.00%**

Source: The Company

Nora National Company

Norah National Company is a closed Saudi joint stock company registered in Riyadh under commercial registration no. 1010391702, dated 23/12/1434H (corresponding to 28/10/2013G) with a capital of two million and four hundred thousand Saudi Riyals (SAR 2,400,000).

The Company business activities include property investment via purchase and investment of lands and properties by lease or sale for the account of the Company, management and operation of cities and public and private facilities, architectural, civil, mechanical and electrical contracting, construction and maintenance works, retails sale and wholesale of ready-made clothing, electronics, food, fabrics, ready-made clothing, import and export services for third parties.

Following is the percentages of shares ownership distribution in Nora National Company:

Table 60: Nora National Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Nora National Company
Abdulkareem bin Abdulrahman Al Aqeel	216,000	10	2,160,000	90.00%
Maha Hamed Abdullah Al Qahtani	4,800	10	48,000	2.00%
Abdulrahman Abdulkareem Al Aqeel	4,800	10	48,000	2.00%
Mohammed Abdulkareem Abdulrahman Al Aqeel	4,800	10	48,000	2.00%
Nora Abdulkareem Abdulrahman Al Aqeel	4,800	10	48,000	2.00%
Abeer Abdulkareem Abdulrahman Al Aqeel	4,800	10	48,000	2.00%
Total	**240,000**	**-**	**2,400,000**	**100.00%**

Source: The Company

Herma National Company

Herma National Company is a Saudi closed joint stock company registered in Riyadh under commercial registration no. 1010392044, dated 25/12/1434H (corresponding to 30/10/2013G), with a capital of two million and four hundred thousand Saudi Riyals (SAR 2,400,000).

The Company business activities include purchase and investment of lands and properties via lease or sale for the account of the Company, management and operation of cities and public and private facilities, architectural, civil, mechanical and electrical contracting, construction and maintenance works, retail sale and whole sale trade of ready-made clothing, electronics, food, fabrics, ready-made clothing, import and export services to third parties.

Following is the percentages of shares ownership distribution in Herma National Company

Table 61: Herma National Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Herma National Company
Abdussalam Abdulrahman Al Aqeel	216,000	10	2,160,000	90.00%
Wafa Barjas Abdulmohsen Abanami	3,000	10	30,000	1.25%
Orayb Abdussalam Al Aqeel	7,000	10	70,000	2.92%
Rasees Abdussalam Al Aqeel	7,000	10	70,000	2.92%
Samaher Abdussalam Al Aqeel	7,000	10	70,000	2.92%
Total	**240,000**	**-**	**2,400,000**	**100.00%**

Source: The Company

Mohammed Abdulaziz Al Habib and Sons Holding Company

Mohammed Abdulaziz Al Habib and Sons Holding Company is closed joint stock company registered in Riyadh under commercial registration no. 1010245272 dated 25/021434H (corresponding to 07/01/2013G), with a capital of three hundred and thirty million Saudi Riyals (SAR 330,000,000).

The Company business activities include possession, development, construction, management and investment of lands and properties via sale or lease to the benefit of the Company, construction, development and management, investment, operation and maintenance of commercial housing, industrial, agriculture and touristic projects and centers, entertainment cities, public parks, hospitals and medical centers and partnership in companies in a percentage that enables it to take control of them.

Following is the percentages of share ownership distribution in Mohammed Abdulaziz Al Habib and Sons Holding Company

Table 62: Mohammed Abddulaziz Al Habib and Sons Holding ownership structure:

Shareholder Name	No. of in-Kind Shares	No. of Cash Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Mohammed Abdulaziz Al Habib and Sons Holding Company
Mohammed bin Abdulaziz bin Sulaiman Al Habib	26,865,000	2,175,000	10	290,400,000	88.00%
Abdulaziz bin Mohammed bin Abdulaziz bin Sulaiman Al Habib	330,000	-	10	3,300,000	1.00%
Saleh bin Mohammed bin Abdulaziz Al Habib	330,000	-	10	3,300,000	1.00%
Moneera Bint Abdulrahman bin Abdullah Al Ouda	330,000	-	10	3,300,000	1.00%
Fatmeh bin Abdulaziz bin Ali Al Toweijri	330,000	-	10	3,300,000	1.00%
Zaid bin Mohammed bin Abdulaziz bin Sulaiman Al Habib	330,000	-	10	3,300,000	1.00%
Abdullah bin Mohammed bin Abdulaziz bin Sulaiman Al Habib	330,000	-	10	3,300,000	1.00%
Khawla Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Hajer bin Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Hasan bin Mohammed bin Abdulaziz bin Sulaiman Al Habib	330,000	-	10	3,300,000	1.00%
Al Hanouf Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Al Batoul Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Salma Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Reem Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Sara Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Bothayna Bint Mohammed bin Abdulaziz bin Sulaiman Al Habib	165,000	-	10	1,650,000	0.50%
Najla Bint Mohammed bin Abdulaziz Al Habib	165,000	-	10	1,650,000	0.50%
Saja bin Mohammed bin Abdulaziz Al Habib	165,000	-	10	1,650,000	0.50%
Total	**30,825,000**	**2,175,000**	**-**	**330,000,000**	**100.00%**

Source: The Company

Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment

Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment is a limited liability company registered in Riyadh under commercial registration no. 1010229393 dated 28/06/1434H (corresponding to 08/05/2013G) with a capital of five hundred thousand Saudi Riyals (SAR 500,000).

The Company business activities include whole sale and retail sale of medical and surgical equipment, medical equipment, hospital supplies, management and maintenance of hospitals and medical centers, possession of lands and land building construction and investment via sale or lease to the benefit of the Company.

Following is the percentages of shares ownership distribution in Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment:

Table 63: Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment Ownership Structure

Name of Shareholder	No. of Shares	Value of Share (SAR)	Total Value (SAR)	Ownership Percentage in Dr. Sulaiman bin Abdulaziz Al Habib Company for Commercial Investment
Dr. Sulaiman bin Abdulaziz Al Habib	475	1000	475,000	95.00%
Ghada Bint Sulaiman bin Abdulaziz al Habib	25	1000	25,000	5.00%
Total	**500**	**-**	**500,000**	**100.00%**

Source: The Company

Saleh bin Mohammed al Habib Company for Commercial Development

Saleh bin Mohammed al Habib Company for Commercial Development is a limited liability company registered in Riyadh under commercial registration no. 1010420755dated 10/10/1435H (corresponding to 06/08/2014G) with a capital of fifty thousand Saudi Riyals (SAR 50,000).

The Company business activities include land purchase, possession and construction of buildings; development, management and investment of the same via sale or lease to the benefit of the Company; construction, development and management of residential, commercial and industrial centers and projects; entertainment cities and public park; construction and maintenance of hospitals and medical centers and sports cities.

Following is the percentages of shares ownership distribution in Saleh bin Mohamed Al Habib for Commercial Development:

Table 64: Saleh bin Mohammed Al Habib Company for Commercial Development Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR	Ownership Percentage in Saleh bin Mohammed Al Habib Company for Commercial Development
Saleh bin Mohammed bin Abdulaziz Al Habib	4,950	10	49,500	99.00%
Sultan bin Saleh bin Mohammed Al Habib	50	10	500	1.00%
Total	**5,000**	**-**	**50,000**	**100.00%**

Source: The Company

Abdulaziz bin Mohammed Al Habib Company for Real Estate Investment

Abdulaziz bin Mohammed Al Habib Company for Real Estate Investment is a limited liability company registered in Riyadh under commercial registration no. 1010420756 dated 15/10/1435H (corresponding to 11/08/2014G) with a capital of fifty thousand Saudi Riyals (SAR 50,000).

The Company business activities include land purchase, possession and construction of buildings; development, management and investment of the same via sale or lease to the benefit of the Company; construction, development and management of residential, commercial and industrial centers and projects, entertainment cities and public parks; construction and maintenance of hospitals and medical centers and sports cities.

Following is the percentages of share ownership distribution in Abdulaziz bin Mohammed Al Habib Company for Real Estate Investment:

Table 65: Abdulaziz bin Mohammed Al Habib Company for Real Estate Investment Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulaziz bin Mohammed Al Habib Company for Real Estate Development
Abdulaziz bin Mohammed bin Abdulaziz Al Habib	4,825	10	48,250	96.50%
Mohammed bin Abdulaziz bin Mohammed Al Habib	50	10	500	1.00%
Fawaz Bib Abdulaziz bin Mohammed Al Habib	50	10	500	1.00%
Bassam bin Abdulaziz bin Mohammed Al Habib	50	10	500	1.00%
Dima Bint Abdulaziz bin Mohammed Al Habib	25	10	250	0.50%
Total	**5,000**	**-**	**50,000**	**100.00%**

Source: The Company

(a)- Burooj Acquisition Company

Burooj Acquisition Company is a limited liability company registered in Riyadh under commercial registration no. 1010400539 dated 04/03/1435H (corresponding to 05/01/2014G) with a capital of five hundred thousand Saudi Riyals (SAR 500,000).

The Company business activities include general contracting for buildings, maintenance of buildings, electrical and mechanical works, commercial services, import, export and marketing for third parties, purchase of lands for the construction of buildings and investment of the same via sale or lease to the benefit of the Company.

Following is the percentages of shares ownership distribution in Burooj Acquisition Company:

Table 66: Burooj Acquisition Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Burooj Acquisition Company
Asalah Holding Company	9,500	50	475,000	95.00%
Burooj International Company Ltd.	500	50	25,000	5.00%
Total	**10,000**	**-**	**500,000**	**100.00%**

Source: The Company

4-8-2 Al Zakari Industry and Trading Company

Al Zakari Industry and Trading Company is a limited liability company registered in Riyadh under commercial registration no 10100332276 dated 23/10/1400H (corresponding to (04/09/1980G, with a capital of five hundred thousand Saudi Riyals (SAR 500,000).

The Company activities include land purchase, development, construction of buildings and investment the same via sale, installment sale or lease to the benefit of the Company, general contracting for buildings, buildings and commercial and residential compounds cleaning and maintenance, whole sale trade of industrial equipment, building materials, food, carpets, sanitary and electrical tools, computers and computer maintenance.

Following is the percentages of share ownership distribution in Al Zakari Industry and Trading Company

Table 67: Al Zakari Industry and Trading Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Al Zakari Industry and Trading Company
Abdulmohsen Mohammed Al Zakari	9,400	50	470,000	94.00%
Mohammed Abdulmohsen Al Zakari	100	50	5,000	1.00%
Faisal Abdulmohsen Al Zakari	100	50	5,000	1.00%
Zeyad Abdulmohsen Al Zakari	100	50	5,000	1.00%
Maryem Naser Al Zakari	100	50	5,000	1.00%
Arwa Abdulmohsen Al Zakari	100	50	5,000	1.00%
Al Jawhara Abdulmohsen Al Zakari	100	50	5,000	1.00%
Total	**10,000**	**-**	**500,000**	**100.00%**

Source: The Company

4-8-3 Abdulrahman bin Abdullah Moosa and Sons Company

Abdulrahman Abdullah Moosa and Sons Company is a Saudi closed joint stock company registered in Riyadh under commercial registration no. 1010173923 dated 22/11/1422H (corresponding to 05/02/2002G) with a capital of two hundred million Saudi Riyals (SAR 200,000,000).

The Company business activities include general contracting for buildings, installation and maintenance of elevators, metal construction works, management and operation of hospitals and medical centers, maintenance of roads, tunnels and water and sewage systems facilities, irrigation and sewage works, telephone networks, operations and maintenance of telegraphs and electrical facilities, cooling and storage warehouses, ports, airports; sell, purchase and renting of properties for the benefit of the Company, and marketing services for third parties.

Following is the percentages of shares ownership distribution in Abdulrahman Abdullah Al Moosa Holding Company

Table 68: Abdulrahman Abdullah Al Moosa Holding Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulrahman Abdullah Al Moosa and Sons Company
Abdulrahman Abdullah Al Moosa Holding Company	19,000,000	10	190,000,000	95.00%
Agricultural Axis Company Ltd	400,000	10	4,000,000	2.00%
Abdulrahman Abdullah Al Moosa and Partner Company for Trade	200,000	10	2,000,000	1.00%
Abdulrahman Abdullah Al Moosa and Partner Company for Maintenance and Operation	200,000	10	2,000,000	1.00%
Abdulrahman Abdullah Al Moosa Partner Company for Contracting	200,000	10	2,000,000	1.00%
Total	**20,000,000**	**-**	**200,000,000**	**100.00%**

Source: The Company

Abdulrahman Abdullah Al Moosa Holding Company

Abdulrahman Abdullah Al Moosa Holding Company is a closed joint stock company registered in Riyadh under commercial registration no. 1010234997 dated 12/06/1428H (corresponding to 28/06/2007G) with a capital of two hundred million Saudi Riyals (SAR 200,000,000).

The Company business activities include controlling percentage partnership in other companies, sell and purchase and development of residential lands and real estates and selling the same in cash or installment for the benefit of the Company, construction of housing, commercial, industrial and educational buildings, renting and selling the same in cash or installment; renting of all types of real estates from third parties and investment of the same for the benefit of the Company; establishment, selling and purchase and maintenance of recreational and touristic facilities or renting the same to third parties for the benefit of the Company

Following is the percentages of shares ownership distribution Abdulrahman Abdullah Al Moosa Holding Company:

Table 69: Abdulrahman Abdullah Al Moosa Holding Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulrahman Abdullah Al Moosa Holding Company
Abdulrahman Abdullah Hamad Al Moosa	10,000,000	10	100,000,000	50.00%
Abdullah Abdulrahman Abdullah Al Moosa	1,600,000	10	16,000,000	8.00%
Ahmed Abdulrahman Abdullah Al Moosa	1,600,000	10	16,000,000	8.00%
Waleed Abdulrahman Abdullah Al Moosa	1,600,000	10	16,000,000	8.00%
Osama Abdulrahman Abdullah Al Moosa	1,600,000	10	16,000,000	8.00%
Maryem Ahmed Al Barrak	1,200,000	10	12,000,000	6.00%
Ameera Abdulrahman Abdullah Al Moosa	800,000	10	8,000,000	4.00%
Heyam Abdulrahman Abdullah Al Moosa	800,000	10	8,000,000	4.00%
Abeer Abdulrahman Abdullah Al Moosa	800,000	10	8,000,000	4.00%
Total	**20,000,000**	**-**	**200,000,000**	**100.00%**

Source: The Company

Agricultural Axis Company Ltd.

Agricultural Axis Company Ltd. is a limited liability company registered in Riyadh under commercial registration no. 1010340829 dated 17/11/1428H (corresponding to 27/11/2007G) with a capital of two million Saudi Riyals (SAR 2,000,000).

The Company business activities include whole sale and retailer sale of dates, vegetables, agricultural machines and equipment.

Following is the percentages of shares ownership distribution in the Agricultural Axis Company Ltd.

Table 70: Agricultural Axis Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Agricultural Axis Company
Abdulrahman Abdullah Al Moussa Holding Company	198,000	10	1,980,000	99.00%
Abdulrahman Abdullah Al Moussa and Partner Company for Trade	2,000	10	20,000	1.00%
Total	**200,000**	**-**	**2,000,000**	**100.00%**

Source: The Company

Abdulrahman Abdullah Al Moussa and Partner Company for Trade

Abdulrahman Abdullah Al Moussa and Partner and Partner Company for Trade is a limited liability company registered in Riyadh under commercial registration no. 1010272759 dated 25/08/130H (corresponding to 23/12/2008G) with a capital of one hundred thousand Saudi Riyals (SAR 100,000).

The Company business activities include general contracting for buildings, metal construction works, maintenance, cleaning, operation and restoration of housing and commercial buildings, gypsum, decoration, marble works, trade, metal works, carpentry, glass and mirrors, water and sewage works, whole sale and retail sale of construction materials, electrical and electronic equipment, plumbing materials, fishing, sanitary materials, food, meat, cheese, ready-made clothing and shoes.

Following is the percentage of share ownership distribution in Abdulrahman Abdullah Al Moussa and Partner Company for Trade:

Table 71: Abdulrahman Abdullah Al Moussa and Partner Company for Trade Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulrahman Abdullah Al Moussa and Partner Company for Trade
Abdulrahman Abdullah Al Moussa Holding Company	990	100	99,000	99.00%
Agricultural Axis Company Ltd.	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company

Abdulrahman Abdullah Al Moussa and Partner Company for Maintenance and Operation

Abdulrahman Abdullah Al Moussa and Partner Company for Maintenance and Operation is a limited liability company registered in Riyadh under commercial registration no. 1010273219 dated 02/09/1430H (corresponding to 30/11/2008G) with a capital of one hundred thousand Saudi Riyals (SAR 100,000).

The Company business activities include general contracting for buildings, metal construction works, housing and commercial buildings maintenance, cleaning, operation and restoration, gypsum works, decorations, marble, metal works, glass and mirrors, water and sewage works, whole sale and retail sale of construction materials, electrical and electronic equipment and plumbing materials.

Following is the percentages of share ownership distribution in Abdulrahman Abdullah Al Moosa and Partner Company for Maintenance and Operation:

Table 72: Abdulrahman Abdullah Al Moosa and Partner Company for Maintenance and Operation Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulrahman Abdullah Al Moosa and Partner Company for Maintenance and Operation
Abdulrahman Abdullah Al Moosa Holding Company	990	100	99,000	99.00%
Agricultural Axis Company Ltd.	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company

Abdulrahman Abdullah Al Moosa and Partner Company for Contracting

Abdulrahman Abdullah Al Moosa and Partner Company for Contracting is a limited liability company registered in Riyadh under commercial registration no. 1010273225 dated 02/09/1430H (corresponding to 30/11/2008G) with a capital of one hundred thousand Saudi Riyals (SAR 100,000).

The Company business activities include general contracting for buildings, metal construction works, housing and commercial buildings maintenance, cleaning, operation and restoration, gypsum works, decoration, marble, metal works, carpentry, glass, mirrors, work and sewage works, whole sale and retail sale of construction materials, electrical and electronic equipment, plumbing materials and sanitary materials.

Following is the percentages of share ownership distribution in Abdulrahman Abdullah Al Moosa and Partner Company for Contracting:

Table 73: Abdulrahman Abdullah Al Moosa and Partner Company for Contracting Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdulrahman Abdullah Al Moosa and Partner Company for Contracting
Abdulrahman Abdullah Al Moosa Holding Company	990	100	99,000	99.00%
Agricultural Axis Company Ltd.	10	100	1,000	1.00%
Total	**1,000**	**-**	**100,000**	**100.00%**

Source: The Company

4-8-4 Abdulla bin Saad Al Rashid Company for Trade

Abdulla bin Saad Al Rashid Company for Trade is a limited liability company registered in Riyadh under commercial registration no. 1010137017 dated 05/03/1416H (corresponding to 02/08/1995G) with a capital of two million Saudi Riyals (SAR 2,000,000).

The Company business activities include whole sale and retail sale of construction materials, electrical materials, sanitary materials, office and house furniture, decorations, establishment of agricultural projects, marketing, import and export, purchase of lands for construction of buildings and lease of the same to the benefit of the Company and establishment, maintenance and operation of recreational centers.

Following is the percentages of shares ownership distribution in Abdul Rahman Abdulla Al Moosa and Sons:

Table 74: Abdul Rahman Abdulla Al Moosa and Sons Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Abdul Rahman Abdulla Al Moosa and Sons
Abdullah bin Saad bin Abdulrahman Al Rashid	1,900	1,000	1,900,000	95.00%
Haya Ali Abdulrahman Al Rashid	100	1,000	100,000	5.00%
Total	**2,000**	**-**	**2,000,000**	**100.00%**

Source: The Company

4-8-5 Al Romaizan for Gold and Jewelry Company

Al Romaizan for Gold and Jewelry Company is a Saudi closed joint stock company registered in Riyadh under commercial registration non 1010052667 dated 28/03/1404H (corresponding to 02/01/1984) with a capital of two hundred million Saudi Riyals (SAR 200,000,00000).

The Company business activities include import and export of gold and Jewelry, precious stones, whole sale and retail sale and purchase of gold and Jewelry, diamond refining and precious and semi-precious stones and purchase of lands for the Company. The Company may also exercise commercial services in line with its business activity.

Following is the percentages of shares ownership distribution in Al Romaizan for Gold and Jewelry Company:

Tale 75: Al Romaizan for Gold and Jewelry Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Al Romaizan for Gold and Jewelry Company
Mohammed bin Abdulaziz bin Rashid Al Romaizan	1,200,000	50	60,000,000	30.00%
Saleh bin Abdulaziz bin Rashid Al Romaizan	1,200,000	50	60,000,000	30.00%
Abdullah bin Mohammed bin Abdulaziz Al Romaizan	800,000	50	40,000,000	20.00%
Rashid bin Mohammed bin Abdulaziz Al Romaizan	160,000	50	8,000,000	4.00%
Abdulaziz bin Saleh bin Abdulaziz Al Romaizan	80,000	50	4,000,000	2.00%
Waleed bin Saleh bin Abdulaziz Al Romaizan	80,000	50	4,000,000	2.00%
Romaizan bin Saleh bin Abdulaziz Al Romaizan	80,000	50	4,000,000	2.00%
Abdulrahman bin Saleh bin Abdulaziz Al Romaizan	80,000	50	4,000,000	2.00%
Jawaher bin Saleh bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Al Bandari Mohammed bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Nawal Mohammed bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Fawziah Saleh bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Huda Saleh bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Madawi Saleh bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Maram Mohammed bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Moody Mohammed bin Abdulaziz Al Romaizan	40,000	50	2,000,000	1.00%
Total	**4,000,000**	**-**	**200,000,000**	**100.00%**

Source: The Company

4-9 Alandalus Property Company Investments

The Company invests in sister companies, in which it possesses between 25% and 50% of capitals of such companies. Although the Company possesses 50% of the Advance Markets Company, it has been classified as an affiliate (sister Company) rather than a subsidiary, since the Company (per accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA)) has a significant influence that does not rise to the level of control. Accordingly, the Company registers its investment in Advanced Markets Company in the equity method of accounting.

4-9-1 Advanced Markets Company

Advanced Markets Company is a limited liability company registered in Riyadh under commercial registration no. 1010239800, dated 25/10/1428H (corresponding to 06/11/2007G). The main business activity of the Company includes general contracting and maintenance of buildings, electrical and mechanical works, commercial services as well as purchase of lands for construction of buildings for investment via sale or lease for the benefit of the Company.

The purpose of Alandalus Property Company from the investment in the said company is to possess Dareen Mall in Dammam (for more details, please refer to company activities paragraph in this section). The Advanced Markets Company as the legal owner of Dareen Mall signs all the contracts necessary for the management, operation and lease of the said mall by the operator. (For more details, please refer to legal information section of this Prospectus).

Table 76: Advanced Markets Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Advanced Markets Company
Alandalus Property Company	5,000	50	250,000	50.00%
Burooj International Company	5,000	50	250,000	50.00%
Total	**10,000**	**-**	**500,000**	**100.00%**

Source: The Company

4-9-2 Hayat Real Estate Company

Hayat Real Estate Company is a closed joint stock company registered in Riyadh under commercial registration no. 1010266057 dated 17/04/1430H (corresponding to 13/04/2009G). The main business activity of the Company construction, possession and management of commercial and residential centers and malls, general contracting for residential and commercial buildings, educational, recreational and health facilities, roads and dams, water and sewage projects, electrical and mechanical works, maintenance and operation of real estate facilities and malls; possession, development and investment of lands and real estates for the benefit of the Company in line with its business goals.

The purpose of Alandalus Property Company from the investment in the said company is to found a legal entity that represents Hayat Mall owners in Riyadh. (for more details, please refer to company activities paragraph in this section). Hayat Property Company as the representative of the owners of Hayat Mall signs all the contracts necessary for the management, operation and lease of the said mall by the operator. (For more details, please refer to legal information section of this Prospectus).

Table 77: Hayat Real Estate Company Ownership Structure

Name of Shareholder	No. of Shares	Par Value (SAR)	Total Value (SAR)	Ownership Percentage in Hayat Real Estate Company
Alandalus Property Company	125,000	10	1,250,000	25.00%
Abdullah Saad Al Rashid and Sons Company	250,000	10	2,500,000	50.00%
Heirs of Abdulaziz Abdullah Al Moosa	125,000	10	1,250,000	25.00%
Total	**500,000**	**-**	**5,000,000**	**100.00%**

Source: The Company

It is worth mentioning that the deed (SUK) of Hayat Mall, which includes details of the property, including its land and building, which consists of a basement and two floors (ground floor and first floor) is registered in the names of the partners who own Hayat Real Estate Company as to the percentages of their ownership in Hayat Mall. Namely, they are Alandalus Property Company (25%), Abdullah Saad Al Rashid and Sons Company (50%) and the heir of Abdulaziz Abdullah Al Moosa (25%).

In 2008G, the Company acquired 50% of Hayat Mall in the amount of SAR 390 million in addition to the Company share, which equals 50% of the brokerage value estimated in the amount of SAR 7.5 million. The total deal value was SAR 397.5 million, which resulted in goodwill value of SAR 191.5 million at the time of purchase of the asset. This equals 50% of the Company share in Hayat Mall as a result of deal value difference of 50% of the value of the asset (land and building) which is SAR 206 million. The goodwill value registered currently in the Company financial statements is SAR 95.75 million. (The current company share in Hayat Mall is 25%).

The cost of the Company share, which was acquired and estimated by 50% of Hayat Mall, was SAR 397.5 million financed as follows:

1. SAE 170 million as self-financing from company operations including temporary financing from shareholders in the amount of SAR 130.
2. SAR 220 million as a bank financing to be settled in ten years period.

The valuation was based on a return on investment of 9%. The deal was estimated with a 11.1 times price earnings ratio via Alandalus Property Company and in agreement between the buyers: Alandalus Property Company (50%), Abdullah Saad Abdulrahman Al Rashid (25%) Abdulaziz Abdullah Hamad Al Moosa (25%) and the sellers: Abdullah Sulaiman Al Rajhi and Mohammed Abdulaziz Al Habib. The following was taken into consideration:

1. The strategic importance of the mall as the biggest owned mall in Riyadh at that time.
2. Valuation of the renting relatively low renting prices, which can be increased.

In 2010G, the Company sold 25% of Hayat Mall center representing 50% of its interest to Abdullah Saad Abdulrahman Al Rashid in the amount of SAR 250 million against the purchase cost of SAR 195 million representing the acquisition cost in 2008G (50% of SAR 397,5 million) and the period income which exceeded SAR 30 million for the period 2008G to 2010G. Consequently, the Company has achieved a return on investment that exceeded 40%. The purpose of sale was to achieve a capital return, payment of Company temporary financing from shareholders, while the Company has maintained its strategic share of 25% in the Mall.

It is worth mentioning that on the first of January 2015G, Hayat Property Ownership Structure was amended to be in agreement with ownership structure of Hayat Mall, which the Company possesses 25% of its shares. Under the Hayat Real Estate Company partners resolution on 2 January 2015G, the partners as the only owners of Hayat Real Estate Company and Hayat Mall decided unanimously to activate the role of Hayat Real Estate Company as of the first of January 2015G and stop working on issuing budgets for the Mall as of the first of January 2015G. While the budgets will be issued for Hayat Possession Company, the legal instrument (deed) will remain in the names of the partners possessing Hayat Real Estate Company as to the same percentages they own in Hayat Mall.

Consequently, the Company has owned 25% of Hayat Real Estate Company. The return on investment in Hayat Real Estate Company was classified as part of the returns of investment in property associate companies as of the first of January 2015G. (For more details, please refer to section (6) “Management Discussion and Analysis of the Company financial position “paragraph 6-7-4).

4-9-3 Hamat Real Estate Company

Hamat Real Estate Company is a limited liability company registered in Riyadh under commercial registration no. 1010272755 dated 25/08/1430H (corresponding to 16/08/2009G). The main business activity of the Company includes possession and purchase of properties for the benefit of the Company, purchase of lands for construction of buildings and investment of the same via sale or lease for the benefit of the Company, construction, operation, maintenance and cleaning of residential buildings and malls and residential centers, cities cleaning, general constructions contracting for residential and commercial buildings, mall and governmental centers; civil, architectural, electrical and electronic works and trading of construction materials.

In 2012G, Alandalus Property Company purchased a share of 33.40% of the capital of Hamat Real Estate Company and invested SAR 44,434,383. The deal was evaluated internally by Alandalus Property and in agreement between the buyer (Alandalus Property Company) and the sellers Asalah Holding Company, Burooj International Company (relevant parties) on the basis of 11 times profit multiplier. The Company share of profits will be calculated as of 01/10/2012G. The deal was financed via the operational activity of the Company.

As a result of the said selling, Asalah Holding Company and Burooj International Company Ltd. waived 142 and 25 shares of their total shares consecutively for the benefit of Alandalus Property Company. Accordingly, the Company capital of five hundred thousand Saudi Riyals (SAR 500,000) has been divided to partners as follows:

Table 78: Hamat Property Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Hamat Real Estate Company
Asalah Holding Company	333	10	3,330	66.60%
Alandalus Property Company	167	10	1,670	33.40%
Total	**500**	**10**	**5,000**	**100.00%**

Source: The Company

The purpose of Alandalus Property Company investment in Hamat Real Estate Company is to avail from the growth this company has attained in the operation of other malls for developers other than Alandalus Property Company.

Hamat Real Estate Company, manages all its malls through the provision of services for management, operation and lease of all malls of Alandalus Property Company in addition to other third party owned malls in several areas of the Kingdom. The role of the operator is as follows”

- Management by setting up the strategic goals for the management of malls and plans and mechanisms to implement such goals.
- Lease services include preparing the annual detailed leasing plan; applying the leasing policy; implementing the leasing plan; exerting efforts required to lease leasable units, delivering units to lessees; assisting in the preparation and completion of leasing documents in cooperation with the legal advisor and responding to the inquiries of all potential lessees. In addition, Hamat Real Estate Company provides advisory services that include architectural designs consultations, review of market studies, preparing lessees mix plan, leasing policies, rental estimate, assisting in and supervising preparation of newsletter that shows the leasing details and prices as well as the promotional materials for distribution to interested parties.
- Operation through providing of cleaning and security companies proposals and submitting them to the Company for selection as deemed appropriate.

The number of current malls operated by Hamat 18 malls with the intention to operate 9 malls in the future as shown in the following tables:

Table 79: Commercial Centers Currently Managed by Hamat Real Estate Company

Current Malls		
S	Mall Name	Leasable Space (square meters)
1	Amwaj Mall – Dahran	98,000
2	Alandalus Mall – Jeddah	86,635
3	Aseer Mall – Abha	37,000
4	Dareen Mall – Dammam	41,355
5	Hayat Mall – Riyadh	88,199
6	Kadi Mall – Jizan	37,000
7	Al Manar Plaza – Al Madinah	38,000
8	Panorama Mall – Riyadh	82,878
9	Al Reem Center – Riyadh	26,000
10	Alia Plaza – Riyadh	22,000
11	Sahafa Center – Riyadh	7,342
12	Tilal Center – Riyadh	5,064
13	Al Yarmouk Center	5,457
14	Azan Plaza – Sabya	24,095
15	Mouj Plaza – Jeddah	19,326
16	Flamingo Mall – Jeddah	62,000
17	Al Houya Mall – Taif	60,000
18	Tabuk Park Mall	67,534
	Total	**807,885**

Source: The Company

Table 80: Commercial Centers and Malls under development and will be managed by Hamat Company

Centers under Development			
S	Name of Center	Leasable Space (square meter)	Expected Opening Date
1	Al Hamra Plaza – Riyadh	3,506	Second Quarter – 2016G
2	University Mall – Hail	26,000	Second Quarter – 2016G
3	Al Baha Mall – Al Baha	41,096	Second Quarter – 2016G
4	Gallery Mall – Tabuk	35,726	Second Quarter – 2016G
5	Jarir Plaza – Riyadh	10,067	Fourth Quarter – 2015G
6	Riyadh Park Mall – Riyadh	95,000	Third Quarter – 2016G
7	Robin Plaza – Riyadh	22,521	Fourth Quarter – 2016G
8	Panorama Mall – Jeddah	120,000	Fourth Quarter – 2020G
9	Prince Majed Road Center – Jeddah	9,000	Third Quarter – 2017G
	Total	**362,916**	**-**

Source: The Company

4-9-4 Sorouh El Marakez Company

Sorouh El Marakez Company is a limited liability company registered in Riyadh under commercial registration no. 1010418671 dated 28/08/1435H (corresponding to 66/06/2014G). The main business activity of the Company includes establishing commercial and industrial projects, operation of commercial centers, import and export services for third parties, purchase of lands for the construction of buildings and investment of the same via sale or lease for the benefit of the Company; management, maintenance and development of property; purchase and possession of property for the benefit of the Company and purchase and utilization of properties and lands for the benefit of the Company. The Company capital is five hundred thousand Saudi Riyals (SAR 500,000). The purpose of Alandalus Property Company of investment in Sorouh Al Makarez Company is to own Panorama Mall, Jeddah.

On 17/04/2014G, the Company has participated with 25% in the incorporation of Sorouh El Marakez Company. The Company provided a land that worth SAR 48,591,406 as in-kind share in a percentage equal to its share in its capital. Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment and Asalah Holding Company provided lands that worth SAR 97,182,812 and SAR 48,673,321 consecutively in exchange of in-kind shares in the capital. The total cost of the lands owned by Sorouh Al Marakez was SAR 194,447,539 registered as a reserve capital in the financial statements of Sorouh El Marakez Company, including the commission value for Mohammed Abdulaziz al Habib and Partners Company for Real Estate Investment, which was SAR 9,447,539. The following table shows Sorouh Al Marakez Ownership Structure. For more information, please refer to the paragraph 4-14 "Future Project and Plans" of this section.

Table 81: Sorouh El Marakez Company Ownership Structure

Name of Shareholder	No. of Shares	Share Value (SAR)	Total Value (SAR)	Ownership Percentage in Sorouh El Marakez Company
Mohammed bin Abdulaziz Al Habib and Partners Company for Real Estate Investment	5000	50	250,000	50%
Alandalus Property Company	2500	50	125,000	25%
Asalah Holding Company	2500	50	125,000	25%
Total	**10,000**	**50**	**500,000**	**100%**

Source: The Company

Table 82: Sorouh Al Marakez in-Kind Shares Ownership Structure

Name of Shareholder	In-Kind Share Value (SAR)
Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment	97,182,812
Alandalus Property Company	48,591,406
Aslah Holding Company	48,673,321
Total	**194,447,539**

Source: The Company

The land is located in Al Sawari Quarter in Jeddah for the purpose of construction of Panorama Mall. (For more details, please refer to sub-section, 4-10 (company activities) of this section). The land cost registered in the legal deed (SUK) is SAR 185,000,000. While Mohammed bin Abdulaziz Al Habib and Partners Company for Real Estate Investment has contributed to 50% that equals SAR 92,500,000, Alandalus Property Company and Burooj International Company have contributed to 25% that equals SAR 46,250,000 consecutively. It is worth mentioning that the land is undergoing transfer to the benefit of Sorouh El Marakez Company. The land legal deed (SUK) will be transferred in favor of Sorouh El Marakez Company during the fourth quarter of 2016G.

Table 83: Details of Jeddah Panorama Mall Land Ownership

Name of Shareholder	Land Contribution Value (SAR)	Ownership Percentage in Panorama Land
Mohammed Abdulaziz Al Habib and Partners Company for Real Estate Investment	92,500,000	50.00%
Alandalus Property Company	46,250,000	25.00%
Burooj International Company	46,250,000	25.00%
Total	**185,000,000**	**100.00%**

Source: The Company

4-10 Company Activities

Alandalus Property Company depends on investment in real estate activities related to income generating retail sector, such as commercial centers and strip malls. The Company developed three (3) commercial centers in various ownership percentages as follows:

- A commercial center under the commercial name (Alandalus Mall) in Jeddah, which is 100% owned by the Company.
- A commercial center under the commercial name (Hayat Mall) in Riyadh, in which the Company owns 25%.
- A commercial name under the commercial name (Dareen Mall) in Dammam, in which the Company owns 50%.

In addition to the above commercial centers, the Company developed three (3) strip malls with 100% ownership to the Company. The said malls are constructed on leased lands (Al Yarmouk Center, Tilal Center, Sahafa Center). The Company leased Sahafa Land from Moosa Abdulla Al Ismaeel, a related party, as he is a company board member. (for more details, please refer to section 11 (Legal Information) of this Prospectus.

4-10-1 Commercial Centers

(a)- Alandalus Mall

Alandalus Mall, located in Jeddah on King Abdullah Road next to King Abdulaziz roundabout in the city center area (old airport previously) was opened in 2007G with total buildings and parking area of 148.481 square meters divided into the building flat area of 121.191 square meters and the parking lots area of 27.290 square meters. The land mall construction area is 143.972 square meters. There are 296 lessees of Alandalus Mall, distributed to 370 units on a leasing area of 86.635 square meters divided to two floors. Alandalus Mall is distinguished by its lease mixture, some commercial stores which take famous trademarks as their commercial name, such as H&M, Mother care, FAFAFOM, Paris Gallery, CenterPoint as well as many other famous trademarks, the food court and the recreational area.

Alandalus Mall is also distinguished by its strategic location overlooking directly King Abdulaziz Roundabout with a distance of 800 meters and the high population density in the surrounding areas. The project is located on the intersection of two of the most important vital roads in Jeddah: King Abdullah Road and Prince Majed Road. Following are details of Alandalus Mall in terms of buildings area, stores, number of visitors and occupancy rate, etc.

Table 84: Alandalus Mall Details

Center Name	Alandalus Mall	
City	Jeddah	
Opening Date	2007G	
Alandalus Company Ownership Percentage in Alandalus Mall	100%	
No. of Stores	2012G	371
	2013G	367
	2014G	368
	June 2015G	370
Occupancy Rate	2012G	100%
	2013G	100%
	2014G	100%
	June 2015G	100%
No. of Visitors	2012G	11,980,515
	2013G	12,052,416
	2014G	12,608,674
	June 2015G	7,596,020
Land Area (square meter)	143,972	
Building Flats Area (square meter)	121,191	
Parking area (square meter)	27,290	
Alandalus Total Area (square meter)*	148,481	

Leasable area (square meter)	86,635
Number of floors	2
Rental amount per meter (SAR)	SAR1212
Parking Area Capacity	3000 vehicles
Lessees' Contracts Period	• Small Stores: one year • Main Lessees: 3 – 5 years • Hypermarket: 10 – 20 years • Recreational Centers: more than 20 years
Land Ownership (property/lease)	100% owned by the Company

* includes buildings flats area and car parking area only

Number and Area of Leased Stores in Alandalus Mall

The number of stores in Alandalus Mall is 370 stores divided into five types: supermarket, recreational centers, main lessees, small stores and food court with an area of 86.635 square meters.

Table 85: Number and area of leased stores in Alandalus Mall in terms of type of lessee as of June 2015G

Type	Number	Area
Supermarket	1	18,487
Recreational centers	1	5,933
Main Lessees	53	14,692
Small Stores	293	46,451
Food Court	22	1,072
Total	**370**	**86,635**

Source: The Company

Alandalus Mall Main Clients

The following table shows the main clients of Alandalus Mall

Table 86: Alandalus main clients during the period, 2012G, 2013G, 2014G, and June 2015G

Name of Client	Client Outcome Revenues 2012G Million (SAR)	Percentage of Total Revenues	Client Outcome Revenues 2013G (Million SAR)	Percentage of Total Revenues	Client Outcome Revenues 2014G (Million SAR)	Percentage of Total Revenues	Client Outcome Revenues 2015G (Million SAR)	Percentage of Total Revenues
Savola Group Company	9.18	9.93%	9.18	9.50%	9.18	9.00%	4.6	8.80%
Fawaz Al Hokair and Partners Company	5.48	6.30%	5.95	6.10%	5.97	5.70%	3.15	6.05%
Al Shaie International Company	2.99	3.20%	2.99	3.10%	3.39	3.23%	1.93	3.70%
Dar Al Bandar Company	5.23	5.70%	4.64	4.80%	5.62	5.12%	2.8	5.30%
Abdulmosen Al Hokair Group	1.96	2.12%	1.96	2.10%	2.15	2.05%	1.1	2.06%

(b)- Hayat Mall

Hayat Mall, located on King Abdulaziz Road in Riyadh, was opened in 2006G with a total area of 226.108 square meters divided into buildings flat areas of 128.989 square meters and car parking area of 97.119 square meters. The mall construction land area is 146.069 square meters. There are 248 lessees of the mall, distributed to 490 units with a leasing area of 88.199 square meters distributed to two floors. Hayat Mall is distinguished by its strategic location on King Abdulaziz Road and diversity of lessees including Jarir Book Store, Mother care, Paul Café, Minneapolis Recreational City as well as many pioneer trademarks.

In line with the Company strategy to acquire fully or partially the current distinct performance projects, through which the Company believes that it will reach a high calibre performance, the Company in 2008G has acquired 50% of Hayat Mall and improved its performance. This resulted in increasing the leasing price for the square meter through the following:

1. Increase of occupancy rate
2. Re-arrange the lessees' mix via replacement plans which resulted in quality and quantity addition to the center, such as replacement of Marks&Spencer. Forever Twenty has been reached out as the first branch in Riyadh.
3. Development and construction of Liwan Area as the first public area for high level restaurants
4. Reaching out for Minneapolis recreational city
5. Marketing and recreational campaigns

In 2010G, the Company sold 25% of the mall, representing 50% of its share with a return on investment of more than 70% for the benefit of Abdulaziz Abdullah Al Moosa. The Company is still possessing 25% of Hayat Mall as of the date of this Prospectus. Following are details of Hayat Mall in terms of areas of buildings and stores, number of visitors and occupancy rate in addition to other details:

Table 87: Hayat Mall Details

Name of Center	Hayat Mall	
City	Riyadh	
Opening Date	2006G	
Date of Acquisition	2008G	
Alandalus Company Ownership Percentage in Hayat Mall	25%	
No. of Stores	2012G	487
	2013G	487
	2014G	487
	June 2015G	490
Occupancy Rate	2012G	99%
	2013G	98%
	2014G	100%
	June 2015G	98%
No. of Visitors	2012G	9,520,643
	2013G	10,021,729
	2014G	10,027,990
	June 2015G	5,987,620
Land Area (square meter)	146,069	
Building flat area (square meters)	128,989	
Car Parking Area (square meter)	97,119	
Total Area of Hayat Mall (square meter) *	226,108	
Leasable Area (square meter)	88,199	
No. of Floors	2	
Rental amount per square meter (SAR)	1,352	
Car parking capacity	cars 2533	
Lessees' contract period	• Small stores: one year • Main Lessee: 3 – 5 years • Hypermarket: 10 – 20 years • Recreational centers: more than 20 years	
Land Possession (lease/ ownership)	Owned by • 25% Alandalus Property Company • 50% Abdullah Saad Al Rashid and Sons Company • 20% heirs of Abdulaziz Abdullah Al Moosa	

* includes buildings flats area and car parking area only

Number and Area of Leased Stores in Hayat Mall

The number of stores in Hayat Mall is 490 stores divided into five types: supermarket, recreational centers, main lessees, small stores and a food court with an area of 88.199 square meters.

Table: 88 Number and areas of leased stores in Hayat Mall in terms of type of lessee as of June 2015G

Type	Number	Area
Supermarket	1	19,510
Recreational Centers	4	12,005
Main Lessees	98	22,717
Food Court	28	1,797
Small Stores	359	32,170
Total	**490**	**88,199**

Source: The Company

Hayat Mall Main Clients

The following table shows the main clients of Hayat Mall

Table 89: Hayat Mall main clients:

Client Name	Client Outcome Revenue 2012G	Percentage of Total Revenues	Company Revenues Percentage 25% 2012G	Client Outcome Revenue 2013G	Percentage of Total Revenues	Company Revenues Percentage 25% 2013G	Client Outcome Revenue 2014G	Percentage of Total Revenues	Company Revenue Percentage 25% 2014G	Client Outcome Revenues June 2015G (Million SAR)	Percentage of Total Revenues	Company Revenues Percentage 25% June 2015G
Fawaz Al Hokair Co and Partners Company	15.8	16.00%	3.95	14.74	14.00%	3.69	15.5	13%	3.88	7.8	13%	1.95
Danube Food Co	8.39	8.00%	2.1	8.39	8.00%	2.10	8.4	7.00%	2.1	4.2	7%	1.05
Paris Gallery	2.27	2.00%	0.57	3.3	3.00%	0.83	3.3	3.00%	0.83	1.7	2.80%	0.43
Abdulmohsen Al Hokair Group Company	2.5	2.10%	0.63	3.98	4.00%	0.10	4.9	4.00%	1.23	2.5	4%	0.63
Sawani	4.76	5.00%	1.19	3.87	3.50%	0.98	2.7	2.00%	0.68	1.4	2.20%	0.35

Source: The Company

The Company signed a contract on 01/06/1435H corresponding to 02/04/2014G with Design Decoration and Development International (for more details, please refer to section 11 "Legal Information" of this Prospectus) to study the current situation of all Hayat Mall facilities, including the food court, car parking areas, external façade, internal environment, internal and external lighting, showrooms fronts and public areas, including the lobby and corridors compared to those in the Saudi, regional and international markets. On light of this study, the Company will submit design suggestions for the re-development of Hayat Mall and strengthen its position.

Notably, on 29/03/1431H (corresponding to 02/04/2010G), and based on Hayat Mall partners resolution no. 1-3-2010 stated in the minutes of partners resolution dated 29/03/1431H corresponding to 15/03/2010G, which states as follows: "Alandalus Property Company shall continue to supervise the project management, appoint operators, service providers and other parties to carry out investment management business for all type of project development and has all authorities of management. Alandalus Company provides these services on free of charge basis. Also, the provision of such services by Alandalus Property Company is done at no charge.

(c)- Dareen Mall

Dareen Mall was opened in 2009G. It is located in a distinct area in Dammam cornice, with a total area of 99,960 square meters divided into building flat area of 61.326 square meters and a parking area of 38.634 square meters. The total area of the Mall land is 59,051 square meters. There are 135 lessees of the Mall leasing 183 units with a leasing area of 41,355 square meters divided into two floors. The mall includes several distinct trademarks such as Hyper Panda, Mango, Mother care as well as several other trademarks. The mall also includes toys court and restaurants overlooking the sea. Following is details on Dareen Mall in terms of building and stores areas and occupancy rate, etc.

Table 90: Dareen Mall Details

Name of Center	Dareen Mall	
City	Dammam	
Date of Opening	2009G	
Ownership percentage of Alandalus Property Company in Dareen Mall via the Developed Markets Company	50%	
Number of Stores	2012G	179
	2013G	182
	2014G	183
	June 2015G	183
Occupancy Rate	2012G	99%
	2013G	99%
	2014G	99%
	June 2015G	99%
Number of Visitors	from October 2014 to June 2015G	3,483,835
Land Area (square meter)	59,051	
Building flats area (square meter	61,326	
Parking area (square meters)	38,634	
Dareen Mall Total Area *	99,960	
Leasable area	41,355	
Number of floors	2	
Rental amount per square meter (SAR)	885,28	
Capacity of Parking Area	1440 Vehicles	
Lessees' Contracts Duration	• Small stores: one year • Main Lessee: 3 – 5 years • Hypermarket: 10 – 20 years • Recreational centers: more than 20 years	
Property Ownership (lease/ ownership	100% owned by Advanced Markets Company	

* Includes building flat area and parking area only

Number and area of leased stores in Dareen Mall

The number of stores in Dareen Mall is 183 stores divided into five types: Supermarket, recreational centers, main lessees, small stores and a food court with an area of 41, 355 square meters.

Table 91: Number and area of stores in Dareen Mall in terms of types as of June 2015G

Type	Number	Area
Supermarket	1	10,450
Recreational Centers	1	3,647
Main Lessees	20	8,335
Food Court	25	1,297
Small Stores	136	17,626
Total	**183**	**41,355**

Source: The Company

Main Clients of Dareen Mall

The table below shows Dareen Mall main clients

Table 92: Main clients of Dareen Mall

Name of Client	Client Outcome Revenues 2012G	Percentage of Total Revenues	Company Percentage of Revenues (50%) 2012G	Client Outcome Revenues 2013G	Percentage of Total Revenues	Company Parentage of Revenues (50%) 2013G	Client Outcome Revenues 2014G	Percentage of Total Revenues	Company Percentage of Revenues (50%) 2014G	Client Outcome Revenues June 2015	Percentage of Total Revenues	Company Percentage of Revenues (50%) June 2015G
Fawaz Al Hokair and Partners Co.	1.26	3.60%	0.63	1.26	3.60%	0.63	1.4	4.00%	0.7	0.8	3.90%	0.4
Al Azizia Panda United Co.	4.30	12%	2.15	4.30	12%	2.15	4.5	12.30%	2.25	2.25	11.80%	1.13
Dorrat Al Wadi Company	2.00	6.50%	1.00	2.12	6.50%	1.06	2.9	6.20%	1.45	0.8	5.90%	0.4
Sama Island Co.	1.25	3.60%	0.63	1.25	3.60%	0.63	1.2	3.40%	0.6	0.6	3.15%	0.3
Abdul-mohsen Al Hokair Group	1.1	3.20%	0.55	1.10	3.20%	0.55	1.2	3.30%	0.6	0.6	3.15%	0.3

Source: The Company

4-10-2 Shopping Centers at Quarters (Districts)

(a)- Sahafa Center

Sahafa Center development works were completed in the four quarter in 2014G while operation started in the first quarter of 2015G. The center is located at the intersection of King Abdulaziz Road with Prince Naser bin Saudi Road in Sahafa Quarter in the north of Riyadh. The total area of the center is 12,228 square meters divided into building flat area of 7,651 square meters and a parking area of 4,577 square meters while the land area is 12,367 square meters. The center includes 23 lessees distributed to 29 units with a leasing area of 7, 342 square meters, divided into two floors. The center includes commercial stores and administrative offices, with an allocation of 4,698 square meters for Aswaq Al Mazraa (Markets) in addition to many stores like Dr. Café, Crooks, Mekyaji Whites Pharmacies (in which the Board Director, Mohammed Abdulaziz Al Habib, owns indirectly through his ownership of Mohammed Abdulaziz Al Habib and his Sons Holding Company) and Moghrabi Optics.

Total project revenues amounted to six million and two hundred and twenty five Saudi Riyals (SAR 6,225,000) Saudi Riyals. Following are the details of Sahafa Center in terms of buildings, stores, occupancy rate as well as other details:

Table 93: Sahafa Center Details

Name	Sahafa Center
Ownership percentage of Alandalus Property Company	100%
City	Riyadh
Occupancy Rate	100%
Land Area (square meter)	12,367
Building Flat Area (square meter)	7,651
Parking Area (square meter)	4,577
Sahafa Center Total Area*	12,228
Leasable Area	7,342
No. of Stores	29
Number of Visitors	2
Parking Area Capacity	200
Lessees Contracts Duration	• Small units: one year • Main Lessee: 3 – 5 years • Hypermarket: 20 years • Recreational centers: more than 20 years
Land Property (lease/ownership	Lease
Land Lease Contract Duration	• Duration: 20 years • Start of Contract: 16/03/1434H corresponding to (28/01/2013G) • End of Contract: 15/3/1454H corresponding to (24/06/2032G)
Land Owner	Moosa Abdullah al Ismaeel is a connected person (please refer to section 11 (Legal Information) of this Prospectus

* includes building flat area and parking ear only

Number and Area of Leased Stores in Sahafa Center

The number of stores in Sahafa Center is 29 stores divided into three types: Supermarket, Main Lessees and small stores with an area of 7, 342 square meters.

Table 94: Number and area of leased stores in Sahafa Center in terms of type of lessee as of June 2015G

Type	Number	Area
Supermarket	1	4,698
Main Lessees	5	679
Small Units	23	1,965
Total	**29**	**7,342**

Source: The Company

Table 95: Sahafa Center main clients as of June 2015G

Name of Client	Client Outcome Revenues	Parentage of Total Revenues
Aswaq Al Mazraah (Hyper)	3,000,000	49%
Al Jamal Pharmacies Company - Whites	3,000,000	5%
Mogrhabi Optics Company Ltd	220,275	4%
Dr. Café Company	250,000	4%
Bank Al Inma	250,000	3%

Source: The Company

(b)- Tilal Center

Tilal Center development works were completed in the fourth quarter of 2014G, while operation started in the third quarter of 20015G. The center is located at the intersection of Anas bin Malek Street in Malga Quarter in the north of Riyadh, with a total area of 9,910 square meters divided into building flat area of 5, 890 square meters and a parking area of 4,020 square meters, while the land area is 9,018 square meters. The number of lessees of Tilal Center is 15 lessees distributed to 18 a leasing area of 5,064 square meters in one floor. The area of 3,110 square meters allocated for the supermarket was leased to Al Danube Markets and many other trademarks such as Star Bucks and Whites Pharmacies (in which the Board Director, Mohammed Abdulaziz Al Habib, owns indirectly through his ownership of Mohammed Abdulaziz Al Habib and his Sons Holding Company)

It is anticipated that the project total revenues will be four million, eight hundred and seventy five Saudi Riyals (SAR 4,875,000) against annual rental of two million and five hundred and eight thousand Saudi Riyals (SAR 2,580,000). The approximate development cost was nine million, seven hundred and thirty one thousand and five hundred Saudi Riyals (SAR 9,731,500). Details of Tilal Center in terms of buildings area and occupancy rate in addition to other details are as follows:

Table 96: Details of Tilal Center

Name	Tilal Center
Ownership of Alandalus Property Company	100%
City	Riyadh
Occupancy Rate	98%
Land Area (square meter)	9,018
Building Flat Area (square meter)	5,890
Parking Area (square meter)	4,020
Tilal Center Total Area (square meter)*	9,910
Leasable Area	5,064
Number of Stores	18
Number of Floors	1
Parking Capacity	180
Lessees Contract Duration	• Small Units: One year • Main Lessee: 3 – 5 years • Hypermarket: 20 years
Land Possession (ownership/ lease)	Lease
Land Lease Contract Duration	• Duration: 20 Gregorian years as of the date of signing the contract • Start of Contract: 27/04/1434H corresponding to (11/03/2013G) • End of Contract: 29/11/1453H corresponding to (11/36/2032G)
Land Owner	Abdulrahman bin Abdulaziz Al Othman

* includes building flat area and parking area only

Number and area of leases stores in Tilal Center

Tilal Center has 18 stores divided into three types: Supermarket, main lessees and small stores with an area of 5,064 square meters.

Table 97: Number and area of leased stores in Tilal Center in terms of type of lessee as of June 2015G.

Type	Number	Area
Supermarket	1	3,110
Main lessees	4	1,231
Small Stores	10	723
Total	**15**	**5,064**

Source: The Company

(c)- Al Yarmouk Center

Al Yarmouk Center development works were completed in the fourth quarter of 2014G, while operation started in the second quarter of 20015G. The center is located at Dammam Highway, Al Yarmouk Quarter in the northeast of Riyadh, with a total area of 10,514 square meters divided into building flat area of 5, 720 square meters and a parking area of 4,794 square meters, while the land area is 10,823 square meters. The number of lessees of Al Yarmouk Center is 19 lessees distributed to 25 leasing area of 5, 457 square meters in one floor. The area of 3,140 square meters allocated for the supermarket was leased to Panda Markets and many other trademarks such as Domino's Pizza, Saadiddeen Sweets and AL Tazaj Restaurant.

The total projects revenues amounted to around five million, two hundred and sixty thousand Saudi Riyals (SAR 5,260,000) while the development cost was around SAR 9,700,000. Details of Al Yarmouk Center in terms of buildings area and occupancy rate in addition to other details are as follows:

Table 98: Details of Al Yarmouk Center

Name	Al Yarmouk Center
Ownership Percentage of Alandalus Property Company	100%
City	Riyadh
Occupancy Rate	97%
Land Area (square meter)	10,823
Building Flat Area (square meters)	5,720
Parking Area (square meter)	4,794
Al Yarmouk Center Total Area *	10,514
Leasable Area (square meter)	5,457
Number of Stores	25
Number of Visitors	1
Parking Capacity	182
Contract Duration	• Ordinary Unit: One year • Main Lessee: 3 – 5 years • Hypermarket: 20 years
Property Possession (lease/ownership)	Lease
Land Lease Contract Duration	• Duration: 20 Gregorian years as of the date of signing the contract • Start of Contract: 28/04/1434H corresponding to (12/03/2013G) • End of Contract: 30/11/1453H corresponding to (12/36/2032G
Name of Owner	Naser Zaid Al Rezouq

* includes building flat area and parking area only

Number and area of leased stores in Al Yarmouk Center

There are 25 stores in Al Yarmouk Center divided into three types: Supermarket, Main Lessees and small stores with an area of 5, 457 square meters.

Table 99: Number and area of leased units in al Yarmouk Center in terms of type of lessee as of June 2015G

Type	Number	Area
Supermarket	1	3,140
Main Lessees	4	871
Small Stores	20	1,446
Total	**25**	**5,457**

Source: The Company

Al Yarmouk Center Main Clients

The following table shows the main clients of Al Yarmouk Center:

Table 100: Al Yarmouk Center Main Clients as of June 2015G

Name of Client	Client Outcome Revenues	Parentage of Total Revenues
Hyper Panda	1, 884,000	34%
Al Tazaj Restaurant	650,298	12%
Mohammed Ali Saadiddeen Company	235, 320	4%
Moghrabi Optics Company	244,200	4%
Al Nahdi Medical Company	416,000	8%

Source: The Company

Shopping Centers for quarters are the only projects for Alandalus Property Company that are constructed on leased lands (all remaining centers and projects are constructed on lands owned by the Company or the project on which it is constructed) due to its small area, high meter price, and the limited constructed area.

Main Clients of total Income activity of Alandalus Property Company

The following table shows the main clients of total income activity for Alandalus Property Company

Table 101: Alandalus main clients of total Income activity of Alandalus Property Company

Name of Client	2012G	2013G	2014G	2015G
Savola Group Company (Al Azizia and Panda)	13.5%	%	12.7%	10.0%
Fawaz Al Hokair and Partners Company	13.9%	13.3%	13.7%	9.6%
	5.6%	4.5%	5.3%	4.9%
Al Shaie International Company	3.2%	2.9%	3.2%	3.4%
Dar Al Bandar Company	5/6%	4.5%	5.3%	4.9%
Abdulmosen Al Hokair Group	4.1&	4.6%	5.2%	3.6%
Al Danube Food Company	3.7%	3.7%	3.7%	1.8%
Paris Gallery	1.0%	1.4%	1.4%	0.7%
Sawani	2.0%	1.7%	1.2%	0.6%
Dorrat Al Wadi Company	1.8%	1.9%	2.5%	0.7%
Sama Island Company	1.1%	1.1%	1.1%	0.5%

Source: The Company

4-11 Alandalus Property Company General Management Building

The Company has its head office in the main building located at the north ring road in Riyadh. Both the land and the building are company properties. The Company leases 62% of the total area to a third party, with the other 38% being utilized by the Company. Details of the Company general management building are as follows:

Table 102: Details of Alandalus Property Company general management Building

Land Area (square meter)	1,722
Parking Area (square meter)	858
Building Flat Area (square meter)	2,715
Total Area (square meter)*	3,573
Leasable Area (square meter)	2,210
Leased Area (square meter)	1,340
Names of Lessees and Percentage of area utilized by each of them	International Health Care Company: 62% (Whites Pharmacy in which the Board Director, Mohammed Abdulaziz Al Habib, owns indirectly through his ownership of Mohammed Abdulaziz Al Habib and his Sons Holding Company 62%

* includes building flat area and parking area only

4-12 Property Ownership

The following table shows real estate ownership details for Alandalus Property Company

Table 103: Real Estate Ownership

Item		Company Ownership Percentage	Condition	Remarks
Alandalus Square Project	The land on which Alandalus Mall is constructed	100%	ownership	The land is mortgaged in favor of Al Rajhi Development Company
	The land on which Staybridge Suites – Jeddah, are constructed	100%	Ownership	
	The land on which Dr. Sulaiman Al Habib Holding Company Hospital will be constructed	100%*	Ownership	
	Unutilized Land	100%	Ownership	
The land on which Hayat Mall is constructed		25%	Ownership	
The land on which Hayat Mall is constructed		50% through Advanced Markets Company **	Ownership	A deed (Suk) in the name of Properties Arabia Company Lt, a subsidiary of SABB. Transfer to the name of the Advanced Markets Company is underway
The land on which Panorama Jeddah Mall is constructed		25%	Ownership	

Source: The Company

* The Company will pay the land value, after which the land deed will be transferred in favor of Dr. Sulaiman Al Habib Medical Services Holding Company hospital projects in equal shares between the Company and Dr. Sulaiman Al Habib Medical Services Holding Company.

** This property was registered in the name of the Advanced Markets Company under deed no. 43101010132, dated 28/05/1429 corresponding to (02/06/2008G). Under the finance agreement between Advanced Market Company and SABB dated 24/09/1429H corresponding to 24/09/2008G, the land was transferred to Properties Arabia Company Ltd., a subsidiary of SABB as a warranty for the payment of the finance to the Company under the said finance agreement. Advanced Markets Company has fully paid the value of the finance from SABB and terminated the said finance agreement. Transferring the land from Properties Arabia Company Ltd. to the name of Advanced Markets Company is underway (for more details, please refer to section 11 "**Legal Information**" of this Prospectus).

The Company adopts a strategy to implement a mixed-use project on the land of Alandalus Square. The building permit for Alandalus Square Project was issued from Jeddah Municipality in 2009G. Alandalus Square Project area is estimated to be 197,860 square meters, of which 143,972 m2 was used to construct Alandalus Mall (existing and operating), an area of 6,223 square meters was used to construct a tower adjacent to the Mall comprising hotel apartments (Staybridge Suites Jeddah Alandalus Mall), 30,463 square meters was used to construct a hospital for Dr. Sulaiman Al Habib Medical Group, and the remaining 17,202 square meters is white land, which the Company will use in the future in line with its future plans. Staybridge Suites Jeddah Alandalus Mall has been initiated in the first quarter of 2012G, while the expansion project Alandalus, while Staybridge Suites Jeddah Alandalus Mall expansion project was started in the first quarter of 2015G as part of the Company's current Projects. (For more detail, see paragraph 4-13 "Current Projects" and paragraph 4-14 "Projects and Future Plans" of this section).

4-13 Current Projects

(a)- StayBridge Suites, Jeddah, Alandalus Mall (Hotel Suites Tower)

Alandalus Properties Company developed a hotel tower near to Alandalus Mall (Staybridge Suite, Jeddah, Alandalus Mall) with a total area of 28,223 square meters, divided into building flat area of 18,820 square meters and a parking area of 9,435 square meters. The total value was estimated by SAR 121.12 million through a bank finance and self-finance. Construction works started late in 2012G and 70% of the said works has been achieved as of June 2015G. It is expected that the hotel will be opened and operated in the third quarter of 2016G.

Hyundai Middle East Company Ltd, under the commercial name "Staybridge", 100% owned by Intercontinental Hotels Group (IHG) was selected to manage and operate the hotel under the trademark (STAYBRIDGE SUITES HOTEL), Jeddah, Alandalus Mall. It is the first hotel of Staybridge hotels chains opened in the Kingdom of Saudi Arabia.

Staybridge Suites, Alandalus Mall, consists of 164 suites, recreational facilities, meeting rooms, world-class restaurants and health club. Details of Staybridge Suites, Jeddah, Alandalus Mall, are as follows:

Table 104: Details of Staybridge Suites, Jeddah

Project Name	Staybridge Suites, Jeddah, Alandalus Mall
Location	Jeddah
Land Area (square meters)	6,223
Building Flat Areas (square meters)	18,820
Parking Area (square meters	9,435
Total Area (square meters)*	28,255
Project Start Date	Fourth Quarter 20012G
Project End Date	First Quarter 2016G
Project Operation Date	Third Quarter 2016G
Project Completion Percent as of June 2015G	70%
Finance Method	40% self-finance and 60%bank finance
Project Cost	SAR 121.12 million
Hotel Operator	Intercontinental Hotels Group
No. of Floors	19 floors
Number of Suites	164 Suites
Parking Area Capacity	236 parking lot

* Includes building flat area and parking area only

(b)- Expansion of Alandalus Mall

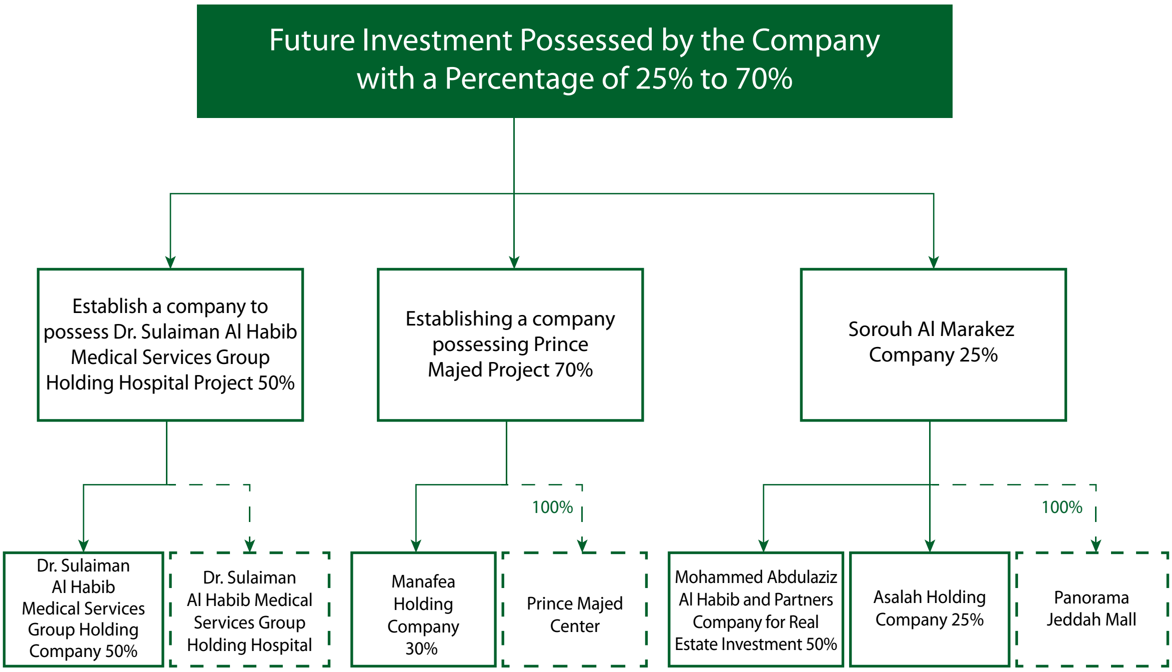
The Company is working on adding 6,000 square meters to the southern area of Alandalus Mall, including a leasing area of 4,000 square meters; connecting the new leasing area with around 9,000 leasing square meters adjacent to the expansion. The expansion will add 22 small units and 5 units for main lessees. The purpose of the increase of the leasing area is to introduce quality main lessees, thus increasing the leasing meter price in Alandalus Mall. The project started and 70% were completed as of June 2015G. It is expected that expansion works will be completed in the first quarter of 2016G, with the cost totaling SAR 24,448,000. The construction license was issued in the fourth quarter 2014G. Details of Alandalus Mall expansion is as follows:

Table 105: Alandalus Mall expansion details

Name of Project	Alandalus Mall Expansion
Location	Jeddah
Ownership percentage of Alandalus Property Company	100%
Added Area in square meters	6,000m2
Added leasing Area in square meters	4,000 square meters
Project Start Date	First Quarter 2015G
Project End Date	First Quarter 2016G
Project Operating Date	First Quarter 2016G
Finance Method	100% Self Finance
Project Cost	24,448,000 Saudi Riyals
Achievement Percentage as of June 2015G	70%

4-14 Future Projects and Plans

Diagram 4 Future Projects and Plans



(a)- Jeddah Panorama Mall

The Company possesses 25% of the project land located in the north of Jeddah, Al Sawari quarter, Al Madinah Highway. The area of the land is 130.477 square meters and is allocated for the construction of a commercial center (Jeddah Panorama Mall). The Company share was self-financed from the land value. The project is expected to start in the fourth quarter of 2017G and completed and operated in the fourth quarter of 2020G. Designs and application for the required licenses from Jeddah Municipality is underway. The several legal measures that must be taken to obtain the mall construction license are as follows:

1. Land a plotting and then obtain a sketch from the Sketches Department in the Municipality or prepare a sketch in an engineering office.
2. Submit land deed (SUK)
3. Submit traffic study for the location
4. Submit soil study and location drawings
5. Prepare engineering designs
6. Obtain initial approvals of the municipality
7. Obtain location drawing
8. Submit all the aforementioned to obtain a construction license (construction approval) from the municipality.

Total value of the project is SAR 754,447,539 including the following:

1. Land Value of SAR 194,447,539
2. Project Cost 560,000,000: 50%, i.e. SAR 280,000,000 of the project will be financed through a bank finance, while the remaining 50%, i. e. 280,000,000 will be financed through self-finance by partners of Sorouh El Marakez Company.

Table 106: Details of Panorama Mall

Name of Center	Jeddah Panorama Mall
City	Jeddah
Alandalus Property Ownership Percentage of Panorama Mall via Sorouh El Marakez Company	25%
Land Area (square meter)**	130,477
Expected Building flat area (square meters)	161,600
Expected Parking Area (square meters)	80,800
Expected Total Area (square meter)*	242,400
Expected Leasable Area (square meter)	120,000
Number of Floors	Two floors
Expected Number of Parking Lots	2,710
Expected Total Project Cost including Land Cost	SAR 754,447,539
Expected Total Building and Construction Cost	SAR 560,000,000
Land Cost	SAR 194,447,539
Alandalus Property Company Contribution to Building and Construction Cost	SAR 140,000,000
Company Share in Land Cost (25%)	SAR 48,591,406 and the Company share was self-financed
Building and Construction Finance Method	50%, i.e. SAR 280,000,000 of the project will financed through a bank finance, while the remaining 50%, i. e. 280,000,000 will be financed through self-finance by partners of Sorouh El Marakez Company
Start Date of Project Construction Works	Fourth Quarter of 2017G
End Date of Project Construction Works	Fourth Quarter of 2020G
Project Operating Date	Fourth Quarter of 2020G
Issued Licenses	Obtaining licenses from Jeddah Municipality is underway
Company Ownership Percentage in the Land Area	• 25% Alandalus Property Company • 25% Burooj International Company • 50% Mohammed Abdulaziz Al Habib Company for Real Estate Investment

* includes building flat area and parking area only

** It is worth mentioning that the land area as in the Suk (deed) is 160,000 square meters, while its area as regulated is 130,477 square meters after approval of the survey report by Jeddah Municipality. The Company has purchased the land in line with the regulatory sketch approved by the municipality. The regulatory sketch is the basis for obtaining the necessary licenses for construction on big area lands (there are differences in the area in the deed (suk) and the area in the regulating sketch in relation to lands of big areas). Accordingly, the area in the regulatory sketch is approved, which is the applicable measure in the Ministry of Municipal and Rural Affairs.

(a)- Prince Majed Center

The Company in partnership with Manafea Holding Company will establish a company for the possession of shopping centers for quarters in Jeddah (Prince Majed Center). The Company share of the project is 70% and 30% for Manafea Holding Company. It is worth mentioning that the land on which is the center is constructed is leased from Manafea Holding Company for 25 Hijra years. It is expected that the Company will be established in the first quarter of 2016G. The following table shows the details of Prince Majed Center:

Table 107: Details of Prince Majed Center

Name	Prince Majed Center
Ownership Percentage for Alandalus Property Company	70% with 30% for Manfea Holding Company
City	Jeddah
Expected Total Project Cost	SAR 24,184,000
Alandalus Property Company Contribution to Project Cost	SAR 16,928,800
Land Area (square meter)	17,000
Expected Building Flat Area (square meter)	18,500
Expected Parking Area (square meter)	8,800

Expected Total Area (square meter)*	27,300
Expected Leasable Area (square meter)	14,000
Expected Vehicle Capacity	273
Start Date of Project Construction Works	First Quarter 2016G
End Dater of Project Construction Works	Second Quarter 2017G
Date of Project Operating	Third Quarter 2017G
Land Lease Contract Duration	• Duration: 25 Gregorian years as of the date of signing the contract • Start of Contract: 01/05/1436H corresponding to (20/02/2015G) • End Date: 30/04/1461H corresponding to (22/07/2039G)
Land Possession (lease/ownership	Lease
Name of Land Owner	Manafea Holding Company

* includes building flat area and parking area only

The following table shows owners of Manafea Holding Company

Table 108: Manafea Holding Company Owners Details

S	Name of Shareholder	Ownership Percentage
1	Mohammed Abdulaziz Saleh Al Rajhi	12.000%
2	Mansour Mohammed Abdulaziz Saleh Al Rajhi	3.872%
3	Saleh Mohammed Abdulaziz Saleh Al Rajhi	3.872%
4	Khaled Mohammed Abdulaziz Saleh Al Rajhi	3.872%
5	Abdulkareem Mohammed Abdulaziz Saleh Al Rajhi	3.872%
6	Yahya Mohammed Abdulaziz Saleh Al Rajhi	3.872%
7	Bader Mohammed Abdulaziz Saleh Al Rajhi	3.872%
8	Abdulrahman Mohammed Abdulaziz Al Rajhi	3.872%
9	Bandar Mohammed Abdulaziz Al Rajhi	3.872%
10	Abdulaziz Mohammed Abdulaziz Al Rajhi	3.872%
11	Salman Mohammed Abdulaziz Al Rajhi	3.872%
12	Yazeed Mohammed Abdulaziz Al Rajhi	3.872%
13	Abdullah Mohammed Abdulaziz Al Rajhi	3.872%
14	Fahad Mohammed Abdulaziz Al Rajhi	3.872%
15	Faisal Mohammed Abdulaziz Al Rajhi	3.872%
16	Muneera Mohammed Abdulaziz Al Rajhi	1.936%
17	Nawal Mohammed Abdulaziz Al Rajhi	1.936%
18	Maha Mohammed Abdulaziz Al Rajhi	1.936%
19	Reem Mohammed Abdulaziz Al Rajhi	1.936%
20	Sara Mohammed Abdulaziz Al Rajhi	1.936%
21	Al Bandari Mohammed Abdulaziz Al Rajhi	1.936%
22	Madawi Mohammed Abdulaziz Al Rajhi	1.936%
23	Nouf Mohammed Abdulaziz Al Rajhi	1.936%
24	Abeer Mohammed Abdulaziz Al Rajhi	1.936%
25	Sultana Mohammed Abdulaziz Al Rajhi	1.936%
26	Manal Mohammed Abdulaziz Al Rajhi	1.936%
27	Najla Mohammed Abdulaziz Al Rajhi	1.936%
28	Aisha Mohammed Saleh Al Sodais	3.520%
29	Jawaher Saad Naser Al Ammari	3.520%
30	Nidaa Mohammed Ibrahim Al Gammaz	3.520%
Total	-	**100%**

Source: The Company

(b)- Establishment of a Hospital in Partnership with Dr. Sulaiman Al Habib Medical Services Holding Group

A hospital design, development, management and operation agreement was concluded on 30/10/2014G between the Company and Dr. Sulaiman Al Habib Medical Services Holding Group in relation to a hospital project in Jeddah. On the light of this agreement, a limited liability company for Jeddah hospital will be established in Alandalus Square in equal shares between Alandalus Property Company and Dr. Sulaiman Al Habib Medical Services Holding Group in relation to the project (50% each). The Group will take over all operational and administrative responsibilities. The Company role will be limited to capital investment only via financing its share in the project. Consequently, the ownership of the project land currently owned by the Company with an estimated area of 30,463 square meters, and a value of 3000 Saudi Riyals per meter and a value of ninety one and four hundred thousand (91.4) Saudi Riyals will be transferred by the Company to Jeddah Hospital Company. Dr. Sulaiman Al Habib Medical Services Holding Group will pay on cash basis its share in Jeddah Hospital, in the amount equal to the land value. Then, the parties will bear payment of future capital expenditures for the establishment of Jeddah Hospital in equal shares, while Jeddah Hospital Company will bear all future operational expenses. The net profit will be divided equally between the Company and Dr. Sulaiman Al Habib Medical Services Holding Group, which shall have all authorities to manage Jeddah Hospital Company in its capacity as the project operator under the agreement. Such authorities include representing Jeddah Hospital Company before all official and other entities, shall have all authorities required to manage the project financially and administratively and employment of personnel (including determining salaries, bonuses and other benefits). Accordingly, Jeddah Hospital Company will be a subsidiary of Dr. Sulaiman Al Habib Medical Services Holding Group. It is worth mentioning that the agreement will continue until expiry of Jeddah Hospital Company duration (the Company is not yet established, however, duration of the Company is expected to be 99 years). The agreement shall be renewed with the extension of the Company duration and shall be subject to the laws applicable in the Kingdom.

An independent estimate from Coldwell Banker, Saudi Arabia was obtained and stated that the market land value is one hundred and twelve million and six hundred thousand (112.4) Saudi Riyals as of 25/04/2015G.

Jeddah Hospital is located on King Abdulaziz Roundabout at the intersection of King Abdullah Road and Prince Majed Road in Jeddah in the western area of the Kingdom. It is worth that the project is still under planning, including land plotting and transfer of ownership measures. The Company has not yet completed the engineering and operational studies of the project and neither construction starting date, nor completion date have been determined. Land plotting and transfer of ownership may take several years to complete.

It is worth mentioning that land plotting measures are as follows:

1. Submitting the old land layout (for plotting) and the old land Suk (deed)
2. New land plotting (shall be via Licensing Department, Urban Development Department, and Pioneer Projects Department in Jeddah Municipality.
3. Issue of a new layout after plotting
4. Issue of Suk (deed) for the new land lot
5. Obtain construction license, other legal licenses and license of Ministry of Health.

4-15 Certification and Awards

Table 109: Certifications and Awards Conferred on the Company

Certification	Entity	Details	Award Year
Cityscape International	Cityscape	Alandalus Mall obtained the Best Commercial and Retail Project in the Kingdom	2009G
Cityscape Internarial	Cityscape	Hayat Mall obtained the best commercial and Retail Project in the Kingdom	2010G

Source: The Company

It is worth mentioning that Cityscape, an international company located in Dubai, United Arab Emirates, is specialized in holding real estate (residential – commercial) international exhibitions and conferences. The Company holds several exhibitions yearly in the Middle East and East Asia. During exhibitions, Cityscape holds international competitions covering real estate areas (best real estate project, best emerging project, best design, etc.).

4-16 Strengths and Competitive Advantages:

- Existence in main cities of the Kingdom
- Quality and diversity of projects in addition to position of every project in the city where it exists
- Strategic relationship with the retail sector (not competitive to our customers)
- Strategic investment in the retail operational and leasing arm of the Company (Hamat Real Estate Company) to operate company centers as well as other centers.

4-17 Social Responsibility

Alandalus Property Company (via its commercial centers) in ensuring its role in the society, hosted many various social and humanitarian activities, the most prominent of which are the following:

- Blood donation campaigns for National Guard Presidency of Health Affairs
- International day campaigns for children who suffer from cancer in cooperation with Sanad Society to support children with cancer disease
- Campaign for awareness and early detection of cancer in cooperation with the Ministry of Health.
- Poliomyelitis vaccination campaigns in cooperation with the Ministry of Health
- Family Security fairs in cooperation with Social Insurance
- The Unified Gulf Day for oral and dental hygiene in cooperation with the Ministry of Health.
- International Health Day with the Ministry of Health
- GCC Borders Guard and Coast Guards week
- International Tuberculosis Day in cooperation with the Ministry of Health
- Asthma and High Blood Pressure (Hypertension) International Day in cooperation with the Ministry of Health.

4-18 Employees

As of June 2015, the total number of employees in the Company was 38 personnel, including 14 Saudi nationals. The Saudization percentage is 36.84%, placing the Company in the platinum Nitaqat level, in line with the Ministry of Labor Nitaqat program.

The following table shows company employees details during the years 2012G to 2015G.

Table 110: Details of company employees per department:

Department	As of 31 December 2012G			As of 31 December 2013G			As of 31 December 2014G			As of June 2015G		
	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total	Saudis	Non-Saudis	Total
CEO Office	1	1	2	1	1	2	1	1	2	1	1	2
Human Resource	2	3	5	3	7	10	3	8	11	5	7	12
Project Management	3	2	5	2	12	14	2	12	14	5	10	15
Property Management	1	2	3	1	2	3	1	2	3	1	2	3
Marketing and Business Development	2	0	2	2	0	2	2	0	2	2	0	2
Finance	1	3	4	0	3	3	0	3	3	0	3	3
Internal Audit	0	0	0	0	0	0	0	0	0	0	1	1
Total	**10**	**11**	**21**	**9**	**25**	**34**	**9**	**26**	**35**	**14**	**24**	**38**

Source: The Company

4-18-1 Personnel Training and Development Program

The Company provides training programs and courses, covering all functional levels of the Company, with the follow-up and coordination of Human Resource, which regulates the types, duration and conditions of such programs and courses that suit employees' needs in their different disciplines as follows:

- In-house training by company and other specialists.
- Training outside the Kingdom via follow up of the specialized institutes and centers, which provide courses and programs that help personnel to carry out their works professionally.

5. Company's Organizational Structure

5-1 Company Management

The Company is managed by a Board of Directors comprising of nine (9) members out of whom eight (8) are non-executives. Three (3) Board Members are independent.

In accordance with Article (17) of the Company's By-Laws, "The Company will be managed by nine (9) members to be appointed by the Ordinary General Assembly for a maximum term of three years. As an exception, the General Assembly appoints the first Board of Directors for a period of five (5) years commencing from the issuance date of the Ministerial Resolution declaring the Company incorporation".

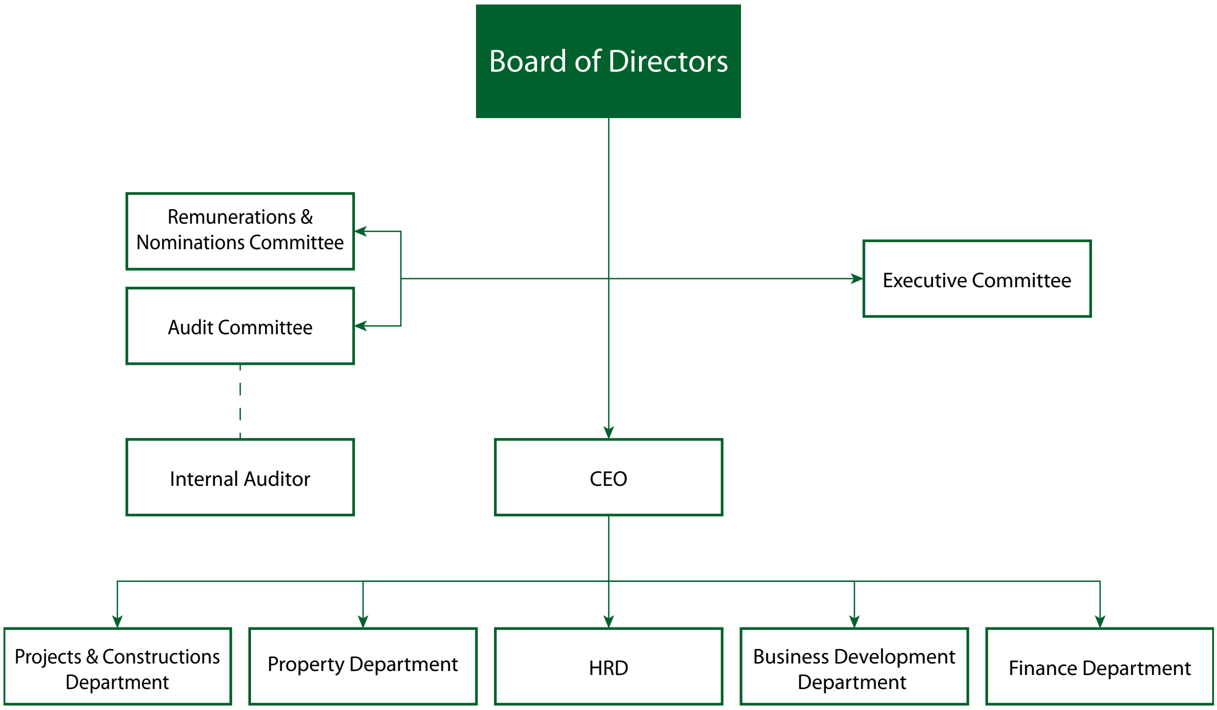
The Company's Board of Directors has formed the following committees: The Remunerations & Nominations Committee and the Executive Committee. These committees have approved charters and regulations that constitute integral part of the Company's internal governance system and set out the tasks & responsibilities of each committee. The committees submit their reports and proposals to the board which in turn conducts annual reviews of the committees' rules based on their recommendations.

The Company has an executive committee comprising of a professionally experienced team with the highly necessary competences & skills required by the instructions of the Board of Directors. The CEO manages the Company's daily businesses as per the directives & policies set by the Board in order to ensure achievement of the Company objectives set by the Board.

5-2 Orgnizational Chart

The following figure illustrates the Company's Organizational Structure:

Figure 5: The Company's Organizational Structure



Source: The Company

5-3 Board Memebrs and Corporate (Board) Secretary

The Company is managed by a Board of Directors comprising of nine (9) members out of whom eight (8) are non-executives. Three (3) Board Members are independent. It is to be noted that Burooj International Company Ltd, Al Zakari Industry &Trading Company and Abdul Rahman Abdulla Al Moosa and Sons are members elected by the Extraordinary General Assembly on 19/05/1436H (corresponding to 10/03/2015G). The Company's representatives are shown in the Table below. The following are the resumes of the Board Members.

Table 111: Board of Directors

N	Name	Represented	Post	Nationality	Age	Adjective	Direct Ownership *		Indirect Ownership		Membership Date
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Burooj International Company Lmited	Mohammad bin Abed Al-Aziz Al-Habib	Chairman	Saudi	65	Non-executive	39.50%	27.65%	0.10%	0.07%	19/5/1436H (corresponding 10/3/2015G)
2	Al Zakari Industry and Trading Company	Abed Al-Muhsen bin Mohammed Abulkareem Al-Zakri	Member	Saudi	55	Non-executive	24.68%	17.28%	-	-	19/5/1436H (corresponding 10/3/2015G)
3	Burooj International Company Lmited	Abdulsalam Abed Al-Muhsen Nasser Al-Aqeel	Member	Saudi	49	Non-executive	39.50%	27.65%	-	-	19/5/1436H (corresponding 10/3/2015G)
4	Abdul Rahman Abdulla Al Moosa and Sons	Ahmad bin Abulrahman Abdullah Al-Moosa	Member	Saudi	37	Non-executive	9.87%	6.91%	-	-	19/5/1436H (corresponding 10/3/2015G)
5	Moosa Abdulla Al Ismaeel	In his personal capacity	Member	Saudi	72	Non-executive /Independent	2.47%	1.73%	-	-	19/5/1436H (corresponding 10/3/2015G)
5	Abdulla bin Saad Al Rashid Trading Company	In his personal capacity	Member	Saudi	35	Non-executive	0.001%	0.001%	-	-	19/5/1436H (corresponding 10/3/2015G)
6	Solaiman Mohammad Abdulla Al Dawood	In his personal capacity	Member	Saudi	63	Non-executive /Independent	2.47%	1.73%	-	-	19/5/1436H (corresponding 10/3/2015G)
7	Khaled Mohammad Hamad Al-Saliee	In his personal capacity	Member	Saudi	52	Non-executive /Independent	0.001%	0.001%	-	-	19/5/1436H (corresponding 10/3/2015G)
8	Ayman Mohammad Al Modaifir	In his personal capacity	Member	Saudi	39	Executive	1.25%	0.88%	-	-	19/5/1436H (corresponding 10/3/2015G)

Source: The Company

As per the Company's By-Laws and the Companies Regulations, every one of the Board Members shall own shares with a total nominal value of SAR 10,000 at least ("Membership Guarantee Shares") to be lodged in one of the local banks.

* Such shares include the guarantee shares of the Board Members which have been allocated to them by the Selling Shareholders for every one of their representatives on the Board, who own directly 1,000 shares.

** The dates mentioned in this table are appointment dates in the current post mentioned in that table. The C.Vs of-the Board Members indicate the appointment starting dates for every one of them in the Company, whether on the Board or in any other post before this appointment.

The Board Secretary is Fahd Saud Alturaiqi who was appointed in this position on 14/06/2007G and does not hold any shares in the Company as at the date of this Prospectus. A summary if his C.V. is included in "Summary of the e C.Vs of the Board Members and Secretary".

5-3-1 Summary of the CVs of the Board Members & Board Secretary

The following are summaries of the CVs of the current Board Members & Board Secretary:

Name	Mohammad bin Abed Al-Aziz Al-Habib
Age	65
Nationality	Saudi
Post	Chairman of the Board of Directors
Qualifications	Bachelor of Accounting from King Saud University, Saudi Arabia, 1975.
Experience	• Chairman of the Board of Directors of Mohammed bin Abdulaziz Al-Habib & Co. for Investment & Real Estate Marketing. It is a Limited Liability Company operating in land investment & development sector & constructions from 2003 to date. • Chairman of the Board of Directors of Mohammed bin Abdulaziz Al-Habib Holding Co. It is a joint stock closed company operating in lands investment & development sector and constructions from 2008 to date.
Other posts	• Board member in Mohammed Al-Habib and Ahmed Al-Hibshi & Co. This is a partnership company operating in project investments, real estate and lands businesses from 2008 to date. • Chairman of the Board in Al-Hayat Company, a closed joint stock company operating in real estate sector from 2009 to date. • Board member in Asala Holding Company, a Limited Liability Company operating in building general contracting from 2011 to 2014. • Board member in Sulaiman Al-Habib Medical Services Group, a closed joint stock company operating in establishment & management of hospitals & dispensaries; land sale out and building construction thereon & investment; wholesale trade in drugs; cosmetics and medical equipment from 2013 to date. • Chairman of the Board of Gheras Al-Akhlaq Educational Company, a Limited Liability Company operating in schools establishment & operations and PCs import & export services from 2014 to date.

Name	Abed Al-Muhsen bin Mohammed Abulkareem Al-Zakri
Age	55
Nationality	Saudi
Post	Board member
Qualifications	Bachelor of Architectural Engineering from King Saud University, 1982.
Experience	• Member of the Shura Council, a state legislative council from 2001 to 2012. • Partner & CEO of Al-Zakary Industry & Trade Company, a Limited Liability Company operating in the area of construction & contracting sector, from 2003 to date.
Other posts	• Board member and Managing director of Al-Ahlia Insurance Company, a public joint stock company operating in insurance & re-insurance sector, from 2009 to date. • Board member in the Disabled Children's Association, a charitable association operating in the care & welfare of disabled children, from 1994 to date. • A founding member of Al-Jazirah for Press, Printing & Publishing Corporation operating in the area of printing & publishing sector, from 1991 to date. • Board member of King Abdulaziz Waqf (Endowment) for charitable services, a charitable foundation, from 2011 to date.

Name	Abdulsalam Abed Al-Muhsen Nasser Al-Aqeel
Age	49
Nationality	Saudi
Post	Board member
Qualifications	Bachelor of Science in Industrial Management, King Fahd University of Petroleum & Minerals, Kingdom of Saudi Arabia, 1990.
Experience	• Chairman of Audit Committee in Jarir Marketing Company, a public joint stock company operating in retail sector, from 2001 to date. • Member of the Advisory Committee in Capital Market Authority, a state owned entity, from 2013 to date. • Managing Director of Jarir Company for Commercial Investments, a limited liability company operating in real estate sector, from 1991 to date. • Attended a course in CPE at the Ideal Firms Office, USA, in 1996. • Holds a Certificate in strategic financing from Harvard University, USA, in 1997. • Holds a Certificate in Private Wealth Management from Warton Educational Program, Pennsylvania, USA, in 2001. • Awarded a successful Certificate of CME Test from the Institute of Banking in Riyadh, 2009.
Other Posts	• Board member of Jarir Real Estate Development Company, a limited Liability company operating in real estate sector, from 2006 to date. • General Manager of Future Markets Company, a limited liability company operating in real estate sector, from 2006 to date. • General Manager of Afras Arabian Company, a limited liability company operating in real estate & contracting sector, from 1431H to date. • Board member of Jarir Holding Company, a closed joint stock company operating in real estate sector, from 2008 to date. • Chairman and Managing Director of Riyadh Najed Schools Company, a closed joint stock company operating in the educational sector, from 2008 to date. • Board member & Chairman of Investment Committee at Kinan International Real Estate Development Company, a closed joint stock company operating in real estate sector, from 2008 to date. • Chairman of Hermah National Company, a closed joint stock company operating in the area lf real estate sector, from 2013 to date. • Board member of Wadi Hermah Company, a closed joint stock company operating in the area of real estate sector, from 2013 to date. • Board member of Ita'am (Feeding) Charitable Association from 2013 to date. • Board Chairman of Asala Holding Company, a limited liability company operating in real estate sector, from 2014 to date. • Board member of Khomasiat Taibah Company, a limited liability company operating in the real estate sector, from 2014 to date. • Board member of Khomasiat Tabah Company, a limited liability company operating in the real estate sector, from 2014 to date. • Board member of Sorouh Al-Marakiz Company, a limited liability company operating in the real estate sector from 2014 to date. • Board member of the Saudi Arabian General Investment Authority (SAGIA), a state entity, from 2014 to date. • Chairman of Advanced Markets Company, a limited liability company operating in the real estate sector, from 2007 to date. • Chairman of Century 21 Saudi Arabia, a limited liability company operating in the real estate sector, from 2002 to date.

Name	Ahmad bin Abulrahman Abdullah Al-Moosa
Age	37
Nationality	Saudi
Post	Board member
Qualifications	Bachelor in Business from London College for Economic & Political Science, Britain, 1999.
Experiences	Deputy CEO of Abdulrahman Abdullah Al-Moosa & Sons Co., a closed joint stock company operating in the real estate sector, from 1999 to date.
Other posts	• Board member in Real Estate & Tourism Development Company, a closed joint stock company operating in general contracting & maintenance, from 2014 to date. • Board member in Yanbu Tourism Ltd, a limited liability company operating in wholesale & retail trade sector, from 2014 to date. • Board member in Dorrat Al-Jubail for Tourism Ltd, a limited liability company operating in public contracting & maintenance sector, from 2014 to date. • Board member in Al-Jazeerah Shopping Company, a closed joint stock company operating in the field of wholesale & retail trade, from 2012 to date. • Board member of Robin Saudi Arabia Ltd., a limited liability company operating in the field of public contracting & maintenance, from 2012 to date. • Board member in Abdulrahman Al-Moosa Holding Company, a closed joint stock company operating in real estate development sector, from 2007 to date. • Board member in Mahd Hospitality Company, a limited liability company operating in public contracting & maintenance, from 2007 to date. • Board member in Dorrat Tourism Company, a limited liability company operating in public contracting & maintenance, from 2007 to date. • Board member in Mosa Abdulrahman Abdullah Al-Mosa & Sons Company, a closed joint stock company in the field of public contracting & maintenance, from 2002 to date.

Name	Moosa bin Abdullah Moosa AlEsmaeel
Age	72
Nationality	Saudi
Post	Board member
Qualifications	• Master of Business from Berkh An Dirs, Germany, 1970. • Bachelor in Management Professional Planning from Berkh An Dirs, Germany, 1970.
Experiences	• Director General of General Department & Operation, King Saud University, from 1993 to 2002. • Director General of King Saud Printing Presses, from 1981 to 1993. • Chief Trainer at the Vocational Training, from 1966 to 1971.
Other posts	N/A

Name	Abed Al-Aziz bin Saad Al-Rashid
Age	35
Nationality	Saudi
Post	Board member
Qualifications	Bachelor of Economics, King Saud University, Saudi Arabia, 2002.
Experiences	• Member of the Audit Committee in Al-Rashid Trading & Contracting Company, a closed joint stock company operating in trade & contracting sector, from 2013 to date. • Credit Officer at Samba Financial Group, a public joint stock company operating in the banking sector, from 2002 to 2005.
Other posts	• Board member of the Golden Chicken Company, a closed joint stock company operating in agricultural & animal production sector, from 2013 to date. • Managing Director of Abdulaziz bin Abdullah bin Saad Al-Rashid & Sons Company, a limited liability company operating in public trade sector, from 2012 to date. • Managing Director of Abdullah Saad Al-Rashid & Sons Ltd. Company, a limited liability company operating in trade && contracting sector, from 2008 to date. • Managing Director of Abdulaziz & Faisal Al-Rashid Company, a limited liability company operating in trade, contracting, furniture & water treatment sectors from 2007 to date.

Name	Sulaiman bin Mohammed Abdullah Al-Dawood
Age	63
Nationality	Saudi
Post	Board member
Qualifications	• PhD in Fiqh (Jurisprudence) and Sharia Policies, University of Al-Zaytoonah, Tunisia, 1996. • Master degree in Fiqh (Jurisprudence) & Sharia Policies, University of Al-Zaytoonah, Tunisia, 1993. • Bachelor in Sharia, Imam Mohammed bin Saud Islamic University, Kingdom of Saudi Arabia, 1976.
Experiences	• General Manager of Samad Contracting Establishment, a sole proprietary establishment operating in water works, wastewater, electrical works & water desalination, from 2015 to date. • Chairman of the Board of Saudi Ceramic Company, a limited liability company operating in holding private & public festivals' catering and food security, from 1996 to date.
Other posts	

Name	Khaled Mohammad Hamad Al-Saliee
Age	52
Nationality	Saudi
Port	Board member
Qualifications	Bachelor of Accounting, King Saud University, Kingdom of Saudi Arabia, 1983
Experiences	• Member of the Audit Committee in the National Commercial Bank, a public joint stock company operating in the banking sector, 2011 to date. • Member of the Audit Committee in United Wire Factories Company, a public joint stock company operating in construction & building sector, from 2008 to date. • Member of the Audit Committee in Aldrees Company, a public joint stock company operating in fuel stations & transportation, from 2008 to date. • Member of the Audit Committee in Al-Jazirah Tkaful Taawuni Company, a public joint stock company operating in insurance sector, from 2002 to date. • Team Leader in the Quality Review Program of the Saudi Organization for Certified Public Accountants (SCOPA), from 2001 to date. • Chief of Internal Audit in Saudi Telecommunications Company, a public joint stock company operating in telecommunication sector & information technology, from 2006 to date. • Member of the Audit Committee in Eastern Province Cement Company, a public joint stock company operating in cement sector, from 1998 to date. • Head of Department of Audit & Financial Analysis in the Saudi Industrial Development Fund, a government entity operating in lending Saudi industrial companies, from 1983 to 2005. • A Certified Public Accountant in GAAP Union, USA, in 1990. • A certified Fraud Examiner (CFE) in the Association of Certified Fraud Examiners (ACFE), USA, in 2007. • Holds a Certificate of Risk Management approved by the Institute of Internal Auditors, USA, in 2012. • Holds Membership Certificate from the Institute of Internal Auditors, USA, in 2010.
Other posts	• Board member of Saudi Accounting Association, a government entity, since 2008. • Board member of the Saudi Institute of Internal Auditors, a government entity, since 2011.

Name	Ayman Mohammed Saleh Al-Modaifir
Age	39
Nationality	Saudi
Post	Board member
Qualifications	Bachelor of Science in Systems Engineering, Industrial Engineering & Operations Researches from King Fahd University of Petroleum & Minerals, Kingdom of Saudi Arabia 1997.
Experiences	• CEO of Alandalus Property from 2006 to date. • An Official at the General Department for Licenses & Inspection, Capital Market Authority, from 2005 to 2006. • Credit Consultant at the Saudi Industrial Development Fund from 1998 to 2005. • Chase Manhattan Program for Credit & Financial Analysis, Chase Manhattan Bank, New York, 2000. • Project Assessment & Risk Analysis Program, Queen's University, Don Dutch Executive, Canada, 2004.
Other posts	• An independent Board member in Al-Khair Capital, a closed joint stock company operating in the financial sector, from 2014 to date. • Board member in Hamat Company, a limited liability company operating in the real estate sector, from 2014 to date. • Board member in Sorouh Al-Marakez Company, a limited liability Company operating in real estate sector from 2014 to date. • Board member in Al-Hayat Real Estate Company, a closed joint stock company operating in real estate sector, from 2009 to date. • Board member in Advanced Markets Company, a limited liability company operating in real estate sector, from 2007 to date.

Name	Fahd Saud Hussain Al-Turiqy
Age	32
Nationality	Saudi
Post	Board Secretary & Head of HRD
Qualifications	Bachelor in Arabic, Imam Muhammed Ibn Saud Islamikc University, Riyadh, 2006.
Experiences	• Head of HRD in Alandalus Property Company from 2011 to date. • Board Secretary from 2008 to date. • Administrative Assistant in Alandalus Property from 2007 to 2011.
Other posts	N/A

5-4 Executive Committee

The Executive Committee of the Company is composed of a highly qualified & skilled team for efficiently & competently managing the Company pursuant to the instructions issued by the Board of Directors. The Chairman of the Executive Committee conducts the Company's daily activities in accordance with the Board's directives to ensure that the Company objectives have been achieved as set by the Board of Directors.

Table 112: The Company's Executive Management

Name	Post	Nationality	Age	Date of joining the Company	Shares held before offering	Shares held after offering
Ayman Mohammed Saleh Al-Modaifir	CEO	Saudi	39	21/08/2006	877,497	613,948
Fahd Abdullah Assaf Al-Assaf	Vice Chairman for Projects	Saudi	46	28/04/2007	-	-
Fahd Saud Hussain Al-Turaiqi	Head of HRD & Board Secretary	Saudi	32	14/02/2007	-	-
Fahd Abdulrhman Ibrahim Al-Dabassy	Head of Property Department	Saudi	33	25/08/2007	-	-
Hathal Saad Munir Al-Otaibi	Head of Marketing & Business Development Department	Saudi	38	14/06/2008	-	-
Fawaz Abdulaziz Abdullah bin Hoyel	CFO	Yemeni	35	04/05/2011	-	-

Source: The Company

Summary of CVs of the administrative body of the abovementioned personnel:.

Name	Ayman Mohammed Saleh Al-Modaifir
Age	39
Nationality	Saudi
Post	Board member & CEO
Qualifications	For more detailed CVs, please refer to Section 5-3-1 "Summary of CVs of the Board Members & Board Secretary" of this Prospectus.
Experiences	
Other posts	

Name	Fahd Abdullah Assaf Al-Assaf
Age	44
Nationality	Saudi
Post	Vice Chairman for Projects
Qualifications	Bachelor in Architectural Engineering & Building Science from King Saud University, 1997.
Experiences	• Assistant Chairman for Projects in Alandalus Property Company, from 2012 to date. • General Manager of Projects in Alandalus Property Company from 2007 to 2012. • Assistant Manager of properties, support services and main premises in SABB, a public joint stock company operating in banking sector, from 2005 to 2007. • Assistant Manager of properties, support services and main premises at the Central Regions in SABB, a public joint stock company operating in banking sector, from 2004 to 2005. • Head of Central Region's projects in SABB, a public joint stock company operating in banking sector, from 2001 to 2005. • A project's manager in SABB, a public joint stock company operating in banking sector, from 2000 to 2001. • Assistant Project Manager in SABB, a public joint stock company operating in banking sector, for one year from 2000 to 2000. • Architect of property projects in SABB, a public joint stock company operating in banking sector, from 1998 to 2000. • Partner & Deputy General Manager in Al-Quds Engineering Office, a limited partnership company operating in the field of engineering consultations, from 1997 to 1998.
Other posts	N/A

Name	Fahd Saud Hussain Al-Turaiqi
Age	32
Nationality	Saudi
Post	Board Secretary and Head of HRD
Qualifications	For more detailed CVs, please refer to Section 5-3-1 "Summary of CVs of the Board Members & Board Secretary" of this Prospectus.
Experiences	
Other posts	

Name	Fahd Abdulrhman Ibrahim Al-Dabassy
Age	33
Nationality	Saudi
Post	Head of Property Department
Qualifications	Bachelor of Mechanical Engineering from King Saud University, 2006.
Experiences	• Head of Property Department in Alandalus Property Company, from 2007 to date. • Supervisor of Procurement Unit at Abdullah Al-Othaim Markets Company, a public joint stock company operating in retail sector, from 2005 to 2007.
Other posts	N/A

Name	Hathal Saad Munir Al-Otaibi
Age	38
Nationality	Saudi
Post	Head of Marketing & Business Development Department.
Qualifications	• Postgraduate Diploma in Marketing from Lister University in 2012. • Banking Business Qualification Program from Institute of Banking, Riyadh in 2004. • Bachelor in Marketing Sciences from King Fahd University of Petroleum & Minerals, Dhahran, in 2003.
Experiences	• Head of Marketing and Business Development Department in Alandalus Property Company, from 2008 to date. • Head of Product Marketing in Almarai Company, a public joint stock company operating in agriculture & food industries sector, from 2005 to 2008. • Personal Banking Officer in Al-Jazira Bank, a public joint stock company operating in the banking sector, from 2003 to 2005.
Other posts	N/A

Name	Fawaz Abdulaziz Abdullah bin Hoyel
Age	35
Nationality	Yemeni
Post	CFO
Qualifications	• Bachelor of Administrative Sciences in Accounting from University of Science & Technology, Sanaa, Yemen, in 2002. • MSC in Accounting from King Saud University, Riyadh, in 2012.
Experiences	• CFO in Alandalus Property Company from 2012 to date. • Chief Accountant in Alandalus Property Company from 2011 to 2012. • Chief Accountant in Dama Medical Group Holding Company, a limited liability company operating in medical sector, from 2006 to 2011. • Senior Accountant in Jama Medical Services Company Ltd, a limited liability company operating in medical sector and provision of hospital supplies, from 2004 to 2006. • Assistant Auditor in Al-Ajoozah Chartered Accountants Office, an audit office operating in the field of accounting, auditing and consultancy provision, from 2003 to 2004. • Holds SOCPA Fellowship Certificate, Riyadh, in 2007.
Other posts	N/A

5-5 Declarations of the Directors, Senior Management and Board Secretary

The Directors, CEO, CFO, Board Secretary and employees declare that:

1. No member of the Board or Senior Management or the Board Secretary has been declared bankrupt;
2. They have not been employed in a managerial or supervisory capacity at a Company that has declared bankrupt in the five years preceding the date of this Prospectus.
3. No member of the Board or Senior Management shall have the voting right on a contract or proposal wherein they have any interest.
4. With exception to what has been mentioned in Section 11-10 ("Agreements with Related Parties" thereof, neither they nor any of their relatives have any Shares, debt instruments or any interest of any kind or investment in the Company.
5. All agreements with the Related Parties will continue on competitive basis and that voting on all contracts with the related parties will take place during the meetings of the board and Ordinary General Assembly. In accordance with Article (69) of the Companies Regulations and Article (18) of Corporate Governance Regulations. A board member who has direct or indirect interest in such contracts shall not vote during the board or Ordinary General Assembly meetings.
6. The Company has currently no program to allocate shares to its employees prior to applying for registration and acceptance of listing.

5-6 Conflict of Interes

The Company's Bylaw or any internal regulation or policies do not delegate any powers that would enable a board member to vote on a contract or offer wherein such member has directly or indirectly any material interest. This is in compliance with Article (69) of Companies Regulations which provide that no board member shall have any direct or indirect interest in the transactions & contracts made on the account of the Company without approval of the Ordinary General Assembly which shall be renewed on annual basis.

According to the provision of the said Article, a board member must inform the Board of Directors of any personal interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has a personal interest. Such communication shall be accompanied by a special report from the Auditor and must be recorded in the minutes of the board meeting. The subject board member shall not participate in the voting on the relevant resolution placed for voting in this regard. Accordingly, the Board Members shall represent that:

- They comply with Articles (69) & (70) of the Companies Regulations as well as Article (18) of Corporate Governance Regulations;
- They shall not vote on contracts made with the related parties during the Ordinary General Assembly if such parties have direct or indirect interest thereon;
- They are not engaged into competition against the Company's business and that all future agreements with the related parties will be on competitive basis in accordance with Article (70) of the Companies Regulations.

5-7 Remunerations & Compensations of the Board Members & Executive Management

According to the Company's Bylaw, remunerations for the Board Members will depend on the estimations made by the Ordinary General Assembly and in compliance with official resolutions and instructions issued by Ministry of Commerce & Industry in this regard and within the limits provided for in the Companies Regulations or any complementary regulation to it. Additionally, attendance & transportation allowances will be set as per the rules, resolutions and instructions applicable in Saudi Arabia and issued by the competent authorities. The attendance allowances has been designated in the Corporate Governance Regulations as being Three Thousand Saudi Riyals Saudi Riyals (SAR 3,000) per a meeting.

Pursuant to the Ministerial Resolution No. (1071) dated 2/11/1412H (corresponding to 5/5/1992G) issued by His Excellency Minister of Commerce & Industry, the maximum annual remuneration for a board member of the Company will be (SAR 200,000) in addition to (SR 3,000) for each meeting of the board. The Company shall abide by the said Ministerial Resolution while determining the annual remunerations approved by the Company's general assembly based on recommendations of the Board of Directors.

Remunerations & salaries of the Board Members shall be approved in a General Assembly Meetings, where the Board Members shall not vote on such remunerations & salaries. Additionally, the Company Board Members or members of the Executive Management have not received any in kind remunerations or compensations other than as detailed for the Executive Management, including CEO & CFO during the three years immediately preceding the IPO:

Table 113: Remunerations & fees of the Board of Directors and Executive Management for the period 2012-2014G:

SAR'000	2012	2013	2014
Members of the Board of Directors	N/A	N/A	N/A
Executive Management	236.5	356.7	107

Source: The Company

5-8 Summary of employement contracts for the Board Members and Executive Management

5-8-1 Employment contracts of the Board Members:

The Company has not signed employment contracts with the Board Chairman and Board Members; instead, these have been appointed by resolution of the Extraordinary General Assembly held on 10/03/2015.

5-8-2 Employment contracts with the Executive Management

Table 114: List of employment contracts with the Executive Management:

Name	Post	Contract date	Contract term
Ayman Mohammed Saleh Al-Modaifi	CEO	15/06/2006G	5 years (automatically renewable)
Fahd Abdullah Assaf Al-Assaf	Vice Chairman for Projects	28/04/2007G	One year (automatically renewable)
Fahd Saud Hussain Al-Turaiqi	Head of HRD	29/04/2006G	One year (automatically renewable)
Fahd Abdulrhman Ibrahim Al-Dabassy	Head of Property Department	25/08/2007G	One year (automatically renewable)
Hathal Saad Munir Al-Otaibi	Head of Marketing & Business Development Department	14/06/2008G	One year (automatically renewable)
Fawaz Abdulaziz Abdullah bin Hoyel	CFO	04/05/2011G	One year (automatically renewable)

Source: The Company

5-9 Appointment of Directors

Members of the Board of Directors are appointed by the Ordinary General Assembly by adopting the cumulative voting method. The Companies Regulations, Corporate Governance Regulations, Company's Bylaw and Company's Internal Governance Regulations specify the board's tasks & responsibilities. The following sections outline the tasks & responsibilities vested in the board member, CEO and CFO.

Tasks & responsibilities of the Chairman of the Board of Directors include the following:

1. Represent the Company in its relations with others and with the government authorities & private entities; attend before Sharia courts, judicial bodies, board of grievances, notary public, labor offices, preliminary & supreme committees, commercial paper committees as well as all other judicial committees, arbitration bodies, civil rights, police, commercial & industrial chambers of commerce, private entities, companies & establishments of their different kinds; sign tenders; receive, payoff, represent, claim, rebut, litigate, disclaim, compose, accept judgments and object thereto.
2. The right to sign off all contracts and documents including, inter alia, corporate incorporation where the Company is a party thereof along with their relevant amendments and sign off all agreements, instruments and transfers before the notaries & competent authorities;
3. The right to sign off loan agreements, securities & guarantees; follow-up transactions; collect the Company entitlements & pay off its obligations; sale, purchase and transfer and accept, receive & deliver the same; rent, lease, receive, pay, open accounts and credits; withdraw & deposit into banks; issue banking securities; sign documents & drafts.
4. Appoint, dismiss and sign contracts with the employees & laborers and decide on their salaries. Appoint agents & lawyers for the Company and authorize one or more of its members or third party to assume specific job(s).

Term of the Chairman of the Board

The term of the Board Chairman shall not exceed three years. As an exception, the constituent committee appoints the first chairman for five (5) years commencing from the issuance date of the Ministerial Resolution declaring incorporation of the Company.

The following are the tasks and responsibilities of the Board of Directors:

1. Approving the strategic directives & main objectives of the company and overseeing achievement thereof, including the following:
   a. Drafting, reviewing & devising a holistic strategy, main work plans and risk management policy;
   b. Specifying the optimum capital structure of the Company, its strategy, financial goals and approving the annual balance sheets;
   c. Overseeing the main capital expenditures, acquiring & disposing of assets;

d. Setting the performance objectives and overseeing the overall performance throughout the Company;
e. Periodically reviewing & adopting the organizational & functional structures in the Company;

2. Drawing up and overseeing regulations & controls for internal control, including:
   a. Setting a written policy that organizes potential conflicts of interest for members of the Board of Directors, Executive Management and shareholders. This policy includes misuse of the Company assets & premises and misbehavior resulting out of dealing with related persons;
   b. Ensuring integrity of the financial & accounting systems, including systems relating to preparation of financial reports;
   c. Ensuring enforcement of appropriate control procedures for risk management by having general conceptualization of potential risks that may face the Company and transparent placement of the same;
   d. Annual reviewing of efficacy of the internal control measures in the Company;
   e. Enacting of a special Corporate Governance Regulations for the Company, reviewing & amending it, if so required;
   f. Setting clear cut & specific policies, standards & procedures for the Board Membership and enforcing the same after approval by the general assembly;
3. Drafting a written policy that organizes the relation with the stakeholders for protecting & preserving their rights. This policy shall, in particular, cover the following:
   a. Mechanisms of indemnifying stakeholders in the event of violation of their rights which are approved by the regulations and protected by contracts;
   b. Mechanisms of addressing complaints or conflicts that may arise between the Company & stakeholders;
   c. Proper mechanisms of establishing good relations with customers & suppliers and maintaining confidentiality of their information;
   d. Codes of ethics for the Company directors & employees that cope with the proper professional & ethical standards and organize their relations with the stakeholders. The Board of Directors shall draft mechanisms of overseeing such rules and compliance therewith;
   e. Company's social contributions.
4. Drafting policies & procedures that ensure the Company's respect of the rules & regulations and compliance with disclosure of essential information to the shareholders, creditors & stakeholders.
5. Setting policies that ensure communication channels for the employees & stakeholders for informing the board of any violations or practices conflicting with the codes of ethics.

Remunerations of the Board Members

Members of the Board of Directors are entitled to annual remunerations not exceeding Two Hundred Thousands Saudi Riyals (SAR 200,000), subject to the approval of the Ordinary General Assembly. Further, each director is entitled to three Thousand Saudi Riyals (SR 3,000) for attending each board meeting.

Neither the Board Chairman, nor the Board Members may vote on their own remunerations or vote on any agreement or offer wherein they have essential interest. Additionally, no powers are delegated to the Board Members or Senior Executives to borrow from the Company.

5-10 CEO

1. Drafting, in association with the Board of Directors, the Company's Vision & Mission and act upon achieving the same;
2. Setting, in association with the Board of Directors, the Company objectives & strategies and striving to achieve the same;
3. Leading, advising & assessing performances of the Company's executives and determining their responsibilities;
4. Drafting & implementing the strategic plans for directing the Company's activities;
5. Leading the preparation process of the projected budgets for implementing the Company' objectives and observing the extent of achieving the same;
6. Leading & overseeing implementation of the short-term and long-term plans on the light of the Company's approved strategies;
7. Leading the administrative body of the Company for disseminating & deep rooting of integrity & ethics on business and acting for raising the level of responsibility of decision making by the executives;
8. Supervising overall Company activities, processing daily businesses and ensuring efficient performance of such activities;
9. Ensuring, in association with the CFO, accuracy of the financial reports and timely issuance of the same;
10. Keeping effectively in touch with all stakeholders;
11. Familiarizing continuously with the competitors, expansion opportunities & market conditions and examining developments pertinent to industry with which the Company engages;
12. Reviewing & assessing the Company's organizational structure and human resources availability for achieving the Company's objectives;
13. Supervising generally the staff appraisal, particularly the executives, and determining their salaries, remunerations & promotions;

14. Evaluating the major risks which the Company may experience and hinder it from realizing its goals. Ensuring effective dealing with such risks;
15. Ensuring continuously the availability of an effective system for internal control & information;
16. Ensuring sufficient finance to support the Company's goals & expansion plans and checking the optimum use of the Company's financial resources;
17. Verifying that the Company is managed through its adopted governance standards & principles;
18. Acting as a connecting link between the Company and its Board of Directors;
19. Verifying that all corporate members have been supplied with necessary information to enable them assume their responsibilities;
20. Coordinating with the Chairman to prepare the agenda & timing of the board meetings;
21. Ensuring availability of policies & procedures for monitoring compliance with the regulations & bylaws. Ensuring provision of documents and meeting the competent authorities' requirements timely.

5-11 CFO

1. Overseeing safety of the Company's financial & accounting system;
2. Providing the Senior Management on regular basis with the periodical financial statements (quarterly & annually) as well as all reports required by the CEO;
3. Financially supervising & controlling the external cash flow and payment instruments for current & capital expenditures;
4. Financially supervising & controlling bank statements and all banking information related matters;
5. Approving the monthly banking settlements;
6. Approving all accounting entries and transfers to PC system. Approving all financial & accounting reports issued by finance department;
7. Overseeing the computer operation system and deciding on the powers delegated to the system users;
8. Monitoring staff performance in the finance department and qualifying & training them to carry out the required tasks;
9. Supervising directly the Zakat & tax status of the Company and reviewing all periodical representations (whether monthly or annually);
10. Monitoring monthly payroll & employees' entitlements & loans;
11. Cooperating with the Company's internal & external auditors on related all matter & issues and facilitating performance of their jobs.

With exception to what has been mentioned in paragraph 11-10 "**Agreements with related parties**" under Section 11 "**Legal Information**" of this Prospectus, the Board Members, Board Secretary & Senior Management declare that there is no existing or prospective contract or arrangement upon provision of this Prospectus to them, nor any of their relatives has any interest in the Company businesses

5-12 Board committees and their responsibilities

5-12-1 Audit Committee

The Audit Committee assumes the following responsibilities:

Responsibilities of the members of Audit Committee:

1. Audit Committee members shall attend all the Audit Committee meetings and shall participate effectively in the discussions. A committee member who can not attend the meeting shall duly inform the Chairman of the Committee;
2. A committee member shall strictly maintain the Company secrets;
3. The Audit Committee members may not perform any executive business for the Company or engage in any act that conflict with their independency;
4. The Audit Committee members shall develop their performance & knowledge while serving the Company interest;
5. While performing their jobs, the Audit Committee members shall adhere to credibility, confidence, objectivity & independency;
6. The Audit Committee members shall disclose all their personal transactions carried out with the Company and nature of such transactions, as well as any personal relation with the Board of Directors & Executive Management;
7. The Committee shall discuss & review its performance at least once a time per year in order to decide whether it is performing effectively and to agree on the arrangements on how to develop & increase its efficiency. The Committee submits a report to the Board of Directors about its performance;
8. The Committee shall review the way of its performance once a time each year and submit a report of the same to the Board of Directors;
9. In the event of difference of opinion between the Audi Committee and the external/ internal auditors or the management, the Board of Directors shall be duly informed for guidance.

Tasks & Responsibilities of the Audit Committee

The Committee assumes the following tasks:

With respect to the financial statements:

1. Reviewing the policies & procedures of preparing the financial & accounting statement, including any significant changes therewith, and discussing them with the CFO or external auditor;
2. Reviewing the interim & annual financial statements before being approved by the Board of Directors, studying the audit & scrutiny findings and discussing them with external auditor and CFO;
3. Reviewing the financial statements' components which were subject to projections, transactions and balances in connection with the related parties and the extent of the effect of unusual transactions made during the year on the financial statements and how to disclose them;
4. Ensuring transparency & sufficiency of disclosure processes and notes complementing the financial statements;
5. Reviewing the issued press releases on the financial statements and the Company's business findings prior to issuance;
6. Assessing appropriateness & integrity of the adopted accounting policies & practices from one year to the next one, expressing opinion and submitting recommendations to the Board of Directors thereon;
7. Reviewing the important changes, if any, resulting from the audit process and discussing them with CFO and internal & external auditors.

Regarding the Internal Audit and Risk Management:

1. Reviewing sufficiency & efficiency of the internal control systems including control over computers and in particular the financial control systems & control systems on the financial statements in association with the management, internal audit & external auditors;
2. Studying the extent of efficiency of significant risk determination process and the manner by which the Company manages such risks and submitting the appropriate recommendation in this regard to the Board of Directors;
3. Studying & understanding the scope of the work of the internal & external audit with respect to the internal audit, reports on their audit findings & recommendations and the management feedback on the same;
4. Studying the disclosure relating to the internal control & risk management cited in the board report or the annual report submitted to the shareholders. Submitting appropriate recommendations in this regard to the Company's Board of Directors.

Regarding the External Audit:

1. The Committee assumes general supervision on the Company relations with the external auditors and on the business of the external audit institution which directly submits its reports to the Committee;
2. The Audit Committee shall abide by the guidance controls issued by Ministry of Commerce & Industry when appointing the chartered accountant of the Company;
3. The Committee shall submit its recommendations to the Board of Directors with respect to appointing, keeping or dismissing the external auditors;
4. When appointing a new auditor, invitation for submission of proposals for external audit shall be secured from competent & reputed chartered accountants who are licensed to audit companies' accounts. A well prepared application form for proposals shall be used to ensure obtainment of detailed information to be used for the appraisal process. Proposals provided by auditors and selection of the auditor shall be based on the experience in the Company area of business, size & type of its customers, quality & size of the work team required to conduct the audit job and the audit fees;
5. Reviewing & assessing independency of the external auditors and extent of their efficiency & objectivity;
6. Studying the external audit plans in the beginning of each annually new audit cycle and ensuring its appropriateness;
7. Studying the scope & extent of the annual audit conducted by the external auditors and discussing with them the factors they took into account when determining the scope of audit, including the risk factors. The external auditors shall represent to the Audit Committee that there were no restrictions on the extent & nature of the audit procedures they have followed;
8. Entrusting the external auditors with any business off the scope of the audit business assigned to them while performing the audit business;
9. Studying the auditor's reports submitted to the management and the latter feedback & discussion with the external & internal auditors;
10. Studying the review findings of the financial statements, discussing them with the external auditor, internal auditor & CFO and asking the external auditor for any problems or obstacles he might have encountered during the audit process.

Regarding the Internal Audit:

1. Reviewing & approving the work manual of the internal audit representatives;
2. Appointing, dismissing or transferring the head of internal audit;
3. Verifying and ensuring that the audit process has the powers, support and accessibility to the Company employees & records in a manner that warrants it performs its tasks free from restrictions or conditions;
4. Reviewing & approving the Company's annual audit plan & the changes made thereon and checking the internal

audit performance towards implementing the plan;
5. Assessing whether or not the organization, independency, status and available resources of the internal committee are sufficient for the internal committee to achieve its objectives;
6. Studying reports & findings of the internal audit process in connection with risk management & internal control. Preparing financial reports, corporate governance & important investigations;
7. Studying the corrective work plans which the management intends to implement based on reports of the internal audit process and reviewing sufficiency of the corrective procedures;
8. Continuous review of the efficacy of the internal audit process in the Company and follow-up the extent of progress achieved in the internal audit program;
9. Examining difference of opinions between the management & internal audit and providing advise thereon;
10. Checking the coordination between the internal audit task and external auditors.

The Internal Audit Committee consists of the following members:

Table 115: Members of the Audit Committee:

Name	Post
Khaled Mohammad Hamad Al-Saliee	Chairman
Khalid Mohammed Abdullah Al-Khwaitir	Member
Mohammed Abdullah Mohammed Al-Sammari	Member

Source: The Company

The following are brief CVs of the Audit Committee members:

Name	Khaled Mohammad Hamad Al-Saliee
Age	52
Nationality	Saudi
Post	Board member
Qualifications	For detailed CV, please refer to Section 5-3-1 “Summary of the CVs of the Board Members and Chairman” of this Prospectus.
Experience	
Other Posts	

Name	Khalid Mohammed Abdullah Al-Khwaitir
Age	53
Nationality	Saudi
Post	Member of the Audit Committee
Qualifications	Bachelor of Accounting from King Saud University, Saudi Arabia, 1983G. Certified Public Accountant (CPA) from the American Institute of Certified Public Accounts (AICPA), USA, 1992G.
Experience	• CFO in Advanced Electronic Company Ltd, a limited liability company within the Economic Offset Program (EOP) for promoting & developing local capabilities in strategic aspects, such as the manufacturing, maintenance and provision of advanced electronic systems to the various sectors in military & civil fields, from 1998G to date. • CFO in Advanced Electronic Company Ltd, a limited liability company operating in the area of manufacturing, maintenance and provision sector of advanced electronic systems to various sectors in military & civil fields, from 1995 to 1998G. • Chief accountant in Advanced Electronic Company Ltd, a limited liability company operating in the area of manufacturing, maintenance and provision sector of advanced electronic systems to various sectors in military & civil fields, from 1989 to 1995G. • CFO in Saudi Hotels & Resorts (SHARACO), a public joint stock company operating in hotels & resorts sector, from 1987 to 1989. • Chief accountant in the Saudi Livestock Transport & Trading Company, a public joint stock company operating in livestock transport & trading sector, from 1985 to 1986G. • Senior Accountant in the Saudi Livestock Transport & Trading Company, a public joint stock company operating in livestock transport & trading sector, from 1984to 1985.

Name	Khalid Mohammed Abdullah Al-Khwaitir
Experience	• Accountant in the Saudi Livestock Transport & Trading Company, a public joint stock company operating in livestock transport & trading sector, from 1983 to 1984G. • Chairman of the Executive Committee of SOCPA from 2008G to date. • Deputy Chairman of the Board of Directors of SOCPA from 2009G to date.
Other posts	• Chairman of the Board of Advanced Arabian Simulation Company (AASC), a limited liability company operating in aviation sector, from 2008G to date. • Chairman of the Board of Java Time Company, a limited liability company operating in entertainment & restaurants, from 2007G to date. • Board member of Saline Water Conversion Corporation, a state owned corporation, from 2014G to date.

Name	Mohammed Abdullah Mohammed Al-Sammari
Age	37
Nationality	Saudi
Post	Member of the Audit Committee
Qualifications	Bachelor of Science in Accounting from King Fahd University of Petroleum & Minerals, KSA, in 2000G.
Experiences	• Executive Consultant in Al-Khair Capital for Securities, a closed joint stock company operating in securities sector, from 2015G to date; • General Manager of Al-Sammari for Securities Consultancy (professional License) operating in consultations & risk management, from 2013 to 2015G; • Chairman of Compliance Committee in Arab National Bank Invest Company, a public joint stock company operating in banking sector, from 2011 to 2013G; • Chairman of Compliance, Corporate Governance & Audit Department in Al-Faisaliah Company, a closed joint stock company operating in agriculture, food, beverages, milk products, restaurants, health care, electronics, systems & electronic consumable accessories, from 2010 to 2011G; • Head of Compliance Department and member of Compliance Committee in Samba Financial Group for Investment, a public joint stock company operating in banking sector, from 2008 to 2010G; • Head of Compliance in Samba Financial Group for Investment, a public joint stock company operating in banking sector, from 2007G to 2008G; • In-charge of licenses in CMA, from 2004G to 2007G; • External Auditor in Deloitte & Touche Bakr Abulkhair Company, a professional company operating in financial sector, from 2003 to 2004; • Associate member in the Institute of Internal Auditors (CIA), USA. • Associate member in CAMS; • Associate member in the International Academy of Business & Financial Management; • CRBA Certificate in 2014G • CORP Certificate in 2012G; • CIA Certificate in 2012G; • CME1 Certificate in 2012G; • Fellowship of CAMS in 2008G.
Other posts	N/A

5-12-2 Nominations & Remunerations Committee

The Nominations & Remunerations Committee assumes the following tasks:

Tasks & Responsibilities of the Committee:

1. Submitting recommendations to the Board of Directors on nominations to the Board Memberships. Candidates should be able to boost the board power to effectively manage and guide the Company affairs according to the policies & standards in the Bylaw, taking into account that no person who has previously been convicted of any offense affecting honor or honesty is nominated for such membership;
2. Annual review of the requirement of suitable skills for membership of the Board of Directors and the preparation of a description of the required capabilities and qualifications for such membership of the board;
3. Reviewing the structure of the Board of Directors and recommend changes;
4. Determining the points of strength and weakness in the Board of Directors and propose remedies that are compatible with the Company's interest;

5. Ensuring on an annual basis the independence of the independent members and the absence of any conflict of interest in case a Board member also acts as a member of the Board of Directors of another company; and
6. drafting clear policies regarding the compensations and remunerations of the Board Members and senior executives, taking into account that the standards related to performance shall be observed;
7. Drafting clear policies for compensations & remunerations of the senior executives as such that these should not exceed six month salaries annually and that salary increment should not exceed 10% per annum. Performance standards shall be considered when setting those policies. Estimation of remunerations for senior executives is at the discretion of the CEO. In the event that CEO decides payment of compensation to a senior executive in excess of the highest limit provided for herein, CEO shall secure prior approval of the Board in this connection;
8. Recommending to the Board regarding membership to various committees affiliating to the Board, subject to the standards of memberships in these committee;
9. Ensuring the availability of an introductory program with the Company business that is meaningful to the new Board Members;
10. The Committee shall perform the other tasks & responsibilities assigned to it by the Board from time to time.

Responsibilities of the Nominations & Remunerations Committee Members

1. Nominations & Remunerations Committee members shall attend all the Committee meetings and shall participate effectively in the discussions. A committee member who can not attend the meeting shall duly inform the Chairman of the Committee;
2. A committee member shall strictly maintain the Company secrets and the confidentiality of any information or documents that he peruses. A committee member shall not disclose any information to any entity without permission from the Board of Directors or otherwise by a resolution from the Committee within the permitted limits;
3. The Committee members shall develop their performance & knowledge while serving the Company interest;
4. While performing their jobs, the Committee members shall adhere to credibility, confidence, objectivity & independency;
5. The Committee shall discuss & review its performance at least once a time per year in order to decide whether it is performing effectively and to agree on the arrangements on how to develop & increase its efficiency. The Committee submits a report to the Board of Directors about its performance;

The Nominations & Remunerations Committee consists of the following members:

Table 116: Members of the Nominations & Remunerations Committee:

Name	Post
Saleh Mohammed Al-Habib	Chairman
Abdulsalam Abdulrahman Al-Aqeel	Member
Ahmed Abdulrahman Al-Moosa	Member
Mohammed Abdulmuhsen Al-Zakary	Member

Source: The Company

The following are brief CVs of the member of the Nominations & Remunerations Committee:

Name	Saleh Mohammed Al-Habib
Age	36
Nationality	Saudi
Post	Member of Nominations & Remunerations Committee and Executive Committee
Qualifications	Bachelor of Architectural Engineering from King Saudi University, KSA, 2000G.
Experiences	• Chairman of the Executive Committee in Alandalus Property Company from 2007G to date; • Chairman of the Executive Committee in Qwaem Real Estate Development Company, a limited liability company operating in the field of precast concrete industry, from 2009G to date; • Member of the Executive Committee in Asala Holding Company, a limited liability company operating in the field of real estate investment, from 2011G to date.
Other posts	• Board member in Mohammed Al-Habib & Sons Holding Company, a closed joint stock company operating in investment sector, from 2008 to date; • Board member in Dr. Sulaiman Al-Habib Medical Services Group Holding Company, a closed joint stock company operating in the field of developing & managing hospitals, dispensaries, medical laboratories, ex-ray; purchase of lands & land construction and investment whether by sale or lease for the interest of the Company; partnership with other companies at rates that enable the Company to control such companies and wholesale of drugs, cosmetics, equipment and medical equipment, from 2013G to date.

Name	Saleh Mohammed Al-Habib
Other posts	• Board member in Mohammed Abdulaziz Al-Habib & Co. for Real Estate Investment Company, a limited liability company operating in the field of land acquisition, development and construction thereon, from 2006G to date. • Director in the Board of Directors of Asala Holding Company, a limited liability company operating in the field of real estate investment, from 2013 to date. • Deputy Chairman of the Board of Directors in Qwaem Real Estate Development Company, a limited liability company operating in the field of precast concrete industry and contracting with large companies for supply & installation, from 2009 to date. • Board member in National Pharmacies Inc., a company operating in medical & cosmetic pharmacies, from 2007G to date.

Name	Abdulsalam Abdulrahman Nasser Al-Aqeel
Age	49
Nationality	Saudi
Post	Board member
Qualifications	For detailed CVs, please refer to Section 5-3-1 "Summary of CVs of the Board Members & Board Secretary" of this Prospectus.
Experiences	
Other posts	

Name	Ahmed Abdulrahman Al-Moosa
Age	37
Nationality	Saudi
Post	Board member
Qualifications	For detailed CVs, please refer to Section 5-3-1 "Summary of CVs of the Board Members & Board Secretary" of this Prospectus.
Experiences	
Other posts	

Name	Mohammed Abdulmuhsen Al-Zakary
Age	30
Nationality	Saudi
Post	Member of the Executive Committee
Qualifications	• Master in Public Administration from La Verne University, USA, in 2011G. • Bachelor in Finance & Investment Management from Prince Sultan University, KSA, in 2009,
Experiences	Deputy Investment Head in Al-Zakary Group, a limited liability company operating in investment sector, from 2009 to date.
Other posts	Board member in Al-Zakary Group, a limited liability company operating in investment sector, from 2011G to date.

5-12-3 Executive Committee

The Executive Committee assumes all the tasks & responsibilities laid down within the scope of its objectives as well as any other tasks & responsibilities referred to it by the Board of Directors, in particular:

1. Discussing any issue within the jurisdictions of the Board of Directors, taking any recommendations regarding them and submitting such recommendations to the Board of Directors;
2. Taking appropriate decisions with respect to the issues delegated to the Committee by the Board of Directors by reviewing & discussing such issues and taking appropriate decisions regarding them;
3. The Executive Committee reviews and recommends the following to the Board of Directors:
   a. Investment policies;

b. Strategies, work plans and annual balance sheets submitted by the Executive Committee to the Board of Directors;
c. Company organizational & functional structure/ re-organizations/ restructure.
d. Business policies in the Company except those policies under other committees of the Board of Directors which include the financial & accounting policies, compensation & remuneration policies; internal audit Manual;
e. joint ventures, merger & acquisition transactions, according to the Company plans;
f. Sale of Company lands & properties;
g. Share distribution (in cash or in kind);
h. Writing off customer liabilities;

4. For review, follow-up and supervision on the Company's business progress, the Executive Committee assumes the following tasks:
   a. Development of the operational issues & performance of the Company;
   b. Regulations & laws relating to progress of the Company's business;
   c. Receiving reports about the following-up & execution of the major projects & expansion plans;
   d. Receiving reports on risk profile at the Company level and the extent of efficiency & progress efficacy at the Risk Management Unit;
   e. Important issues & obstacles relating to the Company business.
5. The Executive Committee approves the following as set out in the adopted Delegation of Authority Matrix (DOA)
   a. Approving the new investments according to the investment plan in the Company;
   b. Approving the amendment of the Company's investment plan;
   c. Approving the capital procurements which exceed the Company's approved Budget;
   d. Approving the operational expenditures exceeding the Company's approved Budget;
   e. Reviewing the assessment of the Company's assets.
6. Submitting recommendations to the Board of Directors regarding nominations of the Committee membership in accordance with the approved policies & standards of the Company, taking into account that no person previously convicted of any offense affecting honor or honesty is nominated for such membership;
7. Following up the implementation of the Committee recommendations & resolutions approved by the Board of Directors;
8. Coordinating with any other committees in the Company to ensure the work progress and plans in line with the rules & regulations;
9. Preparing an annual report to the Board on the works achieved by the Company;
10. Reviewing on periodic basis the provisions of the Committee Charter and submitting necessary reports about it to the Board of Directors.

Table 117: Members of the Executive Committee:

Name	Post
Saleh bin Mohammed Al-Habib	Chairman
Ahmed Abdulrahman Al-Moosa	Member
Abdulsalam Abdulrahman Al-Aqeel	Member
Mohammed bin Abdulmuhsen Al-Zakary	Member

Source: The Company

The following are brief CVs of the members of the Executive Committee:

Name	Saleh bin Mohammed bin Abdulaziz Al-Habib
Age	36
Nationality	Saudi
Post	Chairman of Nominations & Remunerations Committee and Chairman of Executive Committee.
Qualifications	For detailed CVs, please refer to Section 5-12-2 "Nominations & Remunerations Committee" of this Prospectus.
Experiences	
Other posts	

Name	Ahmed Abdulrahman Al-Moosa
Age	37
Nationality	Saudi
Post	Board member
Qualifications	For detailed CV, please refer to Section 5-3-1 “Summary of the CVs of the Board Members and Board Secretary” hereof.
Experiences	
Other posts	

Name	Abdulsalam Abdulrahman bin Nasser Al-Aqeel
Age	49
Nationality	Saudi
Post	Board member
Qualifications	For detailed CV, please refer to Section 5-3-1 “Summary of the CVs of the Board Members and Board Secretary” hereof.
Experiences	
Other posts	

Name	Mohammed bin Abdulmuhsen Al-Zakary
Age	30
Nationality	Saudi
Post	Member of the Executive Committee
Qualifications	For detailed CVs, please refer to Section 5-12-2 “Nominations & Remunerations Committee” of this Prospectus.
Experiences	
Other posts	

5-13 Corporate Governance

The Company has adopted general and internal governance regulations in accordance with the resolution of the Ordinary General Assembly (OGA) and the Extraordinary General Assembly (EGA) held on 10/3/2015 (hereinafter referred to as (“Internal Governance Regulation”). These regulation were prepared pursuant to Article (10) Paragraph (C) of the Companies Governance Regulation issued by CMA by its resolution No. 1-2012-2006, dated 21/10/1427H (corresponding to 12/11/2006), Companies Regulations, Listing Rules and the Company’s By-laws.

The Corporate Governance and Internal Governance Regulations consist of the following:

- Shareholder Equity and General Assembly;
- Dividends policy;
- Disclosure & transparency;
- Board of Directors;
- Internal Control;
- Conflict of interest policy;
- Risk management policy regulation.

The governance regulation aims at improving and organizing corporate governance within the companies, making governance at high level of transparency and ensuring that the companies adhere to the Corporate Governance Regulations by developing the following:

a. Managerial performance based on adding value to the Company and enhancing accountability in the Company;
b. An effective supervisory role in association with the executive personnel for achieving the Company and shareholder interest, including small investors, and striving to increase shareholder equity via appropriate means;
c. Proper disclosure of information & transparency as well as the availability of an effective system for the internal control and risk management;

The Company has met all the obligatory conditions provided for in the Corporate Governance Regulation issued by CMA.

5-14 Company undertakings after listing

The Company will comply with the following after listing:

1. Providing the Corporate Governance Department in CMA with the internal governance regulation and committees' rules;
2. Providing the Corporate Governance Department with the date of the next General Assembly Meeting which the Company will hold after listing so that arrangements will be taken for the Department to attend the meeting;
3. Disclosure of any contracts the Company concludes with the related parties in the Stock Exchange (Tadawul) website in accordance with the listing rules. Obtaining an annually renewable license from the Company's Ordinary General Assembly for each contract with the related parties which are subject to the provisions of Article (69) of the Companies Regulations and Article (18) of Corporate Governance Regulation; and ensure that the related member does not participate in voting on resolutions issued in this respect by the General Meeting or Board Meeting.
4. Presenting the Company's internal governance regulation (including the bylaws & policies to be adopted by the Company's general assembly pursuant to the Corporate Governance Regulations) to the Ordinary General Assembly of the Company for approval within 180 days after listing;
5. Complying with all obligatory articles of the Corporate Governance Regulations issued by CMA directly after listing.

5-15 Commitment to Saudization

Classification of firms operating in the real estate development sector according to each Band (Nitaqat) Program:

Table 118: Classification of companies operating in Real Estate Development Sector

Total number of employees	Firm size	Saudization Ratio					
		Red	Yellow	Low green	Medium green	High green	Platinum
10-49	Small	0-1%	2-4%	5-10%	11-15%	16-20%	21%
50-499	Medium	0-2%	3-5%	6-9%	10-12%	13-15%	16%
500-2,999	Large	0-2%	3-5%	6-9%	10-12%	13-15%	16%
3,000 and above	Very large	0-2%	3-6%	7-9%	10-11%	12-13%	14%

Source: Nitaqat Manual issued by Ministry of Labor, issue No. 1/1435H

The Platinum Band secures various benefits to the employer, which can be summed up as follows: issuing new visas for any required profession; issuing extra visas; enabling the employer to change the profession of any hired foreign employee to another profession (other than those professions excluded by the resolution of the Council of Ministers or by a royal decrees) and ability to renew the labor licenses for the hired foreign employees.

The Green Band secures various benefits to the employer, which can be summed up as follows: Applying for new visas; changing the professions of employees; granting replacement visas against those who left Saudi Arabia on Exit-Only visas and ability to renew the labor licenses for the hired foreign employees working for the employer.

The following are the most important consequences resulting out of inclusion into the Yellow Band: Suspension of applications for new visas; restriction on sponsorship transfer of the hired foreign employees; restriction on change of professions of the hired foreign employees; rejection of renewal of labor licenses for employees who have been working for an employer for six (6) years or more within Saudi Arabia and rejection of license for recruiting new foreign employees. Nevertheless, it is permissible for the employer to renew labor licenses for employees working for it, provided that the remaining validity of the employee Residence Permit shall not exceed three (3) months upon renewal.

The following are the most important consequences resulting out of inclusion into the Red Band: No change of professions of hired foreign employees working for the employer; no sponsorship transfer of hired foreign employees is permitted; no new applications for visas are allowable; no labor licenses for new foreign employees will be issued; no files for new firms or new branches will be opened and no labor licenses for employees working for an employer will be renewed.

In addition to the forgoing paragraph, Ministry of Labor has issued new instructions in enforcement of the Ministerial Resolution No. (353) dated 25/12/1432H (corresponding to 22/11/2011G) providing for collection of a financial consideration from all the private sector entities amounting to Two Hundred Saudi Riyals (SAR 200) per month (SAR 2,400 per annum) in favor of Human Resources Fund against each employee in excess of the number of the nationals in such entities. Such payment will be effected in advance and annually upon issuance or renewal of the labor license.

According to Nitaqat Certificates issued by Ministry of Labor, the total numbers of employees in the Company and Saudization percentages are as follows:

Table 119: Numbers of employees as of June 2015G:

	Activity classification	Total No. of employees	Saudis	Non-Saudis	Saudization Ratio	Band (Nitaqat)
Alandalus Property Co.	Construction & building – general contracting for buildings	38	14	24	36/84%	Platinum

Source: The Company

The Company received Ministry of Labor's Certificate No. 20001504053545 dated 22/04/2015G stating that the Company complies with the required Saudization percentage. The Company has also obtained Certificate No. 17936036 dated 13/1/2015Gfrom the General Organization for Social Insurance (GOSI) stating the Company has satisfied its obligations toward GOSI.

5-16 Company's Administrative Departments

The following are details of the administrative departments of the Company:

5-16-1 Properties Department

Managing the overall Company properties (real estate assets prepared for lease and investment), appointing an operator for the trading centres, supervising and following-up lease transactions, collection and ensuring means of operation.

5-16-2 Marketing and Business Development Department

1. Looking for investment opportunities;
2. Determining optimum uses of the investment opportunities and assessing their potential lease;
3. Promoting the Company identity & its projects through marketing campaigns.

5-16-3 Project Department

1. Designing & implementing the Company's new projects:
2. Renewing the current projects based on the business requirements set by Property Department and Marketing & Business Development Department.

5-16-4 Finance Department

1. Planning & setting the financial strategies;
2. Carrying out all accounting activities of the Company;
3. Checking & assessing the financial transactions & applications, guidelines correctness, audit & audit and drawing up the financial systems.
4. Ensuring correctness of the internal transactions and account balances.

5-16-5 Human Resources Department

1. Employing, training and managing personnel;
2. Providing support services from Procurement & Information Systems Department.

6. Management Discussion & Analysis of the Company's Financial Position

6-1 Introduction

This section provides a discussion and analysis of the financial position and the operational results for Alandalus Property Company (the "Company") and its financial position during the fiscal years ended on 31 December 2012G, 2013G, 2014G, and the six month period ended on 30 June 2015G. This section should be read along with the Company's audited financial statements as at the fiscal years ended on 31 December 2012G, 2013G, 2014G, and the six month period ended on 30 June 2015G and the notes attached thereto which have been prepared by the Company's Auditor, "Dr. Mohamed Al-Amri & Co. (Accountants & Consultants), all of which are included in this Prospectus. Potential investors should read this Prospectus in full and not rely only on the information contained in this section.

Dr. Mohamed Al-Amri & Co. (Public Accountants & Consultants) does not, nor does any of is susidiaries have any ownership share or interest of any kind in the Company. They also provided their written consent to the reference contained therein in this Prospectus with respect to their role as auditors for the Company for the fiscal years ended on 31 December 2012G, 2013G, 2014G, and the six month period ended on 30 June 2015G. The Company did not withdraw its approval until the date of this Prospectus.

This section may include statements relating to the future prospects of the Company based on the management's plans and expectations which may involve risks and future uncertainties. The Company's actual results may substantially differ from those expectations due to a variety of multiple factors, including the factors addressed by the discussion in the following sections and elsewhere in this Prospectus, particularly those contained in the risk factors section.

Please note that the figures shown in this section have been rounded to the nearest million Saudi Riyals; therefore, if added, the sum of these figures may differ from those figures contained in the tables that have been rounded to the nearest thousand Saudi Riyals. Noteworthy, all the percentages, margins, annual expenses and compound annual growth rates have been accounted for based on the rounded numbers.

6-2 Directors' Declaration of Financial Information

Members of the Board of Directors declare that all financial information included in the Prospectus was extracted, without any substantial change, from the audited financial statements their accompanying notes for the years ended on 31 December 2012G, 31 December 2013G, 31 December 2014G and the six month period ended on 30 June 2015G, and that the Company's financial statements have been prepared and reviewed in accordance with the accounting and auditing standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Members of the Board of Directors also declare that there has been no material adverse change in the financial and business condition of the Company during the years ended on 31 December 2012G, 31 December 2013G, 31 December 2014G and the six month period ended on 30 June 2015G until the date of this Prospectus.

Members of the Board of Directors also declare that the Company has working capital sufficient for twelve (12) months that immediately follow the date of this Prospectus.

The Company's management bear the full responsibility for the validity and accuracy of the information and analysis of financial results contained in this Prospectus. The Company confirms that, after making the necessary investigations, it has fully and clearly disclosed all material information related to the financial position and results of operations, and that there are no other information or documentations that may render the data or information contained in this Prospectus misleading.

Members of the Board of Directors and senior executives also declare that there are no commissions, discounts or mediation fees or any non-cash consideration granted by the Company during the previous three years immediately preceding the date of filing the admission and listing application in relation to offering or issuing any securities. Members of the Board of Directors confirm that the Company›s capital share is not covered by a right of choice.

The Company states that it does not have any property, including contractual securities or any other assets which value is subject to fluctuations, or may be difficult to verify which may significantly affect the assessment of the financial position of the Company.

Construction–in-Progress include the IPO expenses which the Company considers part of the Company's Construction-in-Progress that will continue until the IPO is completed. The Company declares that these expenses would be borne by the current partners.

6-3 Amendments to the capital

As of 31 December 2012G, 2013G and 2014G, the Company's capital amounted to three hundred and forty-three million Saudi Riyal (SAR 343 millions) divided into thirty-four million and three hundred thousand shares (34,300,000) with a nominal value of SAR 10 per share.

During the six-month period ended on 30 June 2015G, the Company increased its capital in the amount of three hundred and fifty seven million Saudi riyals (SAR 357,000,000) to reach seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million shares (70,000,000) with a nominal value of SAR 10 per share through transfer from the retained earnings account. This increase has been marked in the Commercial Register on 19 March 2015G.

6-4 Summary of Significant Accounting Policies

he Company's financial statements are prepared under the historical cost convention, except investments in associate companies which are registered as mentioned in the "Investment in Associate Companies" paragraph, on the accrual basis of accounting and in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. Following is a summary of the most important accounting policies followed in the preparation of these financial statements.

Accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of financial statements. Although these estimates are based on management's best information and events available at the date of the financial statements, the ultimate actual results may insignificantly differ from these estimates.

Revenue recognition

Rental revenues are recognized according to the contract with the lessees over the lease period according to the straight-line method and according to the elapsed period of the lease contract until the date of the balance sheet. Rents received in advance represent rents collected from tenants for unearned rents at the date of the balance sheet.

Revenues earned from advertising, marketing and maintenance are recognized when received and are listed in the other revenues (income) in the income statement.

Expenses

Property management and maintenance fees, electricity and water related costs, and its depreciation expenses are considered as direct costs and are included within the cost of rental revenues. Other expenses are considered as marketing and general and administrative expenses. Service segments expenses and common expenses, if required, will be allocated to direct costs, marketing, general and administrative expenses on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand, deposits, and investments that are readily convertible into known amounts of cash, and have a maturity of three months or less from the date of acquisition.

Accounts Receivables

Accounts receivables are stated at net amount after deducting the provision for doubtful debts, if any, as estimated by the Management.

Investments in Associated Companies

Investments in associated companies will be accounted for, in which the Company has significant influence over their financial and operational policies, (but does not reach the level of control over it) or in which the Company hold a long-term investment ranging from 20% to 50% of capital share, according to the equity method. The investment is stated when purchased at cost (including goodwill value, if any) and the cost is adjusted thereafter according to the changes in the Company's share in the net assets of the associated company. The Company's share in the associated company's net profit or loss is recognized in the income statement.

Goodwill

The excess of consideration paid over the fair value of net assets and liabilities of the investee' company is recorded as goodwill within the carrying amount of the investment. In the absence of reliable measure of fair value for the net assets purchased, goodwill represents the difference between the amount paid for the purchase of the investment and the Company's share in the net book value of the assets purchased.

Goodwill is subsequently recognized at cost less any accumulated losses resulting from impairment. Goodwill is assessed annually to determine whether there was a reduction in the value of goodwill or during the year if an event or change in circumstances indicates there is impairment in the recorded value.

Ownership share in lands

The ownership interest in lands represents the Company's investment in common ownership land, and recorded at cost. Earnings achieved from the sale of the Ownership share in lands shall be recorded upon completion of the sale process.

Investment property

Investment properties which are held to earn rentals are stated at cost less accumulated depreciation. Investment properties are depreciated (excluding land), according to the straight-line method based on the estimated useful life over periods between 25 to 33.33 years according to the expected life of the building at the date of construction or purchase. Revenues from rental of these investment properties and related depreciation are recognized in the statement of income.

Property, Plant and Equipment (PP&E)

Property, plant and equipment are stated at cost less accumulated depreciation. Repair and maintenance expenses are considered revenue expenses while the improvement expenses are considered capital expenses. Depreciation is calculated according to the estimated useful life of the asset based on the straight line method. Leasehold improvements in rented buildings are depreciated over its estimated useful lives or rent period whichever is shorter. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. The useful lives for the properties and equipment are estimated as follows

Table 120: Depreciation rates for the years 2012G, 2013G, 2014G, and the six month period in June 2014G and 2015G

Depreciation Rate (Number of years)	2012G	2013G	2014G	June 2014G	June 2015G
Vehicles	4	4	4	4	4
Furniture and office equipment	10-3	10-3	10-3	10-3	10-3
Improvements to the rented premises	3	-	-	-	-
Premises (Buildings)	-	-	-	-	25

Source: Audited Financial Statements

The premises are represented in the part of the building owned by the Company, which the management use for its activities. The remaining part of the building is leased to others and is included in the investment property.

Construction in- progress

Construction in progress is stated at cost. Depreciation of these assets commence when they become ready for use.

Cost of borrowings

The related cost of borrowings which in respect of credit facilities obtained for a particular project that is developed over a long period of time is added to the project cost using the effective interest rate method.

The cost of borrowings is recognized in the statement of income in the absence of projects under progress eligible for capitalization, using the effective interest rate method over the loan repayment period.

Impairment of non-current assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are expensed in the statement of income for the financial period it occurs.

If the causes for the decline do not subsequently exist, the impairment loss is reversed, and the carrying amount of the asset or the cash generating unit is increased to the revised value of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash generating unit in previous years. A reversal of an impairment loss is recognized as income in the statement of income for the financial period in which they occur.

Operating leases

Amounts paid under operating leases entered into by the Company as a lessee are recorded in the income statement on a straight-line basis over the related lease term.

Rents are calculated as a percentage of tenant's revenues, according to the accrual basis of accounting and according to data received from the operator or tenant.

Provision for end of service benefits

Provision for end of service benefits are provided for employees in accordance with the Saudi Labor Law and according to the employees' service duration.

Provision for zakat

Zakat is provided for in the statement of income in accordance with Department of Zakat and Income Tax regulations in Kingdom of Saudi Arabia. Differences, if any between the amounts of provision for zakat and the final assessment are recognized in the statement of income in the year in which the final assessment is received. Then, the Provision for Zakat is settled.

Statutory reserve

As required by Saudi Companies Regulations and the Company's By-Laws, 10% of the annual net income must be transferred to the statutory reserve. The Company may discontinue such transfers when the reserve reached 50% of the paid capital. This reserve is not available for distribution as dividends.

Foreign currency translation

The Company's accounts are maintained in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Earnings per share

Basic earnings per share are calculated by using the weighted average method for ordinary shares outstanding during the year

6-5 Main factors affecting the Company's business

1- Population

The Kingdom's growth in population is considered one of the largest and fastest growth among the Gulf states, where the compound annual growth rate amounted to 2.8% for the period between 2010G and 2013G. This growth is a positive catalyst to increase the demand for the retail sector in the Kingdom.

2- Spending trends on the retail sector

Spending on the retail sector, both food and the non-food, grew during the period from 2010G to 2014G at a compound annual rate of 5.1%, 11.0% and 11.5% in Riyadh, Jeddah, Dammam and Khobar respectively, driven by the growth of per capita income.

3- Limited entertainment options

Due to the lack of Leisure facilities in the Kingdom, shopping centers are the ideal option for families. Attendance to in-door entertainment centers aew also increased given the hot climate in the Kingdom.

4- Rise of Gross Domestic Product (GDP) / per capita and disposable personal income

The growth of disposable personal income is a key motivation for the increased demand on consumer retail products which enhances the demand for commercial centers. The table below shows the gross disposable income in Riyadh, Jeddah, Dammam and Al Khobar during the period between 2010G to 2014G.

Table 121: Gross Disposable Income in the main cities of the Kingdom during the period from 2010G to 2014G

Billion Saudi Riyal	2010G	2011G	2012G	2013G	2014G
Riyadh	110	125	136	148	160
Jeddah	78	86	99	112	119
Dammam and Al Khobar	29	31	36	41	43

Source: Market report

6-6 The economic and financial factors

The Saudi's economy continued its positive grow during 2014G benefiting from the continued government spending on developmental projects, the continued structural and regulatory reforms that aim at achieving sustainable economic growth through the diversification of the production base and increasing the contribution of the non-oil sector. GDP data at fixed prices indicate a growth of 3.5% in 2014G to reach about SAR 2/4 billion. The gross domestic product for the oil sector recorded an increase by 1,5% to reach SAR 1.0 billion. The gross domestic product of the non-oil sector recorded a growth rate of 5.0% to reach SAR 1.4 billion riyals [1].

6-7 Analysis of the income statement

The following table shows the actual statement of income of the Company for the years 2012G, 2013G and 2014.

Table 122: Statement of income for the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G-2013G	Percentage of Change 2013G-2014G	Compound Annual Growth Rate 2012G-2014G
Rental revenues	92,539	97,075	102,610	4.9%	5.7%	5.3%
Cost of rental revenues	(26,861)	(26,018)	(31,943)	(3.1%)	22.8%	9.1%
Gross profit from rent	65,678	71,057	70,667	8.2%	(0.5%)	3.7%
Profit from investments in projects	18,497	20,220	21,557	9.3%	6.6%	8.0%
Profit from investments in associated company (real-estate)	9,906	12,933	13,134	30.6%	1.6%	15.1%
Gross Activity Profit	94,081	104,210	105,358	10.8%	1.1%	5.8%
Marketing expenses	(792)	(2,073)	(2,734)	161.7%	31.9%	85.8%
General and administrative expenses	(7,803)	(5,760	(5,577)	(26.2%)	(3.2%)	(15.5%)
Profit from main operations	85,486	96,377	97,047	12.7%	0.7%	6.5%
Financial charges	(11,078)	(10,270)	(9,413)	(7.3%)	(8.3%)	(7.8%
Other income	2,072	1,046	758	(49.5%)	(27.5%)	(39.5%)
Net profit before zakat	76,480	87,153	88,392	14.0%	1.4%	7.5%
Zakat for previous years	(884)	-	(420)	N/A	N/A	(31.1%)
Zakat provision	(1,835)	(1,602)	(1,165)	(12.7%)	(27.3%)	(20.3%)
NET PROFIT	73,761	85,551	86,807	16.0%	1.5%	8.5%

Source: Audited Financial Statements

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The following table shows the Company's actual statements of income during the period ended on 30 June 2014G and 30 June 2015G.

Table 123: Income statement for the period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G to June 2015G
Rental revenues	49,256	61,301	24.5%
Cost of rental revenues	(14,664)	(22,649)	54.5%
GROSS PROFIT FROM RENT	34,592	38,652	11.7%
Profit from investments in joint ventures	-	-	N/A
Profit from investments in associated company (real-estate)	18,028	18,316	(1.6%)
Gross Profit	52,620	56,968	8.3%
Marketing expenses	(1,374)	(656)	(52.3%)
General and administrative expenses	(2,707)	(3,182)	17.5%
Profit From Main Operations	48,539	53,130	9.5%
Financing cost	(4,668)	(3,984)	(14.7%)
Other income	553	245	(55.7%)
Net profit before zakat	44,424	49,391	11.2%
Zakat for previous years	-	-	N/A
Zakat provision	(1,111)	(1,173)	5.6%
Net Profit	43,313	48,218	11.3%

Source: Audited Financial Statements

Table 124: Rental revenues and income from investment and the percentage of each to the total rental revenues and income from investment

SAR'000		2012G	2013G	2014G	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G
Rental revenues	Alandalus Mall	92,539	96,237	101,635	48,758	52,541
	Main Administration Building	-	838	975	498	488
	Sahafa Commercial Center	-	-	-	-	5,127
	Yarmouk Center	-	-	-	-	3,145
Investment Revenues	Advance Markets Company (Associated Company)/ Dareen Mall	9,578	9,311	9,027	5,533	5,800
	Hayat Real Estate Company/ Hayat Mall	18,497	20,220	21,557	10,070	10,715
	Hamat Real Estate Company/Operator	328	3,622	4,107	2,425	1,801
Total lease revenues and income from investment		**120,942**	**130,228**	**137,301**	**67,284**	**79,617**

Percentage to total sum of rental revenues and income from investment		2012G	2013G	2014G	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G
Rental revenues	Alandalus Mall	76.5%	73.9%	74.0%	72.5%	66.0%
	Main Administration Building	-	0.6%	0.7%	0.7%	0.6%
	Sahafa Commercial Center	-	-	-	-	6.4%
	Yarmouk Center	-	-	-	-	4.0%
Investment Revenues	Advance Markets Company (Associated Company)/ Dareen Mall	7.9%	7.1%	6.6%	8, %	7.3%
	Hayat Real Estate Company/ Hayat Mall	15.3%	15.5%	15.7%	15.0%	13.5%
	Hamat Real Estate Company/ Operator	0.3%	2.8%	3.0%	3.6%	2.3%
Total lease revenues and income from investment		**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company Management

Table 125: Detail of the total company's income between Rental revenues and income from investment

SAR'000	2012G	2013G	2014G	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G
Total Rental revenues *	65,678	71,057	70,667	34,592	38,652
Total Investment revenues**	28,403	33,153	34,691	18,028	18,316
Total Income	**94,081**	**104,210**	**105,358**	**52,620**	**56,968**
Percentage from Total Income	**2012G**	**2013G**	**2014G**	**Six month period ended on 30 June 2014G**	**Six month period ended on 30 June 2015G**
Total Rental revenues	69.8%	68.2%	67.1%	65.7%	67.8%
Total Investment revenues	30.2%	31.8%	32.9%	34.3%	32.2%
Total Income	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Audited Financial Statements

* Total rental income was calculated based on the figures shown in the financial statements (total rental income = rental income - the cost of rental income).

** Total income of investments was calculated based on the figures shown in the financial statements (income from investments in projects + income from investments in associated companies (real estate)

6-7-1 Rental income

Rental income mainly consists of Alandalus Mall rental income and income from leasing part of the public administration building, starting in 2013G, in addition to the rental income from Sahafa and Yarmouk Centers; construction work is completed and commercial activity commenced as of the first half of 2015G.

Alandalus Mall revenues result from revenues from the rental leases of various spaces such as shops, stalls, storage spaces, spaces used for ATMs and communications towers. The leases are divided into two types:

- Ordinary leases where the amount of rent is calculated based upon the leased space. It is the approved contracts to lease the majority of spaces in Alandalus Mall.
- Lease contracts where the amount of rent is accounted for as a percentage of the revenues generated from the leased space. There are three lease contracts used in leasing three shops as at 31 December 2014G. These contracts are referred to with the words "lease contracts with a percentage of revenues".

In January 2013G, the Company has leased part of the head office building with a total area of 3,573 square meters. The leased space amounted to 1,340 (representing 62% of the total leasable space of the main building which is equivalent to 2,180 square meters) was leased to the Global Health Care Company under two lease contracts that are renewed annually.

The Company has also begun to achieve revenues from the lease of Sahafa Center beginning January 2015G. It has also begun to achieve revenues from leasing Yarmouk Center during the month of April 2015G.

The following table shows a breakdown of rental income by type of lease contract in Alandalus Mall as well as rental revenues of part of the public administration building during the period from 2012Gt o 2014G.

Table 126: Detail of rental income in the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G--2013G	Percentage of Change 2013G-2014G	Compound Annual Growth Rate 2012 – 2014
Ordinary lease revenues	89,279	91,591	98,513	2.6%	7.6%	5.0%
Lease revenues with a percentage of revenue	3,260	4,646	3,122	42.5%	(32.8%)	(2.1%)
Income from leasing part of the public administration building	-	838	975	N/A	16.3%	N/A
Total rental revenues	**92,539**	**97,075**	**102,610**	**4.9%**	**5.7%**	**5.3%**

Source: Company Management

The following table shows the breakdown of rental income by type of lease contract in Alandalus Mall, Sahafa Center and Yarmouk Center as well as the rental revenues generated from leasing part of the public administration building during the six months period ended on 30 June 30 2014G and 30 June 2015G.

Table 127: Custom-made rental income during the six month period ended 30 June 2014 G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Ordinary lease revenues	47,731	59,024	23.7%
Lease revenues with a percentage of revenue	1,027	1,789	74.2%
Income from leasing part of the public administration building	498	488	(2.0%)
Total rental revenues	**49,256**	**61,301**	**24.5%**

Source: Company Management

Total rental income rose from SAR 49.3 million during the six month period ended on 30 June 2014G to SAR 61.3 million during the six month period ended on June 2015G driven mainly by the start of leasing of Sahafa Center and Yarmouk Center which total income reached SAR 8.3 million during the six month period ended on 30 June 2015G. In addition to that, Alandalus Mall Rental revenues increased from SAR 49.3 million in the first six month period of 2014G to SAR 53.0 million in the same period of 2015G, an increase by 7.7%. The rental revenues include the revenues from leasing part of the head office building starting from 2013G.These revenues posted SAR 838 thousand in 2013 and SAR 975 thousand in 2014G.

The following table shows a breakdown of revenues from Alandalus Mall and Sahafa and Yarmouk Centers and the lease of part of the Public Administration Building.

Table 128: A breakdown of the Company's income per Commercial Center

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Alandalus Mall Rental revenues*	49,256	53,029	7.7%
Sahafa Center Rental revenues	-	5,127	100%
Yarmouk Center Rental revenues	-	3,145	100%
Total rental revenues	**49,256**	**61,301**	**24.5%**

Source: Company Management

* Alandalus Mall Rental revenues include the rental revenues generated from leasing part of the Administration Building starting in 2013G

Rental income per the division of Alandalus Mall

The following table shows the rental income as per the division of Alandalus Mall during the years 2012G, 2013G and 2014G.

Table 129: Rental income as per the division of Alandalus Mall for the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G-2013G	Percentage of Change 2013G-2014G	Compound annual growth rate 2012G-2014G
Ground floor shops	42,881	45,918	46,208	7.1%	0.6%	3.8%
First floor shops	25,366	25,888	28,419	2.1%	9.8%	5.8%
Hypermarket	8,768	9,182	9,182	4.7%	-	2.3%
Kiosks/Stalls	5,140	5,269	6,072	2.5%	15.2%	8.7%
Food Court	3,160	3,642	2,958	15.3%	(18.8%)	(3.2%)
Advertising	2,473	2,750	2,750	11.2%	-	5.5%
Playground complex	1,958	2,154	2,154	10.0%	-	4.9%
Others*	2,793	2,272	4,867	(18.7%)	114.2%	32.0%
Total Rental Revenues	**92,539**	**97,075**	**102,610**	**4.9%**	**5.7%**	**5.3%**

Source: Company Management

* Other rental income includes the revenues generated from renting spaces on AL Mezzanine, and renting spaces for ATMs and communications towers revenues and storage spaces. It also includes revenues generated from leasing part of the administration building starting from 2013G.

The following table shows the revenues by the division of Alandalus Mall and the number of stores during the years 2012G, 2013G and 2014G.

Table 130: Number of units / leasable contracts during the years 2012G, 2013G and 2014G

Number of Units/Lease Contracts	2012G		2013G		2014G	
	Units/Leasable contracts	Units/Leased Contracts	Units/Leasable contracts	Units/Leased Contracts	Units/Leasable contracts	Units/Leased Contracts
Ground floor shops	173	173	173	170	173	172
First floor shops	147	144	147	147	147	142
Hypermarket	1	1	1	1	1	1
Kiosks/Stalls	48	47	48	47	48	47
Restaurants	24	24	24	24	24	23
Advertisement contracts	2	2	2	2	2	2
Contracts for the games area	1	1	1	1	1	1
Other leased spaces	30	27	30	27	30	27
Total shops and lease contracts	**426**	**419**	**426**	**419**	**426**	**415**

Source: Company Management

The following table shows the average price per square meter depending on the division of Alandalus Mall during the years 2012G, 2013G and 2014G

Table 131: Average annual rental price per square meter in Alandalus Mall during the years 2012G, 2013G and 2014G.

SAR	2012G	2013G	2014G	Percentage of Change2012G-2013G	Percentage of Change2013G-2014G	Compound annual growth rate 2012G-2014G
Ground Floor	1,374	1,472	1,473	8.8%	0.0%	3.5%
First Floor	1,104	1,127	1,213	2.1%	7.7%	4.8%
Hypermarket	474	497	497	4.7%	-	2.3%
Kiosks/Stalls*	107	110	127	2.5%	15.2%	13,6%
Food Court	2,847	3,344	2,760	17.5%	(17.5%)	(1.5%)
Playground complex	330	363	363	10.0%	-	4.9%
Other income	368	236	641	(38.5%)	171.4%	32.0%

Source: Company Management

* Noteworthy, the total area of the stalls is considered non-fixed as it can be adjusted based on the Company's policy and direction for the optimal use of leasable spaces. Therefore, management may decide to increase spaces allocated for stalls without increasing their number or vice versa. Consequently, the Company does not account for the stalls area as part of the total lease area of Alandalus Mall.

With reference to table 129, the total rental income rose from SAR 92.5 million in 2012G to 102.6 million in 2014G at a compound annual growth rate of 5.3%, driven mainly by increasing the prices of the lease by the Company's Management. Rental revenues include rental revenues of a part of the head office building from 2013G.

In general, the Company›s management determines the increase in rental rates after getting a conception from Hamat real estate Company (in which the Company owns an interest of 33.4%) that operates Alandalus Mall. The proposed increases vary between from one tenant to another based upon the location of the leased space based and from one year to another according to the Company›s strategy. These increases are not fully fixed for all tenants as they will be outlined in the terms of the lease contract for some tenants in an ascending manner especially the contracts of more than three years in duration.

For some tenants, especially those of contracts that span for one year, a contract addendum will be developed to increase the rent amount upon renewal of the lease. The annual percentage of increase ranges generally between 4% and 15%. The mechanism for determining the percentage of increase depends mainly on the rental price rate for each square meter in the market in addition to the location of the shop within the center (at the gates or in a central area such as restaurants, etc.).

Proposals submitted by Hamat Real Estate Company and their suitability for the Company›s strategy will be discussed. Then, some adjustments to the proposed prices will be made for approval and authorizations by the Company. Following that, increases shall be applied to tenants who are included in the amendment.

2012G-2013G

With reference to tables No. 129 and 131, the total rental income rose by 4.9% from SAR 92.5 million during the year 2012G to SAR 97.1 million during 2013G as a result of increased rental rates in Alandalus Mall especially in the food court restaurants and ground floor in addition to the increase in revenue from by the lease contracts with a percentage of revenues during 2013G. The management has also increased the rental rates for the food court resulting in an increase in revenues from SAR 3.2 million in 2012G to SAR 3.6 million Saudi riyals in 2013G. Subsequently, the average price per square meter rose from SAR 2,847 during the year 2012G to SAR 3,344 during the year 2013G.

The ground floor rents also increased from SAR 42.9 million during the year 2012G to SAR 45.9 million during the year 2013G. Thus, the average rent for the ground floor rose from SAR 1,374 per meter during the year 2012G to SAR 1472 during 2013G. Income from lease contracts based on a percentage of lessee revenues rose from SAR 3.3 million during the year 2012G to 4,6 million during the year 2013G due to rise in the lessee sales.

2013G-2014G

With reference to table No. 129 and table 131, the total lease revenues rose in 2014G by 5.7% from SAR 97.1 million during the year 2013G to SAR 102.6 million during 2014G driven mainly by the increase in revenues from the first floor shops by an amount of SAR 2.5 million in spite of the decline in rental income from restaurants by SAR 0.7 million because one of the restaurants lease contract came to an end, and another restaurant space was reduced resulting in a reduction in the rental price per square meter for restaurants in 2014G compared with the rental price per square meter for restaurants in 2013G.

With reference to table No. 129 and table 131, the increase in first floor store rental revenues from SAR 25.9 million to SAR 28.4 million is attributed to the increase in prices applied by the Company. Thus, the average price per square meter rose for the first floor from SAR 1,127 million during 2013G to SAR 1,213 million during 2014G. On the other hand, the rental revenues of the food court decline from SAR 3,6 million during 2013G to SAR 3.0 million during 2014G due to the fact that one lease contract came to an end, a store was vacant and the reduction of spaces for a number restaurants. Thus, the average price per square meter for the food court reduced from SAR 3,344 million during 2013G to SAR 2,760 million during 2014G. The reduction of space for one restaurant is a non-recurring event and occurred for a one-time only. On the other hand, the vacant restaurant results in a decrees of revenues due to the time required to turn in the restaurant to the management, which in turn, hand it over to the new lessee, in addition to granting a waiver period to the new tenant to implement he decoration works; a period not to exceed 3 months at most. However, the lost rental value due to the vacancy of the store is compensated through the leasing the new tenant at a higher price than the old lease price.

With reference to table No. 129, revenues from advertising contracts represent the revenues received by the Company from the rental of specific spaces inside the mall for use in placing of billboards by competent advertising companies. The number of such contracts has reached 2 and revenues from these contracts maintained a constant level during the period from 2012G to 2014G. The annual rental value for the first advertising contract amounted to SAR 2.5 million for a period of 5 years ending in 2020G in order to establish means of advertising in the locations and advertising areas in the mall such as tables and chairs in the food court area as well as fixing posters and side stickers in the elevators, escalators and the distribution of samples and others. The second contract value amounted to SAR 0.25 million for a period of three years ending in October 2015G, which consists of leasing spaces to put 5 LED ads displays distributed in Alandalus Mall.

With reference to table No. 129 and 131, revenues from other rent spaces rose from SAR 2.3 million during 2013G to SAR 4.9 million during 2014G; an increase of 114.2% . This is mainly attributed to a new lease in Mezzanine level in the value of SAR 12 million since the beginning of the first half of 2014G in addition to the renewal of another contract with an increase in rent in the amount of SAR 0.3 million by the end of 2013G and an increase in the rental price of spaces allocated for ATMs in the amount of SAR 0.3 million and some communications towers in the amount of SAR 0.1 million. In addition to that, the Company has increased the price of leased spaces in the main building of the Company from SAR 0.8 million in 2013G to SAR 1.0 million in 2014G. Thus, the rental price per square meter for other rent areas rose from SAR 236 to SAR 641 during the same period.

30 June 2014G and 30 June 2015G

The following table shows the rental income according to the division of Alandalus Mall during the six month period ended on 30 June 2014G and 30 June 2015G.

Table 132: Rental income according to the division of Alandalus Mall during the six month period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Ground floor shops	22,921	24,585	7.3%
First floor shops	13,058	13,527	3.6%
Hypermarket	4,553	4,553	- %
Kiosks/Stalls	2,868	3,734	30.2%
Restaurants	1,499	1,411	(5.9%)
Advertisements	1,364	1,364	- %
Games area	1,068	1,068	- %
Others*	1,925	2,786	44.8%
Total shops and lease contracts	**49,256**	**53,028**	**7.7%**

Source: Company Management

* Includes rental income and other revenues generated from renting spaces on the mezzanine, rental of spaces for ATMs, communications towers and storage spaces. It also includes revenues from leasing part of the administration building starting from 2013G.

With reference to table No. 132, Alandalus Mall Total rental income increased by 7.7% from SAR 49.3 million during the six month period ended on 30 June 2014G to SAR 53,0 million during the same period of 2015G due to the increase in revenues from ground floor shops and stalls driven by the increase in lease rates.

With reference to table No. 132 and 134, rental income from the food court decreased from by 5.9% from SAR 1.49 million during the first half of 2014G to SAR 1.41 million in the same period of 2015G because of one the restaurant lessees vacated (unit number FC04) during the fourth quarter of 2014G. The rental value was SAR 175,000. Thus, the average rental price per square meter dropped from SAR 1,335 during the six month period ended on 30 June 2014G to SAR 1,316 in the same period of 2015G.

With reference to table No. 132 and 133, rental revenues of kiosks rose from SAR 2.9 million during the six month period ended on 30 June 2014G to SAR 3.7 million for the same period of 2015G due to the increase in the number of stalls leased from 47 to 55 In addition to the increase in the price of meter rental. Noteworthy, stalls are fixed spaces that their numbers and total area may be increased or decreased, according to the Company's vision and strategy in terms of optimizing the use of leasable space.

Revenues from advertising contracts at maintained a constant level during the six month period ended on 30 June 2014G and on 30 June 2015G.

With reference to table No. 132 and 134, other revenues from leasing spaces rose from SAR 1.9 million during the six month period ended on 30 June 2014G to SAR 2.8 million during the six month period ended on 30 June 2015G; an increase of 44.8 % mainly due to the increase the price of renting spaces allocated for ATMs and various other spaces. Thus, the rental price per square meter for leasing of other areas of rose from SAR 189 to SAR 379 during the same period.

The following table shows the rental income per the division of Alandalus Mall and the number of shops during the six month period ended on 30 June 2014G and on 30 June 2015G.

Table 133: Number of units / leasable contracts during the six month period ended on 30 June 2014G and 30 June 2015G.

Number of units/Lease Contacts	June 2014G		June 2015G	
	Number of units/leasable contracts	Number of units/ leased contracts	Number of units/leasable contracts	Number of units/ leased contracts
Ground Floor Shops	173	171	175	166
First Floor Shops	147	147	152	140
Hypermarket	1	1	1	1
Stalls	48	47	55	55
Restaurants	24	24	22	21
Advertising Contracts	2	2	2	2
Playground complex	1	1	1	1
Other rental spaces	30	27	32	30
Total number of lease shops and lease contracts	**426**	**420**	**440**	**416**

Source: Company Management

The following table shows the average square meter price per the division of Alandalus Mall during the six month period ended on 30 June 2014G and on 30 June 2015G.

Table 134: Average annual rental price per square meter during the six month period ended on 30 June 2014G and 30 June 2015G

SAR	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Ground Floor Shops	742	783	5.5%
First Floor Shops	560	571	1.8%
Hypermarket	246	246	13.3%
Stalls*	60	68	N/A
Food Court	1,335	1,316	(1.3%)
Advertising	-	-	N/A
Playground complex	180	180	-
Other revenues	189	379	81.4%

Source: Company Management

* Noteworthy, the total area of the stalls is considered non-fixed as it can be adjusted based on the policy and direction of the Company in terms of the optimal use of leasable space. Therefore, management may decide to increase the space allocated for stalls without increasing their number or vice versa. Consequently, the Company has not accounted for the stalls area as part of the total rent area of Alandalus Mall

The following table provides an overview of the collection performance of Alandalus Mall during the period from 2012G to the period ended on 30 June 30 2015G.

Table 135: An overview of the collection performance of Alandalus Mall

SAR'000	2012G	2013G	2014G	Six month period ended on 30 June 2015G
Rentals / revenues expected from the commercial center as at 01 January	85,300	98,200	102,100	62,402
Rental receivables as at 31 December (as per the audited financial statements)	9,754	8,845	11,304	12,091
Proceeds from the rental period as at 31 December	83,566	89,109	89,972	53,797
Proceeds from the previous receivables as of 31 December	6,150	9,754	8,845	5,652
Total rental received as at 31 December	89,716	98,863	98,817	59,449
Collection efficiency for the period (actual collected / planned to be collected)	98%	91%	88%	86%
Net rents / revenues as at 31 December* (total income as per the audited financial statements)	65,679	71,057	70,667	38,652
Net income as of 31 December (as per the audited financial statements)	73,761	85,552	86,807	48,218
Alandalus Property Company Share (100%)	73,761	85,552	86,807	48,218

Source: Company Management

* Incudes revenues from Sahafa Center and Yarmouk Center in June 2015 after they began their business activities

The table above shows the efficiency ratio of rental collection of Alandalus Mall, which is calculated as follows: collection efficiency for the period = (Proceeds from lease period as of 31December) / (rentals / revenues from the expected centers as at 1 January). The rents collected from the period as at 31 December leases represent the revenues of the same period which the Company has collected after separated from the collections of the late rents related to prior periods. It should be noted the lessees receivables represent the total amount of rents of the tenants that have not been collected by the end of the period as shown in the audited financial statements.

The average collection efficiency amounted to 91% during the period between 2014G and the six month period ended on June 2015G. The efficiency of the rent has increased to 98% during the year 2012G as the Company collected additional rents resulting from the increase in rents for several shop leases that were not included in the operator's plan and revenue projections at the beginning of the year. Subsequently, the collected additional rents resulted in an increase in the collection efficiency during the year 2012G compared to the average rate of the collection efficiency.

6-7-2 Cost of rental income

The following two tables show the breakdown of the cost of rental income for the years 2012G, 2013G, 2014G, and the six month period ended on 30 June 2014G and on 30 June 2015G.

Table 136: Cost of rental income for the years 2012G, 2013G, and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012-2013G	Percentage of Change 2013-2014G	Compound Annual Growth Average2012-2014G
Depreciation	9,937	9,872	9,864	(0.7%)	(0.1%)	(0.4%)
Cleaning and security Services	4,372	4,901	7,852	12.1%	60.2%	34.0%
Operating and leasing services	4,371	4,250	4,422	(2.8%)	4.0%	0.6%
Electricity and water	3,889	2,953	3,734	(24.1%)	26.4%	(2.0%)
Repair and Maintenance	2,082	1,328	2,848	(36.2%)	114.5%	17.0%
Salaries and employees benefits	1,441	2,072	2,226	43.8%	7.4%	24.3%

SAR'000	2012G	2013G	2014G	Percentage of Change 2012-2013G	Percentage of Change 2013-2014G	Compound Annual Growth Average2012-2014G
Legal Consultations and Charges	-	-	258	N/A	N/A	N/A
Insurance	167	286	220	71.3%	(23.1%)	14.8%
Lessees compensations	200	-	150	(100.0%)	N/A	(13.4%)
Others	402	356	369	(11.4%)	3.7%	(4.2%)
Total cost of revenues	**26,861**	**26,018**	**31,943**	**(3.1%)**	**22.8%**	**9.1%**

Source: Audited Financial Statements

Table 137: The cost of rental income during the period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014-June 2015G
Depreciations	4,931	5,870	19.0%
Cleaning and security Services	3,387	3,936	16.2%
Operating and leasing services	1,835	3,140	71.1%
Electricity and water	1,619	1,545	(4.6%)
Repair and Maintenance	1,375	968	(29.6%)
Salaries and employees benefits	1,215	1,448	19.2%
Legal Consultations and Charges	-	98	N/A
Insurance	110	79	(28.2%)
Sahafa and Yarmouk Centers land rental	-	5,269	N/A
Lessees compensations	-	-	N/A
Others	192	296	54.2%
Total cost of revenues	**14,664**	**22,649**	**54.5%**

Source: Audited Financial Statements

The average cost of rental income accounted to 29.0% of the total rental income during the period from 2012G to 2014G; a percentage of 36.9% during the six month period ended on 30 June 2015G. Hamat Real Estate Company administers all the Company's commercial centers as the operator for these centers where it provides the management, operation and leasing services for Alandalus Property Company commercial centers. Noteworthy, Hamat Real Estate Company prepares the leases and contracts for marketing activities and maintenance and cleaning work contracts and any other works that are deemed to be necessary for the operation of the center provided that the Company signs these contracts with the service providers. Subsequently, costs for these services are recognized as cost for rental income in the financial statements. The Company pays fees to the Hamat Real Estate Company as Alandalus Mall operator vis-a-vis the operating and management services and follow-up with the collection of rents.

Depreciation

The cost of depreciation is comprised of the depreciation of investment property of Alandalus Mall and the administration building. The cost of depreciation, on average, accounted for 35.0% of the total cost of rental income for the Company and maintained a quasi-steady level during the period from 2012G G to 2014G. The cost of depreciation of Alandalus Mall building, on average, accounted for 96.8% of the total cost of depreciation during the period from 2012G to 2014G.

The cost of depreciation accounted for 25.9% of the total cost of rental income for the Company during the six month period ended on 30 June 2015G. The cost of depreciation increased by 19.0% from SAR 4.9 million during the six-month period ended on 30 June 2014G to SAR 5.9 million for the same period of 2015G. Then, the Company commenced the commercial operation of Sahafa Center and Yarmouk Center, and thus began accounting for the cost of their depreciation which spans over a period of 20 years (duration of the land lease).

As mentioned in the approved accounting policies, the depreciation of investment property (excluding land) is calculated according to the straight-line method based on the their estimated useful life on periods ranging from 25 years to 33.33 years depending on the expected age of the building on the construction or purchase date.

Cost of security and Cleaning Services

The cost of security and cleaning services, on average, accounted for 20.2% of the total cost of revenues during the period from 2012G to 2014G and represent the amounts paid by the Company against the contracts signed with security and cleaning companies for their services in Alandalus Mall. Noteworthy, the approval and authorization of the appointment of service providers is carried out by the Company's management following a review of the recommendations provided by the operator (Hamat real estate Company).

The cost of security and cleaning services increased at a compound annual growth rate of 34.0% during the period from 2012G to 2014G due to the Company's change of the two security and cleaning companies and replacing them with two new companies at higher prices than the previous ones which are, Al Liwa Al Amni Company (security services) and Al Majal services Company (cleaning services). The increase in prices is attributed to the new labor laws that aim at improving the percentage of Saudization which resulted in a rise in labor costs for the two security and cleaning companies. The increase in prices is also attributed to improving the quality and specifications of the services required from the two companies.

The cost of security and cleaning services rose from SAR 4.4 million during the year 2012G to SAR 4.9 SAR million during the year 2013G; an increase of 12.1% due to the qualitative improvement in terms of the presence of officials responsible for security and cleaning and maintaining the level of services in the performance of the two Security and cleaning companies. The reason for this is that the Company deducts amounts from the two companies' dues that represent fines imposed due to any default in the performance of their functions as stipulated in the contract between the two parties. The improvement in the performance of the two companies leads to a decline in the deducted amounts and thus increasing the cost of security and cleaning services.

During the year 2014G, the cost of security and cleaning services rose by 60.2% to SAR 7.9 million as a result of changing the security and cleaning companies and replacing them with two new companies at prices that are higher than before due to the rise of wages in general and the provision of a higher level and quality services of security and cleaning at the Alandalus Mall. Noteworthy, while the Company used to pay amount of SR 0.3 million monthly for the preceding two companies, it paid 0.6 SAR million per month for two new companies. The reason for changing the two companies is the Company's desire to improve and raise the level and quality of security and cleaning services at the Alandalus Mall.

The cost of security and cleaning services rose by 16.2% from SAR 3.4 million during the six month period ended on 30 June 2014G to SAR 3.9 million for the same period of 2015G and due to changing the two security and cleaning services companies and replacing them with the two new companies at prices that are higher than before as it was mentioned in the preceding paragraph.

Cost of leasing and operating services

The cost of leasing and operating services, on average, accounted for 15.4% of the total cost of revenues during the period from 2012G to 2014G which represents the fees obtained by Hamat as Alandalus Mall operator against the operation and management of the mall and follow up with the collection of rents. This cost is calculated at 4% of the Alandalus Mall annual income for the operation in addition to 7% of the first year leases for the new tenants leases for the rental services during the years 2012G and 2013. Noteworthy, Mohammed Habib Real Estate Company used to operate Alandalus Mall until July 2011G where Mohammed Habib Real Estate Company had assigned the contract of operating Alandalus Mall to Hamat Real Estate Company (the Company owns a 33.4%) which began the operation under the old terms of the contract. Starting in 2014G, the Company has signed a contract for the operation of the mall with Hamat Real Estate Company with the same old terms of the contract with a modification to the fees that Hamat gets to become as follows:

- 2% basic operation fees of the total income of Alandalus Mall each month
- 1% relative operation fees of the total income of Alandalus Mall for each month multiplied by the target collection rate for the month
- 1% relative collection fees of the total collected rents each month multiplied by the target collection rate for the month
- Hamat Real Estate Company, since its assumption of the operation and management of Alandalus Mall, gets 7% of the total rent on each new tenant for one year only. In addition to that, Hamat gets 15% of the value of the new rent services created by the operator in the mall as opposed to regular leasing, operating and collection fees, which are considered outside the scope of services to be performed by the operator in accordance with the operating contract. An example of this is the revenue from the rent of spaces not intended for rental (corridors, entrances).

The cost of leasing and operating services increased at a compound annual growth rate of 0.6% during the period from 2012G to 2014G as a result of the rise in the value of rents of Alandalus Mall and thus increasing the ratio obtained by the operator.

The cost of leasing and operating services has decreased from SAR 4.4 million during the year 2012G to SAR 4.3 million during the year 2013G; a decrease by 2.8% due to the inclusion of new tenants during the year 2012G more than the new tenants in 2013G. Since Hamat Real Estate Company earn 7% on any new lease, the decline in the ratio of lessees turnover leads to a decrease in the cost of operating and leasing services received by the operator.

During 2014G, leasing and operating costs rose by 4.0% from SAR 4.3 million during the year 2013 to reach SAR 4.4 million as a result of the rise of rents in Alandalus Mall.

The cost of leasing and operating services formed 13.9% of the total cost of rental revenues during the six-month period ended on 30 June 2015G and recorded an increase of 71.1% from SAR 1.8 million during the six month period ended on 30 June 2014G to SAR 3.1 million during the same period of 2015G. This is attributed to the fees for rental of Sahafa and Yarmouk centers and the increase in rents collected compared to the same period of the previous year.

Cost of electricity and water

Electricity and water cost mainly includes the cost of electricity and water bills disbursed for Alandalus Mall in Jeddah. Electricity and water cost on average has accounted for 12.5% of the total cost of the Company's revenues during the period from 2012G to 2014G and declined during the same period at a rate of 2.0% after the Company paid an electricity bill for the period since the founding of Alandalus Mall until 2011G; which the Company paid in 2012G .

Table 138: Details of the cost of Electricity and Water for the years 2012, 2013 and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G-2013G	Percentage of Change 2013G-2014G	Compound Annual Growth Rate 2012G-2014G
Electricity	3,535	2,782	3,085	(21.30%)	10.90%	(6.60%)
Water	354	171	649	(51.70%)	279.50%	35.40%
Total cost of Electricity and Water	**3,889**	**2,953**	**3,734**	**(24.10%)**	**26.40%**	**(2.00%)**

Source: Company Management

Electricity and water cost decreased from SAR 3.9 million during the year 2012G to SAR 3.0 SAR million in 2013G; a decline of 24.1% after the Company paid in 2012G an electricity bill that goes back to Alandalus Mall in the amount of SAR 0.9 million that covers the consumption of electricity for Alandalus Mall since its inception in 2008G until the end of 2011G.

The cost of electricity and water increased by 26.4% compared with 2013G to SAR 3.7 million during 2014G mainly due to the issuance of the National Water Company a one bill covering Alandalus Mall consumption of water since its inception in 2008G until the date of invoice in the amount of SAR 0.6 million that was paid in full during 2014G.

Table 139: Details of the cost of Electricity and Water for the periods ended om 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on30 June 2014G	Six month period ended on30 June 2015G	Percentage of Change June 2014G-June 2015G
Electricity	1,141	1,432	25,5٪
Water	478	113	(76,4)٪
Total cost of Electricity and Water	**1,619**	**1,545**	**(4,6)٪**

Source: Company Management

The cost of electricity and water during the first six months of 2015G period accounted for 6.8% of the total cost of rental income recording a decrease of 4.6% from SAR 1.6 million to SAR 1.5 million since the Company has paid the National Water Company bill mentioned in the previous paragraph during the first six months of 2014G but did not recur during the first half of 2015G.

Cost of repair and maintenance

Repair and maintenance cost, on average, accounted for 7.4% of the total cost of revenues during the period from 2012G to 2014G and increased at a compound annual growth rate of 17.0%, which represents maintenance and repair expenses for Alandalus Mall.

Repair and maintenance cost decreased from SAR 2.1 million in 2012G to SAR 1.3 million in 2013G.a decrease of 36.2% after the Company had made renovation and repair works at Alandalus Mall during the year 2012G that led to the rise in these expenses during the year 2012G.

During the 2014G, repair and maintenance cost rose from SAR 1,3 million in 2013G to SAR 2.8 million in 2014G; an increase of 114.5% due to the repair works and the transfer of the mosque to another location within Alandalus Mall to get more space. The Company has also transferred the Administration offices of the Centre from the ground floor and first floors to the second floor (mezzanine level)

The repair and maintenance cost decreased SAR from 1.4 million during the six month period ended on 30 June 2014G to SAR 0.1 million for the same period of 2015G, after the work of transferring the mosque and the administration offices, which the Company began to carry out during 2014G approach its end during the first half of 2015G.

Cost of salaries and employee benefits

The cost of employee benefits and salaries classified within the cost of leasing expenses the labor expenses associated directly with the operation and maintenance of Alandalus Mall and the other owned commercial centers. The operator (Hamat Real Estate Company) provides Alandalus Property Company with the required labor for the operation and collection of rents while the Company bear the entire costs of recruiting and employment of such labor as stipulated in the operating contract signed between the two parties. The labor will be sponsored by the operating company provided that they operate exclusively in the Company-owned business centers. The Company will be responsible for all labor Insurance transactions and bear the expenses related to its recruitment. These expenses have accounted for, on average, 6.8% of the total cost of revenues for the Company during the period from 2012G to 2014G. It increased at a compound annual growth rate of 24.3% during the same period due to increased basic salaries and employee allowances.

The cost of the employees' salaries and benefits increased from SAR 1.4 million increased during the year 2012G to SAR 2.1 million during the year 2013G; an increase of 43.8% due to the hiring of six new employees bringing the total number of employees to 32 in addition to the increase in basic salaries, allowances and tickets for employees.

In 2014G, the cost of employees' salaries and benefits have risen by 7.4% from SAR 2.1 million during the year 2013G to SAR 2.2 million during 2014G due to the increase of basic employees' salaries and allowances.

The cost of employees' salaries and benefits rose from SAR 1.2 million during the six month period ended on 30 June 2014G to SAR 1.4 million for the same period of 2015G; an increase of 19.2% due to the increase in the number of employees where two employees were added two to work in Sahafa center and Yarmouk Center.

Cost of legal and consulting fees

The cost of legal and consulting fees amounted to SAR 0.3 million during 2014G which are consulting fees paid to DI Company (Design International- London Office) for design and development consulting in order to prepare Alandalus Mall redevelopment designs. DI Company (Design International- London Office) has examined the current status of all Alandalus Mall facilities in terms of the restaurants' area, parking, external facades, internal medium, indoor and outdoor lighting, flooring, frontages of show rooms in addition to the public spaces such as the lobby and corridors and comparing them with similar facilities in the Saudi, regional and global market. In light of the study, DI Company (Design International- London Office) has submitted design proposals for the redevelopment of Alandalus Mall and has begun developing the necessary shop drawings.

The cost of legal and consulting fees during the six-month period ended on 30 June 2015G amounted to SAR 0.1 million; study related costs which DI Company (Design International- London Office) initiated during the second half of 2014G.

Cost of Insurance

The cost of insurance consists of the cost of insurance of Alandalus Mall in Jeddah with Mediterranean & Gulf Insurance Company (Medgulf). The cost of Insurance has risen at a compound annual growth rate of 14.8% during the period from 2012G to 2014G due to the expiration of the insurance contract in September of 2012G and the signing of an insurance contract with MEDGULF company starting in 2013G with an increase in the amount of coverage of Alandalus Mall building.

The cost of insurance has recorded a decrease from SAR 0.11 million during the six month period ended on 30 June 2014G to SAR 0.08 million during the same period of 2015G; i.e a decline of 28,2% as the Company has recorded an amount that belongs to the old insurance contract during the first half of 2014G in lieu of 2013G.

Cost of lessee compensations

Lessee compensations constitute funds paid by Alandalus Property Company to lessees whom an agreement has been made with to move from one place to another inside the mall or to completely leave the mall. The Company has compensated one lessee in 2012G in the amount of SAR 0.2 million in order to replace him by a new lessee. It has also compensated another tenant during 2014G in the amount of SAR 0.15 million in order to replace him by a new lessee. The Company's aim of the substitution plan is to maintain the status of Alandalus Mall through the achievement of the appropriate lease mix that corresponds with the trends in Alandalus Mall shoppers.

Other costs

Other costs consist mainly of the cost of communications (telephone, mail and the Internet) as well as the accommodation and related expenses for Alandalus Mall employees and expenses of equipment rental when needed to perform some works in Alandalus mall by the staff who work in the Alandalus Mall. Other costs have recorded a decline at an annual compound growth rate of negative 4.2% due to the reduction in telephone and accommodation expenses.

Other costs have recorded a decline from SAR 0.4 million in 2012G to SAR 0.3 million in 2013G by 11.4% as the Company had rented equipment in 2012G to do some maintenance work and improvements to the Alandalus Mall at a cost of SAR 0.1 million that did not recur in 2013G. Noteworthy, the Company does not have a maintenance contract with a specific company as it contracts with two different contractors to perform maintenance and repair works which are difficult for the mall staff to perform. The simple maintenance and repair works are carried out by the staff of Alandalus Mall, and the Company rents some equipment when needed.

In 2014G, other costs recorded a slight increase by 3.7% mainly due to renting equipment at a cost of SAR 0.15 million to perform some minor maintenance and repair work without a need for using external contractors to carry out these works. In contrast, the cost of phone decreased by SAR 0.14 million after the Company ceased to pay the fees for the phone lines used by lessees as they now pay them directly to the phone company. The Company did not record any objection from the tenants in this regard. Iqama fees decreased in the amount of SAR 0.06 million as a result of the decrease in the number of workers who were recruited by Hamat Real Estate Company in order to work at the Alandalus Mall.

Other costs have recorded a rise during the six month period ended on 30 June 2015G to SAR 0.2 million during the six month period ended on 30 June 2014G to SAR 0.3 million (an increase by 54.2%) due the cost of equipment rental where the Company rented a spare generator during the first half of 2015G

6-7-3 Income from investments in associated companies (Real Estate) and projects

The Company established Hayat Real Estate Company in 2009G for the purpose of establishing a algal entity representing the owners of Hayat Mall Commercial Center. In January 2015G, the partners in their capacity as the only owner of each of Hayat Real Estate Company and Hayat Mall Center decided to activate the role of Hayat Real Estate Company. The Company's interest became 25% of Hayat Real Estate Company. The Income of investment in Hayat Real Estate Company is recognized within the income from investments in real estate associates as of 1 January 2015G.

The following table shows a breakdown of revenues from investments in associated companies and joint ventures during the years 2012G, 2013G and 2014G.

Table 140: A breakdown of revenues from investments in associated companies and joint ventures for the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G-2013G	Percentage of Change 2013G-2014G	Compound Annual Growth Rate 2012G-2014G
Income from investments in associated companies						
Advanced Markets Company	9,578	9,311	9,027	(2.8%)	(3.1%)	(2.9%)
Hamat Real Estate Company	328	3,622	4,107	1004.30%	13.4%	253.9%
Total	**9,906**	**12,933**	**13,134**	**30.6%**	**1.6%**	**15.1%**
Income from investments in joint ventures						
Hayat Mall Center	18,497	20,220	21,557	9.3%	6.6%	8.0%

Source: Audited Financial Statements

Table 141: A breakdown of revenues from investments in associated companies and joint ventures during the six month period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Income from investments in associated companies			
Advanced Markets Company	5,533	5,800	4,8%
Hamat Real Estate Company	2,425	1,801	(25.7%)
Total	**10,070**	**10,715**	**6.4%**
Advanced Markets Company	18,027	18,316	(1.6%)
Income from investments in joint ventures			
Hayat Mall Center	-	-	N/A

Source: Audited Financial Statements

Income from investments in associated companies (Real Estate)

Income from investments in associated companies represents Alandalus Property Company Investments in Advanced Markets Company and Hamat Real Estate Company.

Advanced Markets Company

Alandalus Property Company, in partnership with Burooj International Company, founded the Advanced Markets Company during 2007G company with a capital of SAR 0.5 million. The Advanced Markets Company owns Darren Mall in the city of Dammam, which is the sole source of income for the Advanced Markets Company.

The Company's share of the profits from the Advanced Markets Company declined from SAR 9.6 million during the year 2012G to SAR 9.0 million during 2014G at a compound annual growth rate of negative 2.9% due to the decrease of net income for the Advanced Markets Company as a result of non-recurring revenues in 2012G; a proportion of the total general and administrative expenses that the Company charge to the Advanced Markets Company against some company employees administrative work performed for the Advanced Markets Company. In addition, the increase in general and administrative expenses that resulted from the Advanced Markets Company payment of SAR 0.9 million for the bank it has received facilities from contributed to the decline in the Company's share of the Advanced Markets Company profits.

During 2013G, Alandalus Property Company's share in the net income of Advanced Markets Company declines from SAR 9.6 million in 2012G to ASR 9.3 million in 2013G as a result of the decline in other net income of Advanced Market Company due to decline of other revenues in 2013G as compared to 2012G. This is due to presence of non-recurring other income in 2012G representing settlement of expenses at SAR 1.9 which was charged by Alandalus Property Company to the Advance Markets Company, as the Company used to charge 25% of the total general and administrative expenses to the Advance Markets Company in return of carrying out some administrative activities by some Company employees for the benefit of the advanced Market Company.

During the year 2013G, Alandalus Property Company share in the net income of the Advanced Markets Company reduced from SAR 9.3 million to SAR 9 million during the year 2014G due to the increase of administrative expenses in the Advanced Markets Company from SAR 0.3 million to SAR1.0 million in 2014G. The increase is due to the Advanced Markets Company's payment of SAR 0.9 million for the facility provider bank which are consolidated differences between the scheduled payments and the actually paid payments.

During the six-month period ended on 30 June 2015G, the Company's share of net income of the Advanced Markets Company rose from SAR 5.5 million , during the six months period ended on June 2014G to SAR 5.8 million driven by the increase in the net income of the Advanced Markets Company.

The following table provides an overview of the financial performance of Dareen Mall Center during the period from 2012G to the period ended on 30 June 2015G

Table 142: An overview of the financial performance of Dareen Mall Center

SAR'000	2012G	2013G	2014G	Six month period ended on 30 June 2014G
Rentals / revenues expected from the commercial center as at 01 January	33,300	36,400	37,000	20,156
Lessee receivables as of 31 December (as in the audited balance sheet)	1,529	1,253	1,648	2,663
Proceeds from the rental period as at 31 December	27,730	33,008	34,395	15,474
Proceeds from the previous receivables as of 31 December	3,180	1,529	1,253	824
Total rental collected as at 31 December	30,910	34,537	35,648	16,298
Collection efficiency for the period (actual collected / planned to be collected)	83%	91%	93%	77%
Net rents / revenues as at 31 December (Total income in the audited balance sheet)	17,454	18,870	19,363	11,957
Net income as of 31 December (as in the audited balance sheet)	19,156	18,622	18,054	11,601
Alandalus Property Company Share (50%) (as in the audited balance sheet)	9,578	9,311	9,027	5,801

Source: Company's Management

The table above indicates the rental collection efficiency in Dareen Mall, which is calculated as follows: collection efficiency for the period = (the collected rentals during the period as at 31 December) / (rentals / revenues expected from the center as at 1 January). The collected amount from the period rentals as at 31 December represent the rentals relating to the same period which is collected by the Company after separation from the amounts collected from late rentals, that are linked with previous period. Notably, tenants receivables represent total rental amounts arising of lessees which have not been collected at the period end as indicated in the audited financial statements.

The average collection efficiency amounted to 86% during the period between 2014G and the six month period ended on 30 June 2015G. The efficiency of rent collection during the year 2012G is considered less than the average rate due to the relatively weak collection efforts during that period. Collection efforts have improved significantly starting in 2013G after Hamat Real Estate Company has been assigned in 2012G to carry out Dareen Mall management.

The decline in the collection efficiency during the six month period ended on 30 June 2015G is attributable to fact that collection will be emphasized more during the second half of the year.

Hamat Real Estate Company

Alandalus Property Company bought a share of 33.4% of Hamat Real Estate Company during 2012G at a value of SAR 44.7 million. Hamat Real Estate Company operates and manages the shopping centers. Noteworthy, Hamat Real Estate Company operates and manages Alandalus Mall in Jeddah, Hayat Mall in Riyadh and Dareen Mall in Dammam in addition to other shopping centers totaling 16 including Amwaj (waves) Mall (Dhahran), Panorama Mall (Riyadh), Flamengo Mall (Jeddah) and others in addition to other commercial centers owned by other parties. Hamat Real Estate Company operates and manages shopping centers in the neighborhoods that the Company has established which are: Sahafa Center, Yarmouk Center and Tilal Center in Riyadh.

The Company's share of Hamat Real Estate Company profits rose from SAR 0.3 million in 2012G to SAR 4.1 million in 2014G; a compound annual growth rate of 253.9% since the Company's purchase of a share in Hamat Real Estate Company occurs in late 2012G, in addition to the increase in net income of Hamat Real Estate Company as a result of the increase in the revenues from leasing, management and operating services obtained by Hamat Real Estate Company during 2014G.

The reason for the rise in Alandalus Property Company share in the net income of Hamat Real Estate Company from SAR 0.3 million in 2012G to SAR 3.6 million in 2013G, an increase of SAR 3.3 million, is that the purchase of a share by Alandalus Property Company in Hamat Real Estate Company occurred in late 2012G.

Alandalus Property Company share in net income of Hamat Real Estate Company increased from SAR 3.6 million in 2013G to SAR 4.1 million during 2014G, an increase of 13.4% due to the rise in the net income of Hamat Real Estate Company. This rise is due to the increase in the revenues of the leasing, management and operating services obtained by Hamat Real Estate Company during 2014G compared to 2013G. In addition to the increase in revenues of other commercial centers run by of Hamat Real Estate Company in several regions in the Kingdom.

The Company's share in net income of Hamat Real Estate Company decreased from SAR 2.4 million during the six month period ended on 30 June 2014G to SAR 1.8 million during the six month period ended on 30 June 2015G as a result of the decrease of Hamat Real Estate Company net income due to the rise of the cost of revenues (leasing and operating cost).

6-7-4 Income from investments in joint ventures

This represents the income from investments in Alandalus Property Company joint ventures at Hayat Center Mall where the Company owns 25% of its capital while Abdullah Saad Al-Rashid owns 50% and Abdul Aziz Abdullah Al Moosa heirs own 25%.

The Company, in partnership with Abdullah Saad Al-Rashid and Abdulaziz Abdullah Al Moosa, has purchased Hayat Mall building during 2008G in the amount of SAR 390.0 million representing 50% of the total amount of the purchase of Hayat Mall (SAR 780.0 million for the entire center). The Company has subsequently sold 25% of its share in Hayat Mall commercial center to Abdullah Saad Al-Rashid in the amount of SAR 250.0 million. Thus, the Company owns 25% of the capital of Hayat Mall commercial center. Hayat Mall purchase contract was signed in 2008G and the partners contributed with SAR 130.0 million from a total amount of SAR 170.0 million which the Company paid before to complete the purchase. Then, the Company obtained a loan from Al Rajhi Bank in 2009G. in the amount of SAR 220.0 million to complete the purchase amount. The Company has subsequently paid the contribution amount paid by partners that amounts to SAR130.0 million after the completion of the sale of 25% of the Company's share in the ownership of Hayat commercial center.

Noteworthy, the Company has founded Hayat Real Estate Company in 2009G in which it owns 49.8% of the capital share. The purpose behind creating Hayat Real Estate Company was to form a legal entity that represents the owners of Hayat Mall center; and the ownership of 25% of Hayat Mall Commercial center; however, the title was not transferred to the said company until the end of this Prospectus.

Noteworthy, on 01 January 2015G, the ownership structure for Hayat Real Estate Company has been modified to conform to the ownership structure for Hayat Mall which the Company owns 25% of its shares. Per the decision of the partners in Hayat Real Estate Company on 02 January 2015G, partners decided unanimously, in their capacity as the sole owners in Hayat Real Estate Company and Hayat Center Mall, to activate the role of Hayat Real Estate Company starting from 01 January 2015G.

Budgets will no longer be published for the center while for Hayat Real Estate Company budgets shall commence while maintaining the title deed in the names of the owners of Hayat Real Estate Company in the same ownership ratios at Hayat Mall.

Therefore, the Company owns 25% of Hayat Real Estate Company and investment income from Hayat Real Estate Company has been classified among income from investments in associated real estate companies, starting from 01 January 2015G.

Hayat Mall Center

The Company's share of Hayat Mall Center profit rose from SAR 18.5 million in 2012G to SAR 21.6 million in 2014G; a compound annual growth rate of at 8,0% due to the increase of rental income in the center in general.

Alandalus Property Company's share in net the net income of Hayat Mall Center rose from SAR 18.5 million during the year 2012G to SAR 20.2 million during 2013G; an increase of 9.3% due to increase of rental income in the center in general because of the administration's adoption of the right mix policy of tenants/prices, especially in the first floor and the ground floor of Hayat Mall.

Alandalus Property Company share in the net income of Hayat Mall Center continued to rise from SAR 20.2 million during the year 2013G to SAR 21.6 million during the year 2014G due to the increase in rental income in spite of the increase in the cost of rental income during the same period by 19% compared to 2013G due to the increase in maintenance and repair costs and the costs of cleaning and security services at the center.

During the six-month period ended on 30 June 2015G, the Company's share in the net income of Hayat Mall Center rose from SAR 10.1 million during the six month period ended on 30 June 2014G to SAR 10.7 million , due to the increase in the rental income by 5%.

The following table provides an overview of the financial performance of Hayat Mall Center during the period from 2012G to the period ended on 30June 2015G

Table 143: An overview of the financial performance of Hayat Mall Center

SAR'000	2012G	2013G	2014G	Six month period ended on 30 June 2014G
Rentals / revenues expected from the commercial center as at 01 January	102,400	110,000	117,400	60,980
Lessee receivables as of 31 December (as in the audited balance sheet)	12,851	11,081	13,657	15,096
Proceeds from the rental period as at 31 December	87,204	94,597	110,242	49,809
Proceeds from the previous receivables as of 31 December	8,829	12,851	11,081	6,829
Total rental collected as at 31 December	96,033	107,448	121,323	56,637
Collection efficiency for the period (actual collected / planned to be collected)	85%	86%	94%	82%
Net rents / revenues as at 31 December (Total income in the audited balance sheet)	74,154	80,551	83,624	42,368
Net income as of 31 December (as in the audited balance sheet)	73,987	80,881	86,228	43,485
Alandalus Property Company Share (25%)	18,497	20,220	21,557	10,871

Source: Company Management

The table above indicates the rental collection efficiency in Hayat Mall, which is calculated as follows: collection efficiency for the period = (the collected rentals during the period as at 31 December) / (rentals / revenues expected from the center as at 1 January). The collected amount from the period rentals as at 31 December represent the rentals relating to the same period which is collected by the Company after separation from the amounts collected from late rentals, that are linked with previous period. Notably, tenants receivables represent total rental amounts arising of lessees which have not been collected at the period end as indicated in the audited financial statements.

The average collection efficiency amounted to 87% during the period between 2014G and the six month period ended on 30 June 2015G. The collection efficiency of rents rose during the year 2014G to 94% as the Company collected rents that amounted to SAR 3.8 million from one of the tenants (Paris Gallery) after the Company increased its rental price per square meter stipulated in the contract of the tenant. Projected rents / revenues from Hayat Mall did not include this increase and thus the additional rents collected resulted in an increase in the proportion of the collection efficiency during 2014G compared to the optimum for the collection efficiency.

6-7-5 General and Administrative Expenses

The two following tables outline the general and administrative expenses details for the years 2012G, 2013G, 2014G, and the six month period ended on June 2014G and 30 June 2015G.

Table 144: General and administrative expenses for the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G--2013G	Percentage of Change 2013G--2014G	Compound Annual Growth Rate 2012G--2014G
Salaries and the like	4,696	3,819	2,952	(18.7%)	(22.7%)	(20.7%)
Depreciation	471	505	567	7.2%	12.3%	9.7%
Maintenance and repair	304	126	450	(58.6%)	257.1%	21.7%
Professional and consulting fees	155	208	433	34.2%	108.2%	67.1%
Employees' benefits	681	558	251	(18.1%)	(55.0%)	(39.3%)
stationary	81	40	66	(50.6%)	65.0%	(9.7%)
communication	75	33	51	(56.0%)	54.5%	(17.5%)
Advertising and publishing	634	114	6	(82.0%)	(94.7%)	(90.3%)
Rents	114	-	-	N/A	N/A	N/A
Other	592	357	801	(39.7%)	124,4%	16.3%
Total general and administrative expenses	**7,803**	**5,760**	**5,577**	**(26.2%)**	**(3.2%)**	**(15.5%)**

Source: Audited Financial Statements

Table 145: General and administrative expenses for the six month period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Salaries and the like	1,575	1,565	(0.6%)
Depreciation	288	161	(44.1%)
Maintenance and repair	184	416	126.1%
Professional and consulting fees	181	502	177.3%
Employees' benefits	102	225	120.6%
Stationary	32	38	18.8%
communication	27	14	(48,1%)
Advertising and publishing	-	-	N/A
Rents	-	-	N/A
Amortization of incorporation expenses	-	-	N/A
Other	318	261	(17.9%)
Total general and administrative expenses	**2,707**	**3,182**	**17.5%**

Source: Audited Financial Statements

Salaries and the like

Salaries expenses and the like listed in general and administrative expenses include the labor expenses associated directly with the public administration and the expenses not directly related to maintenance and operation of the equipment for Alandalus Mall. These expenses have, on average, accounted for 59.9% of the total general and administrative expenses for the Company during the period from 2012G to 2014G, and decreased from SAR 4.7 million during the year 2012G to SAR 3.0 million in 2014G at a minus compound annual growth rate of 20.7% due to charging part of the Company department managers' salaries and the like that are associated with the implementation of new projects expenses to construction-in-progress and any related parties based on the distribution actual working hours disbursed to new projects or related parties.

Salaries' expenses and the like decreased from SAR 4.7 million during the year 2012G to SAR 3.8 SAR million during the year 2013G by 8.7% due to the capitalization of part of the salaries of the Company department managers and a number of its administrative staff to become part of the construction-in-progress. Therefore, the Company has transferred part of salaries and the like from the general and administrative expenses to the construction-in-progress. This is attributed to the fact that the Company started the implementation of shopping centers projects in the neighborhoods in Riyadh in 2012G which necessitates the allocation of part of the time of a number of employees and department directors to carry out tasks related to these projects.

Salary expenses and the like also decreased from SAR 3.8 million in 2013G to SAR 3.0 million in 2014G due to the capitalization of the salaries of some management employees to become part of the construction-in-progress in addition to decreasing the CEO bonus after the Company changed its policy in this regard so that the amount shall not exceed four basic salaries.

Salaries' expenses and the like accounted for 59.9% of the total cost of rental income and maintained at a steady state level during the six month period ended on 30 June 2015G compared to the same period of the previous year at an amount of SAR 1.6 million since the new employees were hired at the end of the second quarter of 2015G; subsequently, it did not affect the salary expenses and the like dramatically.

Depreciation

Depreciation expenses, on average, comprise 8.1% of the total general and administrative costs for the Company during the period from 2012G to 2014G. These costs increased from SAR 0.5 million during the year 2012G to SAR 0.6 million during 2014G at a CAGR of 9.7% as a result of the purchase of the main building for the public administration and the start of its depreciation consumption during the year 2012G .

Depreciation expenses accounted for 10.2% of the total cost of rental income during the six month period ended on 30 June 2015G, and decreased by 44.1% from SAR 0.28 million during the six month period ended on 30 June 2014G to SAR 0.16 million. This is attributed to the re-classification of depreciation of the public administration building between the cost of rental income (in regards to the leased part) and the general and administrative expenses (the part by the administration).

Maintenance and repair

Maintenance and repair expenses under general and administrative expenses include the maintenance and repair expenses and the additions to the Company's Public Administration building which the Company purchased in 2012G. Maintenance and repair expenses have risen at a compound annual growth rate of 21.7% as a result of some repair works and additions made by the Company to the main headquarters building which the Company purchased during the year 2012G .

During 2012G, maintenance and repair expenses decreased by 58.6% from SAR 0.3 million to SAR 0.1 million during the year 2013G after the Company carried out repairs and additions to the Company's main headquarters building procured in 2012G .

The maintenance and repair expenses increased by 257.1% from SAR 0.1 million in 2013G to SAR 0.4 million in 2014G expenses where the Company's management made additional amendments to the main headquarters building included the re-design and construction of an exhibition hall (gallery) for the Company as well as some other repairs.

Maintenance and repair expenses rose by 126.1% from SAR 0.2 million during the six-month period ended on 30 June 2014G to SAR 0.4 million during the same period of 2015G, where the Company has made some repairs to the air-conditioners and renewed the display room located at the main entrance as well as the repairs to the western facade of the headquarters building.

Professional and Consulting Fees

Professional and consulting fees include the Company chartered accountant fees in addition to the advisers for zakat and tax services for the Company.

Professional and consulting fee expenses on average has accounted for 4.2% of the total general and administrative expenses for the Company during the period from 2012G to 2014G. It rose from SAR 0.2 million during the year 2012G to SAR 0.4 million during the 2014G; a CAGR of 67.1% due to the increase in audit fees of the financial statements as a result of the initial screening services to the Company's financial statements in addition to the fees for Zakat and tax consultant for the Company.

Professional and consulting fees increased by 177.3% from SAR 0.2 million during the six month period ended on 30 June 2014G to SAR 0.5 million during the six-month period ended on 30 June 2015G. The increase is due to the Zakat consultant's fees in addition to the engineering fees for the development of technical studies for investment opportunities that the Company has had studied and evaluated.

Employee benefits

Employees' benefit expenses consist of Company's general management staff bonuses s in addition to the CEO bonus. Employees' benefit expenses dropped from SAR 0.7 million in 2012G to SAR 0.3 million; a decline of 39.3% that is mainly due to the change of the Company's policy of calculating the CEO bonus, which led to a reduction in bonus expense for the CEO.

During the six-month period ended on 30 June 2015G, expenses the employees' benefits recorded an increase from SAR 0.1 million during the same period of 2014G to SAR 0.2 million (an increase of 120.6%) that is mainly associated with the benefits for 3 employees that amounted to SAR 0.12 million in the month of July 2014G and it was paid to employees in July 2014G.

The Employees' benefit is estimated based on employee's annual appraisal report followed by the recommendation of the department manager that the employee belongs to as well as the human resources department for approval from the Company Chief Executive Officer.

Stationary

It includes the stationery expenses, office supplies, printer toner (inks), publications in terms of staff cards, bond books and other office supplies.

Communication expenses

Communications expenses, on average, accounted for 0.8% of the total costs of general and administrative expenses for the Company during the period from 2012G to 2014G. Communication expenses decreased from SAR 0.07 million during the year 2012G to SAR 0.05 million during 2014G. Communication expenses also decreased from SAR 0.03 million during the six month period ended on 30 June 2014G to SAR 0.01 million during the same period of 2015G. The communication expenses vary from one year to another based on the Company's needs.

Cost of advertising and publishing

Advertising and publishing expenses that are classified as general and administrative expenses, constitute, on average, 3.9% of the total general and administrative expenses for the Company during the period from 2012G to 2014G.

Advertising and publishing expenses declined from SAR 0.6 million during the year 2012G to 6 thousand riyals in 2014G at an compound annual growth rate that stood at minus 90.3% as a result of non-renewal of subscriptions to publications carried out by the Company in 2012G .

Advertising and publishing cost includes the cost of subscription in a number of magazines and newspapers to promote the Company. The cost of advertising and publishing declined from SAR 0.6 million in 2012G to SAR 0.1 million in 2013G due to the non-renewal of a number of subscriptions. These costs also continued to decline to 6 thousand Saudi Riyals in 2014G due to the non-renewal of other unneeded subscriptions. The Company did not subscribe in newspapers or magazines during the six month period ended on 30 June 2014G and 30 June 2015G.

Cost of rents

Rental expenses accounted for 1.5% of the total general and administrative expenses of the Company in 2012G. These expenses represent rents for the main headquarters building of the Company before moving to the new headquarters in May 2012G. Thus, the Company no longer bear the expenses of rents during the years 2013G, 2014G and the six month period ended on 30 June 2015G.

Other general and administrative expenses

Other general and administrative expenses consist mainly of electricity expense for the public administration building, bank commissions and miscellaneous expenses. Other general and administrative expenses have increased from SAR 0.6 million in 2012G to SAR 0.8 million in 2014G at a compound annual growth rate of 16.3% driven mainly by the rise in electricity charges and bank commissions.

Other general and administrative expenses recorded a decrease from SAR 0.6 million in 2012G to SAR 0.4 million in 2013G; a decrease of 39.7% since the expenses in 2012G include amounts paid by the Company for the Advance Markets Company after ceasing the policy of charging a proportion of the general and administrative expenses.

While in 2014G, other general and administrative expenses increased from SAR 0.4 million to SAR 0.8 million; an increase of 124.4% due to the increase in electricity expense as a result of changes in bills by the electricity company. Bank commissions also increased from 8 thousand Saudi Riyals to 114 thousand Saudi Riyals due to the Company's issuance of the three bank guarantees and the renewal of the guarantee issued for the Department of Zakat and Income.

Other general and administrative expenses recorded a decline of SAR 0.31 million during the six month period ended on 30 June 2014G to SAR 0.26 million for the same period of 2015G due to the decline in training and lecture expenses and other expenses and expenses for the design of the website for the Company.

6-7-6 Marketing expenses

Marketing expenses include expenses of the marketing ads related to Alandalus Mall and equipment related to various festivals and events such as the National Day Festival, the summer festival, spring break and other festivals. It also include expenses of advertisements in the various promotional means to promote the Company.

Referring to table (122), Marketing expenses rose at a compound annual growth rate of 85.8% during the period from 2012G to 2014G due to the increase of advertising campaigns to maintain the growth and development of the popularity of the Center.

Referring to table (122), Marketing expenses rose from SAR 0.8 million in 2012G to SAR 2.1 million in 2013G; an increase of 161.7% due to increase of advertising campaigns to maintain the growth and development of the popularity of the Center. These campaigns include performing competitions and recreational activities involving the shoppers that include the giving out various rewards.

Referring to table (122), The marketing expenses increased by 31.9% from SAR 2.1 million in 2013G to SAR 2.7 million in 2014G as a result of the Company's follow-up of the extensive marketing campaign which aims at maintaining the evolution of Alandalus Mall popularity.

Referring to table (123), Marketing expenses decreased from SAR 1.4 million during the six-month period ended on 30 June 2014G to SAR 0.7 million during the six month period ended on 30 June 2015G; a decline of 52.3% as the Company did not perform an advertising and publicity campaigns for the shopping festival an Ramadan festival during the first half of 2015G.

6-7-7 Cost of funding

The cost of funding from 2012G to 2014G include fees for one loan obtained by the Company from Al Rajhi Bank at an amount of SAR 220.0 million at an interest rate of 6.25% over a 10 year period for the purpose of financing the purchase of 50% of Hayat Commercial Mall, which occurred in 2008G. The Company received the loan in 2009G.

The cost of funding declined from SAR 11.1 million during the year 2012G to SAR 10.3 million during 2013G; a decrease of 7.3% as a result of the decline of the loan balance after making the due payments. The cost of funding continued to decline to SAR 9.4 million in 2014G; a decline of 8.3% driven by the decline of the loan balance as a result of the paid payments.

The funding cost decreased from SAR 4.7 million during the six month period ended on 30 June 2014G to SAR 4.0 million (i.e a decline of 14.7%) driven by the decline of the loan balance as a result of the paid payments. The cost of funding during the first six month period of 2015G include an amount of SAR 0.3 million that represents the cost of financing the facilities related to the establishment of Sahafa Center and Yarmouk Center.

6-7-8 Other income

The following two tables show a breakdown of other income during the years 2012G, 2013G, 2014G and the six month period ended on 30 June 2014G and on 30 June 2015G.

Table 146: A breakdown of other income for the years 2012G, 2013G and 2014G

SAR'000	2012G	2013G	2014G	Percentage of Change 2012G-2013G	Percentage of Change 2013G-2014G	Compound Annual Growth Rate 2012G-2014G
Advertising and Marketing	1,175	567	371	(51.7%)	(34.6%)	(43.8%)
Maintenance	109	191	211	75.2%	10.5%	39.1%
Miscellaneous	788	288	176	(63.5%)	(38.9%)	(52.7%)
Total of Other income	**2,072**	**1,046**	**758**	**(49.5%)**	**(27.5%)**	**(39.5%)**

Source: Audited Financial Statements

Table 147: A breakdown of other income during the six month period ended on 30 June 2014G and 30 June 2015G

SAR'000	Six month period ended on 30 June 2014G	Six month period ended on 30 June 2015G	Percentage of Change June 2014G-June 2015G
Advertising and Marketing	351	93	73.5%
Maintenance	175	5	(97.1%)
Miscellaneous	27	147	444.4%
Total Other income	**553**	**245**	**(55.7%)**

Source: Audited Financial Statements

Advertising and marketing

The income from advertising and marketing represents the amounts collected by the Company from tenants in Alandalus Mall in as fees to perform advertising campaigns for the purpose of marketing Alandalus Mall. These amounts range between 3% and 5% of the rent amount collected by the Company's from the lessees. Advertising and marketing and formed, on average, 54.5% of total other income during the period from 2012G to 2014G.

Marketing and advertising revenues decreased from SAR 1.2 million in 2012G to SAR 0.4 million in 2014G; a compound annual growth rate of negative 43.8% due to the cancellation of the marketing fees clause from the leases. The Company bear the cost of any advertising or marketing expenses which appear in the operational costs. Noteworthy, the Company has increased the lease rates to compensate for these revenues and to continue spending on the promotional activities without impacting the Company's profitability.

It also decreased from SAR 1.2 million in 2012G to SAR 0.6 million during 2013G by 51.7% due to the cancellation of the marketing fees clause from the leases.

Marketing and advertising revenues continues to decrease during 2014G recording a decline from SAR 0.6 million during the year 2013G to SAR 0.4 million in 2014G driven by management›s decision of canceling the advertising and marketing fees from the leases. Noteworthy, the Company›s management has increased its leasing prices after canceling the ads fees clause to compensate for them. Consequently, these fees became part of the rent which makes it easier to collect from tenants. Noteworthy, the Company will determine the necessary marketing expenditures to ensure the progress of work. The Company shall bear the actual cost for the implementation of these works which will be recorded as marketing expenses.

The advertising and marketing revenues recorded a decrease from SAR 0.4 million during the six month period ended on 30 June 2014G to SAR 0.1 million for the same period of 2015G (a decline of 73.5%) after the cancellation of the marketing fees clause from leases beginning in 2012G.

Maintenance revenues

Maintenance revenues include the amounts that are collected for extending the ducting of air conditioning and electricity to the stores inside the Alandalus mall. This service is rendered based on the tenant's request at varying fees.

Maintenance revenues, on average, accounted for 13.2% of the total other income during the period from 2012G to 2014G and maintained a relatively steady state level during the same period.

The Company has collected maintenance revenues that amounted to SAR 0.2 million during the six month period ended on 30 June 2014G, while none of the tenants asked for maintenance services during the six month period ended on 30 June 2015G.

Miscellaneous income

Miscellaneous income includes the amounts collected from temporary leases in Alandalus Mall in exchange for rental spaces available in the hallways and the lobby for use in a particular event such as festivals carried out by charitable societies for awareness goals such as combating smoking. Miscellaneous income also includes the revenues resulting from fines imposed on the tenants as well as fees for the issuance of identification cards for the store staff. Other income vary based on the turnout marketers and the organization of events and activities. It should be noted that the various revenues vary from one period to another as they depend on the turnout of marketers and the organization of events and activities.

Miscellaneous income, on average, accounted for 32.3% of the total other income during the period from 2012G to 2014G. It also decreased from SAR 0.8 million during the year 2012G to SAR 0.2 million during 2014G; a drop by 77.7 % due to the decline in temporary rentals (without a lease contract) such as advertising billboards made by some companies and charitable societies by placing them in Alandalus Mall.

Miscellaneous income accounted for 60.0% of the total other income during the six month period ended on 30 June 2015G and recorded a rise by 444.4% to SAR 0.14 million during the six month period ended on 30 June 2015G due to the increase in temporary rentals resulting from some charitable societies performing awareness campaigns in Alandalus Mall.

6-7-9 Key performance indicators for the income statement

The following table shows the key performance indicators to the income statement during the years 2012G, 2013G, 2014G, and the six month period ended on 30 June 2014G and on 30 June 2015G

Table 148: Key Performance indicators for the income statement

SAR'000	2012G	2013G	2014G	The six month period ended on 30 June 2014G	The six month period ended on 30 June 2015G
Profit margin from lease	71.0%	73.2%	68.9%	70.2%	63.1%
Business profit margin	77.8%	80.0%	76.7%	78.2%	71.6%
Profit margin from main operations	70.7%	74.0%	70.7%	72.1%	66.7%
Profit margin from lease	61.0%	65.7%	63.2%	64.4%	60.6%

Source: Audited Financial Statements

The profit margin from lease rose from 71.0% in 2012G to 73.2% in 2013G due to the rise in rental income from SAR 92.5 million in 2012G to SAR 97.1 million in 2013G due to the increase in rental rates at Alandalus Mall especially the leasing prices at the food court and the ground floor. The rise in revenues from rental lease contracts that are based on a percentage of tenant revenues contributed to the rise in revenues in the same year. In contrast, the cost of leasing revenues decreased from SAR 26.9 million in 2012G to SAR 26.0 million in 2013G due to the decrease in electricity and water costs after the Company paid, during the year 2012G, an electricity bill covering the period since the founding of Alandalus Mall until the date of the invoice, in addition to the decrease of repair and maintenance costs.

The profit margin from lease decreased from 73.2% in 2013G to 68.9% during 2014G as a result of the rise in the cost of rental income from SAR 26.0 million to SAR 31.9 million during the same period as a result of the increase of the security and cleaning costs.

The profit margin from lease decreased from 70.2% during the six month period ended on 30 June 2014G to 63.1% during the same period of 2015G as a result of the increase in the cost of rental revenues by 54.5% (from SAR 14.6 million to SAR 22.6 million) due to the rent of Sahafa and Yarmouk Centers in the amount of SAR 5.2 million after the two projects began the commercial operation during the first half of 2015G. Additionally, the cost of leasing and operating services carried out by Hamat rose by 71.1% (from SAR 1.8 million to SAR 3,1 million) as Hamat began operating Sahafa and Yarmouk Centers. The rental income recorded an increase by 24.5% during the same period.

The activity income margin increased from 77.8% in 2012G to 80.0% in 2013G due to the increase of the overall activity income from SAR 94.1 million in 2012G to SAR 104.2 million in 2013G due to the increase of profit margin from rentals as a result of the increase of rental rates in Alandalus Mall especially in the food court and ground floor as well as the increase of income from investments in associated companies and joint ventures.

The business profit margin decreased from 80.0% income during the year 2013G to 76.7% during 2014G as a result of the decrease in the profit margin from rentals due to the increase of the cost of rental income from SAR 26.0 million to SAR 31.9 million during the same period.

The income margin of activity also decreased from 78.2% during the six month period ended on 30 June 2014G to 71.6% during the same period of 2015G due to the increase of the cost of rental income as a result of renting Sahafa Center and Yarmouk Center land after their inauguration during the first half 2015G.

Income margin from main operations rose from 70.7% in 2012G to 74.0% in 2013G due to the decrease of general and administrative expenses from SAR 7.8 million in 2012G to SAR 5.8 million in 2013G as a result of making payments for the Advance Markets Company which were claimed after ceasing the policy of charging a proportion of the general and administrative expenses to the Advance Markets Company where the Company used to apply 25% of the total general and administrative expenses to the Advance Markets Company in exchange for some employees perform administrative work for the Advance Markets Company. Income margin from main operations also decreased from 74.0% in 2013G to 70.7% in 2014G due to the decrease of margin profit from activity from one side and the increase of marketing expenses from SAR 2.1 million in 2013G to SAR 2.7 million in 2014G from another side.

Profit margin from main operations decreased from 72.1% during the six month period ended on 30 June 2014G to 66.7% during the same period of 2015G mainly due to the increase in the cost of leasing revenues despite the decline in marketing expenses by 52.3% during the same period from SAR 1.4 million to SAR 0.7 million.

Net income margin for the Company rose from 61.0% in 2012G to 65.7% in 2013 due to rise in the income margin from main operations mainly driven by an increase of rental income due to the increase in rental rates. The net income margin decreased to 63.2% during the year 2014G as a result of the decrease of income margin from main operations driven by the increase in the cost of rental income.

During the six-month period ended on 30 June 2015G, net income margin recorded a decline from 64.4% during the six month period ended on 30 June 2014G to 60.6% mainly driven by the increase in the cost of rental income after commencing the operation on of Sahafa Center and Yarmouk Center during the first half of 2015G.

6-8 Analysis of the balance sheet items

Table 149: the statement of financial position as at 31 December 2012G, 2013G, 2014G and 30 June 2014G and 2015G

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Assets					
Current assets					
Cash and cash equivalents	11,875	9,237	13,064	1,616	20,121
Accounts receivable - leases	9,754	8,845	11,304	10,578	12,091
Due from related parties	34,717	35,493	1,590	46,566	463
Prepayments and other receivables	2,572	10,304	16,610	12,230	12,320
total current assets	58,918	63,879	42,568	70,990	44,995
non-current assets					
Investments in associated company	94,607	107,541	208,157	360,961	406,334
Investments in joint ventures	198,750	198,750	198,750	-	-
Ownership interest in lands	-	48,591	-	-	-
Investment properties, net	538,784	528,595	518,406	513,755	526,899
Construction -in- progress	20,488	58,514	84,812	75,946	110,464
Property, plant and equipment, net	470	626	568	10,289	10,168
Total non-current assets	853,099	942,617	1,010,693	960,951	1,053,865
total assets	**912,017**	**1,006,496**	**1,053,261**	**1,031,941**	**1,098,860**
Liabilities and stockholders' equity					
Current liabilities					
Rents received in advance	23,138	28,395	34,316	26,151	27,219
Islamic Tawarruq loans- current portion	62,414	61,788	51,141	60,179	59,344
Receivables	162	-	-	-	-
Due to related parties	11,306	7,320	4,404	27,441	4,339
Accruals and other payables	2,226	1,714	2,062	1,036	4,735
Zakat provision	1,835	2,351	1,777	1,723	1,057
Total current liabilities	101,081	101,568	93,700	116,530	96,694
Non-current liabilities					
Islamic Tawarruq Facilities	198,338	206,418	173,786	173,588	168,146
Provision for end-of-service benefit	807	1,165	1,624	1,165	1,651
Total non-current liabilities	199,145	207,583	175,410	174,753	169,797
Total liabilities	300,226	309,151	269,110	291,283	266,491

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Shareholders' equity					
Share capital	343,000	343,000	343,000	343,000	700,000
Statutory reserve	35,591	44,147	52,827	44,147	52,828
Retained earnings	233,200	310,198	388,324	353,511	79,541
Total shareholders' equity	611,791	697,345	784,151	740,658	832,369
Total liabilities and shareholders' equity	**912,017**	**1,006,496**	**1,053,261**	**1,031,941**	**1,098,860**

Source: Audited Financial Statements

6-8-1 Current assets

Current assets accounted for 6.5%, 6.3%, 4.0% and 4.1% of the Company's total assets as at 31 December 2012G,2013G, 2014G and on 30 June 2015G respectively. They also witnessed a decrease by an amount of SAR 13.9 million during the period of the year 2012G to 30 June 2015G due to decrease of the receivables balance from related parties by an amount of SAR 34.3 million. In contrast, cash balances, cash equivalents, accounts receivable – lessees, advance payments and other receivables recorded collectively an increase by an amount of SAR 20.3 million during the same period.

Cash and cash equivalents

Cash and cash equivalents balance accounted for 20.2%, 14.5%, 30.7% and 44.7% of the total current assets as at 31 December 2012G, 2013G, 2014G and on 30 June 2015G. This includes the amounts that the employees have as a petty cash to conduct of daily business, cash at Al Rajhi Bank and Saudi British Bank (SABB) held by the Company to cover working capital expenses and daily use. These balances also include the Company's funds in local banks in the form of current accounts used in the daily business.

The following table shows the details of cash on hand and at banks as of 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G.

Table 150: A breakdown of cash and cash equivalents as of 31 December 2012G, 2013G, 2014G and 30 June 2014G and 2015G

SAR'000	2012G	2013G	2014G	June 2014G	June 2015G
Cash on hand	80	186	415	563	429
Cash in banks	11,795	9,051	12,649	1,053	19,692
Cash and cash equivalents	11,875	9,237	13,064	1,616	20,121

Source: Audited Financial Statements

Cash and cash equivalents balance decreased by SAR 2.6 million from SAR 11.9 million as of 31 December 2012G to SAR 9.2 million as at 31 December 2013G as a result of spending on the expansion activities of Staybridge Suites in Jeddah – Alandalus Mall and shopping centers in the neighborhoods in the city of Riyadh (Sahafa Center, Tilal Center and Yarmouk Center).

While cash and cash equivalents balance increased by SAR 3.8 million during 2014G to SAR 13.1 million as of 31 December 2014G driven in general by the increase in leasing rates and the decline in disbursements on the expansion activities especially the shopping centers projects in neighborhoods (strip malls) in Riyadh that the Company approached the completion of their implementation where the construction work completed and the leasing commenced during the first quarter 2015G for Sahafa Centre and during the second quarter of 2015G for Yarmouk Centre and during the third quarter of 2015G for Tilal Centre.. It is expected to commence the commercial activity during 2015G. For more details about the balance of cash and cash equivalents, please refer to the statement of cash flows analysis.

The cash and cash equivalents balance increased by an amount of SAR 18.5 million as of 30 June 2015G compared with 30 June 2014G to SAR 20.1 million after the Company received funding by an amount of SAR 40 million as a payment of earmarked funding to complete the Staybridge Suites in Jeddah – Alandalus Mall.

Accounts receivables -lessees

The following table shows a breakdown of the ages of accounts receivables - lessees as of 31 December 2012G, 2013G, 2014G and on 30 June 2015G.

Table 151: Analysis of the age of accounts receivables-lessees

SAR'000	From 1 to 30 days	From 31 to 90 days	From 91 to 180 days	From 181 days and more	Total
lessees receivables as at 30 June 2015G	6,123	3,287	960	1,721	12,091
A percentage or Total	50.6%	27.2%	7.9%	14.2%	100.0%
lessee receivables as at 31 December 2014G	678	1,887	4,232	4,507	11,304
Percentage of Total	6.0%	16.7%	37.4%	39.9%	100.0%
lessees receivables as at 31 December 2013G	190	1,038	1,311	6,306	8,845
Percentage of Total	2.1%	11.7%	14.8%	71.3%	100.0%
lessees receivables as at 31 December 2012G	358	716	2,389	6,291	9,754
Percentage of Total	3.70%	7.3%	24.5٪	64.5%	100.0%

Source: Company Management

Lessee receivables accounted for 26.9% of the total current assets for the Company and 1.1% of the total assets as of 30 June 2015G. The average collection days amounted to 36 days as of the same date. These receivables accounted for 10.5%, 9.1%, 11.0% and 19.5% of total revenues as of 31 December 2012G, 2013G, 2014G and on 30 June 2015G respectively.

Lessee receivables decreased to SAR 8.8 million as of 31 December 2013G; a drop of SAR 1.0 million compared with December 2012G due to the rise of the collection efficiency.

Lessee receivables increased from tenants SAR 8.8 million as of 31 December 2013G to SAR 11.3 SAR million as of 31 December 2014G; an increase of SAR 2.5 million mainly driven by the increase in rental income from lessees due to the increase of rental rates by the Company management.

Lessee receivables rose from SAR 11.3 million as at 31 December 2014G to SAR 12.1 million as at 30 June 2015G;an increase of SAR 0.8 million driven by the increase in rental income. Accrued lessee receivables payable within 30 days amounting to SAR 6.0 million accounted for 50.6% of the total accounts receivable as at 30 June 2015G and recorded a rise of SAR 0.6 million (representing 6% of total receivables) as at 31 December 2014G. The reason for this is that most of the lease contracts start from the second half of the year.

Lessee receivables payable for more than 181 days, amounting to SAR 1.7 million accounted for 14.2% of the total accounts receivable as of 30 June 2015G recording a decline of SAR 4.5 million (representing 39.9% of the total accounts receivable) as of 31 December 2014G which is mostly amounts not paid due to the delay of one due payment on the part of the lessee at the beginning of every six months (more than 180 days).

Noteworthy, the percentage of lessee receivables payable for more than 181 days has improved from 64.5% as at 31 December 2012G to 14.2% as at 30 June 2015G after the Company has contracted with the Hamat real estate company. This is due to the fact that, according to the contract signed with Hamat Real Estate Company, Hamat real estate company operating fees are calculated based on revenues collected from lessees.

The Company adopts a policy of reflecting the net tenants balances in the accounts receivable after writing off the receivable amounts that the Management believe it is impossible or semi-impossible to collect them or after deducting the provision for doubtful accounts, if any, which will be estimated as seen by the management. The Company's current practices require that the Company recognizes the balances of tenants' accounts receivable in net after writing off bad debts (it is impossible or almost impossible to collect them) and not to set aside a provision for doubtful debts

Actions and policies of collection from clients can be divided into two main sections as follows:

First: Pre-accrual measures for lessees, which include:

- The mall management reviews the monthly due installments and debt age analysis from the real estate program and contracts in preparation for entrusting the collector to prepare the claims and hand them over to lessees
- Claims must reach the lessees 30 days prior to their maturity date
- Prepare and draft a non-compliance form on the day following the maturity date and distribute it on the same day to the lessees (by hand directly or via mail registered in the lease contract)

Secondly: Compulsion procedures on the lessee in the case of non-payment include:

- Prevent the ingress and egress of goods to the lessee. Emphasis will be on peak times and seasons in coordination with the security in the center.
- Not allowing the lessee employees to enter the leased store or delaying them.

- 33Submit immediate recommendations to the management to take a more stringent action against the defaulter lessee, including:
  - Suspension of services (telephone, gas, electricity and air conditioning) and will only be delivered with the consent of the Department of Operation
  - Closure (No unit will be closed until after coordination with senior management)
  - Directing a letter of cancelation of lessee contract as stipulated by the contract of the payment defaulter
  - Exercise pressure on the client at other sites or submit a recommendation against leasing him

Dues from related parties

Dues from related accounted for 58.9%, 56.6%, 3.7% and 1.0% of the total current assets as at 31 December 2012G, 2013G, 2014G and on 30 June 2015G respectively. Dues represent mainly the financial support granted by the Company to the associated companies through the payment of some expenses on their behalf or through offering funds to support the working capital to take advantage of the features available to Alandalus Property Company with the banks, particularly in terms of facilitating the implementation of these processes through the Internet or bank checks. Noteworthy, transactions with related parties follow the same conditions of dealing with other unrelated parties as transactions are adopted by the departments of these companies knowing that no financial burdens are accounted for on the account balances of the related parties.

Dues from related parties as of 31 December 2012G included mainly dues from the Advanced Markets Company obtained from the Company to support the working capital in addition to its share of the distribution of general and administrative expenses. Expenses related to Burooj International Company and the future markets company; a limited liability real estate company with its business in ownership and investment in commercial complexes and it is the owner of the Panorama Mall Center in Riyadh. Noteworthy, dues from the Future Markets Company is a salary for an employee that the Company paid on behalf of the Future Markets Company.

As of 31 December 2013G, receivables from related parties included, in addition to the amounts due from the Advanced Markets Company, the share of Hayat Mall Commercial Center of the general and administrative expenses.

The Company has transferred over 2014G the total amounts due from the Advanced Markets Company in exchange for supporting its working capital amounting to SAR 43.4 million to investment in this company which led to a decline in amounts due from related parties as of 31 December 2014G compared to 31 December 2013G. Noteworthy, the second partner in the Advanced Markets Company (Burooj International Company) has paid the same amount. It consists of receivables from related parties as at 31 December 2014G mainly from amounts due from Hayat commercial Mall center in exchange for its share of the general and administrative expenses in addition to some of the expenses that the Company has paid on its behalf. It also includes some expenses that the Company has paid on behalf of the Advanced Markets Company amounting to SAR 0.1 million.

Receivables from related parties as at 30 June 2015G included amounts due from Hayat Real Estate Company which are its share of general and administrative expenses, as well as some of the expenses that Alandalus Property Company paid on its behalf. Receivables from related parties recorded a decline compared to 31 December 2014G after the Company has collected all receivables from related parties.

The following table shows a breakdown of receivables from related parties as of 31 December 2012G, 2013G, 2014G and 30 June 2015G.

Table 152: A breakdown of receivables from related parties as of 31 December 2012G, 2013G, 2014G and 30 June 2014G and 30 June 2015G.

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Hayat Mall Company	-	860	1,469	-	-
Advanced Markets Company	34,493	34,633	121	46,566	-
Mohamad Al Habib Co.	-	-	-	-	-
Burooj International Company Limited	219	-	-	-	-
Future Markets Company	5	-	-	-	-
Hayat Real Estate Company	-	-	-	-	463
Total	**34,717**	**35,493**	**1,590**	**46,566**	**463**

Source: Company Management

Advance payments and other receivable balances

Advance payments and other receivable balances accounted for 4.4%,14.2%, 39.0%, and 27.4% of the total current assets as at 31 December 2012G, 2013G, 2014G and on 30 June 2015 respectively, representing mainly rents paid in advance for the three lands the Company is constructing the shopping centers on in the neighborhoods (Sahafa Center and Yarmouk Center and Tilal Center) as well as the prepaid expenses, employee advances and advanced payments for vendors as of 30 June 2015G.

The following table outlines the advances and receivable balances as at 31 December 2012G, 2013G, 2014G and on 30 June 2015G.

Table 153: Advance payments and receivable balances

SAR'000	2012G	2013G	2014G	June 2014G	June 2015G
Rent paid in advance	-	5,630	11,780	8,680	10,621
Collaterals	2,193	3,640	3,640	2,193	-
Prepaid expenses	203	468	257	686	812
Employee receivables	176	349	256	311	388
Advanced payments for vendors	-	217	677	360	499
Total	**2,572**	**10,304**	**16,610**	**12,230**	**12,320**
A percentage of the total advance payments and other receivable balances					
Rent paid in advance	- %	54.6%	70.9%	71.0%	86.2%
Collaterals	85.3%	35.3%	21.9%	17.9%	- %
Prepaid expenses	7.9%	4.5%	1.5%	5.6%	6.6%
Employee receivables	6.8%	3.4%	1.5%	2.5%	3.1%
Advanced payments for vendors	- %	2.1%	4.1%	2.9%	4.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Audited Financial Statements and Management Company

Advanced payments balance has increased other receivables balance by an amount of SAR 7.7 million from SAR 2.6 million as of 31 December 2012G to SAR 0.3 million as at 31 December 2013G as a result of advance payments to lease land on which the Company is constructing shopping centers in the neighborhoods. Advances value for this land has reached SAR 5.6 million as at 31 December 2013G.

The Company has made additional advance payments for these lands during 2014G which contributed to the increase in the total advances and other receivables as in 2014G at an amount of SAR 6.2 million, compared with 31 December 2013G.

Advances and other receivables balance decreased by an amount of SAR 4.3 million from SAR 16.6 million as of 31 December 2014G to SAR 12.3 million as at 30 June 2015G driven by the redemption of the letters of guarantee issued to the Department of Zakat and Income Tax and the secretariat of Jeddah city.

Prepaid Rents

Rents paid in advance constituted 54.6%, 70.9%, 71.0% and 86.2% of the total advances and other receivables as of 31 December 2012G, 31 December 2013G, 31 December 2014G and 30 June 2015G which represent amounts paid in advance to rent three pieces of land dedicated for the construction of three shopping centers in Riyadh neighborhoods in addition to the amount paid in advance for the land of Prince Majed Road Project in Jeddah as follows:

- Moosa bin Abdullah bin Moosa Al-Ismail, who owns the land on which Sahafa Center in Riyadh is being constructed
- Abdul Rahman bin Abdul Aziz bin Mohammed Al-Othman, who owns the land on which Tilal Center in Riyadh is being constructed
- Nasser Bin Zaid Bin Nasser Razzouk, who owns the land on which Yarmouk Center in Riyadh is being constructed
- Manafea Holding Company, which owns the land on which Prince Majed Road project in Jeddah will be constructed

The reason for the increase in the rents paid in advance from SAR 5.6 million as of 31 December 2013G to SAR 11.8 million as at 31 December 2014G; an increase by SAR 6.2 million is attributed to the increase in the rents paid for the land of Yarmouk Center in an amount of SAR 4.7 million and Yarmouk Center by SAR 1.5 million.

Rents paid in advance also rose from SAR 8.7 million , as at 30 June 2014G to SAR 10.6 million as at 30 June 2015G; an increase of SAR 1.9 million due to the Company's payment of SAR 3.5 million as rent provided for the land of Prince Majed Road project in Jeddah. On the other hand, rents provided for Sahafa Commercial Center project land and Yarmouk commercial center of Yarmouk declined where the Company began to amortize the amounts provided after the start of the commercial activity of the two centers.

Collaterals

Collaterals as of 31 December 2014G, which amounted to SAR 3.6 million, is comprised of the guarantee insurance provided to the Department of Zakat and income Tax by an amount of SAR 2.23 million and is related to the disputed zakat assessment for the year 2007G, where the Company objected to the assessment of the Department of Zakat and Income in front of the Primary Zakat objections Commission, which issued its decision to reduce the Department of Zakat and Income claim to SAR 2.19 million. The Company has provided the mentioned letter of guarantee and transferred the objection to the Appellate Committee, which issued its decision to reduce the amount of claim to SAR 0.5 million.

also include the guarantee issued for the secretariat of the city of Jeddah in the amount of SAR 1.4 million to issue f the necessary licenses for the Staybridge Suites in Jeddah – Alandalus Mall, which is a hotel apartments, the Company is constructing on the same land on which the Alandalus Mall is built.

During the first half of 2015G, the Company has redeemed the two letters of guarantee.

Prepaid expenses

Prepaid expenses accounted for 6.6% of the total advance payments and receivable balances as at 30 June 2015G, which include expenses related to the issue and renewal of visas and Iqamas as well as medical insurance for the employees and buildings insurance expenses. These expenses have recorded a rise of SAR 0.3 million as of 31 December 2013G to SAR 0.5 million, where the Company insured the Alandalus Mall building during the year.

Expenses paid in advance increased in the amount of SAR 0.6 million from SAR 0.2 million as of 31 December 2014G to SAR 0.8 million as at 30 June 2015G due to prepaid insurance expenses for Sahafa Center and Yarmouk Center buildings .

Employee Receivables

Employee receivables accounted for 3.1% of the total advance payments and receivable balances as at 30 June 2015G. These receivables have increased from SAR 0.2 million as of 31 December 2012G to SAR 0.3 million as at 31 December 2013G as a result of the increase in the employee advances that are paid through deductions from their monthly salaries. The employee receivables declined by an amount of SAR 0.1 million as at 31 December 2014G as a result of the employees' payment of the amounts owed to them.

Employee receivables increased by an amount of SAR 0.1 million as of 31 December 2014G to SAR 0.4 million as at 30 June 2015G due to granting advances to staff numbering 24 which are various personal advances for the employees.

Advances to suppliers

During the year 2013G, the Company has paid SAR 0.2 million in advance to three contractors for the Company's projects of constructing the Staybridge Suites in Jeddah – Alandalus Mall and shopping centers in the neighborhoods (Sahafa Center, Yarmouk Center and Tilal Center). These amounts have recorded an increase by SAR 0.5 million to SAR 0.7 million as at 31 December 2014G with the progress in the implementation of these projects.

Advance payments to suppliers declined by SAR 0.2 million from SAR 0.7 million as of 31 December 2014G to SAR 0.5 million as at 30 June 2015G after the Company obtained legal and consulting services and governmental services for which it had paid amounts submitted to the authorities concerned for provision of these services. Therefore, the amounts provided were closed upon receiving the services and were registered as cost of revenues.

6-8-2 Non-current assets

The following table shows a breakdown of non-current assets as at 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G

Table 154: Non-current Assets

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Investments In Associated Companies	94,607	107,541	208,157	360,961	406,334
Investments In Joint Ventures	198,750	198,750	198,750	-	-
Ownership interest in lands	-	48,591	-	-	-
Investment properties, net	538,784	528,595	518,406	513,755	526,899
Construction -in- progress	20,488	58,514	84,812	75,946	110,464

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Property, plant and equipment, net	470	626	568	10,289	10,168
TOTAL NON CURRENT ASSETS	**853,099**	**942,617**	**1,010,693**	**960,951**	**1,053,865**

Source: Audited Financial Statements

Non-current assets accounted for 93.5%, 93.8%, 96.0% and 95.9% of the Company's total assets as at 31 December 2012G, 2013G, 2014G and on 30 June 2015G respectively. The increase in non-current assets during the period from 31 December 2012G to 30 June 2015G in the amount SAR 200.8 million is attributed to the increase of investments in associated companies amounting to SAR 113.0 million (as described later in paragraph 6-7-3 (Income from investments in associated companies (Real Estate) and joint ventures) and the increase in construction-in-progress in the amount of SAR 90.0 million.

Investment properties represented most non-current assets for the Company as they accounted for 63.2%, 56.0%, 51.3% and 50.0% of the total non-current assets as at 31 December 2012G, 2013G, 2014G and on 30 June 2015G respectively. They consist of Alandalus Mall in Jeddah, part of the Company's main building in Riyadh, Yarmouk Center and Sahafa Center. The balance of investment property decreased in the amount of SAR 20.4 million during the period from 2012G to 2014G because of the depreciation of investment property.

The balance of investment property increased as at 30 June 2015 by an amount of SAR 8.5 million, compared with 31 December 2014G due to the addition of Yarmouk Center and Sahafa Center in the amount of SAR 23.2 million , which was met by the reclassification of part of the value of the main building that amounted to SAR 9.7 million to property and equipment (as it will be explained later).

Investments in associates and joint ventures

The following table shows a breakdown of investments in associated companies and projects as of 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G.

Table 155: A breakdown of investment in associates and joint ventures as of 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G

SAR'000	2012G	2013G	2014G	June 2014G	June 2015G
Advanced Markets Company	49,844	59,155	111,625	64,688	114,414
Hamat Real Estate Company	44,763	48,386	47,816	48,805	46,945
Sorouh El Marakez Company	-	-	48,716	48,716	48,716
Hayat Real Estate Company	-	-	-	198,750	196,258
Total Investments in associated Companies	94,607	107,541	208,157	360,959	406,333
Investments in Joint Ventures	198,750	198,750	198,750	-	-

Source: Audited Financial Statements

1- Investments in Associated Companies

Advanced Markets Company

During the year 2007G, the Company, in conjunction with the one of the shareholders, established the Advanced Markets Company as a limited liability company with a capital of SAR 0.5 million owned equally by 50% for each in order to own Dareen Dammam complex.

The Company's balance of investment in the Advanced Markets Company rose by an amount of SAR 9.3 million from SAR 49.8 million as of 31 December 2012G to SAR 59.2 million as at 31 December 2013G; the Company's share from the profits of the Advanced Markets Company.

In 2014G, the Company has transferred the total amounts due from the Advanced Markets Company in exchange for supporting its working capital in the amount of SAR 43.4 million which resulted in an increase in Alandalus Property Company share in Advanced Markets Company. Noteworthy, the second partner in the Advanced Markets Company (Burooj International Company) has paid the same amount. The Company's share of the Advanced Markets Company profits amounted to SAR 9.0 million. Thus, the Company's total investment in the Advanced Markets Company increased by SAR 52.5 million to SAR 111.6 million as at 31 December 2014G.

The balance of investment in the Advanced Markets Company increased by SAR 2.8 million from SAR 111.6 million as of 31 December 2014G to SAR 114.4 million as at 30 June 2015G; it consists of the Company's share in the profits of the Advanced Markets Company that amounted to SAR 5.8 million offset by dividends in the amount of SAR 3.0 million.

Hamat Real Estate Company

During the year 2012G, the Company bought a share equivalent to 33.4% of the capital share of Hamat Real Estate Company that amounts to SAR 0.5 in exchange for SAR 44.4 million. According to the partners' agreement, the Company's share of the profits of the mentioned company is calculated as of the date of making the last payment of the transaction value, which is 01/10/2012G. The main activity of the Company is in the area of management and operation of commercial and rental centers for the benefit of others in addition to the purchase of lands for constructing buildings and investing them by sale or lease. The partners in Hamat Real Estate Company, in addition to Alandalus Property Company, consist of Asala holding company which owns 66.7% of Hamat Real Estate Company. The deal was internally assessed on a profitability multiplier basis of an equivalent to 11 times. The deal was financed from the operational activity of the Company.

The balance of investment in Hamat Real Estate Company has increased in the amount of SAR 3.6 million from SAR 44.8 million as of 31 December 2012G to SAR 48.4 million as at 31 December 2013G; the Company's share in the profits of Hamat Real Estate Company.

The balance of investment in Hamat Real Estate Company has decreased in the amount of SAR 0.6 million as at 31 December 2014G to SAR 47.8 million, where the Company's share in the profits of Hamat Real Estate Company amounted to SAR 40.1 million offset by dividends in the amount of SAR 4.8 million.

The balance of investment in Hamat Real Estate Company has decreased in the amount of SAR 0.9 million from SAR 47.8 million as of 31 December 2014G to SAR 46.9 million as at 30 June 2015G where the Company's share in the profits of Hamat Real Estate Company amounted to SAR 1.8 million offset by dividends in the amount of SAR 2.6 million from the Company's share in the profit for the period and part of the retained earnings of the Company for Hamat Real Estate Company .

Sorouh El Marakez Company

On 17 April 2014G, the Company participated in the establishment of Sorouh El Marakez Company (Limited Liability Company) with 25% of its share capital amounting to SAR 0.5 million in Riyadh for the purpose of ownining Panorama Mall in Jeddah. The Company provided a land plot in Jeddah valued at SAR 48.6 million as real capital in a proportion that equals its share in Sorouh El Marakez Company capital in addition to SAR 0.1 million in exchange for its share in the capital. Noteworthy, the transfer of land to Sorouh El Marakez Company is being followed up by the Company's management as at the date of this prospectus and is expected to be completed during the fourth quarter of 2016G.

2- Investments in joint ventures

The Company owns 25% of the capital of Hayat Commercial Mall Center that amounts to SAR 412.0 million. In 2009G, the Company along with the other partners in Hayat Commercial Mall Center established Hayat Real Estate Company to oversee Hayat Commercial Mall Center where Hayat Real Estate Company signs lease contracts with the lessees on behalf of the owners of Hayat Mall Center, being the legal entity representing the Hayat Mall.

Noteworthy, on 01 January 2015G, the ownership structure of Hayat Real Estate Company has been modified to conform to the ownership structure Hayat mall, which the Company owns 25% of its shares. Per the decision of the partners in Hayat Real Estate Company on 02 January 2015G, the partners decided unanimously, in their capacity as the sole owners in Hayat Real Estate Company and Hayat Mall Center, to activate the role of Hayat Real Estate Company, starting from the first of January 2015G that work on a budget for the center stops starting from the first of January 2015G. Budgets will no longer be published for the center while for Hayat Real Estate Company budgets shall commence while maintaining the title with the names of the owners partners for Hayat Real Estate Company in the same ownership ratios at Hayat Mall.

Subsequently, the Company owns 25% of life in Hayat Real Estate Company. Investment was classified within the income from investments in associated real estate companies, starting from the first of January 2015G.

Investment property

The investment property is comprised of Alandalus Mall in Jeddah, and the administration building on the North Ring Road in Riyadh where the Company occupies part of it as its administrative headquarters. In addition, the investment property include Sahafa Center and Yarmouk Center which were completed and added to the investment property during the first half of 2015G.

As described in the accounting policies adopted by the Company, investment property is recognized used in leasing at cost less accumulated depreciation. The depreciation of investment property is calculated (excluding lands) according to the straight-line method based on the estimated useful life on terms ranging from 25 years to 33.3 years depending on the expected age of the building on the construction or purchase date.

The following table shows the details of investment property as of 31 December 2012G, 2013G, 2014G and on 30 June 2015G.

Table 156: Details of investment property

SAR'000	2012G	2013G	2014G	30 June 2015G
Alandalus Mall (Jeddah)				
Lands	237,432	237,432	237,432	237,432
Buildings	325,571	325,571	325,571	325,571
Accumulated depreciation	(50,869)	(60,263)	(70,031)	(74,915)
Net book value	512,134	502,740	492,972	488,088
Administration Building (Riyadh)				
Lands	16,101	16,101	16,101	9,984
Buildings	10,921	10,549	10,549	6,540
Depreciation	(372)	(795)	(1,216)	(885)
Net book value	**26,650**	**25,855**	**25,434**	**15,639**
Sahafa Center				
Lands	-	-	-	-
Buildings	-	-	-	12,999
Depreciation	-	-	-	(665)
Net book value	-	-	-	12,334
Yarmouk Center				
Lands	-	-	-	-
Buildings	-	-	-	10,978
Depreciation	-	-	-	(140)
Net book value	-	-	-	10,838
Total lands	253,533	253,533	253,533	247,416
Total buildings	336,492	336,120	336,120	356,088
Accumulated depreciation	(51,241)	(61,058(	(71,247)	(76,605)
Net book value	**538,784**	**528,595**	**518,406**	**526,899**

Source: Audited Financial Statements

Construction-in-progress

The construction-in-progress project in Staybridge Suites in Jeddah – Alandalus is a project to construct a hotel apartment tower in Alandalus Mall site on the same land center (Alandalus Square). The construction-in-progress project include Tilal Center project, which is one of the shopping centers projects in the neighborhoods, which the Company is building in the city of Riyadh on a land that is leased for 20 Gregorian years starting from 11 March 2013G. The commercial activity on Tilal Center project started in the third quarter of 2015G.

Noteworthy, the Company has completed the construction work for two shopping centers in the neighborhoods and began leasing, namely:

- Sahafa Center project which is being constructed on a land leased for 20 Hijra years beginning on 28 January 2013G.
- Yarmouk Center project, which is being constructed on a land leased for 20 Gregorian years beginning on 12 March 2013G.

The ownership of the three projects will be transferred to the owner of the land on which the project is being constructed at the end of the land lease period.

The finance charges related to the facilities obtained by the Company to finance these projects, which have been recognized in the cost of construction-in-progress as of 30 June 2015G amounted to SAR 3.6 million, compared to SAR 1.5 million as at 30 June 2014G.

The Company has begun the work on Alandalus Mall expansion project which will add 6,000 square meters; of which 4,000 square meters are rentable. It will include 27 units at a total estimated cost of SAR 24 million. The expansion work is anticipated to be completed during the first half of 2016G. The cost of expansion as at 30 June 2015G amounted to SAR 10.7 million.

In addition, the Company began during the first half of 2015G the development of project designs for a shopping project in the neighborhoods which is Prince Majed Road project - Jeddah. The Company has signed the land contract for the project for a period of 25 years starting from 01/05/1436H with an annual rent rate of SAR 3.85 million for the first five years and then the rent will be increased according to the contract. It is anticipated that the construction work begins and the lease for the project ends during the second half of 2017G. The disbursed project cost as at 30 June 2015G amounted to SAR 0.04 million. The total value of the project is expected to be SAR 24 million.

The construction-in-progress projects include the IPO expenses which the Company considers part of the construction-in-progress until the IPO is completed. The Company declares that these expenses would be borne by current partners. The underwriting expenses include the financial and legal advisor fees for IPO, public accountant and underwriting expenses, receiving parties' expenses, marketing expenses, printing, distribution and other expenses related to the underwriting at an estimated cost of SAR 19 million that will be incurred totally by the Selling Shareholders.

The following table shows the construction-in-progress as of 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G

Table 157: A breakdown of construction-in-progress

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Staybridge Suites in Jeddah – Alandalus	20,488	39,561	54,584	48,478	83,443
Sahafa Center	-	7,050	11,524	10,263	-
Tilal Center	-	6,302	9,398	9,044	13,535
Yarmouk Center	-	5,601	8,250	7,986	-
IPO expenses	-	-	1,056	175	2,788
Alandalus Mall expansion	-	-	-	-	10,651
Prince Majed Road project - Jeddah	-	-	-	-	47
Total	**20,488**	**58,514**	**84,812**	**75,946**	**110,464**

Source: Audited Financial Statements

Board members acknowledge that, except as mentioned in the Company's assets and the contingent liabilities paragraph that will be detailed later (in paragraph 6-8-7 of this section), the Company has no significant fixed assets planned to be purchased or rented.

Property, Plant and Equipment (PP&E)

The Company recognizes that, except as mentioned in the Company's assets and contingent liabilities paragraph that will be detailed later, no company has the task of a planned fixed assets purchased or rented.

Property and equipment accounted for 1.0% of the total non-current assets for the Company as at 30 June 2015G. Lands and buildings formed 94.3% of the total book value of property and equipment on the same date; which is the net book value of a portion of the land and main headquarters building of the Company, which represents 38% of the total area of the building. Noteworthy, the Company has reclassified this part of the investment property during the first half of 2015G to property and equipment.

Cars accounted for 1.2% of the total book value of property and equipment on the same date which consists of five cars used for the Company purposes in the main building and at Alandalus Mall. Furniture and office equipment accounted for 4.6% of the total book value of property and equipment as well.

As described in the accounting policies adopted by the Company, depreciation is calculated on the basis of the estimated useful life of the asset according to the straight-line method.

The following table shows the net book value of Property, Plant and Equipment (PP&E) as at 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G.

Table 158: Net book value of Property, Plant and Equipment (PP&E)

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Lands	-	-	-	5,152	5,152
Buildings	-	-	-	4,593	4,433
Vehicles	84	237	155	194	119
Furniture and office equipment	386	389	413	350	464
Total	**470**	**626**	**568**	**10,289**	**10,168**
Percentage of total book value					
Lands	-	-	-	50.1%	50.7%
Buildings	-	-	-	44.6%	43.6%
Vehicles	17.9%	37.9%	27.3%	1.9%	1.2%
Furniture and office equipment	82.1%	62.1%	72.7%	3.4%	4.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Audited Financial Statements

Net book value for cars rose from SAR 0.084 million as at 31 December 2012G to SAR 0.2 million as at 31 December 2013G as a result of the Company's purchase of two new cars during the year 2013G at a value of SAR 0.195 million used by the project management, resulting in the increase of the net book value for cars to SAR 0.2 million as at 31 December 2013G. The net book value for the cars decreased as of 31 December 2014G and 30 June 2015G as a result of the depreciation.

Furniture and office equipment accounted for 4.6% of the net book value for property and equipment as at 30 June 2015G; the office furniture and equipment at the Company's main building and in Alandalus Mall. Net book value for furniture and equipment have risen between 31 December 2012G and 30 June 2015G as a result of the Company renewal of some of the furniture and equipment.

6-8-3 Current liabilities

Current liabilities accounted for 11.1%, 10.1%, 8.9% and 8.8% of total liabilities and shareholders' equity during the period from 2012G to 30 June 2015G. They decreased by SAR 4.4 million during the period from 2012G to 30 June 2015G driven by a decline in liabilities to related parties by SAR 7.0 million, and the current portion of Islamic Tawarruq facilities and in an amount of SAR 3.1 million , and a provision for Zakat in an amount of SAR 0.8 million. In contrast, rents that have been received in advance from lessees rose by SAR4.1 million, and the receivables and other credit balances rose SAR 2.5 million.

Rents received in advance

Rents received in advance accounted for 22.9%, 28.0%, 36.6% and 28.1% of the total current liabilities as of 31 December 2012G, 2013G, 2014G and 30 June 2015G respectively. They represent rents received in advance from lessees in Alandalus Mall and the Shopping centers in the neighborhoods in Riyadh, Sahafa center and Yarmouk Center. Because the Company's nature is in the real estate, rents are received in advance on an annual or semi-annual basis according to the contract signed with the lessee.

Rents received in advance increased from SAR 23.1 million as of 31 December 2012G to SAR 28.4 million as at 31 December 2013G as a result of an increase in rental rates in Alandalus Mall. The balance of prepaid rents continued to rise as at 31 December 2014G to SAR 34.3 million due to the increase in the prices of rental in Alandalus Mall in addition to commencing the rental at the three shopping centers in the neighborhoods in Riyadh. The rents received in advance recorded a decline as on 30 June 2015G compared to 31 December 2014G as a result of achieving the lease contracts for Yarmouk and Sahafa centers during the six month period ended on 30 June 2015G.

Current portion of Islamic Tawarruq facilities

Current portion of Islamic Tawarruq facilities accounted for 61.7%, 60.8%, 54.6% and 29.0% of the total current liabilities as of 31 December 2012G, 2013G, 2014G and 30 June 2015G respectively. They relate to four loans obtained by the Company during the period between 2012G and 30 June 2015G from Al Rajhi Bank for the purposes of expansion and investment.

The current part of the Islamic Tawarruq facilities decreased from SAR 62.4 million facilities as at 31 December 2012G to SAR 51.1 million as at 31 December 2014G; a decrease that amounted to SAR 11.3 million as a result of the Company's full payment of the loan for funding Alandalus Mall .

The current portion of the Islamic Tawarruq facilities has increased as at 30 June 2015G due to the maturity of the funding loan for the construction of Staybridge Suites in Jeddah – Alandalus apartment hotels and the establishment of shopping centers in the neighborhoods projects.

Noteworthy, the Company had obtained the first loan in the amount of SAR 200 million for the purpose of building Alandalus Mall in Jeddah. The second loan amounted to SAR 220 million obtained by the Company to finance the purchase of a share in Hayat Commercial Mall Center in Riyadh. The third loan amounted to SAR 100 million to finance 60% of the cost of building a Staybridge Suites in Jeddah – Alandalus hotel apartment project. The last loan amounted to SAR 20 million intended to finance 60% of the cost of construction of three shopping centers in Riyadh neighborhoods.

Accounts payable

The balance of accounts payable accounted for 0.2% as at 31 December 2012G. The balance is zero as of 31 December 2013G, 2014G and 30 June 2015G due to the payment of the Company's obligations on a regular basis before the end of the year. The balance of creditors represent payments for travel and tourism agencies, cleaning and security guard expenses for the Company facilities which are Alandalus Mall and the main building.

Liabilities to related parties

Liabilities to related parties accounted for 4.5% of the total current liabilities for the Company of the Company and 1.6% of total liabilities as at 30 June 2015G. The following table shows a breakdown of liabilities to related parties as of 31 December 2012G, 2013G, 2014G and 30 June 2014G and June 2015G.

Table 159: A breakdown of liabilities to related parties as of 31 December 2012G, 2013G, 2014G, June 2014G and June 2015G

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Hamat Real Estate Company	6,122	4,486	4,404	5,065	4,290
Advanced Markets Company	-	-	-	-	49
Hayat Real Estate Company	5,115	-	-	19,542	-
Mohamad Abdulaziz Al Habib Real Estate Investment Co.	69	2,834	-	2,834	-
Total	**11,306**	**7,320**	**4,404**	**27,441**	**4,339**

Source: Audited Financial Statements

Liabilities to related parties as of December 2012G included amounts received by the Company from Hayat commercial Mall Center as an advance payment from 2013G profits before the distribution of dividends. Out of that, the Company paid SAR 5.9 million during 2012G while SAR 5.1 million remained at the end of the year . It also includes the amounts due to Hamat Real Estate Company that are related to the management and leasing of Alandalus Mall which Hamat Real Estate Company began to carry out starting in July 2011G after it replaced Mohammed Abdulaziz Company for Real Estate Investment.

Liabilities to related parties as at 31 December 2013G declined as a result of the Company's settlement of the amount owed to Hayat Mall Center which had been received in 2012G. Liabilities include amounts due to Mohammed Abdulaziz Al Habib Real Estate Investment company which are expenses incurred by Mohammed Abdulaziz Al Habib Real Estate Investment Company during the year that belongs to Alandalus Mall which amounted to SAR 0.5 million in addition to a cost amounted to SAR 2.3 million as commission for a land located north of the city of Jeddah. Liabilities to related parties include amounts due to Hamat Real Estate Company which are leasing and operating fees and other expenses related to Alandalus Mall that amounted to SAR 4.5 million as of December 2013G.

Liabilities to related parties decreased as of 31 December 2014G to SAR 4.4 million after making the due payments to Mohammed Habib Company which consist of expenses incurred by Habib Company during a previous period that belong to Alandalus Mall and the commission/brokerage amount for the land located north of Jeddah.

Liabilities to related parties as of 30 June 2015G maintained a semi- fixed level compared to the end of 2014G.

During the first half of 2014G, the Company has received SAR 19.5 million from Hayat commercial Mall center as a down payment for 2014G profits before their distribution. The Company has paid these amounts on 31 December 2014G from the total Company's share in the profit of the year.

Accruals and other credit balances

Accruals and other credit balances accounted for 4.9% of the total current liabilities for the Company as at 30 June 2015G. Accruals and other credit balances increased by SAR 0.3 million between 31 December 2013G and 31 December 2014G as a result of the increase in the employees' benefits and the electricity and water expenses.

Accruals and other credit balances recorded an increase of SAR 2.7 million as of 30 June 2015G compared to 31 December 2014G due to the retention of SAR 1.4 million as a performance guarantee for Yarmouk Center contractor in addition to the amount due to Manafea Company related to Prince Majed Road project. Noteworthy, the Company had partnered with Manafea Company to build a shopping center in the neighborhoods in which Alandalus Property Company has a share of 70%. The amount due to Manafea Company represents the share value of Manafea Holding Company that amounts to SAR 1.2 million of the total value of the project land that amounts to SAR 3.85 million.

The following table shows the receivables and other credit balances for the years 2012G, 2013G, 2014G and 30 June 2014G and 30 June 2015G.

Table 160: Receivables and other credit balances as of 31 December 2012G, 2013G, 2014G and 30 June 2014G and 30 June 2015G

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Business Guarantee Insurance	-	-	-	-	1,395
Manafea Holding Company	-	-	-	-	1,155
Employee receivables	902	823	1,025	750	970
Cleaning and guard	797	658	646	131	617
Water and Electricity	397	111	221	155	-
Other	130	122	170	-	598
Total	**2,226**	**1,714**	**2,062**	**1,036**	**4,735**
Percentage of Total Accruals and other Payable Balances					
Business Guarantee Insurance	-	-	-	-	29.5%
Manafea Holding Company	-	-	-	-	24.4%
Employee receivables	40.5%	48.0%	49.7%	72.4%	20.5%
Cleaning and guard	35.8%	38.4%	31.3%	12.6%	13.0%
Water and Electricity	17.8%	6.5%	10.7%	15.0%	-
Other	5.8%	7.1%	8.2%	-	12.6%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Audited Financial Statements and Company's Management

Employee entitlements accounted for 40.5%, 48.0%, 49.7% and 20.5% of the total receivables and other credit balances as of 31 December 2012G, 2013G, 2014G and on 30 June 2015G which includes amounts due to employees for vacations, travel tickets and employees' rewards. These entitlements have risen as at 31 December 2014G due to the increase in accrued leave balance. These entitlements have decreased as at 30 June 2015G because most of the employees consumed their leave balances and their own tickets.

Cleaning and guarding expenses accounted for 13.0% of the total receivables and other credit balances as of 30 June 2015G which include the cleaning and private security expenses in Alandalus Mall. The decline as at 31 December 2013G is attributed to the fact that the amount due covers the expenses for one month while the amount owed as at 31 December 2012G covers the expenses for more than a month. These expenses have maintained a quasi-constant level as of 30 June 2015G compared to the end of 2014G.

Electricity and water expenses amounted to 10.7% of the total receivables and other credit balances as of 31 December 2014G, which are the electricity and water expenses for offices and headquarters used by the Company in Alandalus Mall. Electricity and water due expenses have decreased as at 31 December 2013G because the amount due covers the use of a period of 27 days only compared to the 45 day period covered by the amount due as of 31 December 2012G . While on 31 December 2014G, the amount due includes the use of a 28 day period. The rise is due to the increase in electricity consumption during the same year. Electricity bills are issued under the Islamic calendar and thus bills were issued in June and paid in the same month.

Other accrued expenses amounted to 8.2% of the total receivables and other credit balances as of 31 December 2014G which include the auditing fees for the Company's accounts and others. The reason for the increase as at 31 December 2014G is attributed to the increase in the initial audit fees for the year 2014G amounting to SAR 40,000. These expenses increased as at 30 June 2015G due to advertising expenses accrued for the period in the amount of SAR 0.4 million in addition to the refundable insurance amounts received from lessees in the amount of SAR 0.12 million that are refundable at the end of the lease period.

Provision for Zakat

Provision for Zakat represents the amount that the Company put aside in line with the regulations of Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. Provision for Zakat amounted to SAR 1.8 million as of 31 December 2012G. Provision for Zakat of rose during 2013G by SAR 0.5 million to SAR 2.4 million as at 31 December 2013G due to the decrease of zakat payments in 2013G. Provision for Zakat increased to SAR 1.8 million as at 31 December 2014G and SAR 1.1 million as at 30 June 2015G due to the increase of reimbursements.

6-8-4 Non-current liabilities

Non-current liabilities included for provision for end of service compensation that is configured in accordance with the Saudi Labor. The rise in the number of staff from 26 employees as of 31 December 2012G to 34 employees by the end of 2013G has led to the increase of the provision for end of service from SAR 0.8 million to SAR 1.2 million during the same period. The provision for end-of–service indemnities rose as at 31 December 2014G to SAR 1.6 million because of the rise in the number of employees from 34 in December 2013G to 35 employees by the end of 2014G as well as the elapsed period for the employees whose term of service with the Company has exceeded five years according to the Saudi labor law. Provision for end of service maintained a quasi-steady state level as at 30 June 2015G compared to the end of 2014G.

Islamic Tawarruq Facilities

The Company obtained four long-term Islamic bank facilities (**Tawarruq**) from Al Rajhi Bank during the years 2007G, 2008G, 2012G and 2013G for multiple purposes. The following table shows the details of these facilities.

Table 161: Existing facilities for the Company as of 30 June 2015G

Type of Loan	Date of signing	Value of facilities (SAR'000)	Used from facilities (SAR'000)	Duration of the loan in years	Purpose	Loan Currency	Guarantee
Islamic facilities - Al Rajhi Bank	17/01/2007G	200,000	200,000	Seven years	To finance the construction of Alandalus Mall project	SAR	• Signing a promissory note by the Chairman of the Board covering all obligations • A guarantee from every partner according to his share in capital • Transfer ownership of the land on which Alandalus Mall is constructed in favor of the bank
Islamic facilities - Al Rajhi Bank	16/01/2008G	220,000	220,000	Ten Years	To finance the purchase of a strategic share in Hayat Mall Company	SAR	• Signing a promissory note by the Chairman of the Board covering all obligations • A guarantee from every partner according to his share in capital • The Company shall pay a down payment of SAR 550,000 equivalent to 0.25% of the value of each futures sales contract to be debited directly to his account at the execution of the contract • Payment of the new financing installments including profit of SAR 24 million for the years from 2009G until 2014G and SAR 43 million for the years from 2015G until 2018G • Re-assessment of Alandalus mall real estate discharged in favor of the bank by two real estate offices accredited to Al Rajhi bank provided that its value should be no less than SAR 600 million

Type of Loan	Date of signing	Value of facilities (SAR'000)	Used from facilities (SAR'000)	Duration of the loan in years	Purpose	Loan Currency	Guarantee
Islamic facilities - Al Rajhi Bank	21/11/2012G	100,000	50,000	Seven Years	To fund 60% of the cost of constructing furnished apartments in Jeddah	SAR	• Signing a promissory note by the Chairman of the Board covering all obligations • Commitment to have the ratio of funding to the ownership between 40% -60% • Commitment to transfer the revenues to his account with the bank • Committed to transfer the revenues of the hotel apartments' project to his account with the bank • Commitment to the installation of bank POS exclusively • Commitment to not change the ownership structure of the Company without the consent of the bank • Commitment to transfer the profits of Hayat Mall and Dareen mall in the amount of SAR 22 million to the Company's account at Al Rajhi Bank and authorize it to act on them in case of any breach that necessitate this. • Commitment to transferring the key tenants' revenues in Alandalus Mall, being SAR 37 million, to the Company's account with Al Rajhi Bank as a security for the facilities and authorize the Bank to take the necessary action on them in the event of any breach that necessities such an action. • Commitment to mortgage a property with a coverage ratio not less than 200%. Accordingly, the property located in Jeddah, title deed No. 467, dated 30/04/1424H (Alandalus Square land) was mortgaged.
Islamic facilities - Al Rajhi Bank	01/07/2013G	20,000	20,000	Five years	To fund 60% of the cost of constructing Sahafa Center, Tilal center and Yarmouk Center in Riyadh	SAR	• Signing a promissory note by the Chairman of the Board covering all obligations • Commitment to maintain the ratio of funding to the ownership between 40%-60% • Commitment to mortgage a property with a coverage ratio not less than 200%. Accordingly, such facilities have been secured with the mortgage on property located in Jeddah, title deed No. 467, dated 30/04/1424H (Alandalus Square land) • The obligation to transfer revenue from the new markets (strip malls), including at least SAR 12 million starting from 2016G to the Company's account with Al Rajhi Bank as collateral for the facilities and the Bank was authorized to take the necessary action on them in the event of any breach that necessities such an action.

Source Company Management

Facility agreements with Al Rajhi Bank

On 17/1/2007G, the Company received an Islamic Tawarruq facility from Al Rajhi Bank in the form of forward sales of local shares in the amount of SAR 200 million and a decreasing profit margin of 8% to assist in financing the construction of Alandalus Mall. This Tawarruq is secured by a promissory note with full commitment (value of Tawarruq and profit margin due to the bank) totaling SAR 268.9 million, and a guarantee from each shareholder according to his share in the Company›s capital, and transferring the ownership of the real estate of the center provided that its market value shall not be less than SAR 400 million as well as a pledge to assign all rents in the center until repayment of the full facility. The Tawarruq and profit margin are payable in equal annual installments over a period of seven years. Repayment of the first installment began on 03/25/2008G and the last installment was paid on 12/2/2014G where Tawarruq was paid in full.

Noteworthy, the above mentioned cost of funding for Islamic Tawarruq facility amounting to SAR 68.0 million was capitalized in 2007G on Alandalus Mall commercial project as being appropriate for the accounting treatment of the funding costs of the credit facilities that are compliant with the provisions of Islamic law prior to the issuance of the Professional Opinion No. 9/2 Accounting dated 14/05/1431H corresponding to 28/04/2010G on "capitalization of Murabaha financing costs for fixed assets, "by the Accounting Standards Committee of the Saudi Organization for Certified Public Accountants (SOCPA) which addressed the need to "apply the value of the asset at Murabaha financing cost for assets that are still under processing taking into account that once the asset has become ready for use, Murabaha cost of financing in the period that follows the processing of the asset will be treated as expenses for the period. " The Company has addressed the financing costs of the Islamic Tawarruq facilities obtained by the Company after the issuance of the said professional opinion by the Accounting Standards Committee of SOCPA in a way that is consistent with the said professional opinion.

Assuming that the Company adopted the professional opinion No. 9/2 dated 14/05/1431H (corresponding to 28/04/2010G on "capitalization of Murabaha financing costs of fixed assets", the amount that had to be capitalized from the cost of financing is SAR 18.9 million, provided that the amount of SAR 49.1 remaining from the financing costs shall be accounted for in the financing expenses for the subsequent years until the end of the loan term

Noteworthy, the accounting treatment adopted by the Company in recording the cost of funding led to the increase of income for the years 2012G and 2013G by SAR 5.1 million and SAR 2.5 million respectively, while this treatment led to the reduction of the income by SAR 0.3 million during 2014G. On the other hand, the accounting treatment adopted by the Company led to increasing the balance of the non-current assets of the Company by SAR 40.9 million, which led as at 31 December 2014G which constitutes 3.9% of the total assets of the Company. Since the Tawarruq value was fully paid in 2014G, there will be no material impact of the accounting treatment used for the funding cost on the statement of income for the subsequent periods. The impact will be limited by increasing the depreciation amount by SAR 1.5 million.

Board Members declare that in relation to accounting treatment adopted by the Company for recording the costs of financing provided to the Company by Al-Rajhi Bank, there will be no effect of such accounting treatment on the income statement for the coming periods. The effect will he limited on the income of subsequent periods represented in the annual depreciation amount, which is 1.5 million.

On 16/01/2008G, the Company received an Islamic Tawarruq facility from Al Rajhi Bank in the form of forward sales of local shares in the amount of SAR 220 million and a decreasing profit margin of 6.25% to contribute to financing the acquisition of Hayat Mall Commercial Center. This Tawarruq is secured by a promissory note with full commitment (value of Tawarruq and profit margin due to the bank) totaling SAR 316 million, and a guarantee from each shareholder according to his share in the Company›s capital, and transferring the ownership Alandalus Mall real estate provided that its market value should not be less than SAR 600 million as well as a pledge to assign all center rents until repayment of the full facility. The Tawarruq and profit margin is payable on unequal annual installments over a period of ten years. Repayment of the first installment began on 14/03/2009G and the last installment will be paid on 14/03/2018G.

On 21/11/2008G, the Company received an Islamic Tawarruq facility contract from Al Rajhi Bank in the form of forward sale of goods in the amount of SAR 100 million and a decreasing profit margin equal to SIBOR plus 3% to assist in financing a portion of the construction Staybridge Suites Jeddah Alandalus. The Company has obtained SAR 90 million until the date of the financial statements on 30 June 2015G. This Tawarruq is secured by a promissory note with full commitment (value of Tawarruq and profit margin due to the bank) totaling SAR 63.1 million, and a real estate mortgage covering at least 200% of the value of the facility, as well as a pledge to assign all future hotel apartment rents, and main lessee rents at Alandalus Mall until repayment of the full facility. The Tawarruq and profit margin is payable on unequal annual installments over a period of seven years. Repayment of the first installment began on 03/10/2013G and the last installment will be paid on 08/06/2022G.

On 01/07/2013G, the Company entered into an Islamic Tawarruq facility contract with Al Rajhi Bank in the form of forward sale for goods in the amount of SAR 20 million and a decreasing profit margin equal to SIBOR plus 3% to assist in financing a portion of the construction of commercial centers in Sahafa, Tilal and Yarmouk neighborhoods in Riyadh. The Company has obtained SAR 20 million until the date of financial statements on 30 June 2015G. This Tawarruq is secured by a promissory note with full commitment (value of Tawarruq and profit margin due to the bank) totaling SAR 24.1 million, and a guarantee from each shareholder according to his share in the Company›s capital, and a real estate mortgage covering at least 200% of the value of the facility, as well as a pledge to assign all future commercial center rents, and main lessee rents at Alandalus Mall until repayment of the full facility. The Tawarruq and profit margin is payable on unequal annual installments over a period of five years. Repayment of the first installment began on 26/06/2014G and the last installment will be paid on 26/12/2018G.

The following table shows the loan payment schedule as at 30 June 2015G.

Table 162: Details of payment of facilities obtained by the Company benefits

SAR'000	Banking Facility to finance the purchase of a share in AL Commercial Mall Center	Banking Facility to finance the construction of Staybridge Suites Jeddah Alandalus	Banking Facility to finance the construction of shopping Centers' projects in the neighborhoods	Total
2009G	24,000	-	-	24,000
2010G	24,000	-	-	24,000
2011G	24,000	-	-	24,000
2012G	24,000	-	-	24,000
2013G	24,000	1,577	-	25,577
2014G	24,000	2,664	817	27,481
2015G	43,000	8,357	1,079	52,436
2016G	43,000	13,706	5,755	62,461
2017G	43,000	17,243	7,312	67,555
2018G	43,000	20,766	7,312	71,078
2019G	-	20,766	1,826	22,592
2020G	-	15,009	-	15,009
2021G	-	9,252	-	9,252
2022G	-	4,626	-	4,626
Total	**316,000**	**113,966**	**24,101**	**454,067**

Source: Company Management

Provision for end of service benefits

The following table represents the end of service benefits as of 31 December 2012G, 2013G, 2014G, 30 June 2014G and 2015G.

Table 163: A breakdown of the provision for end of service benefits

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Balance at the beginning of the Year	478	807	1,165	1,165	1,624
Provision during the year	398	374	459	-	68
Paid during the Year	(69)	(16)	-	-	(41)
Balance as of 31 December	807	1,165	1,624	1,165	1,651

Source: Audited Financial Statements and Company Management

The rise in the number of staff from 26 employees as at 31 December 2012G to 38 employees as at 30 June 2015G led to the increase of the provision for employees' end of service benefits from SAR 0.8 million to SAR 1.7 million.

6-8-5 Shareholders' Equity

Table 164: A breakdown of shareholders' equity

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Share capital	343,000	343,000	343,000	343,000	700,000
Statutory reserve	35,591	44,147	52,827	44,147	52,828
Retained earnings	233,200	310,198	388,324	353,511	79,541
Total shareholders' equity	**611,791**	**697,345**	**784,151**	**740,658**	**832,369**

Source: Audited Financial Statements

Shareholders' equity rose from SAR 611.8 million as of 31 December 2012G to SAR 697.3 million as of 31 December 2013; an increase of SAR 85.6 million as a result of the increase of retained earnings and the statutory reserve, driven by the rise in the net income achieved by the Company for the year 2013G.

On 31 December 2014G, the increase in retained earnings and statutory reserve resulted in an increase in the shareholders' equity by an amount of SAR 86.8 million to reach SAR 784.2 million driven by the rise in the net income achieved by the Company for the year 2014G.

Shareholders' equity continued to rise as at 30 June 2015G to reach SAR 832.4 million; an increase of SAR 48,2 million driven by the rise in the net income achieved by the Company during the six months ended in 2015G. The Company has increased the capital share by an amount of SAR 357 million to reach SAR 700 million through the transfer from the retained earnings account.

6-8-6 Key Performance Indicators for the general budget

Table 165: Key Performance Indicators for the general budget

Key Performance Indicators	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Return on Assets	8.1%	8.5%	8.2%	4.2%	4.4%
Return on Shareholders' Equity	12.1%	12.3%	11.1%	5.8%	5.8%
Current Assets/Current Liabilities	58.3%	62.9%	45.4%	60.9%	46.5%
Total Liabilities/Total Assets	32.9%	30.7%	25.6%	28.2%	24.3%
Total Liabilities/Total Equity	49.1%	44.3%	34.3%	39.3%	32.0%

Source: Audited Financial Statements

During the year 2012G, the return on assets rose from 8.1% up to 8.5% in 2013G due to the rise in the rental income and the Company shares in the net income of associated companies which resulted in an increase in the net profit by 16%. Return on assets decreased to 8.2% in 2014G due to the increase in total assets by 7.1% which is represented in the increase of investments in associated companies (as previously described in the investment analysis in associates and joint ventures) and constructions-in-progress, while the net income increased by 1.5% compared to 2013G.

During the six-month period ended on 30 June 2015G, the return on assets has recorded a slight increase from 4.2% as of 30 June 2014G to 4.4%, driven by the increase in rental income by 24.5% after Sahafa Center and Yarmouk Center became operational during the first half of 2015G whereby contributing to the increase in net income by 11.3%.

The return on shareholders› equity rose from 12.1% in 2012G to 12.3% in 2013G due to the increase in the net profit from SAR 73.7 million in 2012G to SAR 85.5 million during the year 2013G. Return on shareholders› equity fell to 11.1% in 2014G due to the increase in shareholders› equity by 12.5%, while the net income increased by 1.5% compared to 2013G. The increase in shareholders› equity resulted from the increase in the retained earnings balance and statutory reserve. Return on shareholders› equity maintained a fixed rate at 5.8% during the six month period ended on 30 June 2014G and on 30 June 2015G.

The percentage current assets to current liabilities rose from 58.3% in 2012G to 62.9% in 2013G due to the increase in prepayments and other accounts receivable balances as a result of leasing lands for the purpose of constructing shopping centers in the neighborhoods. In 2014G, the percentage of current assets to current liabilities decreased to 45.4% driven mainly by a decline of dues from related parties due to the Company's transfer of total amounts due from the Advanced Markets Company versus augmenting its working capital that amounts to SAR 43.4 million during the 2014G, to investment in this company which led to a decline in amounts due from related parties as of 31December 2014G compared to 31 December 2013G.

The percentage of current assets to current liabilities rose to 45,4% as at 31 December 2014G to 46.5% as at 30 June 2015G due to the increase in current assets by an amount of SAR 2.4 million mainly driven by the increase in cash and cash equivalents by an amount of SAR 7.1 million after the Company received a payment of bank facilities to finance the construction of Tilal Center. The current liabilities also increased by an amount of SAR 3.0 million as a result of the increase in the current portion of the Islamic Tawarruq Facilities by an amount of 8.2 million Saudi riyals, and the accruals and other payable balances increased by an amount of SAR 2.7 million as a result of repossessing the performance guarantee of Yarmouk Center in addition to the payment provided to Manafea Company in exchange for the Company's share of Prince Majed Road project in Jeddah (Shopping project in neighborhoods) land rental.

The percentage of total liabilities to total assets decreased from 32.9% in 2012G to 30.7% in 2013G driven mainly by investment in lands in addition to the increase in construction-in-progress. The percentage also decreased in 2014G to 25.6% due to the increase in total assets as a result of the increase in investments in associated companies and construction-in-progress at a time when the balance of the Islamic Tawarruq facility decreased as a result of the payment of installments from the facilities.

The percentage of total liabilities to total assets decreased from 25.6% as at 30 June 2014G to 24.3% as at 30 June 2015G due to the decline in total liabilities driven by the decline of the Islamic Tawarruq facility balance by SAR 5.6 million due to making payments from the facilities despite the increase in current liabilities. The total assets have increased by SAR 45.6 million due to the increase in obligated construction-in-progress.

Total liabilities to total shareholders' equity decreased from 49.1% in 2012G to 44.3% in 2013G due to the increase in the retained earnings balance despite the increase in the Islamic Tawarruq facility balance by an amount of SAR 8.1 million during the same period. The percentage also decreased in 2014 to up to 34.3% mainly due to the decrease in the Islamic Tawarruq facility balance as a result of making payments from the facilities. The equity also increased by an amount of 86.8 million riyals between 2013G and 2014G as a result of the increase in retained earnings balance and statutory reserve.

The percentage of total liabilities to total shareholders' equity decreased from 34.3% as at 30 June 2014G to 32.0% as at 30 June 2015G due to the decline in total liabilities by an amount of SAR 2.6 million (as mentioned previously). In addition, total shareholders' equity rose in the amount of SAR 48.2 million due to the increase in retained earnings balance.

6-8-7 Contingent Liabilities

The Company has capital commitments relating to the establishment of investment property contracts amounted to SAR 6.7 million as of 30 June 2015G compared to SAR 11.0 million as of June 2014G.

The Company has also commitments related to land lease contracts on which the shopping centers' projects in the neighborhoods will be constructed, which are as follows:

Table 166: Lease commitments associated with the shopping centers' projects in the neighborhoods

Name of Project	Beginning Date of Lease	Duration of Lease	Rental Amount (SAR'000)	Method of Payment
Sahafa Centre	2014G	20 Hegira Years	64,082	Annual Advance Payment
Tilal Commercial Center	2014G	20 Hegira Years	60,775	Annual Advance Payment
Yarmouk Commercial Center	2014G	20 Gregorian Years and Two months	67,522	Annual Advance Payment
Prince Majed Road	2015G	25 Hegira Years	1159,640	Annual Advance Payment

Source: Company Management

The Company has also obligations for payment of banking facilities obtained by the Company, which are as follows

Table 167: Repayment obligations of bank facilities

SAR'000	Banking Facility to finance the purchase of a share in Hayat Commercial Center Mall	Banking Facility to finance the construction of Staybridge Suites in Jeddah – Alandalus Mall	Banking Facility to finance the construction of shopping projects in the neighborhoods	Total
2015G	43,000	8,357	1,079	52,436
2016G	43,000	13,706	5,755	62,461
2017G	43,000	17,243	7,312	67,555
2018G	43,000	20,766	7,312	71,078
2019G	-	20,766	1,826	22,592
2020G	-	15,009	-	15,009
2021G	-	9,252	-	9,252
2022G	-	4,626	-	4,626
Total	**172,000**	**109,725**	**15,972**	**305,009**

Source: Company Management

Capitalization and Indebtedness

Table 168: Percentage of facilities from the total capitalization as at 31 December 2012G, 2013G ,2014G, 30 June 2014G and 30 June 2015G

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Total Tawarruq Facilities	260,752	268,206	224,927	233,767	227,490
Shareholders' Equity					
Share Capital	343,000	343,000	343,000	343,000	700,000
Statuary Reserve	35,591	44,147	52,827	44,147	52,828
Retained Profit	233,200	310,198	388,324	353,511	79,541
Total Shareholders' Equity	611,791	697,345	784,151	740,658	832,369
Total Capitalization	872,543	965,551	1,009,078	974,425	1,059,859
Total Loans/Total Capitalization	29.9%	27.8%	22.3٪	24.0%	21.5%

Source: Audited Financial Statements

Tawarruq facilities decreased from the total capitalization of 29.9% as of 31 December 2012G to 21.5% as of 30 June 2015G due to the Company's payment of installments due from the facilities granted by the Al Rajhi Bank in addition to the increase in shareholders' equity as a result of the accumulation of retained earnings although the Company obtained facilities to finance the Staybridge Suites in Jeddah – Alandalus Mall hotel apartments' project and the construction project of three shopping centers in neighborhoods in Riyadh.

6-9 Cash flows

The following table shows the cash flow statement for the years 2012G, 2013G, 2014G and the six month period ended on 30 June 2014G and 2015G.

Table 169: Statement of Cash Flows

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Cash Flows From Operating Activities					
Net Profit Before Zakat	76,480	87,153	88,392	44,424	49,391
Adjustments To Reconcile The Net Profit Before Zakat With Net Cash From Operating Activities					
Share Of Profits From Associated Companies	(9,906)	(12,933)	(13,134)	(18,028)	(18,316)
Share Of Profits From Joint Ventures	(18,497)	(20,220)	(21,557)	-	-
Depreciation Of Investment Property	10,140	10,189	10,189	5,157	5,820
Depreciation Of Property, Plant And Equipment	268	187	243	62	211
Provision Of End Of Service Benefits	398	375	459	-	68
Cost Of Islamic Tawarruq Financing	11,078	10,270	9,412	4,668	3,985
	(6,519)	**(12,132)**	**(14,388)**	**(8,141)**	**(8,232)**
Increase (Decrease) In Operating Assets					
Accounts Receivable - Leases	(3,603)	909	(2,459)	(1,732)	(787)
Change Of Balances Of Related Parties	8,004	6,238	185	20,847	1,062
Prepayments And Other Receivables	(2,155)	(6,285)	(6,306)	(3,373)	4,289
Proceeds From Received Dividends	29,497	9,220	21,557	12,073	18,889
	31,743	**10,082**	**12,977**	**27,815**	**23,453**
Increase (Decrease) In Operating Liabilities					
Rents Received In Advance	1,902	5,257	5,921	(2,244)	(7,097)
Accounts Payable	(1,026)	(162)	-	-	-

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Accruals And Other Payables	991	(511)	347	(678)	2,673
	1,867	**4,584**	**6,268**	**(2,922)**	**(4,424)**
Surplus Of Cash From Operation					
Paid End Of Service Benefits	(68)	(16)	-	-	(41)
Zakat Paid	(3,173)	(1,086)	(2,159)	(1,739)	(1,893)
Net Cash From Operating Activities	**100,330**	**88,585**	**91,090**	**59,437**	**58,254**
Cash Flows From Investing Activities					
Addition To Investment In An Associated Company	-	-	(8,089)	-	-
Advanced Markets Company Financing	(5,500)	-	-	(11,800)	-
Purchase Of Ownership Share In Hamat Real Estate Company	(44,434)	-	-	-	-
Purchase Of Ownership Share In Associate Company	-	-	-	(125)	
Purchase Of Investment Property	(26,650)	-	-	-	-
Acquisition Of Co-Ownership Interest In Lands	-	(48,591)	-		
Addition To Construction -In- Progress	(9,263)	(38,298	(23,094)	(14,528)	(46,005)
Purchase Of Property And Equipment	(132)	(343)	(185)	(43)	(146)
Net Cash (Used In) From Financing Activities	**(85,979)**	**(87,232)**	**(31,368)**	**(26,496)**	**(46,151)**
Cash Flows From Financing Activities					
Received From Islamic Tawarruq Facilities	-	60,000	10,000	10,000	40,000
Paid For Islamic Tawarruq Facilities	(50,709)	(51,477)	(52,294)	(38,985)	(33,747)
Paid Cost Of Islamic Tawarruq Financing	(11,705)	(12,514)	(13,601)	(11,577)	(11,299)
Net Cash (Used In) Financing Activities	**(62,414)**	**(3,991)**	**(55,895)**	**(40,562)**	**(5,046)**
Net Increase (Decrease) In Cash And Cash Equivalents	(48,063)	(2,638	3,827	(7,621)	7,057
Cash At The Beginning Of The Period	59,938	11,875	9,237	9,237	13,064
Cash At The End Of The Period	**11,875**	**9,237**	**13,064**	**1,616**	**20,121**

Source: Audited Financial Statements

The following table shows a summary of the statement of cash flows for the years 2012G, 2013G, 2014G and 30 June 2014G and 2015G.

Table 170: Summary Statement of Cash Flows

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Net Cash Resulting from Operation Activities	100,330	88,585	91,090	59,437	58,254
Net cash (used in) Investment activities	(85,979)	(87,232)	(31,368)	(26,496)	(46,151)
Net cash (used in) Financing activities	(62,414)	(3,991)	(55,895)	(40,562)	(5,046)
Net increase (decrease) in Cash and cash equivalents	**(48,063)**	**(2,638)**	**3,827**	**(7,621)**	**7,057**
Cash at the beginning of the period	59,938	11,875	9,237	9,237	13,064
Cash at the end of the period	**11,875**	**9,237**	**13,064**	**1,616**	**20,121**

Source: Audited Financial Statements

Cash flows - Overview

The cash flows resulting from operating activities accounted for the main source of the Company's liquidity during the period from 2012G to 2014G. The company was able to cover its investment and financing expenditures through cash provided by operating activities during the year 2014G, while during the year 2012G, the cash used in investing and financing activities exceeded the cash generated from operating activities. Thus, cash and cash equivalents declined during the year by an amount of SAR 48.1 million Saudi riyals. In 2013G, the cash used in investing activities exceeded the cash generated from operating and financing activities resulting in a decline in cash and cash equivalents by an amount of SAR 2.6 million compared to a drop in the amount of SAR 48.1 million in 2012G due to the increase in cash generated from financing activities after the Company obtained an Islamic Tawarruq facility.

During the six-month period ended on 30 June 2014G, the cash used in investing and financing activities has exceeded the cash generated from operating activities. Thus, cash and cash equivalents declined during the year by an amount of SAR 7.6 million. On the other hand, the Company was able to cover its investment and financing expenditures through the cash provided from operating activities during the six month period ended on 30 June 2015G. Subsequently, the cash and cash equivalents balance rose by an amount of SAR 7.1 million.

The cash and cash equivalents balance totaled SAR 11.9 million in 2012G, and declined slightly to SAR 9.2 million in 2013G. The decrease is attributed to the decline of the cash generated from operating activities which amounted to SAR 78.3 million during the year 2013G as a result of the decline in the amounts received by the Company from dividends earned from investments in associates and joint ventures compared to 2012G which included additional cash dividends from Hayat Commercial Mall by an amount of SAR 11 million down payment from 2013G profits. In contrast, cash generated from financing activities recorded a surplus as a result of the bank facilities obtained by the Company to finance the shopping centers in the neighborhoods in Riyadh, which met part of the decline in the operating activities.

The Cash and cash equivalents balance rebounded during the year 2014G to SAR 13.1 million, an increase by SAR 3.8 million as a result of the decline in the cash used in investing activities where the Company completed most of the construction works in the shopping centers in the neighborhoods (Sahafa Center, Yarmouk Center and Tilal Center). Net cash used in financing activities, which amounted to SAR 55.9 million during 2014G was increased where the Company continued to pay installment loans received.

Cash and cash equivalents had recorded a rise of SAR 1.6 million as at 30 June 2014G to reach SAR 20.1 million as at 30 June 2015G due to the decline of deficit in cash generated from financing activities in the amount of SAR 35.5 million where the Company obtained an amount of SAR 40 million from the facilities available to finance the completion of projects implemented by the Company (as opposed to SAR 10 million obtained by the Company during the same period in 2014G), as well as the decrease in installments paid as a result of the completion of repaying the financing loan of Alandalus Mall by the end of 2014G. The cash used in investing activities increased in the amount of SAR 19.7 million due to the progress in the completion of Staybridge Suites in Jeddah – Alandalus Mall hotel apartments' expansion project.

6-9-1 Cash flows from operating activities

Table 171: Detail of Cash used in Operating Activities

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit before zakat	76,480	87,153	88,392	44,424	49,391
Adjustments to reconcile the net profit before zakat with net cash from operating activities					
Share of profits from associated companies	(9,906)	(12,933)	(13,134)	(18,028)	(18,316)
Share of profits from Investments in joint ventures	(18,497)	(20,220)	(21,557)	-	-
Depreciation of investment property	10,140	10,189	10,189	5,157	5,820
Depreciation of Property, plant and equipment	268	187	243	62	211
Amortization of incorporation expenses	-	-	-	-	-
Provision of end of service benefits	398	375	459	-	68
Cost of Islamic Tawarruq Financing	11,078	10,270	9,412	4,668	3,985
	(6,519)	**(12,132)**	**(13,388)**	**(8,141)**	**(8,232)**
Increase (decrease) in operating assets					

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Accounts receivable - leases	(3,603)	909	(2,459)	(1,732)	(787)
Change in balances of related parties	8,004	6,238	185	20,847	1,062
Prepayments and other receivables	(2,155)	(6,285)	(6,306)	(3,373)	4,289
Proceeds from received dividends	29,497	9,220	21,557	12,073	18,889
	31,743	**10,082**	**12,977**	**27,815**	**23,453**
Increase (decrease) in operating liabilities					
Rents received in advance	1,902	5,257	5,921	(2,244)	(7,097)
Accounts payable	(1,026)	(162)	-	-	-
Accruals and other payables	991	(511)	347	(678)	2,673
	1,867	**4,584**	**6,268**	**(2,922)**	**(4,424)**
Surplus of cash from operation	92,493	79,417	83,837	61,176	60,188
Paid end of service benefits	(68)	(16)	-	-	(41)
Zakat paid	(3,173)	(1,086)	(2,159)	(1,739)	(1,893)
Net cash from operating activities	100,330	88,585	91,090	59,437	58,254

Source: Audited Financial Statements

Cash provided by operating activities amounted to SAR 100.3 million during the year 2012G and decreased to SAR 88.6 million despite the increase in net income before zakat during the year 2012G in the amount of SAR 10.7 million. This is mainly due to the decline in the cash earned from dividends of investments by an amount of SAR 20.3 million compared to 2012G , which included additional cash dividends from Hayat Commercial Mall Centre that amounted to SAR 11 million as a partial payment of 2013G dividends, in addition to increasing the amendments to non-cash items by an amount of SAR 5.6 million which resulted mainly from the increase in the Company's share in the profits of associated companies.

In 2014G, cash from operating activities rebounded to SAR 91.1 million; an increase by of SAR 2.5 million. The rise is mainly due to the increase in the amounts received from dividends by an amount of SAR 12.3 million which met the increase in the required amounts from related parties by an amount of SAR 6.1 million and the increase in accounts receivable-lessees in the amount of SAR 3.4 million.

Cash from operating activities maintained a semi-constant level as at 30 June 2015G compared to 30 June 2014G where it recorded a decrease by an amount of SAR 1.2 million.

6-9-2 Cash flows from investing activities

Table 172: Datail of cash used in investing activities

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Addition to investment in an associated company	-	-	(8,089)	-	-
Advanced Markets Company Financing	(5,500)	-	-	(11,800)	-
Purchase of Ownership share in Hamat Real Estate Company	(44,434)	-	-	-	-
Purchase of Ownership share in Associate company	-	-	-	(125)	-
Purchase of Investment Property	(26,650)	-	-	-	-
Acquisition of co-ownership interest in lands	-	(48,591)	-	-	-
Proceeds from the sale of co-ownership interest in lands	-	-	-	-	-
Addition to construction -in- progress	(9,263)	(38,298)	(23,094)	(14,528)	(46,005)
Purchase of property and equipment	(132)	(343)	(185)	(43)	(146)
Net cash (used in) investing activities	**(85,979)**	**(87,232)**	**(31,368)**	**(26,496)**	**(46,151)**

Source: Audited Financial Statements

During the year 2012G, the Company invested in Hamat real estate company in the amount of SAR 44.4 million. The Company has also purchased an investment property in the amount of SAR 26.7 million which consists of a building where the Company used part of it as its main headquarters and leased the remainder part. The balance of the construction-in-progress also increased by an amount of SAR 9.2 million as a result of the follow-up of the construction work of Staybridge Suites in Jeddah – Alandalus Mall and the construction shopping centers in neighborhoods in Riyadh.

In 2013G, the Company, in conjunction with other partners, procured lands in the city of Jeddah in order to build a commercial complex provided that the ownership of this land be transferred to Sorouh El Marakez Company to represent the Company's in-kind ownership share in Sorouh El Marakez Company. This ownership share was converted into an investment in Sorouh El Marakez Company during 2014G. Noteworthy, the ownership of this land was under the transition from the Company to Sorouh El Marakez Company as at 31 December 2014G and is still being followed up by the Company's management as of the date of this prospectus. It is expected to assign the land to Sorouh El Marakez Company in the fourth quarter of 2015G. Additions to the construction-in-progress also increased due to the progress made in the construction of new projects for the Company.

During the year 2014G, net cash used in investing activities decreased by an amount of SAR 55.8 million to SAR 31.4 million that mostly formed additions to constructions-in-progress as well as additions to investments in associated companies that amounted to SAR 8.1 million, representing an additional investment in the Advance Markets Company.

The starting of expansion of Alandalus Mall contributed also to increasing the balance of the projects in-progress. Additionally, the Company started to develop the designs to construct shopping centers (Strip Malls) in the new districts/quarters in Jeddah jointly with Manafea Holding Company.

Cash used in investing activities as at 30 June 2015G rose by an amount of SAR 19.7 million compared to 30 June 2014G bringing it to SAR 46.2 million due to the increase in constructions-in-progress balance along with the progress achieved in completing Staybridge Suites in Jeddah – Alandalus Mall project and Tilal Center project. The start of Alandalus Mall expansion contributed to the increase in the balance of the construction-in-progress. In addition, the Company began to develop the designs for the construction of a new shopping center in the neighborhoods in Jeddah in conjunction with **Manafea** Holding Company.

6-9-3 Cash flows from financing activities

Table 173: Detail of cash used in financing activities

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Received from Islamic Tawarruq Facilities	-	60,000	10,000	10,000	40,000
Paid for Islamic Tawarruq Facilities	(50,709)	(51,477)	(52,294)	(38,985)	(33,747)
Cost of Islamic Tawarruq Financing	(11,705)	(12,514)	(13,601)	(11,577)	(11,299)
Net Cash used in Financing Activities	**(62,414)**	**(3,991)**	**(55,895)**	**(40,562)**	**(5,046)**

Source: Audited Financial Statements

Net cash used in financing activities consists of the outcome of the amounts obtained by the Company as facilities to finance the construction of Staybridge Suites in Jeddah – Alandalus Mall project in addition to financing the construction of shopping centers in the neighborhoods in Riyadh, and bank facilities installments to be repaid by the Company during the years 2012G, 2013G and 2014G.

The following table shows a breakdown of the bank facilities during the years 2012G, 2013G, 2014G, and the six month period ended on 30 June 2014G and 2015G.

Table 174: A breakdown of the flow Islamic Tawarruq facility

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Banking Facility to establish the Alandalus Mall					
Proceeds	-	-	-	-	-
Payment of installments	(38,414)	(38,414)	(38,414)	(24,969)	-
Financing Cost	-	-	-	-	-
Net cash generated from (used in) banking facility	**(38,414)**	**(38,414)**	**(38,414)**	**(24,969)**	**-**
Banking Facility to purchase Hayat Mall Commercial Center					
Proceeds	-	-	-	-	-

SAR'000	2012G	2013G	2014G	30 June 2014G	30 June 2015G
Payment of installments	(12,294)	(13,063)	(13,879)	(14,016)	(33,747)
Financing Cost	(11,706)	(10,937)	(10,121)	(9,984)	(9,253)
Net cash generated from (used in) banking facility	**(24,000)**	**(24,000)**	**(24,000)**	**(24,000)**	**(43,000)**
Banking Facility to construct Alandalus Towers					
Proceeds	-	50,000	-	-	50,000
Payment of installments	-	-	-	-	-
Financing Cost	-	(1,577)	(2,664)	(1,320)	(1,505)
Net cash generated from (used in) banking facility	**-**	**48,423**	**(2,664)**	**(1,320)**	**38,495**
Banking Facility to construct shopping centers in the neighborhoods					
Proceeds	-	10,000	10,000	10,000	-
Payment of installments	-	-	-	-	-
Financing Cost	-	-	(817)	(273)	(541)
Net cash generated from (used in) banking facility	-	10,000	9,183	(9,727)	(541)
Total					
Proceeds	-	60,000	10,000	10,000	40,000
Repayment of installments	(50,708)	(51,477)	(52,293)	(38,985)	(33,747)
Financing Cost	(11,706)	(12,514)	(13,602)	(11,577)	(11,299)
Islamic Tawarruq Facilities, Net	**(62,414)**	**(3,991)**	**(55,895)**	**(40,562)**	**(5,046)**

Source: Company Management

7. Dividend Policy

The Shares give its holder the right to receive dividends announced by the Company from the date of this Prospectus and during the coming fiscal years.

The Company plans to distribute annual dividends to its shareholders in order to enhance the value of their investments in line with the Company's earnings, financial condition, restrictions governing the distribution of dividends based on the Company's financing and debt agreements, results of the operations, current and future cash flow needs, expansion plans, the Company's investments requirements, and other factors, including the analysis of investment opportunities and re-investment requirements, cash and capital requirements, business prospects and the impact of any such distributions on any of the legal and regulatory considerations

Although the Company intends to pay annual dividends to its Shareholders, it does not make any assurance that any dividends will actually be paid nor any assurance as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the Company's By-Laws, as follows:

1. 10% of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when the statutory reserve totals one-half of the Company's capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside up to 10% of the annual net profits to form an additional reserve to be allocated towards one or more specific purposes.
3. The balance shall be distributed subject to the General Meeting's approval, as a first payment in the amount of at least five percent (5%) of paid-up capital to the Shareholders.
4. Out of the remaining balance, the General Meeting may distribute not more than 10% as compensation for the Directors provided that it shall not exceed the limits set out in the resolutions of the competent authorities in this respect. the General Meeting may distribute the resulting balance among Shareholders as an additional share of the profits. The Board may, having satisfied all requirements stipulated by competent authorities, distribute semi-annual or quarterly dividends as it deems proper.

The distribution of dividends is subject to the restrictions and conditions contained in the credit facilities agreements between the Company and its lenders from time to time. In this respect,

The two credit facility agreements concluded between the Company and Al Rajhi Bank on 07/01/1434H (corresponding to 21/11/2012G), and on 22/08/1434H (corresponding to 01/07/2013G) stipulate that the Company shall not distribute dividends to shareholders unless the debt coverage ratio reaches 1.75 times (for more details on those credit facility agreements, see Section 11 "Legal information" of this Prospectus).

Although there have been no dividend distributions during the past 3 years due to restrictions imposed on the Company by the financing parties, even though company would not have distributed any cash dividends if restrictions did not exist, due to its intention to reinvest such amounts in financing a number of projects that have been executed or are in progress.

Restrictions on dividends distribution are restrictions imposed on distributing the Company's cash earnings to Shareholders. As for the profits of the Company's investments (Hayat Real Estate Company (Hayat Mall) and Advanced Markets Company (Dareen Mall), they are deposited in the Company's account in Al Rajhi Bank as a collateral for the facility, and the Bank is entitled to execute such collateral in the event of a breach under the related facility agreement.

The following table indicate the debt covering ratios for the years 2012, 2013, 2014G and as at June 2015G.

Table 175: Debt Coverage Ratio

SAR 000'	2012G	2013G	2014G	June 2015G
EBITDA	97.9	107.2	107.6	59.2
Current portion of the Islamic Tawarruq facilities	62.4	61.8	51.1	59.3
Cost of financing	11.0	10.2	9.4	3.9
Debt covering ration of Alandalus Company. EBITDA (current portion of Islamic Tawarruq facilities) + Cost of financing	1.33	1.49	1.79	0.93
Required debt covering ratio by lender for distributing dividends	1.75	1.75	1.75	1.75

The table below sets out the amounts of dividends distributed by the Company in the financial years ended 31 December 2012G, 2013G, 2014G and June 2015G.

Table 176: Profit Movement during the years 2012, 2013, 2014 and June 2015G

SAR	2012G	2013G	2014G	June 2015G
Announced Distributions for the Period	None	None	None	None
Distributions paid during the year	None	None	None	None
Net Income	73,761,123	85,552,363	86,807,378	48,217,611
Payout ratio (Profit to net income ratio)	None	None	None	None

Source: Company

The Company emphasizes that it has not distributed any dividends for the years 2012, 2013,.2014 and June 2015G as indicated in the table above. The Company further confirms that there have been no announcements or distribution of profits until the date of this Prospectus and subscribers will be entitled for any dividends to be declared by the Company after the date of this Prospectus.

8. Use of Proceeds

The total proceeds from the Offering are estimated to be three hundred and seventy eight million SAR (378,000,000) of which SAR 19 million will be applied towards the Offering expenses, which include the fees of the Financial Advisor, Lead Manager, Legal Advisor, Market and Industry Consultants, reporting accountants, the Underwriters, Selling Agents, marketing and printing and distribution fees as well as other fees related to the Offering.

The net proceeds from the Offering which are estimated to be three hundred and ninety five million SAR (359,000,000) will be distributed to the selling Shareholders on pro rata basis according to the number of Offer Shares held by each Selling Shareholder. The Company will not take any amount of the Offering Proceeds. The Selling Shareholders will be incur all expenses relating to the Offering

9. Statements by Experts

The financial advisor, legal advisor, Auditor, Due Diligence Advisor and market consultant have given and, as at the date of this Prospectus, have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Prospectus, and do not themselves, their employees or their employees' relatives have any shareholding or interest of any kind in the Company.

10. Declarations

As at the date of this Prospectus, the Company's Directors, Chef Executive Officer, Chief Financial Officer, Board Secretary and Senior Management declare that:

- Except as disclosed in section 5.3 "Board of Directors and Secretary", section 5.4 "Senior Management" and section 11.10 "Transactions with Related Parties" in this Prospectus, and except for any qualification shares stated in section 5.3 "Board of Directors and Secretary" of this Prospectus, they do not themselves, nor do any of their relatives or their dependents, have any direct or indirect interests in the shares of the Company.
- Except as disclosed in section 11.10 of this Prospectus "Transactions with Related Parties", there are no current or contemplated contracts or arrangements in which they or any of their relatives or subordinates have an interest in the Company's activities.
- All contracts and agreements with related party have been disclosed, and up to the date of this Prospectus, the Company has no intention to conclude any agreements or transactions with Related Parties except as stated in this Prospectus. Except for any qualification shares stated in section 5.3 "Board of Directors and Secretary" of this Prospectus, None of the Shareholders shares in the Company are subject to mortgage.
- The Company possesses the necessary regulations and policies needed to prepare the interim and annual financial statements in conformity with the Generally Accepted Accounting Principles issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), and within the deadlines set in the Listing Rules. Further, the Company possesses the necessary regulations and policies to prepare all the other financial and non-financial reports as required by the Listing Rules and within the timeframes set out in these rules.
- The Company and its affiliates have sufficient working capital for 12 months following the date of the Prospectus of this Prospectus.
- The Company and its affiliates have not issued any debt instruments, or declared the issuance of such instruments.
- The issuer has conducted wither directly by itself or through one or more of its affiliates a main business during at least the 3 fiscal years under supervision of a management that has not substantially changed.
- There is no intention to materially change the nature of the Company' business.
- There has been no interruption in the business of the Company or its affiliates, which may have or have had a significant impact on the financial position in the last 12 months prior to the date of the Prospectus.
- No commissions, discounts, brokerages or other non-cash compensations were granted by the Company within the three years immediately preceding the application for listing in connection with the issue or sale of any securities.
- There has been no material adverse change in the financial or trading position of the Company and its affiliates during the three years preceding the year of application for listing, in addition to the period since the end of the period covered by the accountant's report and until the date of approval of the Prospectus.
- The Company's internal control measures were soundly prepared to establish a written policy that regulates present or potential conflicts of interest and rectify the potential cases of conflict of interests, including the misuse of assets and misconduct resulting from transactions with related parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage risks in accordance with Article 10 of the Corporate Governance Regulations. Furthermore, the Board Members conduct annual reviews of the Company's internal control measures.
- The financial information included in this Prospectus and the consolidated financial statements for the financial years ended 2012G, 2013G, 2014G, and 30 June 2015G and the notes accompanied thereto by the Auditor have been prepared and audited in accordance with Accounting Standards issued by Saudi Organization of Certified Public Accountants ("SOCPA") which allows the use of international auditing standards in the absence of applicable Saudi auditing standards.
- Neither the Directors nor Senior Management may vote on a contract or proposal in which they have a material interest.
- There are no outstanding objections or disputes with the Department of Zakat and Income Tax.
- Except as mentioned in section 11-6-3, (Credit Facilities and Loans" of this Prospectus, there is no pledge, mortgage or financial burden on any of the Company's assets or assets of its affiliates.
- The Company does not have an existing employee stock plan, nor any other arrangements that give employees a stake in the Company's capital as at the date of this Prospectus
- The Directors and Senior Management may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the Ordinary General Assembly. The Board Members are committed to inform the Board of any personal interests, direct or indirect, in any of the Company's activities or contracts. Such declarations shall be recorded in the minutes of meeting and the relevant member shall not vote on the decision relating to such matters.
- The Company and its affiliates do not conduct any of its activities outside Saudi Arabia.
- The Company has not adopted any research and development policies.
- The share capital of the Company and its affiliates does not include options.
- None of the directors or senior executives has at any time, declared bankruptcy or been subject to bankruptcy proceedings.
- No company, in which they held an administrative or supervisory office - was declared insolvent in the past five years preceding the date of this Prospectus.
- No powers exist giving them the right to borrow money from the Company.

- Except as set forth in Section 11-13 “Participation of members of the Board of Directors in other companies engaged in a business similar to or competitive with the Company’s business” of this Prospectus, none of them owns or manages a work that competes with the current Company’s business.
- Except as indicated in sections 11-10-7, 11-10-8 and 11-10-9 all transactions with related parties have been conducted orderly and legally and on arm-length basis that do not adversely affect in any way the Company’s business and revenues. None of the Related Parties have obtained any preferential treatment in this regard.
- Except as described in Section 2-1-12 “Potential Impacts of future Zakat Assessment on previous years”, Section 11-6-3 “Credit Facilities and Loans” and page 154 “Contingent Liabilities” of this Prospectus, the Company has no contingent liabilities, and the Company has not provided any guarantees for the benefit of any other parties
- Members of the Board of Directors and the Executive Management declare that section (11) Legal Information includes all outstanding suits, actions, arbitration and investigations of which the Company, any of its Board Member or Executive Management members is a party, which may have a negative impact on the Company and the results of its operations.
- The Company declares that the IPO expenses will be borne by current partners. Offering expenses include fees of the Financial Advisor, Legal Advisor of the Offering, Auditor, Underwriting expenses, Selling Agents Expenses as well as marketing, printing and distribution expenses and other expenses related to the offering, registration and listing of shares.
- Commit to announce on the Saudi Stock Exchange (Tadawul) website, on quarterly basis, about all future projects indicated in section 4-14 “Future Projects and Plans”. In addition, the Company is committed to disclose, without delay, any material developments related to the said section.
- Members of the Board of Directors and Executive Management declare that they are not a party to any lawsuits, claims or investigations (including, any outstanding claims or, to their knowledge, threatened to be instituted) which may, severally and collectively, materially affect the business the Company or its financial condition.
- Members of the Board of Directors and Executive Management declare that there is no outstanding investigation action with the Company or its affiliates and they are not a party to any lawsuits, claims or investigation actions (including, any outstanding claims or, to their knowledge, threatened to be instituted) which may, severally and collectively, materially affect the business the Company or its financial position.
- Except as disclosed in sections 11-10-7, 11-10-8 and 11-10-9, Board Members declare that they are in compliance with Articles (69) and (70) of the Companies Regulations and Article 18 of the Corporate Governance Regulations with regard to contracts with Related Parties.
  1. All contracts with related parties shall be approved by the Board of Directors, then by the Ordinary General Assembly, provided that the relevant director shall refrain from voting thereon, whether in the Board of Directors or the Ordinary General Assembly.
  2. The Shareholders and Board of Directors affirm that they shall not compete with the Company’s business and shall deal with related parties on an arms’ length basis.
  3. Under the Company’s By-laws, neither the Directors nor the CEO may vote on a contract or proposal in which they have a material interest or on decisions relating to their own remuneration. Neither the Directors nor Senior Management may borrow from the Company.
  4. Except as disclosed in this Prospectus, the Directors do not have any business similar to the Company’s business or competing with it.

In addition to the declarations described above, the Directors and the CEO declare that:

- No powers exist granting a Director or CEO the right to vote on the remuneration granted to them.
- The Company’s IT systems and supply and support systems, including the internal control and accounting systems of the Company operate properly and sufficient to meet the needs of the Company.
- The Market Report prepared by Colliers International adequately covers the market and sector of the Company’s business, and according to their knowledge, there is no material deficiency in such data and information that may affect the decision by investors to subscribe for Company Shares.
- There has been no material change in the Company’s marketing policy during the period between 2012G and 2014G.
- To the best of their knowledge, all terms and conditions that could affect the decision of investors to subscribe for Company shares have been disclosed.
- All agreements with related parties will continue on a competitive basis and all concluded businesses and contracts entered into in which a Board member has a direct or indirect interest, will be voted in the meetings of the Board and Ordinary General Meeting of the Company with the refrain of the Board member who has a direct or interest in the contracts from voting in both the Board of Directors or the AGM in accordance with Articles (69) and (70) of the Companies Regulations and Article 18 of the Corporate Governance Regulations.
- To the best of their knowledge, the Shareholders whose names appear on page (47) of this Prospectus are the legal and beneficial owners of the Company.
- All increases in the capital of the Company are in compliance with the laws and regulations of Saudi Arabia.
- Except as stated in this Prospectus, and to their knowledge, the Company does not have ant Governmental projects that could affect the current or future projects of the Company.
- Except as stated in this Prospectus, the Company has obtained all necessary licenses and permits to carry out conduct its business.
- The Company does not have any properties including contractual securities or any assets that are subject to fluctuation or difficult to assess their value, which would adversely and materially affect the balance sheets.

11. Legal Information

11-1 The Company

Alandalus Property Company ("The Company") is a Saudi Joint-Stock Company as per Commercial Registration No. 1010224110 dated 17/09/1427H (10/10/2006G) and Ministerial Resolution No. 2509 dated 03/09/1427H (26/09/2006G).

The Company was established as a Saudi Closed Joint-Stock company with a capital of SAR 238,900,000 paid in full. The licensed activities of the Company include: construction; holding and management of commercial and residential centers; general contracting of residential and commercial buildings; educational, recreational and health buildings; roads and dams; water and sewerage projects; electrical and mechanical projects; maintenance and operation of Real Estate buildings; commercial buildings and complexes; holding of lands and Real Estates and investment thereof in favor of the Company as per objectives declared. At the Extra-Ordinary Meeting of the Company held on 15/10/1428H (27/10/2007G), the shareholders resolved to increase the Company's capital from SAR 238,900,000 to SAR 343,000,000 by way of cash subscriptions by the Shareholders.

On 19/05/1436H (10/03/2015G), the Shareholders Extra-Ordinary Meeting resolved to increase the Company's capital from SAR 343,000,000 to SAR 700,000,000 by capitalization of SAR 357,000,000 from the retained earnings.

The present capital of the Company is Seven Hundred Millions Saudi Riyals (SAR 700,000,000) divided into Seventy Million (70,000,000) shares each for a nominal value of ten Saudi Riyals (SAR 10) per share which were subscribed and paid in full by the Shareholders.

11-2 Shareholding structure

The following table shows the Company shareholdings and the selling shareholders before and after subscription:

Table 177: Shareholders/Ownership Structure:

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage
Burooj International Co. Ltd.	27,646,600	276,466,000	39.50%	0.10%*	19,352,020	193,520,200	27.65%	0.07%
Al Zakari Industry and Trading Company	17,279,376	172,793,760	24.68%	-	12,095,262	120,952,620	17.28%	-
Abdulrahman Abdullah Al Moosa and Sons Co.	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Abdullah Saad Al Rashid Company for Trade	6,911,151	69,111,510	9.87%	-	4,837,506	48,375,060	6.91%	-
Al Romaizan for Gold and Jewelry Company	6,912,151	69,121,510	9.87%	-	4,838,506	48,385,060	6.91%	-
Moosa Abdullah Moosa Al Ismaeel	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	-
Sulaiman Mohammed Abdullah Al Dawood	1,728,037	17,280,370	2.47%	-	1,209,626	12,096,260	1.73%	
Ayman Mohammed Saleh Al Modaifir	877,497	8,774,970	1.25%	-	613,948	6,139,480	0.88%	-

Shareholders	Pre Offering				Post Offering			
	No. of Shares	Par Value (SAR)	Direct Owner-ship Percent-age	Indirect Owner-ship Percent-age	No. of Shares	Par Value (SAR)	Direct Ownership Percentage	Indirect Owner-ship Percent-age
Mohammed Abdulaziz Al Habib**	1,000	10,000	0.001%	7.51%	1,000	10,000	0.001%	5.25%
Abdussalam Abdulrahman Al Aqeel***	1,000	10,000	0.001%	0.13%	1,000	10,000	0.001%	0.09%
Abdulmohsen Mohammed Al Zakari****	1,000	10,000	0.001%	23.20%	1,000	10,000	0.001%	16.24%
Ahmed Ab-dulrahman Al Moosa*****	1,000	10,000	0.001%	0.75%	1,000	10,000	0.001%	0.53%
Abdulaziz Abdullah Al Rashid	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-
Khaled Mo-hammed Al Soleia	1,000	10,000	0.001%	-	1,000	10,000	0.001%	-
Public	-	-	-	-	21,000,000	210,000,000	30.00%	-
Total	**70,000,000**	**700,000,000**	**100.00%**	**31.69%**	**70,000,000**	**700,000,000**	**100.00%**	**22.18%**

Source: The Company

* Indirect shares for Burooj International Company Ltd through its ownership of 5% of the Company that acquired Burooj.

** Indirect Shares of Mohammed Abdulaziz Suleiman Al Habib, through his ownership of 88% interest of the Capital of Mohammed Abdulaziz & Sons Holding Company.

*** Indirect Shares of Abdussalam Abdulrahman A Aqeel, through his ownership of 90% interest of the Capital of Herma National Company.

**** Indirect Shares of Abdulmohsen Mohammed Abdul Kareem Al Zakari, through his ownership of 94% interest of the Capital of Al Zakary Industry and Trading Company.

*** Indirect Shares of Ahmed Abdulrahman Al Moosa, through his ownership of 8% interest of the Capital of Abdul Rahman Abdullah Al Mooosa Holding Company

11-3 Branches and Investments:

11-3-1 Branches

The Company has no branches in or out of the Kingdom

11-3-2 Company Investments:

The Company holds shares and interests in the following companies:

Table 178: Company Investments

S	Name	Type	CR No.	Issue Date	% of Company's shareholding
1	Advanced Markets Company	Limited Liability Company	1010239800	25/10/1428	50%
2	Hamat Real Estate Company	Limited Liability Company	1010272755	25/8/1430	33.4%
3	Hayat Real Estate Company	Closed Joint-Stock Company	1010266057	17/4/1430	25%
4	Sorouh El Marakez Company	Limited Liability Company	1010418671	28/8/1435	25%

Source: The Company

11-4 Basic Licenses and Approvals:

The Board of Directors acknowledges that the Company has obtained all basic licenses and approvals required by the Company to conduct its businesses. These are as follows:

Table 179: Basic License and Approvals

Type of License	Purpose	License No.	Expiry date	Issuing Authority
Basic Licenses and Approvals obtained by the Company				
Commercial Registration	Registration of the Company in the Commercial Register	1010334110	17/9/1437 (22/6/2016)	Ministry of Commerce and Industry
Zakat Certificate	Fulfillment by the Company of Zakat requirements	10412	23/7/1437 (30/4/2016)	Zakat and Income Tax Department
Saudization Certificate	Fulfillment of Saudization Requirements	-	8/4/1437 (18/1/2016)	Ministry of Labor
GOSI Certificate	Fulfillment by the Company of GOSI requirements	17485424	25/4/1437 (4/2/2016)	General organization of Social Insurance
Building License	Building Permit for Hayat Mall	1434/13356	26/6/1437 (4/4/2016)	Ministry of Municipal and Rural Affairs
Office Opening License	License for opening of the Company's head office	2702	25/.4/1439 (12/1/2018)	Ministry of Municipal and Rural Affairs
Civil Defense Permit*	Permit for the Company's head office	15/2/11/33/276	N/A	Directorate of Civil Defense
Building Permit	Building permit for a Alandalus Square Center	103	20/7/1438 (17/4/2017)	Ministry of Municipal and Rural Affairs

* Issued for one time

Source: The Company

11-5 Summary of the By-Laws

Company name:

The Company's name is: Alandalus Property Company (a Saudi joint-stock Company).

Objectives of the Company:

- Construction, holding and management of commercial and residential centers and complexes.
- General contracting of commercial and residential buildings; educational, recreational and health facilities; roads; dams and water and sewerage projects and electrical and mechanical works.
- Maintenance and operation of Real Estate facilities; buildings and commercial centers
- Holding of lands and Real Estates and development and investment thereof in the interest of the Company as per the objectives declared.
- Construction, holding, investment, maintenance and operation of commercial centers, medical centers, hotels and touristic centers

The Company will conduct its activities subject to having obtained the necessary licenses from the competent authorities

Participation in, merging with and holding of interests in other companies:

The Company may have an interest or participate in any way with other entities or companies conducting similar businesses or which may help the Company in achieving its objectives. It may also hold shares and interests in, acquire, merge with or buy such companies

The Company may also have interest or participate in any way with other entities provided such participation shall not exceed 20% of its free reserves or 10% of the capital of the company participated in and provided also that such total participations shall not exceed the value of such reserves and that the Ordinary General Meeting is informed accordingly at its first meeting.

The Company's Head Office

The Company's head office is located in the city of Riyadh, Kingdom of Saudi Arabia and the Board of Directors may establish branches, offices or agencies in or out of the Kingdom of Saudi Arabia.

Company Term:

The term of the Company will be 99 Gregorian years from the issuance of the resolution of the Minister of Commerce and Industry announcing the formation thereof, which term can always be extended by a resolution by the Extra-Ordinary General Meeting one year at least prior to expiry of such term.

Share Capital

The share capital of the Company is SAR 700,000,000 (Seven Hundred Million Saudi Riyals) divided into 70,000,000 (Seventy Million) equal Shares, each of a nominal value of SAR 10 (Ten Saudi Riyals), all of which are cash shares and of equal value.

Subscription to the Company's capital:

The shareholders subscribed to all of the Company's shares of Seventy Million (70,000,000) shares, which amount in value to Seven Hundred Million Saudi Riyals (SAR 700,000,000) and paid the value in full to the credit of the Company's account with AL-Rajhi Bank.

Preferential Shares:

The Company may, subject to the approval of the Minister of Commerce and Industry and in line with the rules prescribed thereby, issue preferential shares which do not bear voting powers, in an amount not to exceed 50% of its capital. In addition to the right to participate in the net dividends distributed in respect of the ordinary shares, such preferential rights entitle the holders thereof to the following:

a. The right to receive a certain percentage of the net dividends of not less than 5% of the share nominal value after transfer of statutory reserve and before any distribution of the dividends.
b. Priority in redemption of the value of their shareholding upon liquidation of the Company and also in obtaining of a certain percentage of the liquidation proceeds.

The Company may call such shares as resolved by the shareholders general assembly. Such shares will not be counted in the calculation of the quorum required for the holding of the Company's general assembly as provided for in Articles 33 and 34 of the Company's By-Laws.

Payment of Increased Capital:

In case a subscriber fails to pay the value of shares subscribed in due course, the Board of Directors shall have the authority to sell such shares by auction after asking the shareholder by registered mail, to his address noted in the shareholders register to pay the amount. However, the subscriber has the right to pay, until the date fixed for the auction, the amount due in addition to the expenses incurred by the Company. The Company will deduct from the sale proceeds the amount payable to it and the remainder will be reimbursed to the subscriber. In case the sale proceeds were not sufficient to repay such amount, the Company shall have the right to be reimbursed for the balance out of the subscriber's other funds. The Company shall cancel such shares certificate and give the buyer a new share certificate bearing the same number of the cancelled share certificate, and it shall be so recorded in the share register.

Company's shares:

The shares shall be registered shares and may not be at less than their par value, but they may be issued at a higher value, and in such a case the difference shall be added to the Statutory Reserve even though it may have reached the prescribed maximum.

The shares shall be indivisible vis-à-vis the Company. In case a share is owned by several persons, they shall delegate one of them to exercise the rights pertaining to the share. Such persons shall be jointly liable for the obligations accruing from the shareholding

Share Trading:

The company's shares are tradable subject to issuance of the share certificates. However, as an exception, the shares allocated against in-kind interests or the cash shares subscribed for by the founding shareholders prior to the issuance of balance sheet and profit and loss account will not be tradable for 2 full years, not less than twelve months each (Ban Period) from the date of incorporation. This rule applies to the shares subscribed by the constituting shareholders in case of capital increase prior to the lapse of ban period provided the two years period in this case shall commence from the date of amendment of Company profile in the Commercial Registration indicating such increase. Such shares will bear a note containing type of share, date of incorporation and the ban period. However, the ownership of cash shares may be transferred – in line with the Equity Sale Rules – by one constituent to another or to a director of the Board to be provided as qualification shares, or from the heirs of any constituent shareholders – after their death – to others

Shares Register:

The nominal Shares shall be transferred by recording such transfers in the Shareholders' register held by the Company containing the names of the Shareholders, their nationalities, their occupations, their domicile and address, the serial numbers of the shares, and the amount paid-up on such shares. The transfer of title to a share shall not be effective vis-à-vis the Company or any third party except from the date on which the transfer is recorded in the Shareholders' register or the completion of the transfer process through Tadawul. Subscription in or ownership of the shares by a shareholder entails the acceptance by the shareholder of the Company's By-Laws and his submission to the resolutions duly passed by the general assemblies in accordance with these Articles, regardless of whether the shareholder was present at such general assemblies or whether he voted in favor of such resolutions.

Share Certificates:

The share certificates shall be issued from a book with, shall have serial numbers, shall be signed by the chairman of the board or his delegate from the Board of Directors and sealed by the Company Seal. In particular the share certificate shall contain the number and date of the Ministerial resolution authorizing the conversion of the Company to a Joint-Stock company, its share capital, the number of shares into which it is divided, par value of the share, the amount paid up, the objectives of the Company, its Head Office and its term. Share certificates may have serially numbered coupons including the number of share attached there with.

Capital Increase:

The Extraordinary General Assembly, once it has ascertained the economic feasibility of such step; after having obtained the approval of the competent authorities, may adopt a resolution to increase the Company's capital once or several times by issuing new shares having the same nominal value as the original shares, provided that the Company's capital shall have been paid in full and subject to the requirements of the Companies Act. Such a resolution shall specify the method of increasing the capital. The existing shareholders shall be notified of their rights to subscribe by notice published in a daily newspaper or by written notice sent to the Shareholders by registered mail. Such notice shall notify each Shareholder of the capital increase and set out the terms of subscription in the new Shares. Each Shareholder may exercise his rights, within 15 days of the publication of such notice or receipt of such notice by registered mail.

Such new shares shall be allotted to the existing shareholders who apply for subscription in proportion to their respective existing holdings of shares, provided that the number of new shares allotted to a shareholder shall not exceed what the shareholder has applied for. The remaining new shares shall be allotted to the existing shareholders who applied for more than their entitlement provided that the number of new shares they are allotted does not exceed what they have applied for. Any remaining new shares not allotted to existing shareholders shall be offered for public subscription.

Capital Decrease

The Company may, by a resolution adopted by the Extraordinary General Assembly, based on justifiable reasons, and subject to the approval of the Minister of Commerce and Industry, reduce its capital if deemed in excess of its need or if it has incurred losses. Such resolution may only be passed after the tabling of a report by the Company's auditors setting out the reasons for the reduction of the Company's capital, the liabilities of the Company and the effects of such decrease on such liabilities in line with the Companies Act. The resolution shall set out the manner in which the decrease of capital is to be effected. If the reason for reducing the capital is due to the reduced amount being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such reduction in capital within 60 days from the date of publication of the decrease resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object to the decrease of capital and submits to the Company, within the period stipulated, documentary evidence of his debt, the Company must settle such debt if it is due immediately, or provide adequate security for its payment if it has not fallen due at the time.

Constitution of the Board of Directors

The Company shall be managed by a Board composed of 9 members appointed by the General Assembly for a term not exceeding three years. As an exception to the foregoing, the Shareholders have appointed the Company's first Board for a term of five years commencing as of the date of the Ministerial Resolution declaring the Company's incorporation.

Qualification Shares

Each member of the Board shall be a holder of a number of Shares having a nominal value of no less than SAR 10,000. Such Shares shall be deposited in a bank designated by the Minister of Commerce and Industry within 30 days from the date of the appointment of the Director. Such Shares shall be held to guarantee the liability of the Board members and shall be non-negotiable until the expiry of the period specified for hearing any action set out under Article 76 of the Companies' Regulations or until a judgment is rendered in any such action. Should a Director fail to submit such qualification shares within the specified period, his appointment to the Board shall be deemed null and void.

Vacancies

A Director's membership of the Board shall be terminated upon the expiry of the Board's term, or at the end of the Director's eligibility, or as mandated by any applicable laws or regulations in the Kingdom. If the seat of a Director becomes vacant, the Board may appoint a temporary member to the vacant seat, provided that such appointment shall be laid before the next Ordinary General Assembly. The new Director shall complete the rest of his predecessor's term. If the number of Directors falls below the quorum required for a board meeting, an Ordinary General Assembly must be convened as soon as possible to appoint new directors to the vacant seats on the board

Powers of the Board of Directors

a. Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the business of the Company and supervise its affairs and dispose of its assets, properties and Real Estates. The Board is empowered to purchase, accept such purchase and pay the price; pledge and release of pledge; sell, transfer the ownership and receive and handover the price, provided the board's minutes of meeting shall include the details and justifications for such disposal of the Company's assets, properties or Real Estates, provided also the following conditions are observed:
    1. The Board shall specify in its resolution to sell such assets and/or properties the reasons and justifications of such sale
    2. The sale price shall be at least equal to the market price of such assets and/or properties
    3. The sale shall be undertaken with immediate effect unless the circumstances necessitate otherwise, in which case, sufficient guarantees should be obtained.
    4. Such sale does not result in the Company's activities being suspended, or in any new obligations being assumed by the Company.

The Board may conclude loan agreements with governmental funds and institutions regardless of the term of such agreements and conclude commercial loans which terms do not exceed the Company's term. The Board shall observe the following conditions in respect of any loan having a term exceeding three years:

a. The value of loans which the board is entitled to obtain during the year shall not exceed 75% of the total shareholder's rights
b. The board shall specify, in its resolution to approve any such loan, the manner in which the loan will be used and how it will be repaid by the Company;
c. That the terms of the loans and the guarantees provided in relation thereto do not prejudice the interests of the Company, its shareholders or the securities offered to the Company's creditors.

The Board shall also be entitled to conclude compromise, assign, enter into contracts, commit and engage in the Company's name and on its behalf. The Board is also empowered to undertake all works and actions in order to achieve the Company's objectives and may, within the limits of its authorities, deputize one or more of its members or others to carry out specific assignments or to undertake any duties; it may also delegate any third party to exercise some of its powers and authorities.

b. The Company's board of directors, as it deems appropriate, may relieve the liability of Company's debtors in line with the Company's interests provided the board's minutes of meeting shall include the details and justifications for such resolution and shall also take the following into consideration:
    1. Release of debtors' liability shall only take effect after the lapse of one year from the commencement of debt at least.
    2. Release of debtor liability shall be for a specific amount as a maximum per year per one debtor.
    3. Release is a right of the Board and may not be delegated.

Board remuneration:

The remuneration of the directors of the board shall be in line with the limits set in the Companies Act or any other complementary rules and regulations. In addition directors will be paid an attendance fee and a transportation allowance as decided by the board in line with rules and guidelines issued by the competent authorities in the Kingdom of Saudi Arabia. The board's report to the ordinary general assembly shall include full details of the remuneration paid to the directors of the Board during the year including salaries, attendance fees, expenses and other benefits. The report shall also include details of remuneration paid to directors in their capacity as staff members, administrators or any technical, administrative or advisory assignments as preapproved by the Company's General Assembly.

Chairman, Managing Director and Secretary:

The Board of Directors shall appoint one of its members as chairman and may also appoint one of its members as managing director of the Company. The chairman shall have the authority to convene the board and chair its meetings.

The chairman and managing director (if appointed) shall jointly or severally represent the Company in its relations with third parties and government and private bodies, before Sharia courts and other judicial bodies, Bureau of Grievances, Notary Publics, Labor Offices, Higher and Primary Committees, Commercial papers Committees and all other judicial committees, arbitration committees, Civil Rights Department, Police Departments, Chambers of Commerce and Industry, Private bodies and all companies and institutions; enter into biddings, receive, pay, declare, demand, defense and plead, settle and compromise and accept and reject judgments. They shall also have the right to sign all types of contracts and documents including, but not restricted to, memorandums of association of the companies in which the Company participates and amendments thereof, sign agreements and title deeds, transfer of ownership before the Notary Public and official authorities as well as contract agreements and securities, follow up on transactions, collection of Company's rights and settlements of its liabilities, purchase, sale and transfer of ownership and acceptance thereof, takeover, handover, lease, rent, receive the proceeds, pay, open accounts and letters of credit, deposit and withdrawal with banks, issue of banking guarantees and signature of documents and cheques. They are also empowered to appoint employees and workers, terminating them, employ them and fix their salaries. They may also appoint attorneys and lawyers for the Company and to delegate one or more of the board members or others to assume a certain duty/duties.

In addition, the managing director shall have the powers bestowed upon him by the Board of Directors.

The Board of Directors, at its discretion, shall fix the remuneration of the chairman and managing director in addition to the remuneration of the directors of the Board in accordance with the Company's By-Laws.

The board shall appoint a secretary for the board, from its members or others and fix his remuneration. The Secretary shall record the minutes of the Board of Directors and draft the resolutions adopted by such meetings in addition to exercising other duties as assigned thereto by the Board. The Board shall fix the remuneration of the Secretary.

The term of the chairman, managing director and secretary shall not exceed the membership term of each of them in the Board, however they may always be reappointed.

Board Meetings:

The board shall be called to convene by its chairman four times within a fiscal year at least. The call to convene shall be in writing and may be delivered personally or sent by mail, fax or e-mail. The chairman shall call the board to convene if requested by two directors at least.

Quorum and Board resolutions:

The meeting of the board shall not have a quorum unless attended by at least 5 members at least. In case a director delegates another director to represent him at the board meetings, such representation shall be in accordance with the following guidelines:

1. A director may not represent more than one member at the same meeting
2. Representation shall be documented and in respect of a fixed meeting only.
3. A Director may not vote at the resolutions which the delegating director cannot vote at under the rules.

The board's resolutions shall be passed by absolute majority vote of the present or represented members, and in case of equal votes the vote of the chairman or his representative at the meeting will be casting. The board may pass its resolutions by circulation unless any director requests in writing a meeting to discuss such resolutions in which case such resolutions shall be presented to the board at its first next meeting

Minutes of Meetings:

The proceedings and resolutions of the board shall be written in minutes to be signed by the chairman and secretary. Such minutes shall be recorded in a special register and signed by both the chairman and secretary. Attendance of directors shall be evidenced in a statement to be signed by all present members.

Executive Committee

The board of directors shall form from among its members an executive committee consisting of not less than three (3) members at least including the managing director. The executive committee shall be chaired by the managing director in all cases. The Board shall set the method of operation of the executive committee and its responsibilities

General Assemblies:

A valid general meeting represents all the shareholders. It shall be held in the town where the head office of the Company is located. Each shareholder holding title to at least 20 shares shall have the right to attend the general meeting personally or may delegate another shareholder who is not a director or a staff member of the Company to attend the general meeting.

Constituent General Meeting:

The constituent general meeting shall have jurisdiction to deal with the following matters:-

1. To ascertain that the whole share capital has been subscribed for and fully paid up in accordance with these Articles.
2. To adopt the final text of the By-Laws. The General Meeting shall not introduce substantial alterations to the articles submitted to it except with the unanimous approval of the shareholders represented.
3. To consider the founder's report about the actions and expenses entailed on account of the foundation of the Company
4. To appoint the auditors of the Company

A valid Constituent General Meeting must be attended by a number of constituents representing half of the capital at least. Each constituent shall have one vote for each share subscribed or represented.

Ordinary General Meeting:

Except for matters falling within the jurisdiction of the extraordinary general meeting, the ordinary general meeting shall have jurisdiction to deal with all matters that concern the Company. It shall be held at least once a year within six months following the end of the Company's financial year. Other ordinary General Meetings may be convened whenever needed

Extra-Ordinary General Meeting:

The extraordinary General Meeting shall have jurisdiction to alter the By-Laws except the provisions which may not be altered under the rules. In addition to the foregoing, it may pass resolutions on matters falling within the jurisdiction of the ordinary General Meeting subject to the same conditions and in the same manner prescribed for the latter

General Assembly Meetings:

The general meeting shall be convened at the instance of the board of directors. The board of directors shall convene the ordinary general meeting if requested to do so by the auditors or by a number of shareholders, representing at least 5% (five per cent) of the share capital. The notice of the general meeting shall be published in the official gazette and in a daily newspaper circulating in the locality of the Company's head office at least 25 days prior to the date fixed for the meeting. However, if the shares were nominal, such invitation may be made by registered mail only. The notice shall contain the agenda of the meeting. Copies of the invitation and the agenda should be sent to the Directorate General of Companies at Ministry of Commerce during the period fixed for publication

Attendance

When the meeting convenes, a list shall be drawn comprising the names of the shareholders present or represented; their domicile as well as the number of shares they hold whether personally or by proxy and the number of votes allotted thereto. Any interested party shall have the right to examine such list

Ordinary General Meeting Quorum:

The ordinary General Meeting shall be valid only if attended by shareholders representing at least one half of the share capital. In case this quorum is not attained at the first meeting a notice shall be made for a second meeting to be held within thirty days after the preceding meeting. Such notice shall be published in the manner prescribed in Article 31 hereof. The second meeting shall be valid irrespective of the number of shares represented therein

Extra-Ordinary General Meeting Quorum

The extraordinary General Meeting shall be valid only if attended by shareholders representing at least one half of the Share Capital. In case this quorum is not attained in the first meeting, a notice shall be made for a second meeting in the manner prescribed in Article 33 of the Company's By-Laws. The second meeting shall be valid if attended by a number of shareholders representing at least one quarter of the Share Capital

Voting Powers:

Each shareholder shall have one vote for each share he holds at the constituent meeting. Votes in ordinary and extraordinary general meeting shall be computed on the basis of one vote for each share. However, members of the board of directors may not participate in voting on resolutions of the general meeting pertaining to their relief from liability for the terms of their management. Selection of board directors will be in accordance with the accumulative voting principle.

Resolutions:

Resolutions of the constituent meetings will be passed with the absolute majority of shares represented at the meeting. Resolutions of the ordinary general meetings will be passed with the absolute majority of shares represented at the meeting. Resolutions of an EGM shall be made by a majority vote of two thirds (2/3) of the shares represented at the meeting, except for resolutions pertaining to the increase or the decrease of the capital, the extension of the duration of the Company or the liquidation by merger into another company or establishment in which cases, the resolution shall not be considered as valid unless issued by the majority vote of three quarters (3/4) of the shares represented at the meeting.

Discussion of Agenda:

Any shareholder shall have the right to discuss the matters put on the agenda of the general meeting as well as to address pertinent questions to the directors and the auditors. The directors and auditors shall answer shareholders' questions to such an extent that would not jeopardize the Company's interests. In case a shareholder feels that the answer to his question is unsatisfactory he may appeal to the General Meeting whose decision shall be final in this respect

General Meetings Proceedings:

The general meetings shall be presided over by the chairman of the board or the director acting as ad hoc chairman. The chairman shall nominate the Secretary of the Meeting and one scrutineer from amongst the shareholders present. Minutes shall be written for the meeting showing the names of shareholders present or represented, the respective shares they hold personally or by way of proxy, the number of votes allotted thereto, the resolutions adopted, the number of votes for or against them and an adequate resume of the discussions which took place thereat. Such minutes shall be recorded after each meeting in a special book and signed by the chairman, the secretary and the scrutineer of the meeting

Appointment of Auditors:

The Company shall have one or more auditors to be appointed annually by the general meeting from amongst the recognised chartered accountants licensed to operate in the Kingdom. The said general meeting shall fix their remuneration and may reappoint them in line with the resolutions passed.

Review of reports:

Auditors may at any time examine the Company's books and files as well as other documents. They are entitled to require information and explanations which they think are necessary to have. They shall have also the right to examine the Company's assets and liabilities

Auditors report:

The Auditors shall submit to the annual general meeting a report in which they shall set forth the attitude of the Company's management towards enabling them to get the information and explanations they required, any violations of the provisions of the Companies Regulations or these By-Laws and their opinion as to the extent to which the Company's accounts are in conformity with reality

Fiscal Year:

The fiscal year of the Company shall start on January 1 and end on December 31st of the same year. However, the first fiscal year of the Company shall commence on the date of the ministerial resolution declaring its incorporation and shall end on December 31st of the following year

Balance Sheet:

The board of directors shall prepare at the end of each financial year an inventory of the Company's assets and liabilities at the said date as well as a balance sheet, a profit and loss account and a report as to the Company's activities and financial position as well as a recommendation of the manner for distributing the net profit 60 days at least prior to the ordinary general meeting. The board shall place such documents at the disposal of the auditors at least twenty-five days before the date fixed for the general meeting. The Chairman of the board shall sign the said documents and they shall be placed at the disposal of the shareholders in the Company's head office at least 25 days before the date fixed for the general meeting. The chairman of the board of Directors shall publish in at least one newspaper circulating in the locality where the head office of the Company is located the balance sheet, the profit and loss account, an adequate summary of the board of directors' report and the full text of the auditors' report. Copies of all such documents will be sent to Ministry of Commerce and Industry at least 25 days prior to the date fixed for the general meeting.

Distribution of profits:

The annual net profit arrived at after deducting all general expenditures and other expenses shall be distributed as follows:-

a. 10% of the net profits shall be withheld to form a statutory reserve. Transfer to this reserve may be stopped once its balance is equal to one half of the paid-up capital of the Company.
b. The ordinary general meeting may, at the board's recommendation, withhold an additional percentage of the annual net profits not exceeding 10% to form an additional reserve to be allocated for the purpose or specific purposes,
c. The balance shall be paid with the approval of the Ordinary general Meeting to shareholders as an initial payment of not less than 5% of the paid-up capital,
d. The general meeting may distribute not more than 10% of the remainder as a payment to the board of directors provided such payment shall not exceed the limits provided for in rules issued by the competent authorities. The balance shall be distributed among the shareholders as an additional share of the profits. By resolution of the board of directors, half-yearly and quarterly profits may be distributed as deemed appropriate.

Payment of profits:

Payment of dividends to shareholders will be made in the place and on the dates as resolved by the board of directors in line with the instructions of the Ministry of Commerce and Industry.

Non-Distribution of profits:

In case no profits were distributed for any fiscal year, no profits may be distributed for the consequent years unless after having paid the percentage referred to in Article (9-a) of the By-Laws to the holders of non-voting shares for the present year. Should the Company fail to pay such percentage for three consecutive years, the general meeting of the holders of such shares, which is being held in line with Article 86 of the Companies Act, shall resolve that they either attend the general meetings and participate in the voting or appoint their representatives to the board of directors in proportion to the value of their capital shareholding until the Company is able to pay all priority profits allocated for the holders of such shares n the past years.

Losses:

If the total of the Company's losses amount to three-quarters of its capital, the directors shall call an EGM to consider whether the Company shall continue to exist or dissolve prior to the expiry of its term as specified in Article (6) of the Company's By-Laws. The EGM resolution shall be published in the official gazette

Litigation:

Any shareholder shall have the right to file on behalf of the Company an action in liability versus the Directors in case a wrongful act committed by them is of a nature that causes him special damage provided that the Company's right to file such action is still in force. The shareholder shall inform the Company of his intention to file such action

Dissolution and Winding up of the Company

The Company will end with the expiration of its term as per these articles or the Companies Act. Upon expiry of Company term, or if dissolved prior to expiry of its term, the EGM, based on a proposal by the board of directors, shall decide the method of liquidation, appoint one or more liquidator(s) and fix their powers and remuneration. The powers of the board of directors shall cease upon the expiration of the Company. However, the board shall continue the management of the Company until the liquidator is appointed. The Company's administrative departments shall retain their respective powers to the extent that such powers do not conflict with the powers of the liquidators.

11-6 Major Agreements

11-6-1 Lease Contracts:

(a)- Lease contracts concluded by the Company as Lessee:

The Company concluded lease contracts with a number of lessors under which the Company leased a number of land plots to be developed for commercial use. The following table shows the major lease contracts:

Table 180: Major lease contracts concluded by the Company in its capacity as Lessee for commercial development purposes:

S	Holder of Leased estate	Location and description of estate	Purpose of Leased estate	Contract duration and renewal	Annual rent (SAR)	Control Change Term	Termination	Other Terms
1	Manafea Holding Company	Land Plots No 1431-144 Jeddah East of Prince Majed Road, Marwa District Area: 17,030,02 m2	Development of Commercial Center in Jeddah	From 1/5/1436 (20/2/2015) to 30/4/1461 (22/7/2039)	3,850,000 for the first five years 6,050,000 for the period from the 6th to the 10th year 6,655,000 for the period from the 11th year to the 15th year 7,320,500 for the period from the 16th year to the 20th year 8,052,500 For the period from the 21st year to the 25th year	Lessee may sub-lease without the lessor's consent Lessee may assign the contract to any of his members without lessor's approval and to any third party with the lessor's prior approval Owner may not sell the property without giving the lessee a notice of 30 days unless the lessee has shown no interest to purchase the property Lessee has preemption right to purchase the property.	Lessee may terminate the contract if the lessor breaches his commitments regarding ownership of land plots as to being free from any debts, pledges or rights to others, or if the owner fails to obtain official approvals of the project within 2 months from date of contract. The owner shall compensate the lessee for all losses and damages upon termination The owner may terminate the contract if the lessee fails to pay the rent within 30 days of a notice given to him, or if the he becomes bankrupt or insolvent Either party may terminate the contract in case of major breach after 30 days of a notice given to the other party Contract terminates automatically if property is confiscated	Lessee may conduct any commercial business on the property. Lessee shall supervise the implementation of the project in line with the plans and designs agreed between the parties and competent government authorities

S	Holder of Leased estate	Location and description of estate	Purpose of Leased estate	Contract duration and renewal	Annual rent (SAR)	Control Change Term	Termination	Other Terms
2	Moosa Bin Abdullah Al-Ismail	Land plots No 913-926, Sahafa District, Riyadh Area: 12,395 m2	Development of Sahafa Center	From 16/3/1434 (28/1/2013) to 15/12/1445 (23/6/2032)	First year: waiver period 3,100,000 for years 2-6 Thereafter, the rent will increase by 5% every 4 years	Lessee may sub-lease without the lessor's consent Lessee may assign the contract without lessor's approval Owner may not sell the property without giving the lessee a notice of 30 days unless the lessee has shown no interest to purchase the property	The owner may terminate the contract if the lessee fails to commence implementation within one year from the contract date for any reason excluding force majeure. Upon completion, lessee shall handover the property including the buildings and any structures on the land in a very good condition.	Lessee may conduct any commercial business on the property Lessee shall supervise the implementation of the project in line with the plans and designs agreed between the parties and competent government authorities
3	Nasser Bin Zayed Al Razzouq	Land plots No 8-8, Yarmouk District, Riyadh Area: 10,822 m2	Development of Yarmouk Center	Twenty Gregorian Years and Two Months from 30/4/1434 (12/3/2013)	First year and two months: waiver period 3,000,000 for the period from the 2md to the fifth years. 3,300,000 for the period from the 6th to the 10th years 3,630,000 For the period from the 11th year to the 15th years 4,174,500 for the period from the 16th to the 20th years.	Lessee may sub-lease without the lessor's consent Lessee may assign the contract with the lessor's prior approval Owner may not sell the property without giving the lessee a notice of 30 days unless the lessee has shown no interest to purchase the property	Upon completion, lessee shall handover the property including the buildings and any structures on the land in a very good condition.	Lessee shall supervise the implementation of the project in line with the plans and designs agreed between the parties and competent government authorities. Contract will be extended if the lessee was unable to benefit from the property due to force majeure Rent will be adjusted by way of arbitration if case of sharp fluctuation in the currency exchange rate

S	Holder of Leased estate	Location and description of estate	Purpose of Leased estate	Contract duration and renewal	Annual rent (SAR)	Control Change Term	Termination	Other Terms
4	Abdulrahman Bin Abdulaziz Bin Mohammed Al Othman	Land plots No 913-926, Sahafa District, Land Plots No 667-676 in Malga District, Ritadh Area: 9,021,6m2	Development of Tilal Center	20 Gregorian Years from 29/4/1434 (11/3/2013)	First year: waiver period 2,580,000 for the period from the 2nd to the 6th years 3,095,000 for the period from the 7th to the 11th years 3,600,000 for the period from the 12th to the 20th years	Lessee may sub-lease without the lessor's consent Lessee may assign the contract with the lessor's prior approval Owner may not sell the property without giving the lessee a notice of 15 days unless the lessee has shown no interest to purchase the property	The owner may terminate the contract if the lessee fails to pay the rent within 30 days of a notice given to him by mail or e-mail Upon completion, lessee shall handover the property including the buildings and any structures on the land in a very good condition	Lessee may conduct any commercial business on the property Lessee shall supervise the implementation of the project in line with the plans and designs agreed between the parties and competent government authorities Contract will be extended if the lessee was unable to benefit from the property due to force majeure

Source: The Company

(b)- Lease Contracts concluded by the Company as Lessor:

The Company concluded a number of lease contracts under which it has leased commercial stores at the Commercial Centers belonging to the Company, namely: " Alandalus Mall" in Jeddah, "Sahafa Center", "Tilal Center" and "Yarmouk Center" in Riyadh. As of 30/06/2015G, the number of lease contracts relating to Alandalus Mall amounted to 368 contracts, Sahafa: 29 contracts, Tilal Center: 20 contracts and Yarmouk Center: 27 contracts. The Company adopted a standard format for the lease contracts relating to its shopping centers. The following table shows the major terms of the standard form of lease contracts:

Table 181: Terms and Conditions of the lease contracts for the commercial spaces leased at the Company's commercial centers:

Term	Details
Renewal	The Lease Contract is renewable with the written agreement of the parties, otherwise it will end with the end of its term.
Usage Restrictions	The lessee may not use the leased property for any activities not specified in the lease contract without the prior written consent of the Company.
Change of control, assignment and sub-lease	The Lessee must obtain the Company's prior written consent for sub-lease, assignment or introduction of a new party to the contract. The Company may lease, assign or remove its interest in the leased property without the prior written consent of the lessee, in which case the present lease contract will still be valid vis-à-vis the new lessee or the new owner of property.
Confirmations and Acknowledgments	The Lessee declares that he has inspected the leased property and the related documents and consequently he acknowledges his acceptance of the Lease contract
Undertakings and Guarantees	Lessee's Obligations include: a) To commence preparation works within 30 days from property takeover b) To open the store on the date agreed c) To abide by the terms prescribed in the Preparation and Demonstration Booklet. d) Not to perform any alterations on the leased property without the prior written consent of the Company e) To handover the leased property at the end of contract in the same condition as it was at the takeover time. f) Maintenance and cleanliness of the property. g) To pay the fees due for electricity, water and sewerage, telephone and official fees relating to the leased property as well as any other burdens caused by the lessee. h) To obtain all approvals and government permits as necessary to conduct his business. The Company's liabilities include putting the leased property under the disposal of the lessee for 60 days from the date of handover.
Insurance	The lessor has to provide and maintain an insurance to cover his business, properties and goods.
Liability	The Company will not be under any liability in the following cases: a) The lessee was subject to fraud or theft b) Cut-off of water, electricity or air-conditioning, etc.. c) Any force majeure or unexpected events
Health and safety	Lessee Liabilities: a) Not to store any perilous substances in the leased property or use loads which exceed the limits provided to him by the Company b) Install fire-fighting system by contractor acceptable to the Company
Penalties	The Lessee shall bear the fines imposed in case of his failure to commence the preparation and the store opening in the times agreed, or in case of his failure to maintain the cleanliness of the Commercial center.
Compensations	The Company shall compensate the lessee if he is unable to benefit from the leased property or to open the store in the times agreed upon for reasons attributable to the Company The Lessee would not be eligible for compensation for the remaining period of lease if he wished to terminate the contract before its expiry, nor would he be eligible for any compensation due to the confiscation of the property.

Term	Details
Termination	The Company may terminate the contract without any prior notice to the lessee or any liability in the following cases: a) The lessee fails to pay the rent b) The lessee fails to takeover and open the leased property or handover the plans to the Company on the agreed dates. c) The lessee fails to obtain the licenses needed to conduct his business d) The lessee uses the leased property or building for purposes other than agreed with him; if the leased property is used to the detriment of others or in violation of any applicable rules. e) The Lessee assigned the leased property without having obtained the Company's prior written consent. f) The lessee has closed the leased property for more than 15 consecutive days g) The lessee fails to conduct his commercial activities under a court judgment h) The lessee fails to abide by any of the contract terms and conditions The Lease contract shall continue in force even in the death of either party (individuals) or in case of liquidation (legal entities).

Source: The Company

A number of major lessees occupy large space at commercial centers; hence, these lessees constitute an important source of income for all related commercial centers. The following is a summary of the major terms and conditions of the contracts concluded for large show rooms. These contracts include also all other terms and conditions that are contained in the standard contract that is used for the stores at commercial centers as referred to in table 181 above.

Lease Contract with Mazraa Marketing Center

On 11/02/2013, the Company entered into a lease contract with the Saudi Marketing Company, (Mazraa Marketing Center, ("Mazraa Center"), to lease the showroom No (GAS 01) at Al-Sahafa Center, to be used as a hyper market. The contract term is 18 years commencing on 01/05/2014 and ending on 30/04/2032G. The rent will amount to SAR 3,000,000 for the period from the 1st year to the 5th fifth year of the contract term; SAR 3,210,000 for the period from the 6th year to the 10th year of the contract term and SAR 3,434,000 for the period from the 11th year to the 18th year of the contract period.

Mazraa Center has to obtain a prior written approval from the Company in order to sublease any part of the leased property; or to assign the contract; or to introduce any partner in the contract. The Company may lease, assign or transfer its interest in the leased property without the prior approval of the lessee.

The Company may terminate the contract without any notice to the lessee or any liability in the following cases:

a. Mazraa Center fails to pay the rent
b. Mazraa Cente fails to takeover and open the leased property or handover the plans to the Company within 30 days from the contract date or 10 days from the takeover of the leased property.
c. Mazraa Center fails to obtain the licenses needed to conduct its business
d. Mazraa Cente uses the leased property for purposes other than agreed, or if the property is used to the detriment of others, or in violation of the applicable rules.
e. Mazraa Cente assigns the leased property without having obtained the Company's prior written consent.
f. Mazraa Cente has closed the leased property for more than 15 consecutive days
g. Mazraa Cente fails to conduct its commercial activities under a court judgment
h. Mazraa Cente fails to abide by any of the contract terms and conditions

Neither party will bear any responsibility in cases of force majeure.

Lease Contract with Panda Company

The Company concluded a lease contract with Panda Company for lease of showroom No. AS 01 in its Yarmouk Center to be used as a supermarket. The contract term is 18 years commencing on 01/05/2014G and ending on 30/04/2032G. Panda Company shall have a priority right to renew the contract if the contract for development of land between the Company and landlord is renewed. The rent will be SAR 1,800,000 for the period from the 1st year to the 5th year of the contract term; SAR 1,980,000 for the period from the 6th year to the 10th year of the contract term; SAR 2,178,000 for the period from the 11th year to the 15th year of the contract period and SAR 2,397,000 for the period from the 16th year to the end of the contract.

Panda Company has to obtain the prior written approval of the Company in order to sublease any part of the leased property; or to assign the contract; or to introduce a new partner in the contract. The Company may lease, assign or transfer its interest in the leased property without prior approval of the lessee.

The Company may terminate the contract subject to a 60 days prior notice to Panda Company in the following cases:

a Panda Company fails to pay the rent
b Panda Company fails to take over the leased property on the agreed date.
c Panda Company fails to obtain the licenses needed to conduct its commercial business

d Panda Company assigns the leased property without having obtained the Company's prior written consent.
e Panda Company has closed the leased property for more than 15 consecutive days or 30 intermittent days

Neither party will bear any responsibility in cases of force majeure. The Lease contract shall continue in force even in the death of either party (individuals) or in case of liquidation (legal entities).

Lease Contract with Danube Company

The Company concluded a lease contract with Danube Company for lease of showroom No (ASM) at its Tilal Center. The contract term is 18 years commencing on 01/07/2014G and ending on 10/03/2033G. Danube Company shall have a priority right to renew the contract if the contract for development of land between the Company and landlord is renewed. The rent will be SAR 1,866,000 for the period from the 1st year to the 5th year of the contract term; SAR 1,996,629 for the period from the 6th year to the 10th year of the contract term; SAR 2,136,570 for the period from the 11th year to the 15th year of the contract period and SAR 2,285,850 for the period from the 16th year to the end of the contract.

Danube Company has the right to sublease any part of the leased property, to assign the contract, or to introduce any new partner in the contract without the prior written consent of the Company. However, in case of full assignment of the contract, Danube Company must obtain the prior written consent of the Company. The Company may lease, assign or transfer its interest in the leased property without prior approval of the lessee.

The Company may terminate the contract after the lapse of 7 years of the contract term subject to a notice as set in the contract terms. The Company may also terminate the contract in the following cases:

a Danube Company fails to pay the rent
b Danube Company fails to obtain the licenses needed to conduct its commercial business
c Danube Company uses the leased property to the detriment of others, the building or in violation of the applicable rules.

Either Party may terminate the contract under a one month prior notice in case of any breach by the other party of the contract terms. The Company shall compensate the lessee if it was unable to benefit from the leased property for reasons attributable to the Company.

(c)- Lease contracts concluded by Advanced Markets Company as lessor:

The Advanced Markets Company concluded 177 lease contracts for lease of commercial outlets at its shopping center "Dareen Mall" in Dammam for a total annual rent of SAR 37,876,406 as of 30/06/2015G

The Advanced Markets Company used a standard form for the lease contracts of Dareen Mall outlets. The Company does not accept any alterations of the terms and conditions of the standard form of the lease contract except in limited cases and with major lessees. The following table shows the major terms and conditions of the standard form of the lease contract:

Table 182: Terms and conditions of the standard form lease contract used for lease of the commercial outlets at Dareen Mall:

Term	Details
Renewal	The Lease Contract is renewable with the written agreement of the parties; otherwise it will end with the end of its term.
Usage Restrictions	The lessee may not use the leased property for any activities not specified in the lease contract without the prior written consent of the lessor.
Change of control, assignment and sub-lease	Lessee must obtain the lessor's prior written consent of any sub-lease, assignment or introducing of a new party in the contract. The Advanced Markets Company may lease, assign or transfer its interest in the leased property without the prior written consent of the lessee in which case the present lease contract will still be valid vis-à-vis the new lessee or the new owner of property.
Confirmations and Acknowledgments	The Lessee acknowledges that he has inspected the leased property and related documents, and he consequently he acknowledges his acceptance of the Lease contract

Term	Details
Undertakings and Guarantees	Lessee's Obligations shall include: a) To commence preparation works within 30 days from property takeover b) To open the store on the date agreed c) To abide by the terms prescribed in the Preparation and Demonstration Booklet. d) Not to make any alterations on the leased property without the prior written consent of the Company e) To handover the leased property at end of contract in the same condition as it was at the takeover. f) Maintenance and cleanliness of the property. g) To pay the fees due for electricity, water and sewerage, telephone and official fees relating to the leased property as well as any other burdens caused by the lessee. h) To obtain all approvals and government permits as necessary to conduct his business. The liabilities of Advanced Markets Company shall include making the leased property available to the lessee for 60 days from the date of handover to him.
Insurance	The lessee has to provide and maintain an insurance policy to cover his business, properties and goods.
Liability	The Company shall bear no liability in the following cases: a) The lessee was subject to fraud or theft b) Cut-off of water, electricity or air-conditioning, etc.. c) In case of any force majeure or unexpected events
Health and Safety	Lessee Liabilities shall include the following: a) Not to store any perilous substances in the leased property or uses loads which exceed the loads provided by the Company b) Have in place a fire-fighting system by a contractor acceptable to the Company
Penalties	The Lessee shall bear the fines imposed in case of his failure to commence the preparation works or to open the store in the times agreed, or his failure to maintain the cleanliness of the Commercial center.
Compensations	Advanced Markets Company shall compensate the lessee if he is unable to benefit from the leased property or to open the store in the times agreed upon for reasons attributable to the Company The Lessee will not be eligible for compensation for the remaining period of lease if he terminates the contract before its expiry, nor will he be eligible for any compensation in case of confiscation of the property.
Termination	Advanced Markets Company may terminate the contract without any prior notice to the lessee or any liability in the following cases: a) The lessee fails to pay the rent in due course b) The lessee fails to takeover and open the lease property, or to handover the plans to the Company on the agreed dates. c) The lessee fails to obtain the licenses needed to conduct his business d) The lessee uses the leased property to the detriment of others or the building, or in breach of the applicable rules. e) The Lessee assigns or transfers the leased property without having obtained Advanced Markets Company's prior written consent. f) The lessee has closed the leased property for more than 15 consecutive days g) The lessee fails to conduct his commercial activities under a court judgment h) The lessee fails to abide by any of the contract terms and conditions The Lease contract shall continue in force even in the death or liquidation of either party .

Source: The Company

A number of major lessees occupy large area in Dareen Mall and consequently constitute a major income to Advanced Markets Company. The following is a summary of the most important terms and conditions of the lease contracts used for large showrooms. These contracts include also the terms and conditions stated in the standard form contract used for the stores of Dareen Malls as listed in table No. 181 above.

Lease contract with Abdulmohsen Al-Hukair Group for Tourism and Development:

The Advanced Markets Company concluded a lease contract with Abdulmohsen Al-Hukair Group for Tourism and Development for lease of zone No (FC 101) at its commercial center, "Dareen Mall" to be used as a family recreation center. The contract term is 10 years commencing from 01/04/2009G automatically renewable unless either party has otherwise advised the other party 6 months prior to expiry of contract. The annual rent amounts to SAR 300 per square meters in the period from the 1st to the 5th years and SAR 330 per square meters for the period from the 6th to the 10th years.

The Lessee has to obtain the prior written consent of the Advanced Markets Company to assign the contract, to sublease the leased property or to introduce a new partner. Advanced Markets Company may assign or transfer its interest in the leased property without the prior approval of the lessee.

Advanced Markets Company may terminate the contract without any liability in any of the following cases:

a. The lessee fails to pay the rent when due
b. The lessee fails to takeover and operate the leased property on the agreed dates, or to handover the plans within 60 days from the contract date or 10 days from the takeover of leased property.
c. The lessee fails to obtain the licenses needed to conduct his business
d. The lessee uses the leased property to the detriment of others or to the building or in breach of the applicable rules.
e. The Lessee assigns or transfers the leased property without having obtained Advanced Markets Company's prior written consent.
f. The lessee has closed the leased property for more than 15 consecutive days
g. The lessee fails to conduct his commercial activities under a court judgment

Lease Contract with Panda Azizia Company

The Advanced Markets Company concluded a lease contract with Panda Azizia Company for lease of a space at its Dareen Mall for a term of 20 years commencing from the date of takeover. The Lessee shall have a priority right to renew the contract upon expiry thereof. The rent will be SAR 410 per square meters increasing by 5% every 5 years term.

The Lessee has to obtain a prior written approval from the Advanced Markets Company in order to sublease the property, assign the contract, or introduce any new partner in the contract for any part of the leased property exceeding 300 square meters. The Advanced Markets Company may assign or transfer its interest in the leased property without prior approval of the lessee.

Neither party may terminate the contract in the first 10 lease years, however thereafter, the Advanced Markets Company may terminate the contract at its discretion.

Advanced Markets Company will pay the amount of SAR 25,000 for every day of delay in making available the leased property to the lessee after the date of 01/09/2009G or for any breach of its liabilities under the lease contract.

If the lessee is obliged to stop his business, close the showroom or vacate the building, the amounts due to Advanced Markets Company will be suspended, and the Company shall compensate the lessee upon request. Advanced Markets Company will not allow grocery businesses in any of Dareen Mall units which exceed 500 square foot in area. However, neither party will be liable under the contract in cases of force majeure.

(d)- Lease Contracts concluded by Hayat Real Estate Company as Lessor:

Hayat Real Estate Company concluded 442 lease contracts under which it has leased commercial stores at the commercial centers it operates, "Hayat Mall" in Riyadh, for a total rent of SAR 120,030,242 as of 30/06/2015G. Hayat Real Estate Company executes lease contacts with tenants. In addition, the Company oversees Hayat mall management and sign with the operators, service providers and other parties to carry out the investment management of all types of development activities of the project, where it has full powers of the administration under the authorization issued by the owners of Hayat Mall on 15/03/2015G. furthermore, provision of such services by Alandalus Property Company is dome free of charge. Accordingly, the Company has signed an operation contract with Hamat Real Estate Company to provide management, operation and leasing services for Hayat Mall.

Hayat Real Estate Company used a standard form for the lease contracts relating to its stores in Hayat Mall. The terms and conditions of standard form contract are identical to those contracts used for the lease of stores at the Company's shopping centers. (For more details please refer to table 180 - Terms and Conditions of the standard form contract used for lease of Hayat Mall stores.

A number of major lessees occupy large area in Hayat Mall and consequently constitute a major source of income for Hayat Company. The following is a summary of the most important terms and conditions of the lease contracts used for large showrooms. Terms and conditions not stated below are identical with the terms and conditions listed in table 180- Terms and Conditions of the standard form contract used for lease of leased commercial spaces in the Company's commercial centers.

Lease contract with Al-Khaleej Recreation Company:

Hayat Real Estate Company concluded a lease contract with Al Khaleej Recreation Company on 01/05/2013G for lease of unit No. F 202 at Hayat Mall for a term of 10 years commencing from 01/05/2013G. The contract is automatically renewable unless either party has otherwise advised the other party 90 days prior to expiry thereof. The annual rent amounts to SAR 895,950 for the period from the 1st to the 3rd years, SAR 995,500 for the period from the 4th to the 7th years and SAR 1,095,050 for the period from the 8th to the 10th years of the contract term.

The Lessee has to obtain the prior written consent of the Hayat Real Estate Company to assign the contract, to sublease the leased property or to introduce a new partner. Hayat Real Estate Company may assign or transfer its interest in the leased property without prior approval of the lessee.

Neither party may terminate the contract in the first 5 lease years, however thereafter, Hayat Company may terminate the contract at any time in the following cases:

a. The lessee fails to pay the rent when due
b. The lessee fails to takeover and operate the leased property on the agreed dates, or to handover the plans within 30 days from the contract date or 10 days from takeover of leased property.
c. The lessee fails to obtain the licenses needed to conduct its business
d. The lessee uses the leased property to the detriment of others or the building, or in breach of the applicable rules.
e. The Lessee assigns or transfers the leased property without having obtained Hayat Company's prior written consent.
f. The lessee has closed the leased property for more than 15 consecutive days
g. The lessee fails to conduct his commercial activities under a court judgment
h. The lessee fails to abide by any of the contract terms or conditions

Lease contract with Jarir Marketing Company:

Mohammed Abdulaziz Al Hbaib Real Estate Company, owner and previous operator of Hayat Mall, concluded a contract with Jarir Marketing Company for lease of a unit with a total area of 3000 square meters at Hayat Mall to be used as Bookstore and Stationary. The contract was transferred to Hayat Real Estate Company under a letter from Hayat Company to Jarir Marketing Company.

The contract term is for 20 years commencing from the date of opening of the Bookstore or the date of opening of the commercial center (whichever occurs first). The contract is automatically renewable unless either party has otherwise advised the other party 90 days prior to expiry of contract. The annual rent amounts to SAR 1,250,000 for the period from the 1st to the 5th years, SAR 1,450,000 for the period from the 6th to the 10th years and SAR 1,600,000 for the period from the 11th to the 20th years of the contract term.

The Lessee may sublease a part of the leased property without the lessor's approval, however in respect of the whole leased property the lessee must obtain the prior written consent of the lessor to sublease the property, assign the contract or introduce a new partner.

After the lapse of two lease years, the lessor may terminate the contract under a 6-month prior notice; however, the lessor may terminate the contract at any time in any of the following cases:

a. The lessee fails to abide by any of the contract terms or conditions
b. Two months after the lessee's inability to use the leased property for reasons beyond the control of both parties.

The Lessor may not lease any units in the center to any entity conducting a business which competes with the activities conducted by the lessee.

Lease Contract with Al Danube Company

Mohammed Abdulaziz Al Hbaib Real Estate Company concluded a contract with Al Danube Company for lease of a unit with a total area of 20.340 square meters at Hayat Mall. The contract was transferred to Hayat Real Estate Company under a letter from Hayat Company to Al Danube Company.

The contract term is for 15 years commencing from 08/12/2006G; it is renewable with the approval of both parties. The annual rent amounts to SAR 390 per square meter for the period from the 1st to the 5th years, SAR 430 for the period from the 6th to the 10th years and SAR 480 for the period from the 11th to the 15th years of the contract term.

The Lessee has to obtain the prior written consent of the lessor to assign the contract or sublease the leased property. Should the lessor wish to sell the shopping center in full, the lessee shall have a priority right to purchase.

The lessor may terminate the contract if the lessee fails to pay the rent or if he fails to abide by any of his liabilities under the contract. After the lapse of 5th year of the contract term, the lessor may terminate the contract if he becomes unable to fulfill his liabilities under the contract for reasons beyond his control subject to a one-year notice to the lessee.

11-6-2 Insurance Contracts:

The Company concluded a number of insurance contracts against a number of operational risks and assets including property insurance, business interruption, staff health and vehicles insurance. There are no major insurance contracts which are invalid or expired. The following is a summary of insurance contracts concluded by the Company:

Table 183: Summary of insurance contracts concluded by the Company:

Insurance Contract No.	Scope of Coverage	Insured Party	Insurance company	Maximum Compensation (SAR)	Coverage Expiry
PAR-5815089-2014	Property All-Risk Insurance	The Company's head Office	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	17,500,000	16/3/2016
PAR-5814298-2013	Property All-Risk Insurance	The Company (Alandalus Mall)	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	450,509,000	20/9/2016
PLS/5805833-2013	Civil Liability Insurance	The Company and/or Hamat Real Estate Company and affiliates (Alandalus Mall, Jeddah)	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	10,000,000	20/9/2016
PAR-5814280-2013	Property All-Risk and business interruption Insurance	The Company and/or Hamat Real Estate Company and affiliates (Alandalus Mall, Jeddah)	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	460,198,882	20/9/2016
PLS-5805817-2013	Civil Liability Insurance	The Company (Hayat Mall)	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	10,000,000	20/9/2016
PAR-5818406-2015	Property All-Risk and business interruption Takaful	Advanced Markets Company (Dareen Mall)	The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MedGulf)	170,000,000	20/9/2016
12294783	Health Insurance	The Company	National Cooperative Insurance Company	250,000 (Ordinary)	27/5/2016
GEC-200-15-022668	Motor Insurance	The Company	Wafaa Insurance Company	500,000 (VIP)	8/3/2016
GEC-200-15-022722	Motor Insurance	The Company	Wafaa Insurance Company	10,000,000	8/3/2016
P/300/2901/15/000189	Motor Insurance	The Company	Eagle Cooperative Insurance Company	10,000,000	13/5/2016
P/300/2901/15/000189	Motor Insurance	The Company	Eagle Cooperative Insurance Company	10,000,000	13/5/2016

Source: The Company

11-6-3 Credit facilities and Loans:

The following table shows the credit facilities and loans obtained the Company:

Table 184: Summary of banking facilities and loans obtained by the Company

Institution	Credit Limit	Drawdowns	Repaid amounts	Outstanding amounts	Repayment dates
Al Rajhi Bank	220,000,000	220,000,000	165,500,000	150,500,000	10 years
Al Rajhi Bank	100,000,000	70,000,000	4,341,351.34	83,942,838.43	7 years
Al Rajhi Bank	20,000,000	20,000,000	1,084,814.99	23,015,938	5 years

Source: The Company

The following is a description of the credit facilities and loans to which the Company is committed at present:

(e)- Credit Facilities Contract with Al Rajhi Bank 2008:

On 29/02/1429H (16/02/2008G) the Company entered into a Sharia-compliant credit facilities agreement for SAR 220,000,000 with Al Rajhi Bank to finance purchase of 25% of Hayat Mall. Here is a summary of major terms and conditions of this agreement:

Table 185: Terms of credit facilities agreement with Al-Rajhi Bank 2008G

Article	Description
Total facilities	SAR 220,000,000
Securities	• Promissory Note for total amount of facilities • Guarantees from Al Zakari Industry and Trading Company for (by 24.69%), Abdulrahman Abdullah Al Moosa & Sons (by 9.87%), Abdullah Saad Al-Rashid Trading Company (by 9.87%), Al Romaizan for Gold and Jewelry Company (by 9, 87%), Moosa Abdulla Al Ismaeel (by 2.47%), and Sulaiman Mohammad Al Dawood (by 2.47%) and Ayman Mohammad Al Modaifir (by 1.26%). • Undertaking by the Company to assign lease contracts for SAR 30 Million in favor of the Bank
Repayment	10 years
Termination	• The Bank, at its discretion and without a prior notice to the Company, may suspend, cancel, reduce or demand immediate repayment of all facilities with the profits. • If the Company did not use the full limit, the Bank will be eligible to cancel or suspend the facilities. • The Bank may cancel or suspend the facilities or any part thereof in case of any dispute between the shareholders, or if the Company or any of its affiliates suspend their operations. • The bank, if convinced that continuation of the facilities is detrimental or not in its favor, may reduce, cancel or suspend the facilities not yet withdrawn by the Company.
Company's undertakings	• The Company undertakes not to change its structure without the prior approval of the Bank. • The Company will inform the bank in case of any change in its legal structure of shareholders • The Company undertakes that the Company and its affiliates, its group and their holding companies shall maintain their corporate persons and not change any of their constitution documentation in any way that leads to major adverse effects, at the bank's discretion.

Source: The Company

The Company obtained approval of Al-Rajhi Bank to convert itself to a public joint-stock company and offer a part of its shares to the public subscription (based om Al Rajhi Bank letter dated 04/09/1436H (21/06/2015G). Shareholders who provided the guarantees undertook under the letter of undertaking to Al Rajhi Bank on 14/6/2015G, to continue the commitment to fulfill all obligations, debt, charges and expenses accrued on the Company for the benefit of Al Rajhi Bank until the completion of the IPO process, and the Company will give then any alternative or additional collateral required by the Al Rajhi Bank.

(f)- Credit Facilities Contract with Al Rajhi Bank 2012:

On 07/01/1434H (21/11/2012G), the Company entered into an Islamic-Compliant credit facilities agreement for SAR 100,000,000 with Al Rajhi Bank to finance 60% of the costs relating to the construction of Staybridge Project in addition to Sharia-compliant commodity forward sale contracts. The following is a summary of major terms and conditions of the Al-Rajhi credit facilities 2012 agreement:

Table 186: Terms of the credit facilities agreement with Al Rajhi bank 2012:

Article	Description
Total facilities	SAR 100,000,000
Securities	• Assignment of the income of the property located in Jeddah and covered in title deed No. 467 dated 30/04/1424H • Pledge of property in Jeddah covered in title deed No. 467 dated 30/04/1424H • Promissory Note for the value of facilities plus the profits in addition to a number of Promissory Notes to secure the forward commodity sale contracts. • The Bank may set-off any amounts outstanding under the facilities contract against any funds standing to the credit of the company with the bank; the bank may also sell any of such funds.
Repayment	7 years
Termination	• The Bank, at its discretion and without a prior notice to the Company, may suspend, cancel, reduce or demand immediate repayment of all facilities with the profits. • If the Company did not use the full limit, the Bank would be entitled to cancel or suspend the facilities. • The Bank may cancel or suspend the facilities or any part thereof in case of any dispute between the shareholders, or if the Company or any of its affiliates suspend their operations. • The bank, if convinced that continuation of the facilities is detrimental or not in its favor, may reduce, cancel or suspend the facilities not yet withdrawn by the Company.
Company undertakings	• The Company undertakes not to change its structure without the prior approval of the Bank. • The Company will inform the bank in case of any change in its legal structure of shareholders • The Company undertakes that the Company and its affiliates, its group and their holding companies shall maintain their corporate persons and not change any of their constitution documentation in any way that leads to major adverse effects, at the bank's discretion. • The Company undertakes not to distribute any dividends unless the debt covering ratio is 1.75 times

Source: The Company

The Company obtained the approval of Al-Rajhi Bank to convert itself to a public joint-stock company and offer a part of its shares to the public subscription (Bank Al Rajhi letter dated 04/09/1436H (21/06/2015G).

(g)- Credit Facilities Contract with Al Rajhi Bank 2012:

On 2/08/1434H (01/07/2013G), the Company entered into a Sharia-compliant credit facilities agreement for SAR 20,000,000 with Al Rajhi Bank to finance 60% of the costs relating to the construction of 3 shopping centers in Riyadh, namely: Sahafa Center, Tilal Center and Yarmouk Center in addition to Sharia-compliant commodity forward sale contracts. The following is a summary of major terms and conditions of this agreement:

Table 187: Terms and Conditions of Credit facility agreement with Al Rajhi Bank – 2013

Article	Description
Total facilities	SAR 0,000,000
Securities	• Pledge of property in Jeddah covered in title deed No. 467 dated 30/04/1424H • Promissory Note for the value of facilities plus the profits in addition to a number of Promissory Notes to secure the forward commodity sale contracts. • The Bank may set-off any amounts outstanding under the facilities contract against any funds standing to the credit of the company with the bank or sell any of such funds.
Repayment	5 years
Termination	• The Bank, at its discretion and without a prior notice to the Company, may suspend, cancel, reduce or demand immediate repayment of all facilities with the profits. • If the Company did not use the full limit, the Bank would be entitled to cancel or suspend the facilities. • The Bank may cancel or suspend the facilities or any part thereof in case of any dispute between the shareholders, or if the Company or any of its affiliates suspend their operations. • The bank, if convinced that continuation of the facilities is detrimental or not in its favor, may reduce, cancel or suspend the facilities not yet withdrawn by the Company.

Article	Description
Company undertakings	• The Company undertakes not to change its structure without the prior approval of the Bank. • The Company undertakes to inform the Bank of any changes in its legal structure or the structure of its shareholders • The Company undertakes that the Company and its affiliates, its group and their holding companies shall maintain their corporate persons and not change any of their constituting documentation in any way that leads to any major adverse effects, at the bank's discretion. • The Company undertakes not to distribute any dividends unless the debt covering ratio is 1.75 times

Source: The Company

The Company obtained the approval of Al-Rajhi Bank to convert itself to a public joint-stock company and offer a part of its shares to the public subscription (Bank Al Rajhi letter dated 04/09/1436H (21/06/2015G).

11-7 Real Estates

The Company holds the following Real Estates in the Kingdom

Table 188: Real Estates held by the Company and Advanced Markets Company

S	No. and Date of Title Deed	Holder	Property No.	Area (M2)	location	Description of use
1	310107025607 Dated 21/3/1433 (13/12/2012)	The Company	Plot No 839	1,022	Riyadh – North Ring Road	Company Head Office
2	310107025606 Dated 21/3/1433 (13/12/2012)	The Company	Plot No.838	722	Riyadh – North Ring Road	Company Head Office
3	310104027743 Dated 27/11/1424 (13/10/2012)	The Company holds 25% of the land plot on which a commercial center (Basement + Ground Floor + First Floor) is constructed	25% from Plot No. 1/3 Riyadh	146,068.76	Riyadh	Land on which Hayat Mall is constructed
4	467 Dated 30/4/1424 (30/6/2003)	The Company (Pledged in favor of Al Rajhi Development Company)	Plot No. 1 – Old Airport, Jeddah	197,860	Jeddah	Land on which Alan-dalus Square will be constructed
5	320204012182 Dated 10/7/1434 (20/5/2013)	The Company holds 25% of the land plot	Plot No. 3 in Jeddah	160,000	Jeddah	Land in Jeddah North on which Panorama Jeddah Mall will be constructed
6	431010101032 730105007774 Dated 25/12/1429 (23/12/2008)	Advanced Markets Company (Title Deed is transferred in the name of ARECO, an affiliate of SABB	Plot No. 238 in Dammam	59,050.79	Dammam	Land on which Dareen Mall is constructed

Source: The Company

11-7-1 Pledges and encumbrances of the Company's Real Estate properties:

Except for the pledges referred to in table No (188) above, the board of directors of the Company acknowledges that no pledges, priority redemption rights or any other encumbrances exit on the Company's Real Estate properties or investments as of the date of this prospectus.

11-8 Other Contracts:

11-8-1 DI Design and Development Consulting Contract

On 02/04/2014G, the Company entered into an agreement with Design International or Planning, Design and Renovation Consulting Company under which Design International undertakes the improvements, and renovation work of Hayat Mall including internal and external renovations, expansions, and redevelopment of car parking. Design International will provide the final theme and the design in full including dimensions and materials required.

The Company will pay SAR 1,323,750 for the services of Design International at 3 phases, so that the company pay SAR 255,000 upon Design International completion of phase one of the design, planning and implementation of improvements and renovation work, and SAR 900,000 for the second phase, and SAR 168,750 for the third phase, in addition to an amount of SAR 47.812 for each visit by Design International to follow up works at the Center up to a total of 10 visits. Design International will provide its services on defined phases and it may suspend the works or waive the project at the end of each phase after settlement of payments payable in respect of the services offered by Design International.

N.B: (1) This property was registered in the name of Advanced Markets Company under title deed No 431010101032 dated 28/05/1429H (02/06/2008G). Under the finance agreement between Advanced Markets Company and SABB dated 24/09/1429H (24/09/2008G) this land was transferred in the name of ARECO, SABB affiliate, as a security for settlement of facilities extended by SABB and consequently termination of such finance agreement. Presently, procedures are under way for release of land by ARECO in the name of Advanced Markets Company

11-8-2 AHG Agreement

On 17/07/2013G, the Company entered into an agreement with AHG Hotels Company Ltd. under which the latter will provide guidance and design services for the development of the trademark for Alandalus Square project (5 star hotel) in addition to the specifications of all technical designs relating to the facilities and buildings of the project. AHG, as part of other services, shall review the technical plans relating to the project and provide the design and references to the Company, attend meetings with the Company and contractors and answer queries. The Company shall pay to AHG against its services an amount of SAR 468,750.

The agreement shall end upon AHG approving all project works or payment of the contract price in full (whichever occurs later) unless the agreement has been ended before such time. AHG may terminate the agreement if the Company becomes subject to liquidation or in breaches of any of the agreement essential terms. The agreement shall be subject to the rules applicable in the United Kingdom, and any disputes between the two parties shall be resolved through arbitration by London International Arbitration Center at Dubai World Financial Center.

11-8-3 Hotel Management Agreement with Holiday Inn

On 17/07/2013G, the Company entered into an agreement with Holiday Inn Company Middle East Ltd. under which the latter shall operate a hotel belonging to the Company, including pricing of room and hotel service fees, establishing of hotel guest policies and negotiating and conclusion of lease contracts, licensing and franchising contracts. Against its services, Holiday Inn Company shall be entitled to a fixed percentage of the hotel's total revenues, total operational income and room income as per the list enclosed with the agreement.

The term of the agreement is 15 years commencing from 31/12/2013G. Either party may terminate the agreement upon any major breach of the agreement by the other party subject to a 30 or 60 days -notice depending on the seriousness of breach. None of the parties may assign the contract without a prior written notice by the other party. Holiday Inn Company may assign the contract or enter into a sublease agreement with any of its affiliates without the prior approval of the Company.

The agreement shall be subject to the rules applicable in England and Wales, and any disputes between the two parties shall be resolved through arbitration by London International Arbitration Center at Dubai World Financial Center.

11-8-4 Contract for Hotel design and construction project

On 12/11/2012G, the Company entered into a contract with Torouq Contracting Company Ltd. Under which the latter shall provide labor, supervision, materials, tools, equipment and other accessories needed for the construction and completion of Staybridge Project (5-Star Hotel) against a contract price of SAR 25,950,000

The Company shall be entitled to terminate the contract in case of bankruptcy or breach of contract terms by Torouq Company. Torouq Company may not assign its rights under the contract without the prior approval of the Company unless in favor of the bank or insurance companies. The Contract will be subject to rules and regulations of the Kingdom of Saudi Arabia and any dispute between the two parties in respect of the contract will be resolved through arbitration in line with the arbitration rules at the Chamber of Commerce and Industry of Jeddah.

11-8-5 Agreement for Finishing works for Staybridge Project

The Company entered into two Finishing Works agreements for Staybridge Project in Jeddah with Tal Al-Itqan, dated 27/10/2014 and 05/11/2014G. Finishing works shall include all electrical, mechanical, ducting and insulation works in addition to the materials required for this purpose. The price of the first agreement amounts to SAR 27,000,000 while the second one amounts to SAR 22,644,672.

The first agreement provides for the completion of the finishing works covered thereby within 8 months, while the finishing works under the second agreement will be completed within 9 months. The company agreed under the second agreement to pay to Tal Al-Itqan the amount of SAR 500,000 for each month of early hand over of the project.

Under the two agreements, the Company may cancel works of not exceeding 20% of the total value of each agreement and may request new works subject to agreement with Tal Al-Itqan Company of the cost and quality of works.

11-8-6 Joint-Venture Agreement with Manfia Holding Company

On 13/04/1436H, the Company concluded an agreement with Manafea Holding Company for establishment of a limited liability company whose objectives will be to develop and operate a commercial center on a plot of land owned by Manafea Company in Jeddah which has been leased by Alandalus Company on behalf of the joint venture company to be established for implementation of the project for a term of 25 years for a total price of SAR 159,640,250. This amount has been divided into annual installments which are detailed in the lease agreement. This Project is still in the initial planning phase and the Company has not started the construction yet.

The lease contract and project agreement provide for the assignment of the lease contract to the project company upon its establishment between the two parties as this company will undertake the payment of rent related to the lease of the project land. Alandalus Company shall undertake the design of the commercial center and hand it over to Hamat Company for operation and management.

The Company will acquire 70% of the commercial center while Manafea Company shall acquire 30%; each of them will be liable for his share of the cost of the building and development of the project and rent. The Capital of the new company will be fixed after having fixed the total expenses of the project. The Company shall acquire 10% of the costs of project development from the project company against the design, construction and implementation of the project. The agreement shall remain valid as long as the commercial center exists and shall be governed and construed by the rules and regulations of the Kingdom of Saudi Arabia.

11-8-7 Agreement for supply and installation of wood works for Staybridge Hotel in Jeddah:

The Company concluded on 17/08/2015G an agreement for the supply and installation of wood works with Sultana Industrial Complex Company for supply and installation of the requirements of Staybridge Hotel in Jeddah including furniture, doors and other wood works according to special specifications as agreed between the two parties based on the samples provided by Sultana Industrial Complex Company, as per the pictures attached with the agreement. The price of the project amounts to SAR 8,000,000. The Company will pay a down payment of 20% of the project value against guarantees provided by Sultana Industrial Complex Company. The remaining payments will be settled against monthly progress payments payable subject to inspection of related works by the Company. The project price will be subject to change in line with any changes in the present plans subject to the Company having submitted such changes to Sultana Industrial Complex Company with an authorization in writing for implementation.

The two parties agreed that wood works shall be completed within 7 months from the agreement date or receipt of first payment, whichever occurs last. Sultana Industrial Complex Company shall provide a 3 years warranty from the date of preliminary handover of the project covering all works performed thereby under the agreement. In addition, Sultana Industrial Complex Company shall provide maintenance services to the wood installations and works performed by them for three years from the date of preliminary hand-over of the project in respect of manufacturing faults.

The Wood works agreement of Staybridge Hotel in Jeddah shall be governed by and construed in line with the rules of the Kingdom of Saudi Arabia; any dispute arising between the two parties in this connection shall be resolved amicably, however if the two parties cannot reach an amicable settlement, then the agreement shall be subject to the jurisdiction of the competent courts in the Kingdom of Saudi Arabia.

11-9 Hamat Real Estate Company contracts:

On 14/08/2012G, The Company concluded a partnership agreement with Asala Holding Company under which the Company will be a partner of Hamat Real Estate Company in place of Buruj International Company. The partnership contract provides in its addendum that the partners shall observe that Hamat Real Estate Company is strictly the company which will manage and lease the commercial centers held by each of the partners or those which are under their control or the control of their affiliates in addition to any other new commercial centers constructed by any of them within 5 years from the date of agreement. The agreement excluded the commercial centers constructed at that time which were not under the management of Hamat Real Estate Company. Therefore, the Company is committed under the agreement to continue to appoint Hamat Company as operator and manager of all its commercial centers covered by the agreement or any centers to be constructed in the future. All related agreements were made on commercial and competitive basis.

The following is a description of all agreements concluded by Hamat Real Estate Company for management, operation and lease of commercial centers as of the date of this prospectus.

11-9-1 Agreement for management, operation and lease of Dareen Mall:

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with the Advanced Markets Company under which Hamat Company will manage, operate and lease the commercial center of Advanced Markets Company in Dammam, "Dareen Mall, against a fee as detailed in the agreement which constitutes a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11-9-2 Agreement for Management, operation and lease of Hayat Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with the owners of Hayat Mall represented by the Company under which Hamat Company will manage, operate and lease the commercial center of Hayat Real Estate Company in Riyadh, "Hayat Mall, against a fee as detailed in the agreement being a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11-9-3 Agreement for Management, operation and lease of Panorama Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Future Markets Company under which Hamat Company shall manage, operate and lease the commercial center of Advanced Markets Company in Riyadh, "Panorama Mall, against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11-9-4 Agreement for Management, operation and lease of Aseer Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Amwaj Aseer Company under which Hamat Company will manage, operate and lease the commercial center of Amwaj Aseer Company in Aseer, "Aseer Mall, against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from the tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11-9-5 Agreement for Management, operation and lease of Manar Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Al Manar Mall Center Company under which Hamat Company will manage, operate and lease the commercial center of Al Manar Mall Center Company, "Manar Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11.9.6 Agreement for Management, operation and lease of Amwaj Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Buruj International Company Ltd. under which Hamat Company shall manage, operate and lease the commercial center of Buruj International Company Ltd in Al Khobar, "Amwaj Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for rectification thereof was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia.

11-9-6 Agreement for Management, operation and lease of Kadi Mall

On 01/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Buruj International Company Ltd. under which Hamat Company will manage, operate and lease the commercial center of Buruj International Company Ltd in Jizan, "Kadi Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and income realization rations, etc..

The agreement term is 5 years renewable with the two parties' approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action for repair thereof was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia, and any disputes will be referred to the competent courts in Riyadh..

11-9-7 Agreement for Management, operation and lease of Baha Mall

On 21/01/2014G, Hamat Real Estate Company concluded a management, operation and lease agreement with Saudi Rak Real Estate Development Company under which Hamat Company will manage, operate and lease the commercial center of Saudi Rak Real Estate Development Company in Baha, "Baha Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years automatically renewable unless either part has otherwise advised the other party under a 90 days prior notice. Either party may terminate the agreement under a 90 days-notice if the other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

Both parties are entitled to assign all or part of the agreement to a third party under a written notice to the other party. The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-8 Agreement for Management, operation and lease of Robin Mall

On 01/02/2015G, Hamat Real Estate Company concluded a management, operation and lease agreement with Robin Company Saudi Arabia under which Hamat Company will manage, operate and lease the commercial center of Robin Company Saudi Arabia in Riyadh, "Robin Plaza", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 2 years renewable under a written agreement between the two parties. Either party may terminate the agreement under a 90 days-notice in any of the following cases:

a. Any breach by either party of the agreement terms which is irreparable , or if the violating party fails to take the necessary action to repair such breach within 30 days from the other party's notice of the occurrence of breach advising the necessity to repair it.

b. The other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

In addition, Robin Company Saudi Arabia may terminate the agreement in case of default or omission by Hamat Real Estate Company in performing its duties under the agreement by serving the latter a notice of 30 days prior to the termination date. Default or omission will be determined at the discretion of Robin Saudi Arabia.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-9 Agreement for Management, operation and lease of Al Hawia Mall

On 01/02/2015G, Hamat Real Estate Company concluded an agreement for management, operation and lease with Buruj International Company Ltd. under which Hamat Company will manage, operate and lease the commercial center of Buruj International Company Ltd in Taif, "Al Hawia Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable under a written agreement between the two parties. Either party may terminate the agreement under a 90 days-notice in any of the following cases:

a. Any breach by either party of the agreement terms which is irreparable , or if the violating party fails to take the necessary action to repair such breach within 30 days from the other party's notice of the occurrence of breach and the necessity to remedy it.
b. The other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-10 Agreement for Management, operation and lease of Flamingo Mall

On 01/02/2015G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the owner of Flamingo Mall under which Hamat Company shall manage, operate and lease the Flamingo Mall in Jeddah, against a fee as detailed in the agreement as a percentage of the total Income of the Center and amounts collected from tenants and income realization rations, etc..

The agreement term is 3 years renewable under a written agreement between the two parties. Flamingo Mall owner, in case of default by Hamat Real Estate Company of its liabilities, may terminate the agreement under a 90 days-notice requesting Hamat Real Estate Company to repair the default, subject to the occurrence of any of the following cases:

a. Hamat Real Estate Company is unable to lease the units in the Center as per the agreed plan
b. In case of any complaints by the tenants or visitors of the Center of a mismanagement of the center which might affect its reputation.
c. In case of breach by Hamat Real Estate Company of any of the agreement terms and conditions.

In addition, the agreement will terminate if either party has liquidated his operations. Hamat Real Estate Company may not assign the agreement or any part thereof without the prior written consent of Flamingo Mall owner.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-11 Agreement for Management, operation and lease of Alia Plaza

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with Amaken Alia Real Estate Company under which Hamat Company shall manage, operate and lease the commercial center owned by Amaken Alia Real Estate Company, " Alia Plaza" against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable under a written agreement between the two parties. Either party may terminate the agreement under a 90 days-notice in any of the following cases:

a. Any breach by either party of the agreement terms which is irreparable , or if the violating party fails to take the necessary action to repair such breach within 30 days from the other party's notice of the occurrence of breach and the necessity to repair it.
b. The other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-12 Agreement for Management, operation and lease of Hail University Mall

On 12/03/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the Higher Education Fund under which Hamat Company shall manage, operate and lease the Commercial center owned by the Higher Education Fund in the University Campus of Hail in the city of Hail, against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years automatically renewable unless otherwise agreed by the two parties. Either party may terminate the agreement under a 90 days-notice if the other party has liquidated his operations or did something similar whether at his choice or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts. The Higher Education Fund is entitled to assign all or any part of the agreement under a written notice to Hamat Real Estate Company

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-13 Agreement for Management, operation and lease of Tabuk Mall

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with Asala Holding Company under which Hamat Company will manage, operate and lease the commercial center owned by Asala Holding Company, in Tabuk " Tabuk Mall" against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable under a written agreement between the two parties. Either party may terminate the agreement under a 90 days-notice in any of the following cases:

a. Any breach by either party of the agreement terms which is irreparable , or if the violating party fails to take the necessary action to repair such breach within 30 days from the other party's notice of the occurrence of breach advising the necessity to repair it.
b. The other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-9-14 11.9.15 Agreement for Management, operation and lease of Al Reem Center

On 01/01/2012G, Hamat Real Estate Company concluded an agreement for management, operation and lease with Developed Center Real Estate Investment Company under which Hamat Company will manage, operate and lease the commercial center owned by Developed Center Real Estate Investment Company, in Riyadh " Al Reem Center" against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable under a written agreement between the two parties. Either party may terminate the agreement under a 90 days-notice in any of the following cases:

a. Any breach by either party of the agreement terms which is irreparable , or if the violating party fails to take the necessary action to repair such breach within 30 days from the other party's notice of the occurrence of breach advising the necessity to repair it.
b. The other party liquidates his operations or did any similar action whether at its discretion or under the rules, or if he appoints a custodian or manager on all or part of his assets, or if such party becomes unable to repay his debts.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi

11-10 Agreements with related parties

Except as otherwise stated in this section, the directors of the Company's board confirm that the Company is not bound by any transactions, contracts, commercial relations or Real Estate deals with any related party, including the financial and legal advisor of the offering, and that such relations have been made on commercial and competitive basis.

11-10-1 Joint-Venture agreement for development of hospital

On 30/10/2014G, the Company concluded an agreement with Dr. Sulaiman Al Habib Medical Services Group, with which the chairman of the Board, Mohammed Abdulaziz Al Habib is affiliated as he is an indirect shareholder and a member of the Board of Dr. Sulaiman Al Habib Medical Services Group, under which they agreed to form a limited liability company for development and operation of a hospital on a land owned by the Company in Jeddah. The agreement provides for the design, operation and management of the hospital by Dr. Sulaiman Al Habib Medical Services group. Construction has not started yet.

Each party holds 50% of the hospital project. The capital will be fixed after fixing the total expenses of the project. The Company participates in this project by in-kind shares, namely land plots Nos. 2/a, 2/b and 5/b of the plan No. 444/J/S located in Jeddah with a total area of 251.258 square meters and a value of SAR 91,389,000.

Against the design, development and management services, Dr. Sulaiman Al Habib Medical Services Group will be entitled 10% of the project development costs and management fees of 5% of the annual income (7.5% in the annual investment yield exceeds 20%).

The agreement shall remain valid throughout the hospital's life. Any dispute between the two parties shall be settled amicably or by arbitration in line with the Saudi Arbitration Law.

The above contract has been approved by the Board of Directors on 01/12/2014G with Mohammed Abdulaziz Al Habib refraining from voting on this resolution. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-2 Agreement for Management, operation and lease of Tilal Center

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the Company under which Hamat Company shall manage, operate and lease the commercial center of the Company in Riyadh, "Tilal Center", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' written approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action to repair it was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia, and any disputes will be referred to the competent courts in Riyadh..

The above contract has been approved by the Board of Directors on 01/12/2014G. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-3 Agreement for Management, operation and lease of Alandalus Mall

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the Company under which Hamat Company shall manage, operate and lease the commercial center of the Company in Jeddah, "Alandalus Mall", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' written approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action to repair it was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia, and any disputes will be referred to the competent courts in Riyadh..

The above contract has been approved by the Board of Directors on 01/12/2014G. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-4 Agreement for Management, operation and lease of Sahafa Center

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the Company under which Hamat Company shall manage, operate and lease the commercial center of the Company in Riyadh, "Sahafa Center", against a fee as detailed in the agreement as a percentage of the total Income of the Center and amounts collected from tenants and income realization rations, etc..

The agreement term is 5 years renewable with the two parties' written approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action to repair it was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia, and any disputes will be referred to the competent courts in Riyadh..

The above contract has been approved by the Board of Directors on 01/12/2014G. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-5 Agreement for Management, operation and lease of Yarmouk Center

On 01/01/2014G, Hamat Real Estate Company concluded an agreement for management, operation and lease with the Company under which Hamat Company shall manage, operate and lease the commercial center of the Company in Riyadh, "Yarmouk Center", against a fee as detailed in the agreement as a percentage of the total Income of the Center, the amounts collected from tenants and the income realization rations, etc..

The agreement term is 5 years renewable with the two parties' written approval. Either party may terminate the agreement under a 90 days-notice in the following cases: (a) Any irreparable breach or any breach that no action to repair it was taken within 30 days from the date of notice, (b) in case of the winding up of either party.

The agreement will be governed by and construed in line with the rules of the Kingdom of Saudi Arabia, and any disputes will be referred to the competent courts in Riyadh..

The above contract has been approved by the Board of Directors on 01/12/2014G. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-6 Agreement for lease of Sahafa Center Land

On 28/01/2013G, the Company concluded an agreement for lease and development of Sahafa Center land with Moosa Bin Abdullah Al Ismail under which the Company shall lease the land plots Nos. 913 – 926 in Sahafa district in Riyadh of a total area of 12.395 square meters for 20 Hegria years for development of a commercial center which will devolve to the ownership of the lessor after the lease period. The total lease fee will amount to SAR 64,082

Under this agreement, the Company shall be entitled to sublease the land in full or in part without the prior approval of the lessor, however the assignment of the agreement to a third party shall require the lessor's written approval. Under the agreement, the lessor may not sell the land unless under a 10 days prior notice to the Company unless the Company wished to purchase the land. In addition, the lessor may terminate the agreement after the lapse of one year from the contract date if the project was not commenced unless in cases of force majeure. Upon termination of agreement, the Company must surrender the title deed of the leased land and all constructions thereon in a good condition.

The above contract has been approved by the Board of Directors on 01/12/2014G. The contract was also endorsed by the Extra-Ordinary General Meeting held on 19/05/1436H (10/03/2015G).

11-10-7 Lease Agreement with the International Health Care Services Company

The Company entered into a lease agreement with International Health Care Services Company, in which the Board Member, Mohammed Abdulaziz Al Habib, owns an interest, indirectly through his ownership in Mohammed Abdulaziz & Sons Holding Company, with regards to leasing spaces in its building on the Northern Ring Road in Riyadh. Part of this building is used as its head office. The total leased area to the International Health Care Services Company is 1,266 square meters. The lease contract starts as of 01/01/2013G, while the second contract starts on 15/07/2013G and both contracts terminate on 31/12/2017G. The rental value of the spaces leased under these contracts is SAR 933 825 annually.

Both contracts require the lessee to obtain the Company's prior consent to convert or sublet any portion of the leased property. The Company does not have to obtain the consent of the tenant to transfer its interest in the leased property without the consent of the tenant. These contracts remain valid before any lessor or new owner of the building.

The Company has the right to terminate the contract in any of the following cases:

a. If the tenant fails to pay the rent when becomes due.
b. If the tenant uses the leased property for a purpose other than the agreed purpose in the lease contract.
c. If the tenant uses the leased property in a manner detrimental to others or the building or violate applicable regulations.
d. If the lessee transfer or assign the leased property without the prior written consent of the Company.
e. In the event of bankruptcy of the tenant and his failure to provide a guarantee for the Company.

Since these contracts are concluded with a related party and subject to the requirements of Article 69 of the Companies Regulations and Article 18 of the Corporate Governance Regulations, the Company will present these contracts to the first meeting of the Board of Directors for approval, and will present them also to the first General Assembly Meeting for approval.

11-10-8 Lease Contract with the Fourth Beauty Pharmacy for Trading

The Company entered into two lease contracts with the Fourth Beauty Pharmacy for Trading ("Beauty Pharmacy" or "the Lessee") to rent spaces in each of Tilal Center and Sahafa Center. The two contracts are considered contracts with related parties due to the indirect ownership of the Board member, Abdulaziz Mohammed Al Habib, in Beauty Pharmacy, through his ownership of an interest in Mohammed Abdulaziz and Sons Holding Company, which in turn owns an interest in the capital of Beauty Pharmacy.

The Lease Contract relating to Tilal Center in Riyadh with Beauty Pharmacy was concluded on 01/02/1435H (corresponding to 05/12/2013G, under which the Company leased rental units with a total area of 350 square meters to be used as a pharmacy under the trade name of “Whites” for a period of three years commencing from 1/4/2014G and ending on 31/03/2017G. The rental value of this contract is SAR 385,000 per year, payable in two equal installments, at the beginning of the contractual year and after six months of the beginning of that year.

On the same date, 01/02/1435H corresponding to 05/12/2013G, the Company entered into another contract with Beauty Pharmacy to rent units in Sahafa Center in Riyadh, with a total leased are of 249.3 square meters, to be used also as a pharmacy under the trade name of “Whites” for a period of three years commencing from 15/03/2014G and ending on 14/03/2017G. The rental value of this contract is SAR 300,000 per year, payable in two equal installments, at the beginning of the contractual year and after six months of the beginning of that year.

The two contracts are stipulating the same terms and conditions, including that it is not permissible for the tenant to join another partner with it, assign the lease contract, sublet the unit leased to it or encumber the property lease to it, either in part or in full, without the prior written consent of the Company.

With regard to termination of the contract, the contract stipulates that the company is entitled to terminate the contract without notice to the tenant or obtaining a court ruling, in a number of cases, including the following:

a. If the tenant fails to pay the rent when becomes due.
b. If the tenant fails to take over the leased unit or fails to prepare the unit and open it at times specified in the contract.
c. If the tenant fails to obtain the permits and licenses necessary to conduct its business.
d. If the tenant uses the leased property in a manner detrimental to others or the building or violate applicable regulations.
e. If the lessee transfer or assign the leased property without the prior written consent of the Company.
f. If the tenant violates any of the lease lease contract terms and conditions.

These contracts give the right to the Company to dispose of the related centers either by lease, sale or assignment, and the tenant in any of these cases should continue the implementation of the contract.

These contracts are subject to all regulations and instructions in force in the kingdom, and any dispute arising out of any of these contracts shall be referred to the competent judicial authorities in the Kingdom.

Since these contracts are concluded with a related party and subject to the requirements of Article 69 of the Companies Regulations and Article 18 of the Corporate Governance Regulations, the Company will present these contracts to the first meeting of the Board of Directors for approval, and will present them also to the first General Assembly Meeting for approval.

11-10-9 Lease Contract with the National Distribution Company

The Company has entered into a lease contract with the National Distribution Company (“Lessee”) on 20/10/1436H corresponding to 05/08/2015G to rent an area of 74 square meters in the second floor of the Company’s head office building located at the Northern Ring Road to be used by the National Distribution Company as an administrative headquarters. This contract is considered a contract with a related party due to the indirect ownership of the Board member, Abdulaziz Mohammed Al Habib, of an interest in the National Distribution Company, through its ownership in Mohammed Abdulaziz & Sons Holding Company, which owns indirectly an interest in the capital of the National Distribution Company.

The contract period is one non-renewable year unless with the consent of both parties. The total rental value of this contract is SAR 51,500 annually. The National Distribution Company may not transfer the contract or sublet the leased space, either partially or completely, without the prior written consent of the Company.

a. The Company has the right to terminate the contract in any of the following cases:
b. If the tenant fails to pay the rent within one month when becoming due.
c. If the tenant uses the leased property in a manner detrimental to others or the building or violate applicable regulations in the Kingdom.
d. If the lessee transfer or assign the leased property without the prior written consent of the Company.
e. In the event of bankruptcy or insolvency of the tenant and his failure to provide proper guarantee to the Company.

This contract is subject to all regulations and instructions in force in the kingdom, and any dispute arising thereof shall be referred to the competent judicial authorities in the Kingdom.

Since this contract is concluded with a related party and subject to the requirements of Article 69 of the Companies Regulations and Article 18 of the Corporate Governance Regulations, the Company will present this contract to the first meeting of the Board of Directors for approval, and will present it also to the first General Assembly Meeting for approval.

11-11 Trade Marks

The Company and its investments own a number of trademarks which were registered with the Ministry of Commerce and Industry, as follows:

Table 189: Trademarks owned by the Company

Trademark owner	Trademark name	Registration No.	Category	Registration Expiry	Trademark
The Company	Alandalus Mall	1063/7	36	24/3/1439 (12/12/2017)	الأندلس مول ALANDALUS MALL
The Company	Alandalus Property Company	1435002142	36	7/2/1445 (23/8/2023)	الأندلس Alandalus Property العقارية
The Company	Alandalus Square	1435002181	36	7/2/1445 (23/8/2023)	الأندلس سكوير ALANDALUS SQUARE
The Company	Yarmouk Center	1435002186	36	7/2/1445 (23/8/2023)	اليرموك سنتر Yarmouk Center
The Company	Sahafa Center	1435002214	36	7/2/1445 (23/8/2023)	سنتر الصحافة sahafa center
The Company	Tilal Center	1435002215	36	7/2/1445 (23/8/2023)	سنتر تلال TILAL CENTER
The Company	Dareen Mall	1020/25	36	24/3/1439 (12/12/2017)	دارين مول Dareen Mall
The Company	Hayat Mall	1436006896	36	6/4/1446H (9/10/2024G)	حياة مول HAYAT MALL
Hamat Real Estate Company	Hamat Real Estate Company	1435018775	36	13/10/1445 (22/4/2024)	hamat شركة هامات العقارية Hamat Property Co.

Source: The Company

The Company and its affiliates rely in their business on these trademarks for the marketing and management of related commercial centers in addition to the marketing of their services.

11-12 Legal Cases, Claims and Regular Actions

The following table shows the legal cases, claims and regular actions relating to the Company and its investments:

Table 190: legal cases, claims and regular actions relating to the Company

Claimant	Defendant	Subject	Case status	Expected financial effect (SAR)
A Real Estate Brokerage Company	Alandalus Property Company	A Real Estate Brokerage Company claimed it is entitled for the commission in respect of purchase of the land being currently used as a head office of the Company. The amount of commission is estimated at SAR 650,000.-	The case was rejected for non-eligibility. Judgment was appealed by the claimant, and the case is still outstanding.	650,000
The Company	Leasing Establishment	The Company filed a counter claim requesting the said establishment to pay the late fees in respect of leasing a commercial store in Alandalus Mall.	Outstanding	332,334 (in favor of the Company)

Source: The Company

The following table shows the legal cases, claims and regular actions relating to Hayat Real Estate Company:

Table 191: Legal cases, claims and regular actions relating to Hayat Real Estate Company:

Claimant	Defendant	Subject	Case status	Expected financial effect (SAR)
Hayat Real Estate Company	Leasing Company	Hayat Real Estate Company filed a case requesting the defendant to vacate the store leased in Hayat Mall The leasing company filed a counter claim against Hayat Real Estate Company requesting payment of compensation for the damages it incurred owing to the pressures it was subject to during the lease term.	Outstanding	Evacuation Claim cannot be linked to a certain value while the counter claim entails a compensation that will be fixed by the competent judicial authority, however such value cannot be determined if positively adjudged.
Hayat Real Estate Company	Leasing Company	Hayat Real Estate Company filed a case requesting the defendant to vacate the store leased in Hayat Mall and pay the rent for the period from 1/8/2010 to 31/7/2013 as per the term of the contract signed therewith.	A judgment was passed in favor of Hayat Real Estate Company in respect of surrendering the leased property in addition to SAR 606.250. The judgment was appealed and the court resolved to return the case to the first court to handle the comments of appeal court. This case is still outstanding as of the date of this prospectus.	606,250 in favor of Hayat Real Estate Company
Hayat Real Estate Company	Leasing Company	Hayat Real Estate Company filed a separate case requesting the defendant to pay a market equivalent price for the leased property for the lease period from 1/8/2013 to 2/12/2014G	This case is still being viewed by the court as of the date of this prospectus	Indefinable at this stage of the claim as the market equivalent rate is subject to the discretion of the court.

Source: The Company

11-13 Directorship of directors of the board on other companies' boards which conduct similar or competitive business

A number of the directors of the Company occupy other positions at, or have direct contribution in companies which conduct businesses that are similar or competitive to the Company's activities as shown in the table below:

Table: 192: Description of the Directors who occupy other positions, or have direct contribution, in companies which conduct businesses similar or competitive to the Company's activities

Related Company	Capacity in the related company		Nature of the business of the related company	Does it compete with the Company's business?
	Board member/ director	Holder (Directly)		
Mohammed Abdulaziz Al Habib				
Mohammed Bin Abdulaziz Al Habib and Sons Holding Company	Yes	Yes	Investment and Development of Lands and Construction	Yes, there is competition as of the date of this prospectus
Mohammed Bin Abdulaziz Al Habib and Partners Real Estate Investment Company	Yes	Yes	Holding, development and investment of properties and lands	Yes, there is competition as of the date of this prospectus
Mohammed Al Habib and Ahmed Al Habashi and Partners Company	Yes	Yes	Investment in Real Estate projects and works, trading of lands and representation of Real Estate brokerage companies	No, since the company is located in Syria and it has no activity in the Kingdom of Saudi Arabia
Alamiyah Health Care Company	No	Yes	Wholesale and retail trading in medicines and medical accessories	No, there is no competition as of the date of this prospectus
Asala Holding Company	Yes	Yes	General Contracting of buildings, building maintenance and purchase of lands for construction and investment of buildings.	Yes, there is competition as of the date of this prospectus
Giras Al Akhlaq Educational Company	Yes	Yes	Educational services	No, there is no competition as of the date of this prospectus
Sulaiman Al Habib Medical Services Holding Group	Yes	Yes	Construction and Management of hospitals and medical centers – purchase of lands and construction and investment of buildings thereon - Wholesale and retail trading in medicines and medical accessories	Yes, there is competition as of the date of this prospectus
Hayat Real Estate Company	Yes	No	Real Estate Sector	No, as it manages only the projects for which purpose it was established
Abdulmohsen Mohammed Al Zakari				
Al Zakari Trading and Industry Company	Yes	Yes	Purchase and development of lands and constructions of buildings thereon and investment by sale or lease or installment in favor of the Company – General Contracting of buildings – operation and marketing of properties	Yes, there is competition as of the date of this prospectus
Abdussalam Abdulrahman Al Aqeel				
Hurma National Company	Yes	Yes	Real Estate investment by purchase and investment of lands and properties either by lease or sale and management and operation of cities and public and private facilities – Architectural and Civil Contracting	Yes, there is competition as of the date of this prospectus

Related Company	Capacity in the related company		Nature of the business of the related company	Does it compete with the Company's business?
	Board member/ director	Holder (Directly)		
Riyadh Najd Schools Company	Yes	Yes	Construction, Management and operation of schools – Constructions and Training of Schools for all stages	No, it's activity is restricted to operation of educational buildings
Wadi Hurma Company	Yes	Yes	Real Estate investment by purchase and investment of lands and properties either by lease or sale; management and operation of cities and public and private facilities – Architectural Civil, mechanical and electrical Contracting, construction works and maintenance	Yes, there is competition as of the date of this prospectus
SAGIA	Yes	No	SAGIA announces the facilitation of investment in the Kingdom of Saudi Arabia by providing the ideal circumstances to achieve maximum efficiency and ease for companies and businessmen to grow their businesses through the Local and International Overall Service Offices	No, there is no competition as of the date of this prospectus
Kinan Intenational Real Estate development Company	Yes	Yes	Purchase and lease of lands for construction of buildings, and investment of such buildings by sale or lease in cash or on installment, marketing services for others, general contracting, renovation, excavation for public and residential buildings, touristic resorts, apartments, hotels, restaurants, construction, demolition and electrical works.	Yes, there is a competition as of the date of this prospectus
Jarir Commercial Development Company	Yes	Yes	Management, development and maintenance of properties, purchase and holding of Real Estates in favor of the company, general contracting of buildings, maintenance of buildings, roads, dams, water and sewerage works, electrical works, construction, maintenance of hospitals and health facilities.	Yes, there is competition as of the date of this prospectus
Asala Holding Company	Yes	No	General contracting of buildings, maintenance of residential and commercial buildings, electrical and mechanical works, export and marketing services for others, purchase of lands for construction of buildings and investment of such buildings by sale or lease in favor of the company.	Yes, there is competition as of the date of this prospectus
Advanced Markets Company	Yes	No	Real Estate Sector	No, as it only manages the projects for which purpose it was established
Al Mustaqbal Markets Company	Yes	Yes	General contracting and maintenance of buildings, electrical and mechanical works, export and marketing for others, purchase of lands for construction of buildings and investment of such buildings by sale or lease in favor of the company	Yes, there is competition as of the date of this prospectus

Related Company	Capacity in the related company		Nature of the business of the related company	Does it compete with the Company’s business?
	Board member/ director	Holder (Directly)		
Century 21 Saudi Arabia	Yes	Yes	purchase of lands for construction of buildings and investment of such buildings by sale or lease in favor of the company, management, maintenance and development of Real Estates in favor of the company, operation of buildings and facilities, electrical works, import and distribution of energy, extension of irrigation networks, landscaping, mechanical works, refrigeration and air conditioning, purification and pumping plants and performance of contracting contracts.	Yes, there is competition as of the date of this prospectus
Khumasiat Taba Company	Yes	Yes	General contracting of infra-structure, roads and buildings (construction, repair, demolition, renovation of buildings, towers and hotel and residential centers, parks and recreational facilities), development of lands and construction of buildings thereon and investment of such buildings by sale, or lease in favor of the company	Yes, there is competition as of the date of this prospectus
Khumasiat Taba Company	Yes	Yes	General contracting of infra-structure, roads and buildings (construction, repair, demolition, renovation of buildings, towers and hotel and residential centers, parks and recreational facilities), development of lands and construction of buildings thereon and investment of such buildings by sale, or lease in favor of the company	Yes, there is competition as of the date of this prospectus
Afras Company Saudi Arabia	لا	Yes	General contracting of infra-structure, roads and buildings (construction, repair, demolition, renovation of buildings, towers and hotel and residential centers, parks and recreational facilities), development of lands and construction of buildings thereon and investment of such buildings by sale, or lease in favor of the company	Yes, there is competition as of the date of this prospectus
Etaam Charitable Society (Riyadh)	Yes	Yes	Charitable activities	No as its activity is restricted to social and charitable activities
Jarir Commercial Consulting Company	Yes	No	Purchase of lands for construction of buildings thereon and investment of such buildings by sale and lease in favor of the company, general contracting of buildings, maintenance of buildings, roads, dams, water and sewerage works, electrical and mechanical works, maintenance and repair of electronic and electric systems, office equipment and tools, computer systems maintenance and import and marketing for others.	Yes, there is a competition as of the date of this prospectus

Related Company	Capacity in the related company		Nature of the business of the related company	Does it compete with the Company's business?
	Board member/ director	Holder (Directly)		
Sorouh El Marakez Company	Yes	No	Real Estate Sector	Yes, there is competition as of the date of this prospectus
Ahmed Abdulrahman Al Moosa				
Abdulrahman Abdullah Al Moosa Holding Company	Yes	Yes	Purchase and sale of lands and properties and development and sale thereof, construction of residential, commercial, industrial and educational buildings – Construction, sale, purchase and maintenance of touristic and recreational centers.	Yes, there is competition as of the date of this prospectus
Abdul Rahman Al Moosa and Sons Company	Yes	Yes	General contracting of buildings, installation and maintenance of elevators, management and operation of hospitals and medical centers, maintenance and repair of roads.	Yes, there is competition as of the date of this prospectus
Robin Company Saudi Arabia	Yes	No	General contracting of residential, commercial buildings, electrical and mechanical works, import export, purchase of lands for construction of buildings thereon and investment of such buildings by way of sale or lease, management, maintenance and development of residential and commercial centers.	Yes, but the company's projects are still under formation as of the date of this prospectus
Real Estate Development and Tourism Company	Yes	No	General contracting of buildings, steel buildings, electrical and mechanical works, construction and maintenance of hotels, furnished apartments and recreational centers in favor of the company, touristic lodgings.	Yes, there is competition as of the date of this prospectus
Mahd Al Dhiafa Company	Yes	No	General contracting of buildings, steel buildings, construction and maintenance of recreational centers, hotels and touristic villages, purchase of lands purchase of lands for construction of buildings thereon and investment of such buildings by way of sale or lease, management, maintenance and development of residential and commercial centers, wholesale and retail trade in carpets, office furniture, hotel furniture, touristic villages and lodgings.	Yes, there is competition as of the date of this prospectus
Durrat Al Siaha Company	Yes	No	General contracting of buildings, steel buildings , construction and maintenance of recreational centers, hotels and touristic villages, purchase of lands purchase of lands for construction of buildings thereon and investment of such buildings by way of sale or lease, maintenance and cleanliness of commercial and residential buildings, parks and touristic lodgings.	Yes, there is competition as of the date of this prospectus

Related Company	Capacity in the related company		Nature of the business of the related company	Does it compete with the Company's business?
	Board member/ director	Holder (Directly)		
Yanbu Tourism Company Ltd.	Yes	No	Ready mixed concrete works, import, export, wholesale and retail trading in building materials, electrical and sanitary equipment, block, tiles and accessories, purchase of lands for construction buildings	Yes, but the company is still under formation as of the date of this prospectus
Durrat Al Jubail Tourism Company Ltd.	Yes	No	Building general contracting – steel structures – construction, maintenance and management of recreational centers, hotels, tourist villages, hotel apartments, purchase of lands for constructing buildings thereon and investment thereof by sale or lease in favor of the company, construction, management and maintenance of Real Estates in favor of the company, furnishing of hotels and furnished apartments.	Yes, but the company is still under formation as of the date of this prospectus
Jazira Markets Company	Yes	No	Wholesale and retail trade in food stuff, house-ware and electrical equipment, perfumes, make-up products, stationary, furniture, exporting services, wears, production of sweets and bread.	Yes, there is competition as of the date of this prospectus
Abdulaziz Abdullah Al Rashid				
Abdulaziz Bin Abdullah Bin Saad Al Rashid Company	Yes	Yes	General trade	No, there is no competition as of the date of this prospectus
Abdulaziz and Faisal Bin Abdullah Bin Saad Al Rashid Company Ltd.	Yes	Yes	Real Estate Contracting and Trade – Water desalination and furniture trade	Yes, there is competition as of the date of this prospectus
Abdullah Bin Saad AL Rashid and Sons Company	Yes	Yes	Real Estate and Trading contracting – investment and general trade.	Yes, there is competition as of the date of this prospectus
Sulaiman Mohammed Al Dawood				
Samad Contracting Company	Yes	No	Water and Sewerage works – Electrical and water desalination works.	No, there is no competition as of the date of this prospectus
Ayman Mohammed Al Modaifir				
Al Khair Capital Company	Yes	No	Financial Sector	No, as its activity is restricted to financial sector
Advanced Markets Company	Yes	No	Real Estate Sector	No, as it manages only the projects for which purpose it was established
Hamat Real Estate Company	Yes	No	Real Estate Sector	No as its actual activity is restricted to operation of malls and commercial centers
Hayat Real Estate Company	Yes	No	Real Estate Sector	No, as it manages only the projects for which purpose it was established
Sorouh El Marakez Company	Yes	No	Real Estate Sector	Yes, there is competition as of the date of this prospectus

Source: The Company

Directors confirm that the Extra-Ordinary General Assembly, in its meeting held on 19/5/1436H (10/3/2015G) approved the competing businesses stated hereinabove.

12. Description of Shares

The Share Capital of the Company is seven hundred million Saudi Riyals (SAR 700,000,000), consisting of seventy million (70,000,000) Ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share.

The Extraordinary General Meeting may, based on a reliable feasibility study and after receiving the approval of the competent authorities, resolve to increase the Company's capital once or more by issuing new shares with the same nominal value as the original shares, provided that the original capital shall have been paid up in full with due consideration to the requirements of the Companies Regulations.

Such a resolution shall specify the manner in which the capital shall be increased. The original Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The original Shareholders shall be notified of the pre-emptive rights vested in them by a notice to be published in a daily newspaper reporting the capital increase resolution and the conditions of subscription,. Each shareholder should declare his desire to exercise the pre-emptive right if he wishes to do so, within fifteen (15) days from the date of publication of this announcement or notification.

The new Shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original Shares owned by them, provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The remaining new Shares shall be allotted to the Shareholders who have asked for more than their proportionate share, in proportion to the original Shares they own, provided that their total allotment shall not exceed the number of new Shares they have asked for. Any remaining new Shares shall be offered for public subscription.

The Extraordinary General Assembly may, for valid reasons and after obtaining the approval of the Ministry of Commerce and Industry, resolve to reduce the Company's capital if it proves to be in excess of its needs or if the Company has incurred losses. Such a resolution shall not be adopted except after considering the auditor's report on the reasons for such a reduction, the obligations that the Company must meet and the effect of the reduction on such obligation, with due consideration to the provisions of the Companies Regulations. Such a resolution shall specify the manner in which the capital shall be decreased. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located, which is Riyadh. Should any creditor object and present to the Company evidentiary documents within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12-1 Shareholders Equity

Under article 108 of the Companies Regulations, a Shareholder is vested with all the rights attached to Shares, which include in particular the right to receive a share in the profits declared for distribution, the right to a share in the Company's assets upon liquidation, the right to attend General Assemblies and participate in the deliberations and vote on the resolutions proposed at such meetings, the right to access to the Company's books and documents, the right to supervise. the acts of the Board of Directors, the right to institute proceedings against the Directors Shareholders are not entitled to require the Company to buy-back their Shares.

12-2 General Meetings

A General Assembly duly convened is deemed to represent all the Shareholders and must be held in the city where the Company's head office is located. With the exception of those matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly deals with all matters concerning the Company.

The Ordinary General Assembly must be convened at least once a year, within six (6)months following the end of the Company's fiscal year. Additional Ordinary General Assemblies may be convened as required.

The Extraordinary General Assembly has the power to amend the By-Laws (to the extent permissible under the Companies Regulations). Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, subject to the same requirements applicable to the Ordinary General Assembly.

The Company must publish an invitation to Shareholders to attend the General Assembly in the Official Gazette and in a daily newspaper circulated in the location of the head office of the Company, at least twenty five (25) days prior to the date of the General Assembly. A copy of the invitation and agenda must be sent to the competent authority within the period specified for publication. The Board of Directors must convene a meeting of the Ordinary General Assembly if requested to do so by the auditors or by Shareholders representing at least 5% of the Company's Share Capital.

A meeting of the Ordinary General Assembly is quorate if attended by Shareholders representing at least 50% (fifty percent) of the Company's capital. If such quorum is not present at the first meeting, a second meeting must be held within 30 (thirty) days following the time set for the first meeting. Notice of such meeting must be published in compliance with the procedures set out in the invitation of the first meeting. The second meeting is deemed quorate irrespective of the number of Shares represented at such meeting. The meeting of EGM shall be valid only if attended by a number of Shareholders representing at least half (50%) of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held within the next thirty (30) days. The second meeting shall be valid only if attended by a number of Shareholders representing at least 25% of the Company's share Capital. The General Assembly meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by his deputy from among the members of the Board of Directors. The Chairman shall appoint a secretary for the meeting and a canvasser. Minutes shall be written for the meeting which shall include the names of the Shareholders present in person or represented by proxy, the number of shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the secretary and the canvasser.

12-3 Voting Rights

Every Shareholder owning at least twenty (20) Shares shall have the right to attend a General Assembly Meeting and may authorize in writing another Shareholder (other than a member of the Board of Directors or Company Shareholder) to attend the General Assembly on his behalf. Votes at the meetings of Ordinary and Extraordinary General Assemblies are counted on the basis of one vote for each Share represented at the meeting. Resolutions of the Ordinary General Meeting are passed by absolute majority vote of te shares represented therein.

Resolutions of the Extraordinary General Assembly shall be passed if supported by a majority of at least 2/3 (two-thirds) of the Shares represented at the meeting. If the resolution to be adopted at a General Assembly relates to an increase or reduction of the Company's share capital, extending the Company's term, dissolving the Company prior to the expiry of its term or merging the Company with another company or establishment, then such a resolution shall be passed if supported by a majority of at least 3/4 (three-quarters) of the Shares represented at the meeting. Each Shareholder has the right to discuss the items listed in the agenda for the General Assembly and to direct questions to the members of the Board and the Auditor in relation to such matters. The Board of Directors or the Auditor is required to answer questions from Shareholders other than when to do so may jeopardize the interests of the Company. Should a Shareholder consider the reply to be unsatisfactory, he can report to the General Assembly, whose resolution will be considered final.

12-4 Approvals necessary to amend the voting rights

Bylaws of the Company shall be amended to amend the rights and mechanism of voting in the Company's general assemblies. In accordance with Article 29 of the Company's By-laws, the Extraordinary General Meeting shall have the power to amend the Bylaws of the Company. An extraordinary general assembly will be held only if attended by shareholders representing at least half (50%) of the share capital. If such quorum cannot be attained at the first meeting, an extraordinary general assembly shall be convened in the same manner provided that the percentage attended is not less than 25% of the Company's share capital in all cases. Resolutions of the Extraordinary General Assembly on the Company's By-laws amendment shall be passed if supported by a majority of at least two-thirds of the Shares represented at the meeting.

12-5 Shares

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to the statutory reserve, even if the reserve has reached its maximum limit. A Share shall be indivisible vis-à-vis the Company. In the event that a Share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the Share, and they shall be jointly responsible for the obligations arising from the ownership of the Share. Share ownership is governed by regulations of companies listed on Tadawul. Any transfer in contrary with the Company's By-Laws shall be considered void.

12-6 Term of the Company

The term of the Company is ninety nine (99) Gregorian years commencing on the date of issuance of the Minister of Commerce and Industry's resolution announcing the incorporation of the Company. The term of the Company may always be extended by a resolution adopted by the Extraordinary General Assembly at least one (1) year prior to the expiry of its term.

12-7 Dissolution and Winding-up of the Company

Upon expiry of the Company's term, or if it is dissolved prior to the time set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board, decide the method of liquidation, appoint one (or more) liquidator and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The

Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

12-8 Transfer of Shares

Transfer of Shares is subject to the rules and regulations applicable to companies listed on Tadawul and any trading in the Shares that does not comply with such regulations is deemed void. Selling Shareholders are subject to a Lock-up Period (defined in "the Offering" Section of this Prospectus) during which they are prevented from disposing of their shares.

12-9 Repurchase of the Company Shares

Pursuant to Article (105) of the Companies Regulations, it is not permissible for the Company to purchase its shares, except in the following cases:

1. If the purpose of purchase is the redemption of the shares under the conditions set out in Article (104) of the Companies Regulation, which stipulates that a Com[any by-lwas may indicate that the company my redeem its own shares during incorporation stafe if it is a project that perishes gradually or temporary rights-based.
2. If the purpose of the purchase is the capital reduction.
3. If the shares are within a range of funds that the company purchases by its assets and liabilities.

With the exception of the shares provided to ensure the liability of the members of the Board of Directors of the Company, the Company shall not mortgage its shares. The shares held by the Company shall not have votes in the deliberations of the Assemblies of shareholders.

13. Underwriter

13-1 Underwriter

Riyadh Capital has undertaken, under the Underwriting Agreement with the Company and the Selling Shareholders, to underwrite in full the shares offered for subscription amounting to twenty-one million (21,000,000) Ordinary Shares, representing all of the shares offered for subscription at an Offer Price of eighteen SAR (18) per share.

Riyad Capital
P.O. Box 21116, Riyadh 11475
Kingdom of Saudi Arabia
Tel: +966 (11) 486 5695
Fax: +966 (11) 486 6823
Website: www.riyadcapital.com
E-mail: ProjectAPC@riyadcapital.com

13-2 Summary of Underwriting Agreement

Under the terms of the Underwriting Agreement:

a. The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the CMA approves the allocation of the Offer Shares following the end of the Subscription Period, they will:
   - sell and allocate the Offer Shares to Subscribers/Investors whose subscription application for Offer Shares has been accepted by Selling Agents; and/or
   - sell and allocate to the Underwriters any Offer Shares that are not purchased by Individual Investors or Institutional Investors pursuant to the terms of the Offering; and

b. The Underwriter undertakes to the Selling Shareholders that, on the Allocation Date, it will purchase any Offer Shares that are not subscribed for by Individual Investors or Institutional Investors. The Company and the Selling Shareholders undertake to the Underwriter that they are committed to all terms indicated in this Prospectus and conditions of the Underwriting Agreement.

c. A fee shall be paid to the Underwriter against its undertaking to underwrite the Offer Shares. This fee represents a specified percentage of the of the Offering total proceeds.

14. IPO Expenses

The Selling Shareholders will bear all costs relating to the IPO, which is expected to reach about SAR 19 million. Such expenses will be deducted from the total Offering proceeds amounting to three hundred and seventy eight million SAR (378,000,000). Offering expenses include fees of the Financial Advisor, Legal Advisor to the Offering, Reporting Accountants, underwriting expenses, Selling Agents' expenses, marketing, printing and distribution expenses, in addition to and other Offering related expenses.

Notably, the Company will not bear any of the expenses related to the Offering, but they will be deducted from the offering proceeds. The Selling Shareholders will pay all subscription fees incurred by the Company immediately upon completion of the IPO process.

15. Exemptions

The Company or the Financial Advisor has not submitted any request to CMA to be exempted from any requirements stipulated in the Listing Rules.

16. Subscription Terms and Conditions

An application for admission and listing of the Shares has been submitted to CMA, in accordance with the Listing Rules. This Prospectus as well as all supporting documents requested by CMA have been approved and all regulatory approvals regarding the Offering have been granted.

All Subscribers must carefully read the subscription terms and conditions prior to completing the Subscription Application Form, since signing the Subscription Application Form constitutes acceptance and agreement to the subscription terms and conditions.

16-1 Subscription to Offer Shares

The Initial Public Offering includes offering of 21,000,000 Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share and at an offer price of eighteen SAR(18) each, representing 30% of the issued Share Capital of the Company, with a total value of three hundred and seventy eight million SAR (378,000,000). The Offering is directed at and may be accepted by two tranches of investors:

Tranche (A): Institutional investors consisting of a number of institutions and companies including investment funds. The number of Offer Shares to be allocated to Institutional Investors is twenty one million (21,000,000) Shares, representing one hundred percent 100% of the Offer Shares. In the event Individual Investors (as defined in Tranche (B) below) subscribe to all of the Offer Shares, the Institutional Bookrunner has the right, subject to the Capital Market Authority's consent, to reduce the number of Offer Shares allocated to Institutional Investors to twelve million and six hundred thousand (12,600,000) Shares, representing up to sixty percent (60%) of the Offer Shares. Ninety percent (90%) of the Tranche (A) Offer Shares are to be allocated to investment funds, which percentage shall be subject to adjustment, in the event that other institutions, excluding investment funds, do not fully subscribe to the remaining ten percent (10%) of the Offer Shares allocated to them, or in the event that the mutual funds do not subscribe to the full portion allocated to them ninety percent (90%).

Tranche (B): Individual Investors including Saudi Arabian natural persons, including Saudi women who are divorced or widowed and who have children by a non-Saudi husband who may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit provided that any such woman provides evidence that she is the child's mother and that she is widowed or divorced. The subscription by a person in the name of his divorced wife shall be deemed invalid and in such cases, the relevant regulations shall be enforced against that person. A maximum of eight million and four hundred thousand (8,400,000) Shares representing up to forty percent (40)% of the Offer Shares shall be allocated to Individual Investors. If the Individual Investors do not subscribe to the full amount of Offer Shares allocated to them, the Bookrunner may, subject to the CMA's consent, reduce the number of Offer Shares to match the number actually subscribed to by the Individual Investors.

16-1-1 Method of Subscription to the Offer Shares

Applicants should sign and submit their Subscription Applications Forms at the identified times and dates and in accordance with the method of subscription for each tranche set out in the Subscription Application Form. Any subscription application form signed and submitted by the subscriber to any of the Selling Agents is considered as a binding legal agreement between the Selling Shareholders and the Subscriber.

The Selling Shareholders currently own one hundred percent (100%) of the Company's capital, and their ownership will become seventy percent (70%) of the share capital after the Offering. Subscribers can obtain a copy of the Prospectus and Subscription Application Form from the branches of the following Selling Agents:

Riyad Bank
King Abdulaziz Road
P.O. Box 22622, Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 401 3030
Fax: +966 (11) 404 2618
Website: www.riyadhbank.com
E-mail: customercare@riyadbank.com

The National Commercial Bank King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 (12) 6493333 Fax: +966 (12) 6437426 Website: www.alahli.com E-mail: contactus@alahli.com	NCB الأهلي
Al Rajhi Bank Olaya Road P.O. Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 2116000 Fax: +966 (11) 4600705 Website: www.alrajhibank.com.sa E-mail: contactCentre1@alrajhibank.com.sa	Al Rajhi Bank مصرف الراجحي
Samba Financial Group Main Office King Abdulaziz Road - Riyadh P.O. Box 883, Riyadh 11421 Saudi Arabia Tel: +966 (11) 477 4770 Fax: +966 (11) 479 9402 Website: www.samba.com E-Mail: customercare@samba.com	samba سامبا
Saudi British Bank (SABB) Prince Abdul-Aziz Ben Moosaed bin Jalawi Street P.O. Box 9084 Riyadh 11413 Saudi Arabia Tel: 966 (11) 405 0677 Fax: 966 (11) 405 0660 Website: www.sabb.com E-mail: sabb@sabb.com	SABB ساب
Banque Saudi Fransi Al Maathar Street P.O. Box 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 (11) 404 2222 Fax: +966 (11) 404 2311 E-mail: communication@alfransi.com.sa Website: www.alfransi.com.sa	البنك السعودي الفرنسي Banque Saudi Fransi

16-1-2 Offering Period and Conditions

The Selling Agents will commence receiving Subscription Application Forms at their branches throughout Saudi Arabia commencing from Thursday 06/03/1437H (corresponding to 17/12/2015G) to Wednesday 12/03/1437H (corresponding to 23/12/2015G). Once the Subscription Application Form is signed and submitted, the Selling Agents will stamp it and provide the Subscriber with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Selling Agents, the Subscription Application Form will be considered void. Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, so that the total subscription amount is the outcome of multiplying the number of requested shares by the Offer Price which is eighteen SAR(18) per share.

Subscriptions for less than 10 Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of this number. The maximum number of subscription will be two hundred and fifty thousand (250,000) Offer Shares.

The Subscription Application Form must be submitted together with the following documents, as applicable, and the Selling Agents shall match the copy of each document with the original document and then return the original documents to the Subscriber.

- original and copy of the Subscriber's national identification card (in case of individuals);
- original and copy of the family identification card (for family members);
- original and copy of a power of attorney (issued in favor of the person submitting the Subscription Application Form on behalf of family members);
- original and copy of certificate of guardianship (for orphans);
- original and copy of the divorce deed (in the case of minor children of a Saudi woman who is divorced from a non-Saudi husband);
- original and copy of the death certificate (in the case of minor children of a Saudi woman from a deceased non- Saudi husband); and
- original and copy of the birth certificate (in the case of minor children of a Saudi woman who is widowed or divorced from a non-Saudi husband).

In the event that a Subscription Application Form is made on behalf of an applicant (parents and children only), a statement that "the person signing the application is authorized to act on behalf of the Subscriber" should be inserted in the Subscription Application Form, which shall be accompanied by a power of attorney supporting such person's authority to act on the behalf of the Subscriber. The power of attorney must be issued before a notary public for those who are in Saudi Arabia, while those who reside abroad must legalize the power of attorney through a Saudi embassy or consulate in the relevant country where they reside outside Saudi Arabia.

One Subscription Application Form should be completed for each head of family applying for himself and members appearing on his family identification card if dependent Subscribers apply for the same number of Offer Shares as the prime Subscriber. In this case:

(i) all Offer Shares allocated to the prime Subscriber and dependent Subscribers will be registered in the prime Subscriber's name;

(ii) the prime Subscriber will receive any refund in respect of amounts not allocated and paid for by himself and dependent Subscribers; and

(iii) the prime Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself and the dependent Subscribers (in the event the Shares are not sold or transferred).

A Separate Subscription Application Forms must be used if:

(i) The Offer Shares that will be allocated are to be registered in a name other than the name of the prime Subscriber/head;

(ii) Dependent Subscribers wish to apply for a different number of Offer Shares than the prime Subscriber; and

(iii) A wife subscribes for Offer Shares in her name and to her account (in which case she must complete a separate Subscription Application Form as a prime Subscriber). In the latter case, the Subscription Application Forms made by husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Selling Agent.

Saudi women who are divorced or widowed and who have children by a non-Saudi husband may subscribe for Offer Shares in the name(s) of any of those children who are minors for her benefit providing that she introduce evident to prove that she is their mother.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non Saudi dependents can only be included as dependents with their mother and cannot subscribe as Prime Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign Government must be notarized (attested) by a Saudi consulate or embassy in the relevant country.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in the Subscription Application Form submitted by the Subscriber for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price eighteen SAR(18) per share. Each Subscriber shall be deemed to have purchased the number of Offer Shares allotted to him/her upon:

(a) delivery by the Subscriber of the completed Subscription Application Form to the Selling Agents;

(b) payment in full by the Subscriber to the Selling Agents of the total value of Offer Shares subscribed for; and

(c) delivery to the Subscriber by the Selling Agents the allotment letter specifying the number of Offer Shares allotted to him/her.

The total value of the Offer Shares subscribed for must be paid in full to a branch of the Selling Agents by the Subscriber authorizing a debit of its account held with the Selling Agent where the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, the Company shall have the right to reject, in full or in part, such an application. The Subscriber shall accept any number of Offer Shares allocated to him/her, as long as the number does not exceed the number of Offer Shares he has subscribed for.

16-2 Allocation and Refunds

The Selling Agents shall open and operate an escrow account named "Alandalus Property Company IPO". Each of the Selling Agents shall deposit all amount received by the Subscribers into the escrow accounts mentioned above.

The final allocation and refund, if any, will be announced no later than 20/03/1437H (corresponding to 31/12/2015G).

16-2-1 Allocation of Offer Shares to Institutional Investors

Following the allocation of offer Shares to the Individual Investors, the Allocation of Offer Shares to Institutional Investors shall be determined by the Company (as it deems appropriate) after discussions with the Lead Manager.

16-2-2 Allocation of Offer Shares to Individual Investors

The minimum allocation per Individual Subscriber is ten (10) Offer Shares, and the balance of the Offer Shares (if any) will be allocated for the Individual Subscribers on a pro-rata basis depending the number of shares each subscribed to. The Lead Manager reserves the right to increase the number of shares allocated to individual subscribers to forty percent (40%) of the total Offered Shares and reduce the number of shares allocated to Institutional Subscribers to (60%) of the total Offer Shares. In the event that the number of Individuals Subscribers exceeds eight hundred and forty thousand (840,000) subscribers, the Company does not guarantee to allocate the minimum number of 10 shares per individual subscriber and the offered shares will be distributed to Individual Subscribers evenly, but if the number of individual subscribers exceeds eight million and four hundred thousand (8,400,000) subscribers, the Offer Shares will be allocated as proposed by the Company and the Financial Advisor.

Final number of allocated shares as well as refund (if any) is expected to be announced no later than Thursday 20/03/1437H (corresponding to 31/12/2015G) in the local daily newspapers published in the Kingdom.

The Lead Manager and Selling Agents will start refunding the surplus of subscription monies to the relevant applicants. They will send allocation notifications to subscribers through announcements in local newspapers indicating the final allocation and refund, if any, that will refunded to them. The Selling Agents will also refund the surplus amounts for the non-allocated shares to applicants as provided for by the allocation notice without any withholding, charges or retentions, by deposit to the accounts of applicants. For inquiries or more information, the applicant can contact the branch of the Selling Agent where he submitted his Subscription Application Form.

16-3 Times and Circumstances when Listing may be Suspended or Cancelled

16-3-1 Listing Suspension or Cancellation

1. The CMA may at any time suspend or cancel the listing as it deems fit, in any of the following circumstances:
   - the CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
   - the issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law and its Implementing Regulations, including a failure to pay on time any fees or fines due to the CMA.
   - the liquidity requirements set out in paragraph (a) of Article 13 of the Listing Rules are no longer met.
   - the CMA considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued trading of its securities on the Exchange.
   - the CMA considers that the issuer or its business is no longer suitable to warrant the continued listing of its securities on the Exchange.
2. Where a suspension of an issuer continues for six (6) months, without the issuer taking appropriate action to resume its trading, the CMA may cancel the listing. .
3. Upon an announcement of an extraordinary general assembly's approval on a capital increase resulting in a reverse takeover, the issuer's listing shall be cancelled. The issuer must submit a new application for registration and admission to listing in accordance with these Rules, should it wish to list its securities.

16-3-2 Voluntary Cancellation or Suspension of a Listing

1. An issuer whose securities have been admitted to listing may not suspend or cancel the listing of its securities on the Exchange without the prior approval of the CMA. The issuer must provide the following to the CMA:
   - Specific reasons for the request for the suspension or cancellation.
   - A copy of the announcement on the reason of cancellation.
   - a copy of the relevant documentation and a copy of each related communication to shareholders, If the cancellation is to take place as a result of a takeover or other corporate action by the issuer,.
2. Once receiving approval from the CMA for the cancellation of listing, an issuer must obtain the consent of its Extraordinary General Assembly.
3. Where a suspension or cancellation is made at the issuer's request, the issuer must announce as soon as possible the reason for the suspension or cancellation, the anticipated period of the suspension, the nature of the event resulting in the suspension or the cancellation which affects the issuer's activities.
4. The CMA may accept or reject the request for suspension or cancellation in its discretion.

16-3-3 Temporary Suspension

1. An issuer may request a temporary suspension upon the occurrence of an event during trading period which requires immediate disclosure under the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period.
2. To enable the CMA to assess the need for the temporary suspension and the appropriate duration of suspension, the request must be supported by:
   - Specific reasons for the request for the suspension and the duration of the requested suspension; and
   - A copy of the announcement on the reason of cancellation, anticipated suspended period nature of event causing suspension .
3. Where a suspension is made at the issuer's request, the issuer must announce, as soon as possibly practicable, the reason for suspension, the anticipated period of suspension, and the event affecting the issuer's activities.
4. The CMA may accept or reject the request for suspension in its discretion.The CMA may impose a temporary suspension without a request from the issuer where the CMA becomes aware of information or circumstances affecting the issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to suspension must continue to comply with the Capital Markets Law and its Implementing Regulations.
5. The temporary suspension will be lifted following the elapse of the period referred to in the announcement specified in paragraph (3) of this Article, unless the CMA decides otherwise.

16-3-4 Lifting of Suspension

1. Where a listing has been suspended, the lifting of such suspension will depend on:
   - the events which led to the suspension have been sufficiently remedied, and the suspension is no longer necessary for the protection of investors.
   - the issuer complying with any other conditions that the CMA may require.
2. The CMA may lift a suspension even where the issuer has not requested it.

16-3-5 Re-listing of Cancelled Securities

An issuer is required to submit a new application for registration and admission to listing in order to re-list securities which have been cancelled.

16-4 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the application nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

Selling Shareholders are restricted from disposing of their shares for twelve (12) months from the date on which trading in the Offer Shares commences on the Exchange. After the restriction period has elapsed, the Selling Shareholders may only dispose of their Shares after obtaining CMA approval.

The Prospectus has been released in Arabic and English languages and case of any conflict between the texts of the languages, the Arabic text shall prevail.

17. Declarations Related to the IPO

17-1 Deaclarations and Undertakings pertaining to the Offering

By completing and submitting the Subscription Application form, the Subscriber:

- Agrees to subscribe for the number of New Shares as stated in the Subscription Application Form;
- Warrants that he/she has carefully read the Prospectus and understood all its contents;
- Accepts the By-Laws of the Company and the terms and conditions mentioned in the Prospectus and submitted his/her application according to them;
- Does not waive his/her right to claim any damages directly arising from any incorrect or inadequate significant information in the Prospectus, or for any material information missing there from, which would directly impact the Subscriber's acceptance to subscribe had it been contained in the Prospectus;
- Declares that neither himself nor any of his family members covered in the Subscription Application Form has filed a subscription application form to the Offer Shares and agrees that the Company shall have the right to reject duplicate applications.
- Accepts the number of shares allocated to him/her and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- Warrants not canceling or amending the Subscription Application Form after submitted to the Receiving Agent.

17-2 The Saudi Arabian Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Electronic trading in securities commenced in the Kingdom in 1990G. Market value of shares traded through Tadawul system amounted to SAR (1.7) trillion as at the end of trading on Wednesday, 17/12/1436H (corresponding to 30/09/201G). The number of listed companies in the Exchange to date is [171] Company. Trading in shares occurs on the "Tadawul" system through an integrated mechanism covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 11:00 am to 3:30 pm, Sunday to Thursday, during which orders are executed. However, other than during those times, orders can be entered, amended or deleted from 10:00am until 11:00 am.

New entries can be executed from 10:00am. For the morning session, starting at 11:00 am. Tadawul system works on matching orders by price and orders are received and prioritized based on price. In general, market orders are executed first, and if several instructions are entered at the same price level, they are executed at a first come first serve basis according to their entry time.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+0 basis, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul.

17-3 Trading in the Shares on Tadawul

It is expected that dealings in the Shares will commence on Tadawul after finalization of the allocation of the Offer Shares and the announcement by Tadawul regarding the trading commencement date of the Company Shares. Dates and times included in this Prospectus are indicative and may be changed or extended subject to the approval of the CMA.

The Shares can only be traded after the allocated Offer Shares have been credited to Subscribes' accounts at Tadawul, the Company has been registered and admitted and its Shares have been listed on the Saudi Stock Exchange. Pre-trading is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such an event

18. Documents Available for Inspection

The following documents will be available for inspection at the Company's head office, between the hours of 8:30 am to 4:30 pm Sunday to Thursday, provided that the inspection period shall not be less than 20 days prior to the end of the Offering Period:

- the Company's Commercial Registration Certificate;
- the Company's By-Laws together with amendments and other incorporation documents;
- the CMA's approval on the Offering;
- the Board's resolution to Offer the Shares for IPO;
- corporate Governance Regulations;
- the Company' audited Financial Statements for the financial years ended 31 December 2012G, 2013G, 2014G and 30 June 2015G;
- the Company's valuation report prepared by the Financial Advisor;
- the market study conducted by the Market Advisor;
- the Company agreements/contracts with related parties indicated in Section 11 "Legal Information";
- Working capital report
- Underwriting Agreement;
- letters of consent from:
  - Legal Advisor of the Company, Salman bin Meteb Al Sudairi Legal Office in cooperation with Latham & Watkins LLP in cooperation with Salman bin Meteb Al Sudairi Legal Office to the inclusion of their name and logo in the Prospectus;
  - The Auditor, D. Mohammed Al Omari and Co., Certified Auditors and Consultants, to the publication of their Accountant's Report and the inclusion of their name and logo in the Prospectus;
  - Due Diligence and Working Capital Consultant, .Ernest and Young and partners, certified public accountants, to the inclusion of their name and logo in the Prospectus;
  - Market Study Advisor, Colliers International, to the publication of their Market Report and the inclusion of their name and logo in the Prospectus
  - The Underwriter, Financial Advisor, Lead Manager and Bookrunner, Riyadh Capital, to the inclusion of their name and logo in the Prospectus;

19. Auditors Report

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS FOR THE

SIX-MONTHS PERIOD ENDED JUNE 30, 2015

AND INDEPENDENT AUDITORS' REPORT

BDO

Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alandalus Property Company
Al-Riadh, Saudi Arabia

Scope of Audit:

We have audited the accompanying balance sheet of **Alandalus Property Company** (A Saudi Closed Joint Stock Company) as at June 30, 2015 and the related statements of income, changes in Shareholders' equity and cash flows for the period then ended, including the related notes from 1 to 22. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the accompanying financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of **Alandalus Property Company** as of June 30, 2015, and the results of its operations and its cash flows and changes in shareholders equity for the period then ended in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia.

Explanatory Paragraph:

Without qualifying our opinion, as described in note (1), we draw attention to the financial year of the Company commences January 1, and ends December 31, of each year. Accordingly, these financial statements are prepared for a period from the year for management requirement and not alternative for annual financial statements, the balances as at June 30, 2014 have been taken from un-audited financial statements.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

August 23, 2015 (G)
Dhul Qa'adah 8, 1436 (H)

Partners: Dr. Mohamed Al-Amri (60), Jamal M. Al-Amri (331), Gihad M. Al-Amri (362)
• Jeddah: Tel. 6394477, Fax: 6394058 • Dammam: Tel. 8344311, Fax: 8338553, www.alamri.com
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ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

BALANCE SHEET

	Notes	As of June 30,	
		2015	2014
		(Audited) SR	(Un-audited) SR
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	20,121,230	1,616,179
Accounts receivable - leases		12,091,085	10,577,657
Due from related parties	4	462,590	46,566,175
Prepayments and other receivables	5	12,320,669	12,229,895
TOTAL CURRENT ASSETS		44,995,574	70,989,906
NON-CURRENT ASSETS			
Investments in associated companies	6	406,333,698	360,961,314
Investment properties, net	7	526,899,046	513,755,448
Construction-in-progress	8	110,464,155	75,945,800
Property and equipment, net	9	10,167,699	10,288,695
TOTAL NON CURRENT ASSETS		1,053,864,598	960,951,257
TOTAL ASSETS		1,098,860,172	1,031,941,163
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Rents received in advance		27,218,758	26,151,329
Islamic Tawarruq loans- current portion	10	59,343,617	60,179,473
Due to related parties	4	4,338,875	27,440,669
Accruals and other payables	11	4,735,193	1,035,859
Zakat provision	12	1,056,855	1,722,470
TOTAL CURRENT LIABILITIES		96,693,298	116,529,800
NON-CURRENT LIABILITIES			
Islamic Tawarruq loans	10	168,146,764	173,588,332
Provision for end-of-service benefit		1,651,102	1,165,495
TOTAL NON-CURRENT LIABILITIES		169,797,866	174,753,827
TOTAL LIABILITIES		266,491,164	291,283,627
SHAREHOLDERS' EQUITY			
Share capital	13	700,000,000	343,000,000
Statutory reserve		52,827,337	44,146,600
Retained earnings		79,541,671	353,510,936
TOTAL SHAREHOLDERS' EQUITY		832,369,008	740,657,536
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,098,860,172	1,031,941,163

The accompanying notes from 1 to 22 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF INCOME

	Notes	For the six months period ended June 30,	
		2015 (Audited) SR	2014 (Un-audited) SR
Rental revenues	14	61,300,768	49,255,857
Cost of rental revenues	15	(22,648,518)	(14,663,654)
GROSS PROFIT FROM RENTAL		38,652,250	34,592,203
Income from investments in associated company (real-estate)	6	18,316,064	18,027,765
GROSS PROFIT FROM OPERATIONS		56,968,314	52,619,968
Marketing expenses		(656,377)	(1,374,165)
General and administrative expenses	16	(3,182,064)	(2,706,991)
PROFIT FROM MAIN OPERATIONS		53,129,873	48,538,812
Financial charges of Islamic Tawarruq		(3,984,454)	(4,667,541)
Other income	17	244,709	552,849
Net profit before zakat		49,390,128	44,424,120
Zakat provision	12	(1,172,517)	(1,110,603)
NET PROFIT		48,217,611	43,313,517
Basic earnings (losses) per share from:			
Main operations		0,95	0,86
Other operations		(0,09)	(0,09)
NET PROFIT		0,86	0,77

The accompanying notes from 1 to 22 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

	For the six months period ended June 30,	
	2015 (Audited) SR	2014 (Un-audited) SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	49,390,128	44,424,120
Adjustments to reconcile the net profit before zakat with net cash provided by operating activities:		
Share of profits from associated companies	(18,316,064)	(18,027,765)
Investment properties depreciation	5,819,843	5,156,884
Properties and equipments depreciation	211,305	62,338
Provision of end of service benefits	68,422	-
Financial charges Islamic Tawarruq	3,984,454	4,667,541
Increase (decrease) in operating assets:		
Accounts receivable – leases	(786,868)	(1,732,458)
Prepayments and other receivables	4,289,675	(3,373,081)
Balances of related parties	1,062,797	20,847,659
Dividends received from associated companies	18,889,458	12,073,350
Increase (decrease) in operating liabilities:		
Rents received in advance	(7,097,576)	(2,243,563)
Accruals and other payables	2,673,542	(678,394)
Surplus of cash from operation	60,189,116	61,176,631
End of service benefits paid	(40,823)	-
Zakat paid	(1,892,914)	(1,739,204)
Net cash provided by operating activities	58,255,379	59,437,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding the associated company (Advanced Markets Co.)	-	(11,800,000)
Purchase of shares in associated company	-	(125,000)
Addition to construction - in- progress	(46,005,503)	(14,528,707)
Purchase of property and equipment	(146,374)	(42,918)
Net cash used in investing activities	(46,151,877)	(26,496,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Islamic Tawarruq loans	40,000,000	10,000,000
Repayment Islamic Tawarruq loans	(33,746,790)	(38,985,166)
Islamic Tawarruq charges paid	(11,298,979)	(11,576,790)
Net cash used in financing activities	(5,045,769)	(40,561,956)
Net increase (decrease) in cash and cash equivalents	7,057,733	(7,621,154)
Cash and cash equivalents at the beginning of the period	13,063,497	9,237,333
Cash and cash equivalents at the end of the period	20,121,230	1,616,179
Non-cash transactions		
Transferred from land contribution to investments in associated companies	-	48,591,405
Transferred from construction - in- progress to investment property	23,977,815	-
Transferred from retained earnings to capital increase	357,000,000	-

The accompanying notes from 1 to 22 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Statutory reserve	Retained Earnings	Total
	SR	SR	SR	SR
For the six months ended June 30, 2015 (Audited)				
Balance at January 1, 2015	343,000,000	52,827,337	388,324,060	784,151,397
Share capital increase	357,000,000	-	(357,000,000)	-
Net profit for the period	-	-	48,217,611	48,217,611
Balance as at June 30, 2015	700,000,000	52,827,337	79,541,671	832,369,008
For the six months ended June 30, 2014 (Un-audited)				
Balance at January 1, 2014	343,000,000	44,146,600	310,197,419	697,344,019
Net profit for the period	-	-	43,313,517	43,313,517
Balance as at June 30, 2014	343,000,000	44,146,600	353,510,936	740,657,536

The accompanying notes from 1 to 22 form an integral part of these Financial Statements

1. ORGANIZATION AND ACTIVITIES

Alandalus Property Company (the Company) is a Saudi closed joint stock company incorporated under the Ministerial Decree No. 2509 dated 03/09/1427 H corresponding to 26/09/2006 G which approved the incorporation of the company. The company is registered in Riyadh under Commercial Registration No. 1010224110 dated 17/09/1427 H corresponding to 10/10/2006 G.

The main activities of the company are , the development and ownership of commercial centers and malls, commercial and residential complexes and its management, general contracting for construction of residential and commercial buildings, educational, recreational and health establishments, roads, dams, water projects, sanitation, electrical and mechanical works, maintenance and operation of real estate facilities, buildings and commercial complexes, ownership of land and real estate development and investment for the company within the limits of its purposes.

The financial year of the Company commences on January 1, and ends on December 31 of each calendar year. These financial statements are prepared by Company's management for the six months period to use it in special purposes. The management prepared all significant adjustments for the financial statements to fairly present the Company's financial position as at June 30, 2015 (G), and the result of its operation for the six months then ended, the results of operations for this period may not represent an accurate indicator for Company's operation results of the whole year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared under the historical cost convention, except investments in associate which are stated according to the following paragraphs, and have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. Significant accounting policies adopted in the preparation of these financial statements are summarized below:

Accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Although these estimates are based on management's best information and events available at the date of the financial statements, the ultimate actual results may insignificantly differ from those estimates.

Revenue recognition

Rental revenues are recognized according to the contract with the lessees over the lease period according to the straight-line method and according to the elapsed period of the lease contract until the date of the balance sheet. Rents received in advance represent, rents collected from tenants for rent unearned at the date of the balance sheet.

Revenue from advertising, marketing and maintenance are recognized when received and are stated in the other income in the income statement.

Expenses

Property management fee, property related cost of maintenance, electricity, water, and its depreciation expenses are considered as direct costs and are included within the cost of rental revenues. The other expenses are considered as marketing and general and administrative expenses. Service segments expenses and common expenses, if required, will be allocated to direct costs, marketing and general and administration expenses made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand, deposits, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at net amount less provision of doubtful debts if any for receivables the collection of which is doubtful, as estimated by the management.

Investments in associated companies

Investments in associated companies, in which the Company has significant influence over their financial and operation policies, but does not have control over or in which the company holds a long-term investment between 20% to 50% of share capital, are accounted for using the equity method. The investment is stated when purchased at cost (including goodwill, if any) and adjusted thereafter according to the changes in the Company's share in the net assets of the associated company .The Company's share of the net profit or loss in the associated company is recognized in the income statement.

Goodwill

The excess of consideration paid over the fair value of net assets and liabilities of the investee' company is recorded as goodwill within the carrying amount of the investment. In the absence of reliable measure of fair value for the net assets purchased, goodwill represents the difference between the amount paid for the purchase of the investment and the company›s share in the net book value of the assets purchased. Goodwill is subsequently carried at cost less any accumulated losses resulting from impairment. Goodwill is assessed annually to determine whether there was a reduction in the value of goodwill or during the year if an event or change in circumstances indicates there is impairment in the recorded value.

Ownership interest in lands

The ownership interest in lands represents the company's investment in common ownership land, and recorded at cost. Profits from sale of contribution is recorded when the sale is completed.

Investment properties

Investment properties which are held to earn rentals are stated at cost less accumulated depreciation. Investment properties are depreciated (excluding land), according to the straight-line method based on the estimated useful life over periods between 25 to 33.33 years according to the expected life of the building at the date of construction or purchase. Revenues from rental of these investment properties and related depreciation are recognized in the statement of income.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated according to the estimated useful life of the asset based on the straight line method. Leasehold improvements in rented buildings are depreciated over its estimated useful lives or rent period which is shorter. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. The estimated useful lives for the properties and equipment are as follows:

	Years
Buildings	25
Vehicles	4
Furniture and office equipment	3-10

Construction in- progress

Construction in progress is stated at cost. Depreciation of these assets commence when they become ready for use.

Cost of borrowings

The related cost of borrowings which in respect of credit facilities obtained for a particular project that is developed over a long period of time is added to the project cost using the effective interest rate method.

The cost of borrowings is recognized in the statement of income in the absence of projects under progress eligible for capitalization, using the effective interest rate method over the loan repayment period.

Impairment of non-current assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are expensed in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income.

Operating leases

Amounts paid under operating leases entered into by the company as a lessee are recorded in the income statement on a straight-line basis over the lease term.

Provision for end of service benefits

End of service benefits for employees are provided in accordance with the Saudi Labor Law and according to the employees' service duration.

Provision for zakat

Zakat is provided for in the statement of income in accordance with Department of Zakat and Income Tax regulations in Kingdom of Saudi Arabia. Differences, if any between the amounts of provision for zakat and the final assessment are recognized in the statement of income in the year in which the final assessment is received.

Statutory reserve

As required by Saudi Companies Law, 10% of the annual net income must be transferred to the statutory reserve. The Company may discontinue such transfers when the reserve reaches 50% of the paid capital. The reserve is not available for distribution as dividends.

Foreign currency translation

The company's accounts are maintained in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Earnings per share

Basic earnings per share are calculated by using the weighted average method for ordinary shares outstanding during the year. It is to be known that all capital shares of the company are ordinary shares which amounted in each presented period to 56,193,370 shares.

3. CASH AND CASH EQUIVALENTS

	2015 (Audited) SR	2014 (Un-audited) SR
Cash in hand	429,482	563,082
Cash at banks	19,691,748	1,053,097
	20,121,230	1,616,179

4. TRANSACTIONS WITH RELATED PARTIES

The company is dealing in the ordinary course of business with companies owned by some of the shareholders, affiliated companies and with other related parties. The terms for related party transactions are the same as those of unrelated parties. Pricing policies and terms of these transactions are approved by those companies management. The balances with related parties bear no financing charges. The main transactions with the related parties are mentioned below:

A) The Company has contracted with Hamat Property Company (associated company) to provide development consulting and leasing services for AlAndalus Commercial Mall in Jeddah for services fee of 7% of the total rent of the first year for the new leases and in case of tenant replacement as well as the increase in rent in lease renewals.

The contract also includes monthly management fee of 4% of the income of the center comprising rental income, specialized rental and advertisement, and fees of 15% of rental revenues (for one year) of the units and services added or innovated by the operator and which were not exist or budgeted for by the Company. The Company under the same agreement bears the financial obligations related to the employees, such as salaries, benefits and other expenses such as maintenance and electricity.

B) The Company charges Advance Markets Company (Associated Company) and Hayat Commercial Mall Centre (associated Establishment) with their share of the direct general and administrative expenses incurred by Al Andalus Property Company, according to the agreement of management of these companies.

C) The Company has rented a parcel land from one of the shareholder for a period of 20 years for the purpose of establishing one of the commercial center (note 8) for an annual rent of SR 3.1 million.

The balances of related parties as at June 30 were as follows:

Due from related parties

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Advanced Markets Company	-	46,566,175
Al-Hayat Property Company	462,590	-
	462,590	46,566,175

Due to related parties

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Mohamad Abdul Azeez Al Habeeb Real Estate Investment Co.	-	2,833,893
Advanced Markets Company	49,088	-
Al-Hayat Property Company	-	19,541,686
Hamat Property Company	4,289,787	5,065,090
	4,338,875	27,440,669

5. PREPAYMENTS AND OTHER RECEIVABLES

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Employee receivables	388,300	311,158
Prepaid expenses	811,860	685,751
Rent paid in advance (note 8)	10,621,046	8,680,000
Advances to suppliers	499,463	359,736
Letter of guarantee margin (note 12)	-	2,193,250
	12,320,669	12,229,895

6. INVESTMENTS IN ASSOCIATED COMPANIES

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Advanced Markets Company	114,414,412	64,688,938
Hamat Property Company	46,944,846	48,805,970
Sorouh Al-Marakz Company	48,716,406	48,716,406
Al-Hayat Property Company	196,258,034	198,750,000
	406,333,698	360,961,314

Advanced Markets Company

During 2007, in association with one of the shareholders, the Company founded Advanced Markets Company as a limited liability company with a capital of SR 500,000 equally owned at 50% for each one of them for the purpose of owning Dareen Complex in Dammam. The Company offered additional finance to the mentioned company amounting to SR 35,461,474 representing its share in financing the projects land bringing the total cost of the investment to SR 35,711,474.

During 2014, the Company transferred all amounts due from Advanced Markets Company to the investments in that Company. The movement of investment during the period ended June 30 was as follows:

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Balance at the beginning of the period	111,624,840	59,155,523
Company's share in profit of the period	5,800,540	5,533,415
Company's share in the dividends	(3,010,968)	-
	114,414,412	64,688,938

Hamat Property Company

During 2012, the Company acquired an ownership interest of 33,33% of the capital of Hamat Real Estate Company of SR 500,000 for an amount of SR 44,434,383, and according to the purchase agreement, the Company's share in the profits of the mentioned company will be calculated from the date of settlement of the last payment of the value of the deal which was on 01/10/2012.

The activity of the associated company is purchasing of lands for construction of buildings and its investment by selling or leasing. The mentioned investment includes goodwill for the amount of SR 44.18 million.

The movement of the investment during the year ended June 30, as follows:

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Balance at the beginning of the period	47,815,846	48,384,970
Company's share in profit of the period	1,801,000	2,425,000
Company's share in the dividends	(2,672,000)	(2,004,000)
	46,944,846	48,805,970

Sorouh El Marakez Company

On April 17, 2014, the Company participated in the establishment of Sorouh El Marakez Company (Limited Liability Company) with 25% of its share capital amounting to SR 500,000. In addition to its share of capital of SR 125,000 the company contributed a parcel of land of SR 48,591,406 as an additional capital in proportion of its share of capital.

Al-Hayat Property Company

The company owns 25% of Hayat Mall Commercial Centre in Riyadh City, During 2009 the owners of the Centre being the Company and other partners decided to incorporate Hayat Property Company to supervise the activities of the Centre, however, the ownership of the Centre has not been transferred to the mentioned Company.

On January 1, 2015, the ownership structure for Hayat Property Company has been amended to be in conformity with ownership structure of Hayat Mall Commercial Centre, in which Al-Andalus Property Company owns 25% of its shares. On January 2, 2015, the shareholders being the sole owners of both of the Hayat Property Company and Hayat Mall Commercial Centre unanimously decided to activate the role of Hayat Property Company starting from January 1, 2015 as the owner of all assets of Hayat Mall and responsible for its all liabilities and agreements, and to accounts to Hayat Property Company, effective January 1, 2015 no financial statements are issued for Hayat Mall anymore.

Accordingly, the Company owns 25% from Hayat Property Company. Investment mentioned above includes goodwill of SR 95.75 million as of June 30, 2015 and 2014. The movement of the investment during the period ended June 30, was as follows:

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Balance at the beginning of the period	198,750,000	198,750,000
Company's share in the profits	10,714,524	10,069,350
Company's share in the dividends	(10,714,524)	(10,069,350)
Amount received as a recovery of additional capital contributions in Hayat Property Co.	(2,491,966)	-
	196,258,034	198,750,000

7. INVESTMENT PROPERTIES-NET

	Lands	Buildings	Total
	SR	SR	SR
Cost			
At January1, 2015	253,532,700	336,120,050	589,652,750
Reclassification	(5,152,224)	(4,974,776)	(10,127,000)
Additions during the period	-	23,977,815	23,977,815
Balance at June 30, 2015	248,380,476	355,123,089	603,503,565
Accumulated Depreciation			
At January 1,2015	-	(71,246,885)	(71,246,885)
Reclassification	-	462,209	462,209
Depreciation for the period	-	(5,819,843)	(5,819,843)
Balance at June 30, 2015	-	(76,604,519)	(76,604,519)
Net book values:			
Balance at June 30, 2015 (Audited)	248,380,476	278,518,570	526,899,046
Balance at June 30, 2014 (Un-audited)	248,380,476	265,374,972	513,755,448

The amounts of reclassification represent the portion of cost and accumulated depreciation of the company's premises that is used in managing company's activities and which is reclassified as property and equipment. The remaining portion of cost and accumulated depreciation of Company's premises remains as investment properties being leased out to others. Net book value as at June 30, 2014 has been modified to reflect the impact of reclassification.

The investment properties represent Al-Andalus Commercial Mall in Jeddah city, and a portion of the Company's premises, at the north Ring in Riyadh, that is leased out to others.

The additions of investment properties represent construction cost for Al-Sahafa Commercial Centre and Yarmouk Centre buildings, which are constructed on leased parcels of land of 20 years term lease each.

8. CONSTRUCTION-IN-PROGRESS

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Staybridge Suites in Jeddah – Al-Andalus Mall	83,443,163	48,477,755
Alsahafa Commercial Center	-	10,262,588
Altelal Commercial Center	13,534,826	9,044,470
AlYarmok Commercial Center	-	7,985,987
IPO cost	2,787,819	175,000
Al-Andalus Mall extension	10,651,322	-
Prince Majed Road Project - Jeddah	47,025	-
	110,464,155	75,945,800

Staybridge suites project in Jeddah – Al-Andalus Mall, represent the development of a hotel tower (hotel apartments) adjacent to Al-Andalus Centre and constructed on the same parcel of land.

Al-Sahafa and Al-Yarmouk Commercial Centers projects are constructed on land leased for 20 Hijri years. Commencing January 27, 2013(G) and March 12, 2013(G) respectively; Al-Sahafa and Al-Yarmouk Commercial Centers are ready for rent and added to investment properties, Al-Telal Commercial Centre is constructed on land leased for 20 calendar years commencing March 11, 2013(G). The three projects are based on construction operating and transferring arrangement. All constructions and its equipments will be transferred to the lessor at the end of the mentioned lease terms.

The capitalized finance interest within the cost of projects during the period ended June 30, 2015 amounted to SR 3,624,667 (2014: SR 1,456,122).

IPO cost represents the cost related to IPO of the company's share in Saudi stock market. IPO cost is deferred until the successful completion of the IPO process and by then such costs will be charged to the pre-IPO shareholders

9. PROPERTY AND EQUIPMENT, NET

	Lands	Buildings	Vehicles	Furniture and office equipment	Total
	SR	SR	SR	SR	SR
Cost					
At January 1, 2015	-	-	505,720	1,762,586	2,268,306
Reclassification	5,152,224	4,974,776	-	-	10,127,000
Additions during the period	-	-	-	146,374	146,374
Disposals during the period	-	-	(42,000)	-	(42,000)
At June 30, 2015	5,152,224	4,974,776	463,720	1,908,960	12,499,680
Accumulated Depreciation					
At January 1, 2015	-	-	(351,338)	(1,349,129)	(1,700,467)
Reclassification	-	(462,209)	-	-	(462,209)
Depreciation for the period	-	(80,175)	(35,221)	(95,909)	(211,305)
Disposals	-	-	42,000	-	42,000
At June 30, 2015	-	(542,384)	(344,559)	(1,445,038)	(2,331,981)
Net book values					
At June 30, 2015 (Audited)	5,152,224	4,432,392	119,161	463,922	10,167,699
At June 30, 2014 (Un-audited)	5,152,224	4,592,741	193,874	349,856	10,288,695

Net book values as at June 30, 2014 have been modified to reflect the impact of reclassification.

10. ISLAMIC TAWARRUQ FACILITIES

During 2009, the company obtained Islamic Tawarruq loan from the same local bank in the form sale on credit contracts of local shares amounted to SR 220 at a declining balance profit margin of 6.25% to help finance the deal of the acquisition of Hayat Mall Commercial Center. The Islamic Tawarruq loan is secured by a promissory note for the full amount of the obligation (principal and profit margin) for the amount of SR 316 million, a payment and performance guarantee from each shareholder, according to his share in the company›s capital, a transfer of title of the real estate related to Al-Andalus Commercial Center, with a guaranteed market value of SR 600 million, and a covenant to assign all the center future rents until the full settlement of the facility. The Islamic Tawarruq loan along with the profit margin is repayable in unequal annual installments over a period of ten years, the first installment commenced on 14/03/2009 and the last installment will become due on 14/03/2018.

At the end of 2012, the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for contracts of commodities amounting to SR 100 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of constructing Al-Andalus Hotel Towers project in Jeddah city. The company utilized an amount of $90 million Saudi riyals till the date of these financial statements. The Tawarruq loan is secured by signing promissory notes for the full amount of the obligation. (principal and profit margin) of SR 113,968,923, a payment and performance guarantee from each shareholder, according to its share in the company›s capital, a pledge of real estate covering not less than 200% of the value of the facility and a covenant to assign all future rents of the hotel as well as the rent of the major tenants in Al-Andalus Commercial Center until the full payment of the facility. The Islamic Tawarruq loan along with the profit margin is repayable on a non-equal annual installment over a period of seven years, the first installment commences on 3/10/2013 and the last installment will be on 8/6/2022.

In July 2013 the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for contracts of commodities amounting to SR 20 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of establishing projects, commercial centers in the districts of Al-Sahaffa, Al-Tilal and Al-Yarmouk in the city of Riyadh. The company utilized the full amount of SR 20 million till the date of these financial statements. The Islamic Tawarruq loan is secured by signing promissory notes for the full amount of the obligation. (principal and profit margin) of SR 24,100,793, a payment and performance guarantee of each shareholder, according to its share in the company›s capital, a pledge of real estate covering not less than 200% of the value of the facility and a covenant to assign all future rents of those centers as well the rent of the major tenants in commercial center until the full payment of the facility. The Islamic Tawarruq loan along with the profit margin is repayable on a non-equal annual installment over a period of five years, the first installment commences on 26/6/2014 and the last installment will be on 26/12/2018.

The following are Islamic Tawarruq facilities movement during the period ended June 30:

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Balance at the beginning of the period	254,159,437	308,029,252
Additions during the period	50,852,043	12,025,842
Paid during the period	(45,045,769)	(50,561,956)
Total at the end of the period	259,965,711	269,493,138
Less : deferred finance cost	(32,475,330)	(35,725,333)
Tawarruq value at the end of the period, net	227,490,381	233,767,805
Current portion	59,343,617	60,179,473
Non-current portion	168,146,764	173,588,332

The deferred financing costs details of the Balance as at June 30 are as follows.

At the beginning of the period	29,232,408	39,823,153
Additions during the period	10,852,043	2,025,842
Amortization for the period (finance cost)	(7,609,121)	(6,123,662)
	32,475,330	35,725,333

11. ACCRUALS AND OTHER PAYABLE

	2015 (Audited) SR	2014 (Un-audited) SR
Employees benefits	969,925	750,405
Cleaning and security	616,557	130,000
Electricity and water	-	155,454
Manafe'a Holding Co.	1,155,000	-
Retention	1,395,715	-
Other	597,996	-
	4,735,193	1,035,859

On February 2, 2015(G), a joint venture contract has been made between the Company and Manafe'a Holding Company for Investing in and Developing a Commercial Center (Prince Majed road project – Jeddah) by constituting a company to own the project with ownership interests of 70% and 30% respectively, The project will be constructed on a parcel of land leased from Manafe'a Holding Company for a period of 25 years, for total rental payments of SR 156,640,250, Manafe'a Holding Company paid a percentage of 30% of the first year of land lease of SR 1,155,000, To date, the procedures for incorporating a Company to own the project not starting yet.

12. ZAKAT PROVISION

The main components of Zakat base are as follows:

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Beginning shareholders equity	697,344,018	636,247,616
Adjusted net income	42,274,194	36,465,707
Other additions	228,655,877	281,498,879
Non-current assets	(1,038,040,500)	(960,951,257)
Total	(69,766,411)	(6,739,055)
Zakat base	42,274,194	44,424,122

Zakat provision movement as follows:

At the beginning of the period	1,777,252	2,351,071
Paid during the period	(1,892,914)	(1,739,204)
Zakat provision for the period	1,172,517	1,110,603
At the end of the period	1,056,855	1,722,470

Zakat status

The company submitted its zakat returns and paid the due amount until the year ended December 31, 2014 and obtained Zakat certificate for those years. The company received the final assessment for the first financial year ended Department 31, 2007 with differences of SR 2,234,916, The company objected to this assessment, and the dispute was referred to the Zakat Primary Appeal Committee which issued its resolution which resulted in reduction of DZIT claim to SR 2,193,250. The company issued a letter of guarantee for the mentioned amount (note 5) and referred the objection to Appeal Committee which issued its decree No. 1442 dated 20/11/1435 H, corresponding to 15/09/2014 G, to reduce the DZIT claim to SR 419,578. The Company has paid those differences. During the period the aforementioned letter of guarantee has been recovered. The Company did not receive zakat assessments from DZIT for the years from 2008 up to 2014.

13. SHARE CAPITAL

The company's capital is SR 343,000,000 divided into 34,300,000 shares with a nominal value of SR 10 per share. On March 10, 2015, the extra ordinary general assembly has been decided to increase Company's capital to be SR 700,000,000 divided into 70,000,000 shares, with a nominal value of SR 10 per share, by way of transfer from the retained earnings. The increase amounts to SR 357,000,000 divided into 35,700,000 shares. This increase was recorded in Commercial Register on 19/3/2015(G). The Company's share capital as at June 30, 2015 distributed among the shareholders as follows:

Name of stockholder	Number of shares	Percentage of ownership	SR
Burooj International Company Limited	27,646,600	39.498%	276,466,000
Al Zkaeri Industry and Trading Company	17,279,376	24.684%	172,793,760
Al Romaizan for Gold and Jewellery Company	6 912,151	9.876%	69,121,510
Abdul-Rahman Abdulla Al Moosa and Sons	6,911,151	9.874%	69,111,510
Abdulla Bin Saad Al Rashid Trading Company	6,911,151	9.874%	69,111,510
Mr. Moosa Abdulla Al Ismaeel	1,728,037	2.469%	17,280,370
Mr. Solaiman Mohammad Abdulla Al Dawwod	1,728,037	2.469%	17,280,370
Mr. Ayman Mohammad Al Modaifir	877,497	1.250%	8,774,970
Mr. Mohammed Abdul-Aziz Al Habeeb	1,000	0.001%	10,000
Mr. Abdul- Salam Abdul-Rahman Al Aqeel	1,000	0.001%	10,000
Mr. Abdul-Mohsen Mohammed Al Zkeri	1,000	0.001%	10,000
Mr. Ahmed Abdul-Rahman Al Mousa	1,000	0.001%	10,000
Mr. Abdul-Aziz Abdullah Al Rashed	1,000	0.001%	10,000
Mr. Khaled Mohammed Al Solai'a	1,000	0.001%	10,000
	70,000,000	100%	700,000,000

14. RENTAL REVENUES

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Al-Andalus Mall rental revenue	52,540,638	48,757,328
Al-Sahafah Center rental revenue	5,127,190	-
Al-Yarmouk Mall rental revenue	3,145,307	-
Rental revenue from leasing out a portion of the company's premises	487,633	498,529
	61,300,768	49,255,857

15. COST OF RENTAL REVENUES

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Depreciation	5,870,232	4,930,801
Water and electricity	1,544,399	1,618,734
Operating and leasing services (note 4)	3,140,157	1,835,119
Security and cleaning services	3,936,047	3,386,602
Salaries and employees benefits	1,448,252	1,215,199
Land lease	5,268,753	-
Repair and maintenance	967,440	1,375,443
Insurance	79,240	109,900
Professional and legal fees	98,000	-
Other	295,998	191,856
	22,648,518	14,663,654

16. GENERAL AND ADMINISTRATION EXPENSES

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Salaries and related costs	1,564,821	1,575,035
Employees bonus	225,463	101,616
Professional and consulting fees	502,000	181,051
Depreciation	160,916	288,422
Telecommunications	14,345	27,015
Office supplies	37,508	31,676
Repair and maintenance	416,249	184,518
Other	260,762	317,658
	3,182,064	2,706,991

17. OTHER INCOME

	2015 (Audited)	2014 (Un-audited)
	SR	SR
Advertising and marketing	93,340	350,699
Maintenance	4,500	175,390
Miscellaneous	146,869	26,760
	244,709	552,849

18. CAPITAL COMMITMENTS

At 30 June 2015, the Company has capital commitments of 6.7 million (2014: SR 10.96 million) in respect of investment property construction contracts.

19. SEGMENT INFORMATION

The Company has two segments to generate revenue represented in the segment of commercial centers revenue (which includes Al-Andalus Commercial Center, Al-Sahafa Center and Al-Yarmouk Center), and the segment of administrative offices revenue (which includes leasing out a portion of the company's premises). The segment of revenue from administrative offices has not achieved any of the quantative limits mentioned in the segment reporting standard issued from Saudi Organization of Certified Public Accountants, accordingly no disclosure made on operating segment information in accompanying financial statements.

20. FINANCIAL ASSETS AND RISKS MANAGEMENT

Commission rates risks:

Commission rates risks result from the probable changes and fluctuations in the commission' rates which affect the future profit or the fair value of the financial instruments.

The Company has no significant assets or liabilities subject to changes in commission rates, as the existing facilities related to the Islamic Tawarruq include a predetermined fixed profit margin that is not adjustable for market changes. The Company management believes that the commission rate risk price is immaterial.

Liquidity risks

Liquidity risks represent the inability of the company to meet its obligations related to the financial liabilities as they fall due. Liquidity requirements should be monitored on a monthly basis, and the management should ensure sufficient funds to meet any obligation as it falls due.

Current financial liabilities consist of current portions of Islamic Tawarruq facilities, accounts payable and other liabilities. It is expected in practice to pay all these financial liabilities within 12 months from the date of the balance sheet and the company's management expects to have sufficient funds to do so.

Credit Risks

Credit risks represent the risk that one of the parties fails to discharge his obligation in respect of a financial instrument and will cause the Company to incur financial loss. The company's financial instruments which may be exposed to credit risks mainly include cash in banks and lessees receivables.

The company deposits its cash balances with a number of reliable and high credit-rated financial institutions. Management believes that the Company is not significantly vulnerable to credit risk. Management also does not expect to be exposed to significant credit risks of lessees' accounts as the company relies on customer diversity policy, and management monitors receivables list periodically and calculates the necessary provisions for any doubtful debts, if any.

Currency risks

Currency risks arise from changes and fluctuations in the value of the financial instruments as a result of change in the foreign currencies rates of exchange.

The company did not conduct any operations in currencies other than Saudi Riyal and US dollar. Since the Saudi Riyal exchange rate is fixed against the US dollar, the US dollar balances do not represent a significant currency risk. The company management monitors the fluctuations in currency rates and believes that the currency risk is immaterial.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in arm's length transactions. The financial assets of the Company consist of cash and cash equivalents, lease receivables, related parties and other assets, and the other financial liabilities consist of current portion of Islamic Tawarruq facility, accounts payable and other liabilities.

Management believes that the fair value of the Company's financial instruments is not materially different from their book values.

21. COMPARATIVE FIGURES

Certain comparative figures have been amended to conform to the current period presentation.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 23/8/2015(G).

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR the YEAR ENDED December 31, 2014

BDO
Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

P.O. Box 8736, Riyadh, 11492
Tel.: +966 1 278 0608
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info@alamri.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alandalus Property Company
Al-Riyadh, Saudi Arabia

Scope of Audit:

We have audited the accompanying balance sheet of **Alandalus Property Company** (A Saudi Closed Joint Stock Company) as of December 31, 2014 and the related statements of income, changes in Stockholders' equity and cash flows for the year then ended, including the related notes from 1 to 21. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the accompanying financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of **Alandalus Property Company** as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia; and
- Comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of these financial statements.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

March 1, 2015 (G)
Jumada Al-Awal 10, 1436 (H)

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

BALANCE SHEET

As of December 31, 2014

	Notes	2014 SR	2013 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	13,063,497	9,237,333
Accounts receivable - leases		11,304,217	8,845,199
Due from related parties	4	1,590,328	35,493,030
Prepayments and other receivables	5	16,610,344	10,303,939
TOTAL CURRENT ASSETS		42,568,386	63,879,501
NON-CURRENT ASSETS			
Investments in associated company	6	208,157,092	107,540,493
Investments in joint ventures	7	198,750,000	198,750,000
Ownership interest in lands		-	48,591,406
Investment properties, net	8	518,405,865	528,594,960
Construction -in- progress	9	84,811,800	58,513,847
Property, plant and equipment, net	10	567,839	625,487
TOTAL NON CURRENT ASSETS		1,010,692,596	942,616,193
TOTAL ASSETS		1,053,260,982	1,006,495,694
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Rents received in advance		34,316,334	28,394,892
Islamic Tawarruq loans- current portion	11	51,140,737	61,787,716
Due to related parties	4	4,403,816	7,319,865
Accruals and other payables	12	2,061,651	1,714,253
Zakat provision	13	1,777,252	2,351,071
TOTAL CURRENT LIABILITIES		93,699,790	101,567,797
NON-CURRENT LIABILITIES			
Islamic Tawarruq loans	11	173,786,292	206,418,383
Provision for end-of-service benefit		1,623,503	1,165,495
TOTAL NON-CURRENT LIABILITIES		175,409,795	207,583,878
TOTAL LIABILITIES		269,109,585	309,151,675
SHAREHOLDERS' EQUITY			
Share capital	14	343,000,000	343,000,000
Statutory reserve		52,827,337	44,146,600
Retained earnings		388,324,060	310,197,419
TOTAL SHAREHOLDERS' EQUITY		784,151,397	697,344,019
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,053,260,982	1,006,495,694

The accompanying notes from 1 to 21 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	Notes	2014 SR	2013 SR
Rental revenues		102,609,731	97,075,205
Cost of rental revenues	15	(31,942,409)	(26,017,907)
GROSS PROFIT FROM RENT		70,667,322	71,057,298
Profit from investments in joint ventures	7	21,556,947	20,220,312
Profit from investments in associated company (real-estate)	6	13,133,847	12,933,160
GROSS PROFIT FROM OPERATIONS		105,358,116	104,210,770
Marketing expenses		(2,734,492)	(2,072,628)
General and administrative expenses	16	(5,576,753)	(5,759,642)
PROFIR FROM MAIN OPERATIONS		97,046,871	96,378,500
Financial charges	11	(9,412,442)	(10,270,533)
Other income	17	757,927	1,046,339
Net profit before zakat		88,392,356	87,154,306
Zakat for previous years		(419,593)	-
Zakat provision	13	(1,165,385)	(1,601,943)
NET PROFIT		86,807,378	85,552,363
Basic earnings per share from:			
Main operations		2.83	2.81
Other operations		(0.25)	(0.27)
NET PROFIT		2.53	2.50

The accompanying notes from 1 to 21 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014

	2014 SR	2013 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	88,392,356	87,154,306
Adjustments to reconcile the net profit before zakat with net cash from operating activities:		
Share of profits from associated companies	(13,133,847)	(33,153,472)
Share of profits from joint ventures	(21,556,947)	-
Depreciation of investment property	10,189,094	10,189,094
Depreciation of Property, plant and equipment	242,931	187,375
Provision of end of service benefits	458,008	373,800
(Increase) decrease in operating assets:		
Accounts receivable - leases	(2,459,018)	908,572
Change of balances of related parties	184,697	6,238,004
Prepayments and other receivables	(6,306,450)	(6,285,106)
Proceeds from dividends	21,556,947	9,220,312
(Increase) decrease in operating liabilities:		
Rents received in advance	5,921,442	5,257,060
Accounts payable	-	(161,941)
Accruals and other payables	347,398	(511,373)
Surplus of cash from operation	83,836,611	79,416,631
Paid end of service benefits	-	(15,756)
Zakat paid	(2,158,797)	(1,085,692)
Net cash from operating activities	81,677,814	78,315,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to investment in an associated company	(8,089,344)	-
Acquisition of co-ownership interest in lands	-	(48,591,406)
Addition to construction -in- progress	(26,297,953)	(39,473,023)
Purchase of property and equipment	(185,283)	(342,422)
Net cash (used in) investing activities	(34,572,580)	(88,406,851)
CASH FLOWS FROM FINANCING ACTIVITIES		
Islamic Tawarruq loans, net	(43,279,070)	7,454,128
Net cash (used in) from financing activities	(43,279,070)	7,454,128
Net increase (decrease) in cash and cash equivalents	3,826,164	(2,637,539)
Cash and cash equivalents at the beginning of the year	9,237,333	11,874,872
Cash and cash equivalents at the end of the year	13,063,497	9,237,333
Non-cash transactions: Transferred from ownership interest in lands to investments	48,591,406	-
Transferred from investments in associated companies to investments in joint ventures	198,750,000	198,750,000
Transferred from due to related parties to investments in associated companies	35,353,002	-

The accompanying notes from 1 to 21 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

	Share capital	Statutory reserve	Retained Earnings	Total shareholders' equity
	SR	SR	SR	SR
For the year ended December 31, 2014				
Balance at January 1, 2014	343,000,000	44,146,600	310,197,419	697,344,019
Net profit for the year	-	-	86,807,378	86,807,378
Transfer to statutory reserve	-	8,680,737	(8,680,737)	-
Balance at December 31, 2014	343,000,000	52,827,337	388,324,060	784,151,397
For the year ended December 31, 2013				
Balance at January 1, 2013	343,000,000	35,591,364	233,200,292	611,791,656
Net profit for the year	-	-	85,552,363	85,552,363
Transfer to statutory reserve	-	8,555,236	(8,555,236)	-
Balance at December 31, 2013	343,000,000	44,146,600	310,197,419	697,344,019

The accompanying notes from 1 to 21 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

1. ORGANIZATION AND ACTIVITIES

Alandalus Property Company (the Company) is a Saudi closed joint stock company incorporated under the Ministerial Decree No. 2509 dated 03/09/1427 H corresponding to 26/09/2006 G which approved the incorporation of the company. The company is registered in Riyadh under Commercial Registration No. 1010224110 dated 17/09/1427 H corresponding to 10/10/2006 G.

The main activities of the company are , the development and ownership of commercial centers and malls, commercial and residential complexes and its management, general contracting for construction of residential and commercial buildings, educational, recreational and health establishments, roads, dams, water projects, sanitation, electrical and mechanical works, maintenance and operation of real estate facilities, buildings and commercial complexes, ownership of land and real estate development and investment for the company within the limits of its purposes.

The financial year of the Company commences on January 1, and ends on December 31 of each calendar year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared under the historical cost convention, except investments in associate which are stated according to the following paragraphs, and have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. Significant accounting policies adopted in the preparation of these financial statements are summarized below:

Accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Although these estimates are based on management's best information and events available at the date of the financial statements, the ultimate actual results may insignificantly differ from those estimates.

Revenue recognition

Rental revenues are recognized according to the contract with the lessees over the lease period according to the straight-line method and according to the elapsed period of the lease contract until the date of the balance sheet. Rents received in advance represent, rents collected from tenants for rent unearned at the date of the balance sheet.

Revenue from advertising, marketing and maintenance are recognized when received and are stated in the other income in the income statement.

Expenses

Property management fee, property related cost of maintenance, electricity, water, and its depreciation expenses are considered as direct costs and are included within the cost of rental revenues. The other expenses are considered as marketing and general and administrative expenses. Service segments expenses and common expenses, if required, will be allocated to direct costs, marketing and general and administration expenses made on consistent basis.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand, deposits, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at net amount less provision of doubtful debts if any for receivables the collection of which is doubtful, as estimated by the management.

Investments in associated companies

Investments in associated companies, in which the Company has significant influence over their financial and operation policies, but does not have control over or in which the company hold a long-term investment between 20% to 50% of share capital, according to the equity method. The investment is stated when purchased at cost (including goodwill, if any) and adjusted thereafter according to the changes in the Company's share in the net assets of the associated company .The Company's share of the net profit or loss in the associated company is recognized in the income statement.

Goodwill

The excess of consideration paid over the fair value of net assets and liabilities of the investee' company is recorded as goodwill within the carrying amount of the investment. In the absence of reliable measure of fair value for the net assets purchased, goodwill represents the difference between the amount paid for the purchase of the investment and the company›s share in the net book value of the assets purchased. Goodwill is subsequently carried at cost less any accumulated losses resulting from impairment. Goodwill is assessed annually to determine whether there was a reduction in the value of goodwill or during the year if an event or change in circumstances indicates there is impairment in the recorded value.

Ownership interest in lands

The ownership interest in lands represents the company's investment in common ownership land, and recorded at cost. Profits from sale of contribution is recorded when the sale is completed.

Investment properties

Investment properties which are held to earn rentals are stated at cost less accumulated depreciation. Investment properties are depreciated (excluding land), according to the straight-line method based on the estimated useful life over periods between 25 to 33.33 years according to the expected life of the building at the date of construction or purchase. Revenues from rental of these Investment properties and related depreciation are recognized in the statement of income.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated according to the estimated useful life of the asset based on the straight line method. Leasehold improvements in rented buildings are depreciated over its estimated useful lives or rent period which is shorter. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. The estimated useful lives for the properties and equipment are as follows:

	Years
Vehicles	4
Furniture and office equipment	3-10

Construction in- progress

Construction in progress is stated at cost. Depreciation of these assets commence when they become ready for use.

Cost of borrowings

The related cost of borrowings which in respect of credit facilities obtained for a particular project that requires its establishment a long period of time within the project cost is capitalize using the effective interest rate method.

The cost of borrowings is recognized in the statement of income in the absence of projects under progress are not eligible for capitalization, using the effective interest rate method over the loan repayment period.

Impairment of non-current assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are expensed in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income.

Operating leases

Amounts paid under operating leases entered into by the company as a lessee are recorded in the income statement on a straight-line basis over the lease term.

Provision for end of service benefits

Provision for end of service benefits are provided for employees in accordance with the Saudi Labor Law and according to the employees' service duration.

Provision for zakat

Zakat is provided for in the statement of income in accordance with Department of Zakat and Income Tax regulations in Kingdom of Saudi Arabia. Differences, if any between the amounts of provision for zakat the final assessment are recognized in the statement of income in the year in which the final assessment is received.

Statutory reserve

As required by Saudi Companies Law, 10% of the annual net income must be transferred to the statutory reserve. The Company may discontinue such transfers when the reserve reached 50% of the paid capital. The reserve is not available for distribution as dividends.

Foreign currency translation

The company's accounts are maintained in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Earnings per share

Basic earnings per share are calculated by using the weighted average method for ordinary shares outstanding during the year. It is to be known that all capital shares of the company are ordinary shares which amounted in the years 2014 and 2013 to 34,300,000 shares.

3. CASH AND CASH EQUIVALENTS

	2014 SR	2013 SR
Cash on hand	414,538	185,639
Bank balances	12,648,959	9,051,694
	13,063,497	9,237,333

4. TRANSACTIONS WITH RELATED PARTIES

The company is dealing in the ordinary course of business with companies owned by some of the shareholders, affiliated companies and with other related parties. The terms for related party transactions are the same as those of unrelated parties. Pricing policies and terms of these transactions are approved by its Company's management. The balances with related parties bear no financing charges. The transactions with the related parties are mentioned below:

A) The Company has contracted with Hamat Property Company (formerly with Mohamed Abdelaziz Alhabib & Co for Real Estate Investment) to provide development consulting and leasing services for AlAndalus Commercial Center in Jeddah for services fee of 7% of the total center rent for the first year. When renting at first time or changing a tenant with another one.

The company also has another agreement with the aforementioned company to provide management services to the Al-Andalus center of 4% of the income of the center from the lease, specialized advertisement and rental income. The company is subject under the same agreement to bear the financial obligations related to the employees, such as salaries, benefits and other expenses such as maintenance and electricity.

B) The Company charges Advance Markets Company (Associated Company) and Hayat Commercial Mall Centre (associated Establishment) with its share from the direct general and administrative expenses incurred by Al Andalus Real Estate Company, according to the agreement of managements of these companies.

C) The Company has rented a land from one of the shareholder for a period of 20 years for the purpose of establishing one of the commercial center (note 9) in exchange of an annual rent of SR 3.1 million

The balances of related parties as at December 31 were:

Due from related parties

	2014	2013
	SR	SR
Advanced Markets Company	121,028	34,633,002
Hayat Mall Commercial Centre	1,469,300	860,028
	1,590,328	35,493,030

Due to related parties

	2014	2013
	SR	SR
Mohamad Abdul Azeez Al Habeeb Real Estate Investment Co.	-	2,833,894
Hamat Property Company	4,403,816	4,485,971
	4,403,816	7,319,865

5. PREPAYMENTS AND OTHER RECEIVABLES

	2014	2013
	SR	SR
Employee receivables	255,721	348,445
Prepaid expenses	257,389	468,260
Rent paid in advance (note 9)	11,780,000	5,630,000
Advances to suppliers	676,859	216,859
Letter of guarantee margin (note 13)	3,640,375	3,640,375
	16,610,344	10,303,939

- In subsequent event, the company obtained a decision in its interest in the lawsuit against DZIT. Therefore, the DZIT has returned the amount of SR 2,193,250 to the company's account according to the letter issued by Zakat Primary Appeal Committee to Al Rajhi Bank on 24/03/1436 H.

6. INVESTMENTS IN ASSOCIATED COMPANY

	2014	2013
	SR	SR
Advanced Markets Company	111,624,840	59,155,523
Hamat Real Estate Company	47,815,846	48,384,970
Sorouh El Marakez Company	48,716,406	-
	208,157,092	107,540,493

Advanced Markets Company

During 2007, in association with one of the stockholders, the Company founded Advanced Markets Company as a limited liability company with a capital of SR 500,000 equally owned at 50% for each one of them for the purpose of owning Dareen Complex in Dammam. The Company offered additional finance to the mentioned company amounting to SR 35,461,474 representing its share in financing the projects land to make the total cost of the investment SR 35,711,474.The movement of investment during the year ended December 31 was as follows:

	2014	2013
	SR	SR
At the beginning of the year	59,155,523	49,844,595
Transferred from due from related parties	35,353,002	-
Capital additions	8,089,344	-
Company's share of profit of the year	9,026,971	9,310,928
	111,624,840	59,155,523

Hamat Real Estate Company

During 2012, the Company acquired an ownership interest of 33,33% of the capital of Hamat Real Estate Company of SR 500,000 for an amount of SR 44,434,383, and according to the purchase agreement, the Company's share in the profits of the mentioned company will be calculated from the date of settlement of the last payment of the value of the deal which was on 01/10/2012.

The activity of the associated company is purchasing of lands for construction of buildings and its investment by selling or leasing. The mentioned investment includes goodwill for the amount of SR 44.18 million.

The movement of the investment during the year ended December 31, as follows:

	2014	2013
	SR	SR
At the beginning of the year	48,384,970	44,762,738
Company's share of profit of the year	4,106,876	3,622,232
Dividend received	(4,676,000)	-
	47,815,846	48,384,970

Sorouh El Marakez Company

On April 17, 2014, the Company participated in the establishment of Sorouh El Marakez Company (Limited Liability Company) with 25% of its share capital amounting to SR 500,000. In addition to its share of capital of SR 125,000, the company contributed a parcel of land of SR 48,591,406 as an additional capital in proportion of its share of capital.

7. INVESTMENTS IN JOINT VENTURES

The company owns 25% of Hayat Mall Commercial Centre capital of SR 412 Million. The investment includes goodwill of SR 95.75 million as of December 31.2014 and 2013.

The movement of investment during the year ended December 31, was as follows:

	2014	2013
	SR	SR
Balance at the beginning of the year	198,750,000	198,750,000
Company's share of the profits of the joint venture	21,556,947	20,220,312
Dividend received	(21,556,947)	(20,220,312)
	198,750,000	198,750,000

8. INVESTMENT PROPERTIES-NET

	Lands	Buildings	Total
	SR	SR	SR
Cost			
Balance at January 1, 2014 and at December 31, 2014	253,532,700	336,120,050	589,652,750
Accumulated Depreciation			
Balance at January 1,2014	-	(61,057,791)	(61,057,791)
Depreciation for the year	-	(10,189,094)	(10,189,094)
Balance at December 31, 2014	-	(71,246,885)	(71,246,885)
Net book values			
At December 31, 2014	253,532,700	264,873,165	518,405,865
At December 31, 2013	253,532,700	275,062,260	528,594,960

The investment properties represent Al-Andalus Commercial Mall in Jeddah, and the additions represent office building by the north ring road in Riyadh, the Company occupies part of it as an administrative quarter for which the depreciation for the year 2014 was SR 421,972 (2013: SR 421,972) included in the general and administrative expenses.

9. CONSTRUCTION IN- PROGRESS

	2014	2013
	SR	SR
Al-Andalus Towers Project in Jeddah	54,583,943	39,560,907
Alsahafa Commercial Center	11,524,378	7,050,146
Atlal Commercial Center	9,397,794	6,302,287
Alyarmook Commercial Center	8,250,297	5,600,507
Initial Public Offering	1,055,388	-
	84,811,800	58,513,847

Al-Andalus Towers project, represent the construction of six towers suites hotels in the location of Al-Andalus Commercial Center which is built on the same land of the Center.

Al-Sahafa Commercial Center project is built on land leased for 20 Higri years, commenced in 16/3/1434 H (corresponding to 27/1/2013). Al-Telal Commercial Center and Al-Yarmook Commercial Center are built on land leased for 20 Gregorian years, commenced in 11, 12 March 2013 respectively. The three projects will be based on build operating and transferring concept. All constructions and equipments will be transferred to the lessor in the end of the mentioned period of rent.

The capitalized finance interest within the cost of projects during the year 2014 amounted to SR 3,204,145 (2013: SR 1,175,186)

10. PROPERTY AND EQUIPMENT, NET

	Vehicles	Furniture and office equipment	Total
	SR	SR	SR
Cost			
At January 1, 2014	505,720	1,577,303	2,083,023
Additions	-	185,283	185,283
At December 31,2014	505,720	1,762,586	2,268,306
Accumulated Depreciation			
At January 1,2014	(269,292)	(1,188,244)	(1,457,536)
Depreciation for the year	(82,046)	(160,885)	(242,931)
At December 31,2014	(351,338)	(1,349,129)	(1,700,467)
Net book values			
At December 31, 2014	154,382	413,457	567,839
At December 31, 2013	236,428	389,059	625,487

11. ISLAMIC TAWARRUQ FACILITIES

During 2007, the company obtained Islamic Tawarruq loans from a local bank in the form of sale on credit contracts of local shares on credit terms of SR 200 million at a declining balance profit margin of 8% to help to finance the construction of Al-Andalus Commercial Center in Jeddah. The Islamic Tawarruq loans are secured by a signed promissory note and the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 268,901,362, and guarantee payment and performance of each shareholder, according to his share in the company›s capital and the release of the real estate related to the center, provided that its market value is not less than SR400 million, and a pledge to waive all the center future rents until full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in equal annual installments over a period of seven years, the first installment commenced in 25/03/2008 and the last installment will become due on 02/12/2014, the total amount of loan has been paid at agreed date.

During 2009, the company obtained Islamic Tawarruq loan from the same local bank in the form sale on credit contracts of local shares amounted to SR 220 at a declining balance profit margin of 6.25% to help finance the deal of the acquisition of Hayat Mall Commercial Center. The Islamic Tawarruq loan is secured by a promissory note for the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 316 million, and a payment and performance guarantee from each shareholder, according to his share in the company›s capital and evacuation of the real estate related to Al-Andalus Commercial Center, provided that its market value is not less than SR 600 million, and a pledge to relinquish all the center future rents until the full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in unequal annual installments over a period of ten years, the first installment commenced in 14/03/2009 and the last installment will become due on 14/03/2018.

At the end of 2012, the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for goods contracts amounting to SR 100 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of constructing project Al-Andalus Hotel Towers in Jeddah city. The company has been obtained an amount of $50 million Saudi riyals till the date of these financial statements. The Tawarruq loan is secured by the signing promissory notes of the full amount of the liability. (the value of Tawarruq loan and profit margin) which amounted to the total of 63,116,879 SR, and warranty guarantee performance of each shareholder, according to its share in the company›s capital, and a pledge of real estate its coverage not less proportion than 200% of the value of the facility and a pledge to waive all future rents suits hotels as well as major lessee rent- in Andalus Commercial Center until the full payment of the facility. The Islamic Tawarruq loan and the profit margin is repayable on a non-equal annual installments over a period of seven years, the first installment payment commences in 3/10/2013 and the last installment will be on 27/4/2020.

In July 2013 the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for goods contracts amounting to SR 20 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of establishing projects, commercial centers in the districts of Al-Sahaffa, Al-Tilal and Al-Yarmouk in the city of Riyadh. The company has been obtained the amount of SR 10 million till the date of these financial statements. The Islamic Tawarruq loan is secured by the signing promissory notes of the full amount of the liability. (the value of Tawarruq loan and profit margin) which amounted to the total of SR 12,074,911, and warranty guarantee performance of each shareholder, according to its share in the company›s capital, and a pledge of real estate its coverage not less than 200% of the value of the facility and a pledge to waive all future rents suits hotels as well as major lessee rent in commercial center until the full payment of the facility. The Islamic Tawarruq loan and the profit margin is repayable on a non-equal annual installments over a period of five years, the first installment payment commences in 26/6/2014 and the last installment will be on 26/12/2018.

The following are Islamic Tawarruq facilities movement during the year ended December 31:

	2014	2013
	SR	SR
At the beginning of the year	308,029,252	296,828,912
Addition during the year	12,025,841	75,191,790
Payment during the year	(65,895,656)	(63,991,450)
At the end of the year	254,159,437	308,029,252
Less: deferred finance cost	(29,232,408)	(39,823,153)
Tawarruq value at the end of the year, net	224,927,029	268,206,099
Current portion	(51,140,737)	(61,787,716)
Noncurrent portion	173,786,292	206,418,383

The deferred financing costs details of the Balance as at December 31 are as follows.

	2014 SR	2013 SR
At the beginning of the year	39,823,153	36,076,941
Addition during the year	2,025,842	15,191,931
Amortization for the year (finance cost)	(12,616,587)	(11,445,719)
	29,232,408	39,823,153

12. ACCRUALS AND OTHER PAYABLE

	2014	2013
	SR	SR
Employees benefits accrued	1,024,987	822,680
Cleaning and security	645,620	657,902
Electricity and water	220,721	111,248
Other	170,323	122,423
	2,061,651	1,714,253

13. ZAKAT PROVISION

The main Zakat base components are as follows:

	2014	2013
	SR	SR
Beginning shareholders equity	697,344,019	611,791,656
Net adjusted income	71,090,076	71,795,500
Other additions	226,092,524	308,836,702
Non-current assets	(1,006,066,155)	(898,381,004)
Total	(11,539,536)	94,042,854
Zakat base	71,090,076	94,042,854

Zakat provision movement as follows:

	2014	2013
	SR	SR
At the beginning of the year	2,351,071	1,834,820
Zakat for Previous years	419,593	-
Paid during the year	(2,158,797)	(1,085,692)
Zakat provision for the year	1,165,385	1,601,943
At the end of the year	1,777,252	2,351,071

Zakat status

The company submitted its zakat returns and paid the due amount until the year ended December 31, 2013 and obtained Zakat certificate for those years. The company received the final assessment for the first financial year ended Department 31, 2007 with differences of SR 2,234,916, the company objected on this assessment, and the dispute was referred to the Zakat Primary Appeal Committee which issued its resolution which resulted in reduction of DZIT claim to SR 2,193,250. The company issued a letter of guarantee for the above reduced amount (note 5) and referred the objection to Appeal Committee which issued its decree No. 1442 dated 20/11/1435 H, corresponding to 15/09/2014 G, to reduce the DZIT claim to SR 419,578. The Company has paid those differences. At subsequent date, the aforementioned letter of guarantee has been recovered. The Company did not receive the zakat assessments from DZIT for the years from 2008 up to 2013.

14. SHARE CAPITAL

The company's capital is SR 343,000,000 divided into 34,300,000 shares with a nominal value of SR 10 per share. The Company's share capital as at December 31, 2014 and 2013 distributed among shareholders as follows:

Name of stockholder	Number of shares	Percentage of ownership	SR
Burooj International Company Lmited	13,547,814	39.498%	135,478,140
Al Zakari Industry and Trading Company	8,467,384	24.686%	84,673,840
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	9.876%	33,869,540
Abdulla Bin Saad Al Rashid Trading Company	3,386,954	9.876%	33,869,540
Al Romaizan for Gold and Jewellery Company	3,386,954	9.876%	33,869,540
Mr.Moosa Abdulla Al Ismaeel	846,738	2.469%	8,467,380
Mr.Solaiman Mohammad Abdulla Al Dawwod	846,738	2.469%	8,467,380
Mr.Ayman Mohammad Al Modaifir	430,464	1.250%	4,304,640
	34,300,000	100 %	343,000,000

15. COST OF RENTAL REVENUES

	2014	2013
	SR	SR
Depreciation	9,864,135	9,871,790
Water and electricity	3,733,872	2,953,225
Operating and leasing services (note 4)	4,422,304	4,249,638
Security and cleaning services	7,852,049	4,901,503
Salaries and employees benefits	2,225,325	2,072,220
Lessees compensations	150,000	-
Repair and maintenance	2,848,034	1,327,865
Insurance	219,251	285,846
Professional and legal consulting	257,899	-
Other	369,540	355,820
	31,942,409	26,017,907

16. GENERAL AND ADMINISTRATION EXPENSES

	2014	2013
	SR	SR
Salaries and related costs	2,952,097	3,818,376
Employees bonus	250,719	557,989
Advertising and publishing	5,377	114,377
Professional and consulting fees	433,000	208,000
Depreciation	567,890	504,680
Telecommunications	50,687	33,387
Office supplies	65,809	40,343
Repair and maintenance	450,437	125,977
Other	800,737	356,513
	5,576,753	5,759,642

17. OTHER INCOME

The other income during the year ended December 31 comprised:

	2014 SR	2013 SR
Advertising and marketing	370,481	566,696
Maintenance	211,390	191,550
Miscellaneous	176,056	288,093
	757,927	1,046,339

18. FINANCIAL ASSETS AND RISKS MANAGEMENT

Commission rates risks:

Commission rates risks result from the probable changes and fluctuations in the commission' rates which affect the future profit or the fair value of the financial instruments.

The Company has no significant assets or liabilities subject to changes in commission rates, as the existing facilities related to the Islamic Tawarruq which include a specified predetermined fixed profit margin and cannot be adjusted according to market changes. The Company management believes that the commission rate risk price is immaterial.

Liquidity risks

Liquidity risks represent the inability of the company to meet its obligations related to the financial liabilities as they fall due. Liquidity requirements should be monitored on a monthly basis, and the management should ensure sufficient funds to meet any obligation as it falls due.

Current financial liabilities consist of current portions of Islamic Tawarruq facilities, accounts payable and other liabilities. It is expected in practice to pay all these financial liabilities within 12 months from the date of the balance sheet and the company's management expects to have sufficient funds to do so.

Credit Risks

Credit risks represent the risk that one of the parties fails to discharge his obligation in respect of a financial instrument and will cause the Company to incur financial loss. The company's financial instruments which may be exposed to credit risks mainly include cash in banks and lessees receivables.

The company deposits its cash balances with a number of reliable and high credit-rated financial institutions. Management believes that the Company is not significantly vulnerable to credit risk. Management also does not expect to be exposed to significant credit risks of lessees' accounts as the company relies on customer diversity policy, and management monitors receivables list periodically and calculates the necessary provisions for any doubtful debts, if any.

Currency risks

Currency risks arise from changes and fluctuations in the value of the financial instruments as a result of change in the foreign currencies rates of exchange.

The company did not conduct any operations in currencies other than Saudi Riyal and US dollar. Since the Saudi Riyal exchange rate is fixed against the US dollar, the US dollar balances do not represent a significant currency risk. The company management monitors the fluctuations in currency rates and believes that the currency risk is immaterial.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in arm's length transactions. The financial assets of the Company consist of cash and cash equivalents, lease receivables, related parties and other assets, and the other financial liabilities consist of current portion of Islamic Tawarruq facility, accounts payable and other liabilities.

Management believes that the fair value of the Company's financial instruments is not materially different from their book values.

19. CAPITAL COMMITMENTS

At 31 December 2014, the Company has capital commitments of SR 19.14 million (2013: SR 13.99 million) in respect of investment property construction contracts.

20. COMPARATIVE FIGURES

Certain comparative figures have been amended to conform to the current year presentation.

21. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 01/03/2015 G and it is to be noted that the Board has not proposed any cash dividends to the shareholders from profits of 2014.

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR the YEAR ENDED December 31, 2013

BDO Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alandalus Property Company
Al-Riyadh, Saudi Arabia

Scope of Audit:

We have audited the accompanying balance sheet of **Alandalus Property Company** (A Saudi Closed Joint Stock Company) as of December 31, 2013 and the related statements of income, changes in Shareholders' equity and cash flows for the year then ended, including the related notes from 1 to 19. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the accompanying financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of **Alandalus Property Company** as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia; and
- Comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of these financial statements.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

February 11, 2014 (G)
Rabi Al-Thani 11, 1435 (H)

Partners: Dr. Mohamed Al-Amri (60), Jamal M. Al-Amri (331), Gihad M. Al-Amri (362)
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ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

BALANCE SHEET

As of December 31, 2013

	Notes	2013 SR	2012 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	9,237,333	11,874,872
Accounts receivable - leases		8,845,199	9,753,771
Due from related parties	4	35,493,030	34,716,788
Prepayments and other receivables	5	8,856,814	2,571,708
TOTAL CURRENT ASSETS		62,432,376	58,917,139
NON-CURRENT ASSETS			
Investments in associated companies	6	306,290,493	293,357,333
Ownership interest in lands		48,591,406	-
Investment properties, net	7	528,594,960	538,784,055
Construction - in- progress	8	59,960,972	20,487,949
Property, plant and equipment, net	9	625,487	470,440
TOTAL NON CURRENT ASSETS		944,063,318	853,099,777
TOTAL ASSETS		1,006,495,694	912,016,916
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Rents received in advance		28,394,892	23,137,832
Islamic Tawarruq loans- current portion	10	61,787,716	62,414,455
Accounts payable		-	161,941
Due to related parties	4	7,319,865	11,305,619
Accruals and other payables	11	1,714,253	2,225,626
Zakat provision	12	2,351,071	1,834,820
TOTAL CURRENT LIABILITIES		101,567,797	101,080,293
NON-CURRENT LIABILITIES			
Islamic Tawarruq loans	10	206,418,383	198,337,516
Provision for end-of-service benefit		1,165,495	807,451
TOTAL NON-CURRENT LIABILITIES		207,583,878	199,144,967
TOTAL LIABILITIES		309,151,675	300,225,260
SHAREHOLDERS' EQUITY			
Share capital	13	343,000,000	343,000,000
Statutory reserve		44,146,600	35,591,364
Retained earnings		310,197,419	233,200,292
TOTAL SHAREHOLDERS' EQUITY		697,344,019	611,791,656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,006,495,694	912,016,916

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF INCOME

For the Year Ended December 31, 2013

	Notes	2013 SR	2012 SR
Rental revenues		97,075,205	92,539,383
Cost of rental revenues	14	(26,017,907)	(26,860,761)
GROSS PROFIT FROM RENT		71,057,298	65,678,622
Profit from investments in associated company (real-estate)	6	33,153,472	28,403,249
GROSS PROFIT FROM OPERATIONS		104,210,770	94,081,871
Marketing expenses		(2,072,628)	(792,549)
General and administrative expenses	15	(5,759,642)	(7,803,203)
PROFIT FROM MAIN OPERATIONS		96,378,500	85,486,119
Financial charges	10	(10,270,533)	(11,078,150)
Other income	16	1,046,339	2,071,836
Net profit before zakat		87,154,306	76,479,805
Zakat for previous years		-	(883,862)
Zakat provision	12	(1,601,943)	(1,834,820)
NET PROFIT		85,552,363	73,761,123
Basic earnings per share from:			
Main operations		2.81	2.49
Other operations		(0.31)	(0.34)
NET PROFIT		2.50	2.15

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2013

	2013 SR	2012 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	87,154,306	76,479,805
Adjustments to reconcile the net profit before zakat with net cash from operating activities:		
Share of profits from associated companies	(33,153,472)	(28,403,249)
Depreciation	10,376,470	10,408,055
Provision of end of service benefits	373,800	397,613
(Increase) decrease in operating assets:		
Accounts receivable - leases	908,572	(3,603,297)
Change of balances of related parties	6,238,004	8,004,474
Prepayments and other receivables	(6,285,106)	(2,154,651)
(Increase) decrease in operating liabilities:		
Rents received in advance	5,257,060	1,902,478
Accounts payable	(161,941)	(1,026,140)
Accruals and other payables	(511,373)	991,261
Surplus of cash from operation	70,196,320	62,996,349
Paid end of service benefits	(15,756)	(68,157)
Zakat paid	(1,085,692)	(3,172,631)
Net cash from operating activities	69,094,872	59,755,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding to an associated company (Advanced Markets Co.)	-	(5,500,000)
Dividends and cash received from Hayat Mall Center	9,220,312	29,496,841
Purchase of shares in Hamat Real Estate Company	-	(44,434,383)
Acquisition of co-ownership interest in lands	(48,591,406)	-
Purchase of investment properties	-	(26,650,000)
Addition to construction - in- progress	(39,473,023)	(9,262,728)
Purchase of property and equipment	(342,422)	(131,711)
Net cash (used in) investing activities	(79,186,539)	(56,481,981)
CASH FLOWS FROM FINANCING ACTIVITIES		
Islamic Tawarruq loans, net	7,454,128	(51,336,305)
Net cash from (used in) financing activities	7,454,128	(51,336,305)
Net (decrease) in cash and cash equivalents	(2,637,539)	(48,062,725)
Cash and cash equivalents at the beginning of the year	11,874,872	59,937,597
Cash and cash equivalents at the end of the year	9,237,333	11,874,872

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended December 31, 2013

	Share capital	Statutory reserve	Retained Earnings	Total shareholders' equity
	SR	SR	SR	SR
For the year ended December 31, 2013				
Balance at January 1, 2013	343,000,000	35,591,364	233,200,292	611,791,656
Net profit for the year	-	-	85,552,363	85,552,363
Transfer to statutory reserve	-	8,555,236	(8,555,236)	-
Balance at December 31, 2013	343,000,000	44,146,600	310,197,419	697,344,019
For the year ended December 31, 2012				
Balance at January 1, 2012	343,000,000	28,215,252	166,815,281	538,030,533
Net profit for the year	-	-	73,761,123	73,761,123
Transfer to statutory reserve	-	7,376,112	(7,376,112)	-
Balance at December 31, 2012	343,000,000	35,591,364	233,200,292	611,791,656

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

1. ORGANIZATION AND ACTIVITIES

AlAndalus Property Company (the Company) is a Saudi closed joint stock company incorporated under the Ministerial Decree No. 2509 dated 03/09/1427 H corresponding to 26/09/2006 G which approved the incorporation of the company. The company is registered in Riyadh under Commercial Registration No. 1010224110 dated 17/09/1427 H corresponding to 10/10/2006 G.

The main activities of the company are, the development and ownership of commercial centers and malls, commercial and residential complexes and its management, general contracting for construction of residential and commercial buildings, educational, recreational and health establishments, roads, dams, water projects, sanitation, electrical and mechanical works, maintenance and operation of real estate facilities, buildings and commercial complexes, ownership of land and real estate development and investment for the company within the limits of its purposes.

The financial year of the Company commences on January 1, and ends on December 31 of each calendar year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared under the historical cost convention, except investments in associate which are stated according to the following paragraphs, and have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. Significant accounting policies adopted in the preparation of these financial statements are summarized below:

Accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Although these estimates are based on management’s best information and events available at the date of the financial statements, the ultimate actual results may insignificantly differ from those estimates.

Revenue recognition

Rental revenues are recognized according to the contract with the lessees over the lease period according to the straight-line method and according to the elapsed period of the lease contract until the date of the balance sheet. Rents received in advance represent, rents collected from tenants for rent unearned at the date of the balance sheet.

Revenue from advertising, marketing and maintenance are recognized when received and are stated in the other income in the income statement.

Expenses

Property management fee, property related cost of maintenance, electricity, water, and its depreciation expenses are considered as direct costs and are included within the cost of rental revenues. The other expenses are considered as marketing and general and administrative expenses. Service segments expenses and common expenses, if required, will be allocated to direct costs, marketing and general and administration expenses made on consistent basis.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand, deposits, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at net amount less provision of doubtful debts if any for receivables the collection of which is doubtful, as estimated by the management.

Investments in associated companies

Investments in associated companies, in which the Company has significant influence over their financial and operation policies, but does not have control over or in which the company hold a long-term investment between 20% to 50% of share capital, according to the equity method. The investment is stated when purchased at cost (including goodwill, if any) and adjusted thereafter according to the changes in the Company’s share in the net assets of the associated company .The Company’s share of the net profit or loss in the associated company is recognized in the income statement.

Goodwill

The excess of consideration paid over the fair value of net assets and liabilities of the investee' company is recorded as goodwill within the carrying amount of the investment. In the absence of reliable measure of fair value for the net assets purchased, goodwill represents the difference between the amount paid for the purchase of the investment and the company›s share in the net book value of the assets purchased. Goodwill is subsequently carried at cost less any accumulated losses resulting from impairment. Goodwill is assessed annually to determine whether there was a reduction in the value of goodwill or during the year if an event or change in circumstances indicates there is impairment in the recorded value.

Ownership interest in lands

The ownership interest in lands represents the company's investment in common ownership land, and recorded at cost. Profits from sale of contribution is recorded when the sale is completed.

Investment properties

Investment properties which are held to earn rentals are stated at cost less accumulated depreciation. Investment properties are depreciated (excluding land), according to the straight-line method based on the estimated useful life over periods between 25 to 33.33 years according to the expected life of the building at the date of construction or purchase. Revenues from rental of these Investment properties and related depreciation are recognized in the statement of income.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated according to the estimated useful life of the asset based on the straight line method. Leasehold improvements in rented buildings are depreciated over its estimated useful lives or rent period which is shorter. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. The estimated useful lives for the properties and equipment are as follows:

	Years
Vehicles	4
Furniture and office equipment	3-10

Construction in- progress

Construction in progress is stated at cost. Depreciation of these assets commence when they become ready for use.

Cost of borrowings

The related cost of borrowings which in respect of credit facilities obtained for a particular project that requires its establishment a long period of time within the project cost is capitalize using the effective interest rate method.

The cost of borrowings is recognized in the statement of income in the absence of projects under progress are not eligible for capitalization, using the effective interest rate method over the loan repayment period.

Impairment of non-current assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are expensed in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income.

Operating leases

Amounts paid under operating leases entered into by the company as a lessee are recorded in the income statement on a straight-line basis over the lease term.

Provision for end of service benefits

Provision for end of service benefits are provided for employees in accordance with the Saudi Labor Law and according to the employees' service duration.

Provision for zakat

Zakat is provided for in the statement of income in accordance with Department of Zakat and Income Tax regulations in Kingdom of Saudi Arabia. Differences, if any between the amounts of provision for zakat the final assessment are recognized in the statement of income in the year in which the final assessment is received.

Statutory reserve

As required by Saudi Companies Law, 10% of the annual net income must be transferred to the statutory reserve. The Company may discontinue such transfers when the reserve reached 50% of the paid capital. The reserve is not available for distribution as dividends.

Foreign currency translation

The company's accounts are maintained in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Earnings per share

Basic earnings per share are calculated by using the weighted average method for ordinary shares outstanding during the year. It is to be known that all capital shares of the company are ordinary shares which amounted in the years 2013 and 2012 to 34,300,000 shares.

3. CASH AND CASH EQUIVALENTS

	2013 SR	2012 SR
Cash in hand	185,639	80,000
Cash at banks	9,051,694	11,794,872
	9,237,333	11,874,872

4. TRANSACTIONS WITH RELATED PARTIES

The company is dealing in the ordinary course of business with companies owned by some of the shareholders, affiliated companies and with other related parties. The terms for related party transactions are the same as those of unrelated parties. Pricing policies and terms of these transactions are approved by its Company's management. The balances with related parties bear no financing charges. The transactions with the related parties are mentioned below:

A) The Company has contracted with Hamat Property Company (formerly with Mohamed Abdelaziz Alhabib & Co for Real Estate Investment) to provide development consulting and leasing services for AlAndalus Commercial Center in Jeddah for services fee of 7% of the total center rent for the first year. When renting at first time or changing a tenant with another one.

The company also has another agreement with the aforementioned company to provide management services to the Al-Andalus center of 4% of the income of the center from the lease, specialized advertisement and rental income. The company is subject under the same agreement to bear the financial obligations related to the employees, such as salaries, benefits and other expenses such as maintenance and electricity.

Total costs for leasing, operating services and other expenses which recorded in the cost of rental income in the statement of income during 2013 amounted to SR 4,249,638 and SR 572,234, respectively, SR (2012: SR 4,370,739 and SR 2,037,856 SR respectively).

B) The Company charges Advanced Markets Company (Associated Company) and Hayat Commercial Mall Centre (associated Entity) with its share from the direct general and administrative expenses incurred by Al-Andalus Real Estate Company, according to the agreement of managements of these companies. During the year 2013 Advanced Markets Company and Hayat Commercial Mall Centre has been charged with an amount of SR 140,000 and 125,000 respectively (2012: SR 56,000 and SR 1,040,000 respectively).

C) The company provides funding to Advanced Markets Company for the purpose of supporting its working capital. No amount is given to the company during 2013 (2012 SR 5,500,000)

D) The Company rented a land from one of the shareholder for a period of 20 years for the purpose of constructing a commercial center (note 8), for an annual rent of SR 3,1 million.

E) An amount of 2.3 million has been paid to Mohamed Abdelaziz Alhabib for Real Estate Investment as brokerage fee for a land in north Jeddah.

The balances of related parties as at December 31 were as follows:

Due from related parties

	2013	2012
	SR	SR
Advanced Markets Company	34,633,002	34,492,432
Hayat Mall Commercial Centre	860,028	-
Burooj International Company	-	219,056
Future Markets Company	-	5,300
	35,493,030	34,716,788

Due to related parties

	2013	2012
	SR	SR
Hayat Mall Commercial Centre	-	5,114,343
Mohamad Abdul Azeez Al Habeeb Real Estate Investment Co.	2,833,894	69,357
Hamat Property Company	4,485,971	6,121,919
	7,319,865	11,305,619

5. PREPAYMENTS AND OTHER RECEIVABLES

	2013	2012
	SR	SR
Employee receivables	348,445	175,804
Prepaid expenses	468,260	202,654
Rent paid in advance (note 8)	5,630,000	-
Advances to suppliers	216,859	-
Letter of guarantee margin (note 12)	2,193,250	2,193,250
	8,856,814	2,571,708

6. INVESTMENTS IN ASSOCIATED COMPANIES

	2013	2012
	SR	SR
Hayat Mall Commercial Center	198,750,000	198,750,000
Advanced Markets Company	59,155,523	49,844,595
Hamat Real Estate Company	48,384,970	44,762,738
	306,290,493	293,357,333

Hayat Mall Commercial Center

The company owns 25% of Hayat Mall Commercial Centre capital of SR 412 million, in 2009 the company with the other partners in the mall by founded Alhayat Real Estate Company for the purpose of supervising the Mall. The ownership transfer of the mall to the mentioned company has not been completed yet. Investment mentioned above includes goodwill of SR 95.75 million as of December 31, 2013 and 2012. The movement of investment during the year ended December 31, was as follows:

	2013	2012
	SR	SR
Balance at the beginning of the year	198,750,000	198,750,000
Company's share in the profits of the associated company	20,220,312	18,496,841
Company's share in the dividends from the associated company	(20,220,312)	(18,496,841)
	198,750,000	198,750,000

Advanced Markets Company

During 2007, in association with one of the shareholders, the Company founded Advanced Markets Company as a limited liability company with a capital of SR 500,000 equally owned at 50% for each one of them for the purpose of owning Dareen Complex in Dammam. The Company offered additional finance to the mentioned company amounting to SR 35,461,474 representing its share in financing the land's project to make the total cost of the investment SR 35,711,474. The movement of investment during the year ended December 31 was as follows:

	2013	2012
	SR	SR
At the beginning of the year	49,844,595	40,266,542
Company's share in profit of the year	9,310,928	9,578,053
	59,155,523	49,844,595

Hamat Real Estate Company

During 2012, the Company acquired an ownership interest of 33,33% of the capital of Hamat Real Estate Company of SR 500,000 for an amount of SR 44,434,383, and according to the purchase agreement, the Company's share in the profits of the mentioned company will be calculated from the date of settlement of the last payment of the value of the deal which was on 01/10/2012.

The activity of the associated company is purchasing of lands for construction of buildings and its investment by selling or leasing. The mentioned investment includes goodwill of SR 44.18 million.

The movement of the investment during the year ended December 31, as follows:

	2013	2012
	SR	SR
At the beginning of the year	44,762,738	44,434,383
Company's share in profit of the year	3,622,232	328,355
	48,384,970	44,762,738

7. INVESTMENT PROPERTIES-NET

	Lands	Buildings	Total
	SR	SR	SR
Cost			
At January1, 2013 and at December 31, 2013	253,532,700	336,120,051	589,652,751
Accumulated Depreciation			
At January 1,2013	-	(50,868,696)	(50,868,696)
Depreciation for the year	-	(10,189,095)	(10,189,095)
At December 31, 2013	-	(61,057,791)	(61,057,791)
Net book values			
At December 31, 2013	253,532,700	275,062,260	528,594,960
At December 31, 2012	253,532,700	285,251,355	538,784,055

The investment properties represent Al-Andalus Commercial Mall in Jeddah city, and the additions represent office building at the north ring road in Riyadh, the Company occupies part of it as a headquarter for which the depreciation for the year 2013 was SR 317,305 (2012: SR 202,431) included in the general and administrative expenses.

8. CONSTRUCTION IN- PROGRESS

	2013	2012
	SR	SR
Al-Andalus Towers Project in Jeddah	41,008,032	20,487,949
Alsahafa Commercial Center	7,050,146	-
Atlal Commercial Center	6,302,287	-
Alyarmook Commercial Center	5,600,507	-
	59,960,972	20,487,949

Al-Andalus Towers project in Jeddah, represent the construction of 6 towers suites hotels in the location of Al-Andalus Commercial Center which is built on the same land of the Center.

Al-Sahafa Commercial Center project is built on land leased for 20 Higri years, commenced in 16/3/1434 H (corresponding to 27/1/2013). Al-Telal Commercial Center and Al-Yarmook Commercial Center are built on land leased for 20 Gregorian years, commenced in 11, 12 March 2013 respectively. The three projects will be based on build operating and transferring concept. All constructions and equipments will be transferred to the lessor in the end of the mentioned period of rent.

The capitalized finance interest included in the cost of projects during the year 2013 amounted to SR 1,175,186 (2012: nil).

9. PROPERTY, PLANT AND EQUIPMENT, NET

	Vehicles	Furniture and office equipment	Total
	SR	SR	SR
Cost			
At January 1, 2013	311,220	1,429,381	1,740,601
Additions	194,500	147,922	342,422
At December 31,2013	505,720	1,577,303	2,083,023
Accumulated Depreciation			
At January 1,2013	(226,794)	(1,043,367)	(1,270,161)
Depreciation for the year	(42,498)	(144,877)	(187,375)
At December 31,2013	(269,292)	(1,188,244)	(1,457,536)
Net book values			
At December 31, 2013	236,428	389,059	625,487
At December 31, 2012	84,426	386,014	470,440

10. ISLAMIC TAWARRUQ FACILITIES

During 2007, the company obtained Islamic Tawarruq loan from a local bank in the form of sale on credit contracts of local shares on credit terms of SR 200 million at a declining balance profit margin of 8% to finance the construction of Al-Andalus Commercial Center in Jeddah. The Islamic Tawarruq loans are secured by a signed promissory note and the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 268,901,362, and guarantee payment and performance of each shareholder, according to his share in the company›s capital and the release of the real estate related to the center, provided that its market value is not less than SR400 million, and a pledge to waive all the center future rents until full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in equally annual installments over a period of seven years, the first installment commenced in 25/03/2008 and the last installment will become due on 02/12/2014.

During 2009, the company obtained Islamic Tawarruq loan from the same local bank in the form of sale on credit of local shares amounted to SR 220 at a declining balance profit margin of 6.25% to help finance the deal of the acquisition of Hayat Mall Commercial Center. The Islamic Tawarruq loan is secured by a promissory note for the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 316 million, and a payment and performance guarantee from each shareholder, according to his share in the company›s capital and evacuation of the real estate related to Al-Andalus Commercial Center, provided that its market value is not less than SR 600 million, and a pledge to relinquish all the center future rents until the full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in unequal annual installments over a period of ten years, the first installment commenced in 14/03/2009 and the last installment will become due on 14/03/2018.

At the end of 2012, the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for goods contracts amounting to SR 100 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of constructing project Al-Andalus Hotel Towers in Jeddah city. The company has been obtained an amount of $50 million Saudi riyals till the date of these financial statements. The Tawarruq loan is secured by the signing promissory notes of the full amount of the liability. (the value of Tawarruq loan and profit margin) which amounted to the total of 63,116,879 SR, and warranty guarantee performance of each shareholder, according to its share in the company›s capital, and a pledge of real estate its coverage not less proportion than 200% of the value of the facility and a pledge to waive all future rents suits hotels as well as major lessee rent- in Andalus Commercial Center until the full payment of the facility. The Islamic Tawarruq loan and the profit margin is repayable on a non-equal annual installments over a period of seven years, the first installment payment commences in 3/10/2013 and the last installment will be on 27/4/2020.

In July 2013 the company signed a contract of Islamic Tawarruq loan from the same local bank in the form of sale on credit for goods contracts amounting to SR 20 million at a declining balance profit margin equivalent to SIBOR plus 3% to finance part of the cost of establishing projects, commercial centers in the districts of Al-Sahaffa, Al-Tilal and Al-Yarmouk in the city of Riyadh. The company has been obtained the amount of SR 10 million till the date of these financial statements. The Islamic Tawarruq loan is secured by the signing promissory notes of the full amount of the liability. (the value of Tawarruq loan and profit margin) which amounted to the total of SR 12,074,911, and warranty guarantee performance of each shareholder, according to its share in the company›s capital, and a pledge of real estate its coverage not less than 200% of the value of the facility and a pledge to waive all future rents suits hotels as well as major lessee rent in commercial center until the full payment of the facility. The Islamic Tawarruq loan and the profit margin is repayable on a non-equal annual installments over a period of five years, the first installment payment commences in 26/6/2014 and the last installment will be on 26/12/2018.

The following are Islamic Tawarruq facilities movement during the year ended December 31:

	2013 SR	2012 SR
At the beginning of the year	296,828,912	359,243,367
Additions during the year	75,191,790	-
Paid during the year	(63,991,450)	(62,414,455)
At the end of the year	308,029,252	296,828,912
Less : deferred finance cost	(39,823,153)	(36,076,941)
Tawarruq value at the end of the year, net	268,206,099	260,751,971
Current portion	(61,787,716)	(62,414,455)
Noncurrent portion	206,418,383	198,337,516

The deferred financing costs details of the Balance as at December 31 are as follows.

	2013 SR	2012 SR
At the beginning of the year	36,076,941	47,155,091
Additions during the year	15,191,931	-
Amortization for the year (finance cost)	(11,445,719)	(11,078,150)
	39,823,153	36,076,941

11. ACCRUALS AND OTHER PAYABLE

	2013 SR	2012 SR
Employees benefits	472,592	601,868
Administrative bonus	657,902	300,000
Cleaning and security	350,098	796,483
Electricity and water	111,248	397,134
Other	122,413	130,141
	1,714,253	2,225,626

12. ZAKAT PROVISION

The main components of Zakat base are as follows:

	2013	2012
	SR	SR
Beginning shareholders equity	611,791,656	538,030,533
Net adjusted income	71,795,500	73,392,808
Other additions	308,836,702	261,229,966
Non-current assets	(898,381,004)	(849,684,013
Total	94,042,854	22,969,294
Zakat base	94,042,854	73,392,808

Zakat provision movement as follows:

	2013	2012
	SR	SR
At the beginning of the year	1,834,820	2,288,769
Zakat of prior years	-	883,862
Paid during the year	(1,085,692)	(3,172,631)
Zakat provision for the year	1,601,943	1,834,820
At the end of the year	2,351,071	1,834,820

Zakat status

The company submitted its zakat returns and paid the due amount until the year ended December 31, 2013 and obtained Zakat certificate for those years. The company received the final assessment for the first financial year ended December 31, 2007 with differences of SR 2,234,916, the company objected on this assessment, and the dispute was referred to the Zakat Primary Appeal Committee which issued its resolution which resulted in reduction of DZIT claim to SR 2,193,250. The company issued a letter of guarantee for the above reduced amount (note 5) and referred objection to Appeal Committee which did not issue the resolution till the date of issuing these financial statements. The Company did not receive the zakat assessments from DZIT for the years from 2008 up to 2013.

13. SHARE CAPITAL

The company's capital is SR 343,000,000 divided into 34,300,000 shares with a nominal value of SR 10 per share. The Company's share capital as at December 31, 2013 and 2012 distributed among shareholders as follows:

Name of stockholder	Number of shares	Percentage of ownership	SR
Burooj International Company Lmited	13,547,814	39.498%	135,478,140
Al Zakari Industry and Trading Company	8,467,384	24.686%	84,673,840
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	9.876%	33,869,540
Abdulla Bin Saad Al Rashid Trading Company	3,386,954	9.876%	33,869,540
Al Romaizan for Gold and Jewellery Company	3,386,954	9.876%	33,869,540
Mr.Moosa Abdulla Al Ismaeel	846,738	2.469%	8,467,380
Mr.Solaiman Mohammad Abdulla Al Dawwod	846,738	2.469%	8,467,380
Mr.Ayman Mohammad Al Modaifir	430,464	1.250%	4,304,640
	34,300,000	100.000%	343,000,000

14. COST OF RENTAL REVENUES

	2013	2012
	SR	SR
Depreciation	9,871,790	9,937,087
Water and electricity	2,953,225	3,888,652
Operating and leasing services (note 4)	4,249,638	4,370,739
Security and cleaning services	4,901,503	4,371,909
Salaries and employees benefits	2,072,220	1,441,610
Lessees compensations	-	200,000
Repair and maintenance	1,327,865	2,082,136
Insurance	285,846	166,915
Other	355,820	401,713
	26,017,907	26,860,761

15. GENERAL AND ADMINISTRATION EXPENSES

	2013 SR	2012 SR
Salaries and related costs	3,818,376	4,695,693
Employees bonus	557,989	680,921
Advertising and publishing	114,377	634,490
Professional and consulting fees	208,000	155,157
Rents	-	113,720
Depreciation	504,680	470,968
Telecommunications	33,387	75,290
Office supplies	40,343	80,874
Repair and maintenance	125,977	304,449
Other	356,513	591,641
	5,759,642	7,803,203

16. OTHER INCOME

	2013 SR	2012 SR
Advertising and marketing	566,696	1,175,251
Maintenance	191,550	109,157
Miscellaneous	288,093	787,428
	1,046,339	2,071,836

17. FINANCIAL ASSETS AND RISKS MANAGEMENT

Commission rates risks:

Commission rates risks result from the probable changes and fluctuations in the commission' rates which affect the future profit or the fair value of the financial instruments.

The Company has no significant assets or liabilities subject to changes in commission rates, as the existing facilities related to the Islamic Tawarruq which include a specified predetermined fixed profit margin and cannot be adjusted according to market changes. The Company management believes that the commission rate risk price is immaterial.

Liquidity risks

Liquidity risks represent the inability of the company to meet its obligations related to the financial liabilities as they fall due. Liquidity requirements should be monitored on a monthly basis, and the management should ensure sufficient funds to meet any obligation as it falls due.

Current financial liabilities consist of current portions of Islamic Tawarruq facilities, accounts payable and other liabilities. It is expected in practice to pay all these financial liabilities within 12 months from the date of the balance sheet and the company's management expects to have sufficient funds to do so.

Credit Risks

Credit risks represent the risk that one of the parties fails to discharge his obligation in respect of a financial instrument and will cause the Company to incur financial loss. The company's financial instruments which may be exposed to credit risks mainly include cash in banks and lessees receivables.

The company deposits its cash balances with a number of reliable and high credit-rated financial institutions. Management believes that the Company is not significantly vulnerable to credit risk. Management also does not expect to be exposed to significant credit risks of lessees' accounts as the company relies on customer diversity policy, and management monitors receivables list periodically and calculates the necessary provisions for any doubtful debts, if any.

Currency risks

Currency risks arise from changes and fluctuations in the value of the financial instruments as a result of change in the foreign currencies rates of exchange.

The company did not conduct any operations in currencies other than Saudi Riyal and US dollar. Since the Saudi Riyal exchange rate is fixed against the US dollar, the US dollar balances do not represent a significant currency risk. The company management monitors the fluctuations in currency rates and believes that the currency risk is immaterial.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in arm's length transactions. The financial assets of the Company consist of cash and cash equivalents, lease receivables, related parties and other assets, and the other financial liabilities consist of current portion of Islamic Tawarruq facility, accounts payable and other liabilities.

Management believes that the fair value of the Company's financial instruments is not materially different from their book values.

18. CAPITAL COMMITMENTS

At 31 December 2013, the Company has capital commitments of 13.99 million in respect of investment property construction contracts.

19. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 11/02/2014 G, and it is to be noted that the Board has not proposed any cash dividends to the shareholders from profits of 2013.

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

FOR the YEAR ENDED December 31, 2012

BDO

Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

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info@alamri.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alandalus Property Company
Al-Riyadh, Saudi Arabia

Scope of Audit

We have audited the accompanying balance sheet of **Alandalus Property Company** (A Saudi Closed Joint Stock Company) as of December 31, 2012 and the related statements of income, changes in Shareholders' equity and cash flows for the year then ended, including the related notes from 1 to 19. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of **Alandalus Property Company** as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Kingdom of Saudi Arabia; and

- Comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of these financial statements.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

March 12, 2013 (G)
Rabi Al-Thani 30, 1434 (H)

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

BALANCE SHEET

As of December 31, 2012

	Notes	2012 SR	2011 SR
ASSETS			
Current assets			
Cash and cash equivalents	3	11,874,872	59,937,597
Accounts receivable - leases		9,753,771	6,150,474
Due from related parties	4	34,716,788	39,215,974
Prepayments and other receivables	5	2,571,708	417,057
TOTAL CURRENT ASSETS		58,917,139	105,721,102
NON-CURRENT ASSETS			
Investments in associated companies	6	293,357,333	239,016,542
Investment properties, net	7	538,784,055	522,273,573
Construction - in- progress	8	20,487,949	11,225,221
Property, plant and equipment, net	9	470,440	607,266
TOTAL NON CURRENT ASSETS		853,099,777	773,122,602
TOTAL ASSETS		912,016,916	878,843,704
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Rents received in advance		23,137,832	21,235,354
Islamic Tawarruq loans- current portion	10	62,414,455	62,414,455
Accounts payable		161,941	1,188,081
Due to related parties	4	11,305,619	2,300,331
Accruals and other payables	11	2,225,626	1,234,365
Zakat provision	12	1,834,820	2,288,769
TOTAL CURRENT LIABILITIES		101,080,293	90,661,355
NON-CURRENT LIABILITIES			
Islamic Tawarruq loans	10	198,337,516	249,673,821
Provision for end-of-service benefit		807,451	477,995
TOTAL NON-CURRENT LIABILITIES		199,144,967	250,151,816
TOTAL LIABILITIES		300,225,260	340,813,171
SHAREHOLDERS' EQUITY			
Share capital	13	343,000,000	343,000,000
Statutory reserve		35,591,364	28,215,252
Retained earnings		233,200,292	166,815,281
TOTAL SHAREHOLDERS' EQUITY		611,791,656	538,030,533
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		912,016,916	878,843,704

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF INCOME

For the Year Ended December 31, 2012

	Notes	2012 SR	2011 SR
Rental revenues		92,539,383	85,140,212
Cost of rental revenues	14	(26,860,761)	(25,004,728)
GROSS PROFIT FROM RENT		65,678,622	60,135,484
Profit from investments in associated company (real-estate)	6	28,403,249	22,222,175
Profit from sale ownership interest in lands		-	21,304,933
GROSS PROFIT FROM OPERATIONS		94,081,871	103,662,592
Marketing expenses		(792,549)	(2,144,974)
General and administrative expenses	15	(7,803,203)	(2,164,197)
PROFIT FROM MAIN OPERATIONS		85,486,119	99,353,421
Financial charges	10	(11,078,150)	(11,838,258)
Other income	16	2,071,836	3,891,750
Net profit before zakat		76,479,805	91,406,913
Zakat for previous years	12	(883,862)	-
Zakat provision	12	(1,834,820)	(2,281,022)
NET PROFIT		73,761,123	89,125,891
Basic earnings per share from:			
Main operations		2.49	2.90
Other operations		(0.34)	(0.30)
NET PROFIT		2.15	2.60

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

	2012 SR	2011 SR
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before zakat	76,479,805	91,406,913
Adjustments to reconcile the net profit before zakat with net cash from operating activities:		
Share of profits from associated companies	(28,403,249)	(22,222,175)
Profit from sale ownership interest in lands	-	(21,304,933)
Depreciation	10,408,055	10,001,732
Amortization of incorporation expenses	-	60,756
Provision of end of service benefits	397,613	143,865
(Increase) decrease in operating assets:		
Accounts receivable - leases	(3,603,297)	4,618,785
Change of balances of related parties	8,004,474	(4,396,863)
Prepayments and other receivables	(2,154,651)	77,150
(Increase) decrease in operating liabilities:		
Rents received in advance	1,902,478	5,175,767
Accounts payable	(1,026,140)	639,717
Accruals and other payables	991,261	(157,566)
Surplus of cash from operation	62,996,349	64,043,148
Paid end of service benefits	(68,157)	(4,081)
Zakat paid	(3,172,631)	(4,067,694)
Net cash from operating activities	59,755,561	59,971,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding to an associated company (Advanced Markets Co.)	(5,500,000)	(14,100,000)
Dividends and cash received from Hayat Mall Center	29,496,841	17,769,613
Purchase of shares in Hamat Real Estate Company	(44,434,383)	-
Proceeds from the sale of ownership interest in lands	-	51,304,933
Purchase of investment properties	(26,650,000)	-
Addition to construction - in- progress	(9,262,728)	(3,070,206)
Purchase of property and equipment	(131,711)	(457,350)
Net cash (used in) from investing activities	(56,481,981)	51,446,990
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(17,150,000)
Repayments of Islamic Tawarruq loans	(51,336,305)	(50,576,197)
Net cash (used in) financing activities	(51,336,305)	(67,726,197)
Net (decrease) increase in cash and cash equivalents	(48,062,725)	43,692,166
Cash and cash equivalents at the beginning of the year	59,937,597	16,245,431
Cash and cash equivalents at the end of the year	11,874,872	59,937,597

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

ALANDALUS PROPERTY COMPANY

(A Saudi Closed Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Year Ended December 31, 2012

	Share capital	Statutory reserve	Retained Earnings	Total shareholders' equity
	SR	SR	SR	SR
For the year ended December 31, 2012				
Balance at January 1, 2012	343,000,000	28,215,252	166,815,281	538,030,533
Net profit for the year	-	-	73,761,123	73,761,123
Transfer to statutory reserve	-	7,376,112	(7,376,112)	-
Balance at December 31, 2012	343,000,000	35,591,364	233,200,292	611,791,656
For the year ended December 31, 2011				
Balance at January 1, 2011	343,000,000	19,302,663	103,751,979	466,054,642
Net profit for the year	-	-	89,125,891	89,125,891
Transfer to statutory reserve	-	8,912,589	(8,912,589)	-
Dividends paid to shareholders (note 18)	-	-	(17,150,000)	(17,150,000)
Balance at December 31, 2011	343,000,000	28,215,252	166,815,281	538,030,533

The accompanying notes from 1 to 19 form an integral part of these Financial Statements

1. ORGANIZATION AND ACTIVITIES

Alandalus Property Company (the Company) is a Saudi closed joint stock company incorporated under the Ministerial Decree No. 2509 dated 03/09/1427 H corresponding to 26/09/2006 G which approved the incorporation of the company. The company is registered in Riyadh under Commercial Registration No. 1010224110 dated 17/09/1427 H corresponding to 10/10/2006 G.

The main activities of the company are, the development and ownership of commercial centers and malls, commercial and residential complexes and its management, general contracting for construction of residential and commercial buildings, educational, recreational and health establishments, roads, dams, water projects, sanitation, electrical and mechanical works, maintenance and operation of real estate facilities, buildings and commercial complexes, ownership of land and real estate development and investment for the company within the limits of its purposes.

The financial year of the Company commences on January 1, and ends on December 31 of each calendar year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared under the historical cost convention, except investments in associate which are stated according to the following paragraphs, and have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia. Significant accounting policies adopted in the preparation of these financial statements are summarized below:

Accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Although these estimates are based on management's best information and events available at the date of the financial statements, the ultimate actual results may insignificantly differ from those estimates.

Revenue recognition

Rental revenues are recognized according to the contract with the lessees over the lease period according to the straight-line method and according to the elapsed period of the lease contract until the date of the balance sheet. Rents received in advance represent, rents collected from tenants for rent unearned at the date of the balance sheet.

Revenue from advertising, marketing and maintenance are recognized when received and are stated in the other income in the income statement.

Expenses

Property management fee, property related cost of maintenance, electricity, water, and its depreciation expenses are considered as direct costs and are included within the cost of rental revenues. The other expenses are considered as marketing and general and administrative expenses. Service segments expenses and common expenses, if required, will be allocated to direct costs, marketing and general and administration expenses made on consistent basis.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances and cash on hand, deposits, and investments that are readily convertible into known amounts of cash and have a maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at net amount less provision of doubtful debts if any for receivables the collection of which is doubtful, and it will be estimated by the management.

Investments in associated companies

Investments in associated companies, where the Company has significant influence over it and does not reach the level of control over its financial and operation policies, or where has a long-term investment between 20% to 50% of share capital, according to the equity method. The investment is stated when purchased at cost (including goodwill, if any) and adjusted thereafter according to the changes in the Company's share in the net assets of the associated company .The Company's share of the net profit or loss in the associated company is recognized in the income statement.

Goodwill

The excess of consideration paid over the fair value of net assets and liabilities of the investee' company is recorded as goodwill within the carrying amount of the investment. In the absence of reliable measure of fair value for the net assets purchased, goodwill represents the difference between the amount paid for the purchase of the investment and the company›s share in the net book value of the assets purchased. Goodwill is subsequently carried at cost less any accumulated losses resulting from impairment. Goodwill is assessed annually to determine whether there was a reduction in the value of goodwill or during the year if an event or change in circumstances indicates there is impairment in the recorded value.

Ownership interest in lands

The ownership interest in lands represents the company's investment in common ownership land, and recorded at cost. Profits from sale of contribution is recorded when the sale is completed.

Investment properties

Investment properties which are held to earn rentals are stated at cost less accumulated depreciation. Investment properties are depreciated (excluding land), according to the straight-line method based on the estimated useful life over periods between 25 to 33.33 years according to the expected life of the building at the date of construction or purchase. Revenues from rental of these Investment properties and related depreciation are recognized in the statement of income.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated according to the estimated useful life of the asset based on the straight line method. Leasehold improvements in rented buildings are depreciated over its estimated useful lives or rent period which is lower. Expenditure on maintenance and repairs is expensed, while expenditure for improvements is capitalized. The estimated useful lives for the properties and equipment are as follows:

	Years
Vehicles	4
Furniture and office equipment	3-10
Leasehold improvements	3

Construction in- progress

Construction in progress is stated at cost. Depreciation of these assets commence when they become ready for use.

Cost of borrowings

The related cost of borrowings which in respect of credit facilities obtained for a particular project that requires its establishment a long period of time within the project cost is capitalize using the effective interest rate method.

The cost of borrowings is recognized in the statement of income in the absence of projects under progress are not eligible for capitalization, using the effective interest rate method over the loan repayment period.

Impairment of non-current assets

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are expensed in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of income.

Operating leases

Amounts paid under operating leases entered into by the company as a lessee are recorded in the income statement on a straight-line basis over the lease term.

Provision for end of service benefits

Provision for end of service benefits are provided for employees in accordance with the Saudi Labor Law and according to the employees' service duration.

Provision for zakat

Zakat is provided for in the statement of income in accordance with Department of Zakat and Income Tax regulations in Kingdom of Saudi Arabia. Differences, if any between the amounts of provision for zakat the final assessment are recognized in the statement of income in the year in which the final assessment is received.

Statutory reserve

As required by Saudi Companies Law, 10% of the annual net income must be transferred to the statutory reserve. The Company may discontinue such transfers when the reserve reached 50% of the paid capital. The reserve is not available for distribution as dividends.

Foreign currency translation

The company's accounts are maintained in Saudi Riyals. Transactions in foreign currencies are translated into Saudi Riyals at the rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Earnings per share

Basic earnings per share are calculated by using the weighted average method for ordinary shares outstanding during the year. It is to be known that all capital shares of the company are ordinary shares which amounted in the years 2012 and 2011 to 34,300,000 shares.

3. CASH AND CASH EQUIVALENTS

	2012 SR	2011 SR
Cash in hand	80,000	81,000
Cash at banks	11,794,872	59,856,597
	11,874,872	59,937,597

4. TRANSACTIONS WITH RELATED PARTIES

The company is dealing in the ordinary course of business with companies owned by some of the shareholders, affiliated companies and with other related parties. The terms for related party transactions are the same for dealing with other non related parties. Pricing policies and terms of these transactions are approved by its Company's management. The balances with related parties bear no financing charges .The transactions with the related parties are mentioned below:

A) The Company has contracted with Mohamed Abdelaziz Alhabib & Co for Real Estate Investment to provide development consulting and leasing services for Andalus Commercial Center in Jeddah for services fee of 7% of the total center rent for the first year. When renting at first time or changing a tenant with another one.

The company also has another agreement with the aforementioned company to provide management services to Alandalus Commercial center, for a period of five years starting 1/1/2007, for 4% of the income of the center from the lease, specialized advertisement and rental income. The company is subject under the same agreement to bear the financial obligations related to the employees, such as salaries, benefits and other expenses such as maintenance and electricity.

Based on the letter received from Mohamed Abdelaziz Alhabib & Co for Real Estate Investment that the above mentioned company was superseded by Hamat Property company for the provision of all the services mentioned above, according to the same terms and conditions of the previous agreements, as effective from July 1, 2011.

Total costs for leasing ,operating services and other expenses which recorded in the cost of rental income in the statement of income during 2012 amounted to SR 4,370,739 and SR 2,037,856, respectively, SR (2011: SR 5,565,633 and SR 1,586,882 SR respectively).

B) The Company charges Advanced Markets Company (Associated Company) and Hayat Commercial Mall Centre (Associated Entity) with its share from the direct general and administrative expenses incurred by Al Andalus Real Estate Company, according to the agreement of managements of these companies. During the year 2012 Advanced Markets Company and Hayat Mall Commercial Centre has been charged with an amount of SR 0.56 million and 1.04 million respectively (2011: SR 1.06 million and SR1.49 respectively).

C) The company provides funding to Advanced Markets Company for the purpose of supporting its working capital. The total amounts given to this company within 2012 SR 5,500,000 (2011: SR 14,100,000).

D) The Company received during the year 2012 an amount of SR 11 million from Hayat Mall Commercial Center as a payment from the profits of the year 2013.

The balances of related parties as at December 31 were as follows:

Due from related parties

	2012	2011
	SR	SR
Advanced Markets Company	34,492,432	30,439,353
Hayat Mall Commercial Centre	-	5,004,496
Mohamad Abdul Azeez Al Habeeb Real Estate Investment Co.	-	3,547,769
Burooj International Company	219,056	219,056
Future Markets Company	5,300	5,300
	34,716,788	39,215,974

Due to related parties

	2012	2011
	SR	SR
Hayat Mall Commercial Centre	5,114,343	-
Mohamad Abdul Azeez Al Habeeb Real Estate Investment Co.	69,357	-
Hamat Real Estate Company	6,121,919	2,300,331
	11,305,619	2,300,331

5. PREPAYMENTS AND OTHER RECEIVABLES

	2012	2011
	SR	SR
Employee receivables	175,804	133,164
Prepaid expenses	202,654	283,893
Letter of guarantee margin (note 12)	2,193,250	-
	2,571,708	417,057

6. INVESTMENTS IN ASSOCIATE COMPANIES

	2012	2011
	SR	SR
Hayat Mall Commercial Center	198,750,000	198,750,000
Advance Markets Company	49,844,595	40,266,542
Hamat Real Estate Company	44,762,738	-
	293,357,333	239,016,542

Hayat Mall Commercial Center

The company owns 25% of Hayat Mall Commercial Centre capital of SR 412 million; in 2009 the company with the other partners in the mall founded Alhayat Real Estate Company for the purpose of supervision the Mall. The ownership transfer of the mall to the mentioned company has not been completed yet. Investment mentioned above includes goodwill of SR 95.75 million as of December 31, 2012 and 2011. The movement of investment during the year ended December 31 was as follows:

	2012	2011
	SR	SR
Balance at the beginning of the year	198,750,000	198,750,000
Company’s share in the profits of the associated company	18,496,841	17,769,613
Company’s share in the dividends from the associated company	(18,496,841)	(17,769,613)
	198,750,000	198,750,000

Advanced Markets Company

In association with one of the shareholders, the Company founded Advanced Markets Company as a limited liability company with a capital of SR 500,000 equally owned at 50% for each one of them for the purpose of owning Dareen Complex in Dammam. The Company offered additional finance to the mentioned company amounting to SR 35,461,474 representing its share in financing the projects land to make the total cost of the investment SR 35,711,474.The Company consolidated the Advanced Markets Company’s financial statements into its financial statements for the year 2011, but did not make the consolidation for 2012 for the reason that it did not have significant influence over the company within the current year.

The movement of the investment during the year ended December 31, was as follows:

	2012	2011
	SR	SR
At the beginning of the year	40,266,542	35,813,980
Adjustment of previous year’s profits	-	(202,506)
Company’s share in profit of the year	9,578,053	4,655,068
	49,844,595	40,266,542

Hamat Real Estate Company

During 2012, the Company acquired an ownership interest of 33,33% from the capital of Hamat Real Estate Company of SR 500,000 against amount of SR 44,434,383, and according to the purchase agreement, the Company's share in the profits of the mentioned company will be calculated from the date of settlement for the last payment of the value of the deal, on 01/10/2012.

The activity of the associated company is purchasing of lands for construction of buildings and its investment by selling or leasing. The mentioned investment includes goodwill for the amount of SR 44,18 million.

The movement of the investment during the year ended December 31, as follows:

	2012	2011
	SR	SR
At the beginning of the year	44,434,383	-
Company's share in profit of the year	328,355	-
	44,762,738	-

7. INVESTMENT PROPERTIES-NET

	Lands	Buildings	Total
	SR	SR	SR
Cost			
At January 1, 2012	237,432,000	325,570,751	563,002,751
Additions during the year	16,100,700	10,549,300	26,650,000
At December 31, 2012	253,532,700	336,120,051	589,652,751
Accumulated Depreciation			
At January 1,2012	-	(40,729,178)	(40,729,178)
Depreciation for the year	-	(10,139,518)	(10,139,518)
At December 31, 2012	-	(50,868,696)	(50,868,696)
Net book values			
At December 31, 2012	253,532,700	285,251,355	538,784,055
At December 31, 2011	237,432,000	284,841,573	522,273,573

The investment properties represent Al-Andalus Commercial Mall in Jeddah, and the additions represent office building at the north Ring Road in Riyadh, the Company occupies part of it as a headquarter for which the depreciation for the year 2012 was SR 202,431 recorded within the general and administrative expenses.

8. CONSTRUCTION IN- PROGRESS

Construction in progress amounting to SR 20,487,949 as at December 31, 2012 (2011: SR 11,225,221) represent the amounts paid to the construction of Al-Andalus towers project in Jeddah, which is built on part of the land of Al-Andalus Commercial Center .

9. PROPERTY, PLANT AND EQUIPMENT-NET

	Vehicles	Furniture and office equipment	Leasehold premises improvements	Total
	SR	SR	SR	SR
Cost				
At January 1,2012	311,220	1,297,670	267,100	1,875,990
Additions	-	131,711	-	131,711
Disposals	-	-	(267,100)	(267,100)
At December 31,2012	311,220	1,429,381	-	1,740,601
Accumulated Depreciation				
At January 1,2012	(176,495)	(825,129)	(267.100)	(1,268,724)
Depreciation for the year	(50,299)	(218,238)	-	(268,537)
Disposals	-	-	267,100	267,100
At December 31,2012	(226,794)	(1,043,367)	-	(1,270,161)
Net book values				
At December 31, 2012	84,426	386,014	-	470,440
At December 31, 2011	134,725	472,541	-	607,266

10. 10. ISLAMIC TAWARRUQ FACILITIES

During 2007, the company obtained Islamic Tawarruq loan from a local bank in the form of sale on credit contracts of local shares on credit terms of SR 200 million at a declining balance profit margin of 8% to finance the construction of Al-Andalus Commercial Center in Jeddah. The Islamic Tawarruq loans are secured by a signed promissory note and the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 268,901,362, and guarantee payment and performance of each shareholder, according to his share in the company›s capital and the evacuation of the real estate related to the center, provided that its market value is not less than SR400 million, and a pledge to relinquish all the center future rents until full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in equally annual installments over a period of seven years, the first installment commenced in 25/03/2008 and the last installment will become due on 02/12/2014.

During 2009, the company obtained Islamic Tawarruq loan from the same local bank in the form of sale on credit contracts of local shares amounted to SR 220 million at a declining balance profit margin of 6.25% to help finance the deal of the acquisition of Hayat Mall Commercial Center. The Islamic Tawarruq loan is secured by a promissory note for the full commitment to pay the value of the Islamic Tawarruq and the profit margin due to the Bank for the amount of SR 316 million, and a payment and performance guarantee from each shareholder, according to his share in the company›s capital and evacuation of the real estate related to Al-Andalus Commercial Center, provided that its market value is not less than SR 600 million, and a pledge to relinquish all the center future rents until the full settlement of the facility. The Islamic Tawarruq loan and the profit margin is repayable in unequal annual installments over a period of ten years, the first installment commenced in 14/03/2009 and the last installment will become due on 14/03/2018.

The following are Islamic Tawarruq facilities movement during the year ended December 31:

	2012 SR	2011 SR
At the beginning of the year	359,243,367	421,657,822
Paid during the year	(62,414,455)	(62,414,455)
At the end of the year	296,828,912	359,243,367
Less: deferred finance cost	(36,076,941)	(47,155,091)
Tawarruq value at the end of the year- Net	260,751,971	312,088,276
Current portion	(62,414,455)	(62,414,455)
Non-current portion	198,337,516	249,673,821

The deferred financing costs in the profit margin related to the Islamic Tawarruq facility used to the acquisition of Hayat Commercial Mall Centre and details of the Balance as at December 31 are as follows.

	2012 SR	2011 SR
At the beginning of the year	47,155,091	58,993,349
Amortization for the year (finance cost)	(11,078,150)	(11,838,258)
	36,076,941	47,155,091

11. ACCRUALS AND OTHER PAYABLE

	2012 SR	2011 SR
Employees benefits	601,868	596,732
Administrative bonus	300,000	300,000
Cleaning and security	796,483	-
Electricity and water	397,134	215,133
Other	130,141	122,500
	2,225,626	1,234,365

12. ZAKAT PROVISION

The main components of Zakat base are as follows:

	2012 SR	2011 SR
Beginning shareholders equity	538,030,533	448,904,642
Net adjusted income	73,392,808	91,550,778
Other additions	261,229,966	312,437,900
Non-current assets	(849,684,013)	(773,122,602)
Total	22,969,294	79,770,718
Zakat base –Net adjusted profit	73,392,808	91,550,778

	2012 SR	2011 SR
At the beginning of the year	2,288,769	4,075,441
Zakat of prior years	883,862	-
Paid during the year	(3,172,631)	(4,067,694)
Zakat provision for the year	1,834,820	2,281,022
At the end of the year	1,834,820	2,288,769

Zakat status

The company submitted its zakat returns and paid the due amount until the year ended December 31, 2011 and obtained Zakat certificate for those years. The company received the final assessment for the first financial year ended December 31,2007 with differences amount of SR 2,234,916, the company objected the this assessment, and the dispute was referred to the Zakat Primary Appeal Committee which issued its resolution which resulted in reduction of DZIT claim to SR 2,193,250. The company issued a letter of guarantee for the above reduced amount (note 5) and referred objection to Appeal Committee which did not issue the resolution till the date of these financial statements. The company did not receive the Zakat assessments from DZIT for the years from 2008 up to 2011.

13. SHARE CAPITAL

The company's capital is SR 343,000,000 divided into 34,300,000 shares with a nominal value of SR 10 per share. The Company's share capital as at December 31, 2012 and 2011 distributed among shareholders as follows:

Name of stockholder	Number of shares	Percentage of ownership	SR
Burooj International Company Lmited	13,547,814	39.498%	135,478,140
Al Zakari Industry and Trading Company	8,467,384	24.686%	84,673,840
Abdul Rahman Abdulla Al Moosa and Sons	3,386,954	9.876%	33,869,540
Abdulla Bin Saad Al Rashid Trading Company	3,386,954	9.876%	33,869,540
Al Romaizan for Gold and Jewellery Company	3,386,954	9.876%	33,869,540
Mr.Moosa Abdulla Al Ismaeel	846,738	2.469%	8,467,380
Mr.Solaiman Mohammad Abdulla Al Dawwod	846,738	2.469%	8,467,380
Mr.Ayman Mohammad Al Modaifir	430,464	1.250%	4,304,640
	34,300,000	100.000%	343,000,000

14. COST OF RENTAL REVENUES

	2012 SR	2011 SR
Depreciation	9,937,087	9,895,765
Water and electricity	3,888,652	2,623,369
Operating and leasing services (note 4)	4,370,739	5,565,633
Security and cleaning services	4,371,909	3,358,145
Salaries and employees benefits	1,441,610	1,792,561
Lessees compensations	200,000	-
Repair and maintenance	2,082,136	1,185,442
Insurance	166,915	230,948
Other	401,713	352,865
	26,860,761	25,004,728

15. GENERAL AND ADMINISTRATION EXPENSES

	2012 SR	2011 SR
Salaries and related costs	4,695,693	1,221,517
Employees bonus	680,921	455,983
Advertising and publishing	634,490	91,638
Professional and consulting fees	155,157	134,200
Rents	113,720	48,997
Amortization of incorporation expenses	-	60,756
Depreciation	470,968	42,387
Telecommunications	75,290	11,067
Office supplies	80,874	15,087
Repair and maintenance	304,449	-
Other	591,641	82,565
	7,803,203	2,164,197

16. OTHER INCOME

	2012 SR	2011 SR
Advertising and marketing	1,175,251	3,530,720
Maintenance	109,157	119,800
Miscellaneous	787,428	241,230
	2,071,836	3,891,750

17. FINANCIAL ASSETS AND RISKS MANAGEMENT

Commission rates risks:

Commission rates risks result from the probable changes and fluctuations in the commission' rates which affect the future profit or the fair value of the financial instruments.

The Company has no significant assets or liabilities subject to changes in commission rates, as the existing facilities related to the Islamic Tawarruq which include a specified predetermined fixed profit margin and cannot be adjusted according to market changes. The Company management believes that the commission rate risk price is immaterial.

Liquidity risks

Liquidity risks represent the inability of the company to meet its obligations related to the financial liabilities as they fall due. Liquidity requirements should be monitored on a monthly basis, and the management should ensure sufficient funds to meet any obligation as it falls due.

Current financial liabilities consist of current portions of Islamic Tawarruq facilities, accounts payable and other liabilities. It is expected in practice to pay all these financial liabilities within 12 months from the date of the balance sheet and the company's management expects to have sufficient funds to do so.

Credit Risks

Credit risks represent the risk that one of the parties fails to discharge his obligation in respect of a financial instrument and will cause the Company to incur financial loss. The company's financial instruments which may be exposed to credit risks mainly include cash in banks and lessees receivables.

The company deposits its cash balances with a number of reliable and high credit-rated financial institutions. Management believes that the Company is not significantly vulnerable to credit risk. Management also does not expect to be exposed to significant credit risks of lessees' accounts as the company relies on customer diversity policy, and management monitors receivables list periodically and calculates the necessary provisions for any doubtful debts, if any.

Currency risks

Currency risks arise from changes and fluctuations in the value of the financial instruments as a result of change in the foreign currencies rates of exchange.

The company did not conduct any operations in currencies other than Saudi Riyal and US dollar. Since the Saudi Riyal exchange rate is fixed against the US dollar, the US dollar balances do not represent a significant currency risk. The company management monitors the fluctuations in currency rates and believes that the currency risk is immaterial.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in arm's length transactions. The financial assets of the Company consist of cash and cash equivalents, lease receivables, related parties and other assets, and the other financial liabilities consist of current portion of Islamic Tawarruq facility, accounts payable and other liabilities.

Management believes that the fair value of the Company's financial instruments is not materially different from their book values.

18. DIVIDENDS

The Company's Board of Directors did not propose any cash dividends for the shareholders regarding the year 2012 (2011: they approved the amount of SR 17,15 million at SR 0.5 for each share, representing 5% from the Company's capital).

19. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 30/04/1434-H, corresponding to 12/03/2013 G.

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