

جبل عمر  
Jabal Omar



## SHAREHOLDERS CIRCULAR

### Jabal Omar Development Company (JODC)

A Saudi listed joint stock company established by Royal Decree No. M/63 dated 25/09/1427H (corresponding to 18 October 2006G) as a joint stock company registered under commercial registration number 4031051838 dated 15/11/1428H (corresponding to 25 November 2007G) in the city of Makkah in accordance with the provisions of the Companies Law and its implementing regulations. The share capital of Jabal Omar Development Company is nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) divided into nine hundred and twenty-nine million and four hundred thousand (929,400,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share fully paid and listed on the Saudi Stock Exchange (Tadawul).

This Circular has been prepared by Jabal Omar Development Company, pursuant to the requirements of Article 56 of the Rules on the Offer of Securities and Continuing Obligations, in relation to the increase of the share capital of Jabal Omar Development Company by way of debt conversion of all debts of Jabal Omar Development Company towards Alinma Makkah Real Estate Fund, including the settlement of all rights and obligations owed by Jabal Omar Development Company to Alinma Makkah Real Estate Fund (the "Fund") and the Fund Related Entities (being the fund manager, the custodian and the Fund special purpose vehicle) in exchange for the issuance of new shares in Jabal Omar Development Company to the unitholders of the Fund (the "Transaction" or the "Debt Conversion"). The completion of the Transaction is subject to obtaining the approval of the extraordinary general assembly of Jabal Omar Development Company. For more information about the required approvals for the completion of the Transaction, please refer to Section (12.3) ("**Approvals required to effect the Transaction**") of this Circular. To clarify, if the required majority of the shareholders of Jabal Omar Development Company – at least three quarters of the shares represented in the meeting – do not approve the Transaction resolutions at the extraordinary general assembly of Jabal Omar Development Company, the new shares will not be issued.

This Circular contains information presented within the application for registration and offering of securities in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA, and the application to list securities in accordance with the requirements of the Listing Rules of the Saudi Stock Exchange (Tadawul). The Directors, whose names appear on page (15) shall, collectively and individually, accept full responsibility for the accuracy of the information contained herein, 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 in this Circular misleading. The CMA and Tadawul take no responsibility for the contents of this Circular, make no representations 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 Circular. If the contents of this Circular prove difficult to understand, a licensed financial adviser should be consulted.

### Financial Advisor



This is an unofficial English translation of the official Arabic language of the Circular. No reliance should be placed on this English translation, which may not entirely reflect the official Arabic language Circular. In case of any differences between the two, the Arabic version shall prevail.

This Circular was published on 9/1/1444H (corresponding to 7/8/2022G).

# 1

## SHAREHOLDERS CIRCULAR

### Jabal Omar Development Company (JODC)

A Saudi listed joint stock company established by Royal Decree No. M/63 dated 25/09/1427H (corresponding to 18 October 2006G) as a joint stock company registered under commercial registration number 4031051838 dated 15/11/1428H (corresponding to 25 November 2007G) in the city of Makkah in accordance with the provisions of the Companies Law and its implementing regulations. The share capital of Jabal Omar Development Company is nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) divided into nine hundred and twenty-nine million and four hundred thousand (929,400,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share fully paid and listed on the Saudi Stock Exchange (Tadawul).

This Circular has been prepared by Jabal Omar Development Company, pursuant to the requirements of Article 56 of the Rules on the Offer of Securities and Continuing Obligations, in relation to the increase of the share capital of Jabal Omar Development Company by way of debt conversion of all debts of Jabal Omar Development Company towards Alinma Makkah Real Estate Fund, including the settlement of all rights and obligations owed by Jabal Omar Development Company to Alinma Makkah Real Estate Fund (the “**Fund**”) and the Fund Related Entities (being the fund manager, the custodian and the Fund special purpose vehicle) in exchange for the issuance of new shares in Jabal Omar Development Company to the unitholders of the Fund (the “**Transaction**” or the “**Debt Conversion**”). The completion of the Transaction is subject to obtaining the approval of the extraordinary general assembly of Jabal Omar Development Company. For more information about the required approvals for the completion of the Transaction, please refer to Section (12.3) (“**Approvals required to effect the Transaction**”) of this Circular. To clarify, if the required majority of the shareholders of Jabal Omar Development Company – at least three quarters of the shares represented in the meeting – do not approve the Transaction resolutions at the extraordinary general assembly of Jabal Omar Development Company, the new shares will not be issued.

The Transaction will be implemented through the issuance by Jabal Omar Development Company (the “**Company**”) of two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares (the “**New Shares**”) with a nominal value of ten Saudi Riyals (SAR 10) per ordinary share to the Fund’s Unitholders, in exchange for converting all debts of the Company towards the Fund (in its capacity as the creditor) – which mainly consist of the rental payments owed together with any other obligations under the Fund Documents – in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) as recorded in the Company’s unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G (the “**Debt**”) (including the settlement of all rights and obligations owed by the Company to the Fund and its related entities) into ordinary shares in the Company (for more information about the Debt Conversion, please refer to Section (9) (“**Conversion of Debt into Shares through Capital Increase (the Transaction)**”) of this Circular).

The Company was established as a Saudi closed joint stock company with a share capital of six billion and seven hundred and fourteen million Saudi Riyals (SAR 6,714,000,000), divided into six hundred and seventy-one million and four hundred thousand (671,400,000) ordinary cash shares with a nominal value of ten Saudi Riyals (SAR 10) per share, including four hundred and seventy million (470,000,000) fully paid shares and two hundred and one million and four hundred thousand (201,400,000) shares offered for public subscription and fully paid upon subscription. On 25/06/1432H (corresponding to 28 May 2011G), the share capital of the Company was increased from six billion and seven hundred and fourteen million Saudi Riyals (SAR 6,714,000,000) to nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) by way of issuing shares through rights issuance with a total value of two billion and five hundred and eighty million Saudi Riyals (SAR 2,580,000,000), i.e., an increase of 38.43% of the Company’s share capital at an offer price of ten Saudi Riyals (SAR 10) per share.

The current share capital of the Company amounts to nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000), divided into nine hundred and twenty-nine million and four hundred thousand (929,400,000) fully paid ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (the “**Current Shares**”), all of which are listed on the Saudi Stock Exchange (Tadawul). As a result of the Transaction, the share capital of the Company will increase from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 11,545,341,620), and the number of its shares will increase from nine hundred and twenty-nine million

and four hundred thousand (929,400,000) ordinary shares to one billion and one hundred and fifty-four million and five hundred and thirty-four thousand and one hundred and sixty-two (1,154,534,162) ordinary shares, representing an increase of 24.22% of the current share capital of the Company. The New Shares shall have all the rights of the Current Shares, including voting rights, dividends' rights, repurchase rights, rights to surplus assets upon liquidation or dissolution, etc., and any other rights. The debt will be settled and the New Shares will be issued in accordance with an agreed exchange ratio of 0.442 new ordinary share in the Company for every unit in the Fund (the "**Exchange Ratio**"). For more information about the Debt and the evaluation of the Debt, please refer to Section (10) ("**Evaluation of the Debt and the New Shares**") of this Circular.

It should be noted that there are no restrictions imposed on the Current Shares of the Company, with the exception of restrictions related to foreign ownership of the Company's shares, which are limited to Saudi citizens, and this includes the New Shares that will be issued to the Fund's Unitholders, which shall have the same voting rights as the Company's Current Shares, in accordance with the Companies Law and the Company's Bylaws, noting that there will be no additional restrictions imposed on the Company's shares post the capital increase. In addition, there will be no lockup period restricting the disposal of the Shareholders of their shares, and this includes the Current Shares owned by the current Shareholders of the issuer, as well as the New Shares that will be issued in the Company to the Fund's Unitholders.

During its meeting held on 19/09/1443H (corresponding to 20 April 2022G), the Company's Board of Directors recommended the increase of the share capital of the Company by issuing the New Shares at a nominal value of ten Saudi Riyals (SAR 10) per share. The New Shares have a nominal value of two billion and two hundred and fifty-one million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 2,251,341,620) and shall be issued to the Unitholders in exchange for the settlement of the Debt (for more information, please refer to Section (10) ("**Evaluation of the Debt and the New Shares**") of this Circular).

The Company will invite its shareholders to attend the Transaction EGM in order to vote on the increase of the share capital of the Company from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (11,545,341,620), by issuing two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share to convert all debts of the Company towards the Fund in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) (including the settlement of all rights and obligations owed by the Company to the Fund and its related entities) pursuant to the provisions of Article 56 of the Rules on the Offer of Securities and Continuing Obligations by way of issuing 0.442 new ordinary share in the Company for every unit of the Fund, and allocating the New Shares to the Unitholders in accordance with the terms and conditions of the Transaction Agreement, including voting on the following matters in relation to the Transaction: (a) voting on the terms and conditions of the Transaction Agreement; (b) voting on the proposed amendments to the Company's Bylaws in respect of the Transaction; and (c) authorising the Company's Board of Directors, or any person authorised by the Board of Directors, to issue any decision or take any action necessary to implement any of the aforementioned resolutions (the "**Transaction Resolutions**").

This increase in the share capital of the Company aims to settle all rights and obligations owed by the Company to the Fund and its related entities. The Transaction also intends to reduce financial liabilities and improve the liquidity and financial positions of the Company and its ability to achieve its growth goals through converting all debts of the Company towards the Fund and settling all rights and obligations owed by the Company to the Fund and its related entities and recovering the Fund Assets so as to transfer the ownership of the Assets to the Company and surrender any rights over the assets, pursuant to the relevant Fund Documents (in accordance with its definition in Section (7) ("**Terms and Definitions**") of this Circular), including the rights of ownership and any other rights related to the Fund Assets exercised by the Fund and the Fund Related Entities and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities. The Company has previously sold the Assets to the Fund back in 2017G, the Company then re-leased and re-operated those Assets in accordance with the Fund Documents, and the Company continued to pay the annual rent due to the Fund (in the amount of five hundred and forty million Saudi Riyals (SAR 540,000,000) annually) as of the date of the Lease Agreement entered into between the Company (in its capacity as a lessee) and the Fund SPV (in its capacity as the lessor on behalf of the Fund) on 9 November 2017G (the "**Lease Agreement**") pursuant to which the Company is re-leasing and re-operating the Assets for a period of ten (10) years. The annual rent due to the Fund is paid in two equal instalments of two hundred and seventy million Saudi Riyals (SAR 270,000,000) for each payment, with the first payment due in November and the second in May of each year. The Company has paid the rental payments for the period from November 2017G to November 2019G. The total value of the rental payments paid to the Fund amounted to one billion and two hundred and sixty two million Saudi Riyals (SAR 1,262,000,000), after reallocating the rental payments paid to the Fund in advance for the period extending from 10 March 2020G to 8 May 2020G (taking into consideration that the Company was exempted from paying the rent due for the period from 10 March 2020G to 1 November 2020G, with a value of three hundred and forty-six million Saudi Riyals (SAR 346,000,000), to be a credit balance on the Fund in favour of the Company, provided that this balance is used to pay future rental payments in accordance with the relevant Fund Documents.

Given that the Company is not able to continue paying the annual rent due to the Fund due to the negative impact on the revenues of the leased Assets as a result of the outbreak of the emerging coronavirus pandemic and its adverse economic impact, resulting in the Company's inability to continue to pay the annual rent due to the Fund as of the payment due in May 2020G. The Company was also exempted from paying the rent due for the period from 10 March 2020G to 1 November 2020G, with a value of three hundred and forty-six million Saudi Riyals (SAR 346,000,000). Based on the desire of the Company and the Fund to reach a full and final settlement in relation to rights and obligations between the Company and the Fund and its Related Entities with respect to the Assets and all rights and liabilities associated thereto, the Company and the Fund have entered into the Transaction Agreement (as per its definition provided below) on 01/09/1443H (corresponding to 02 April 2022G) under which the Debt has been established and pursuant to which all debts of the Company towards the Fund (in its capacity as the creditor) in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) as recorded in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G (which mainly consist of the rental payments owed together with any other obligations under the Fund Documents) including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities and the transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders (excluding the Company in its capacity as a Unitholder in the Fund) by way of increasing the share capital of the Company from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (11,545,341,620). This increase in the share capital of the Company aims to settle the Debt by offering the New Shares in the Company to the Unitholders. (for more information, please refer to Section (9) ("**Conversion of Debt into Shares through Capital Increase (the Transaction)**"), Section (9.2) ("**Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established**"), and Section (9.3) ("**Overview of the Current Arrangements of the Fund and the Origin of the Debt**") of this Circular).

The Company entered into a binding agreement with the Fund Manager on behalf of the Fund on 01/09/1443H (corresponding to 02 April 2022G) (the "**Transaction Agreement**"), pursuant to which they agreed to settle the Debt, transfer the ownership of the Assets to the Company and surrender any rights over the assets, pursuant to the relevant Fund Documents, and release and terminate all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders pursuant to the Exchange Ratio. The New Shares shall be issued by way of increasing the share capital of the Company whereby the Unitholders will become shareholders in the Company by the date on which the New Shares are issued and listed in the Saudi Stock Exchange (Tadawul) and the allocation of the New Shares to the Unitholders who appear on the List of Unitholders (the "**Effective Date**"). Pursuant to the provisions of the Transaction Agreement, the Company will issue two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares, equivalent to 0.442 new ordinary share in the Company for every unit of the Fund, excluding the Fund units owned by the Company, as new shares will not be issued to the Company for the units it holds in the Fund. The completion of the Debt Conversion and the allocation of the New Shares to the Unitholders of the Fund will constitute full and final settlement of all rights and obligations of the Company and the Fund and its Related Entities in accordance with the Transaction Agreement (for more information about the provisions of the Transaction Agreement, please refer to Section (12.4.1) ("**Transaction Agreement**") of this Circular).

It should be noted that the Transaction involves Related Parties, given that a number of Directors have an interest in the Transaction, either in their capacity as Unitholders in the Fund or as representatives of entities that own units in the Fund, whereas Dr. Abdulraouf Mohammed Mannaa (in his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Dr. Ahmad Othman AlQasabi (due to his direct ownership of units in the Fund), Mr. Hesham Abdulaziz AlZaid (in his capacity as a representative of the General Authority for Awqaf, which owns units in the Fund), Mr. Abdulaziz Sulaiman AlRajhi (in his capacity as a board member and a senior executive in Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Mr. Mohammed Saud AlRasheed (due to his direct ownership of units in the Fund), and Mr. Mohammed Sultan AbuMelha (in his capacity as a representative of the General Organization for Social Insurance, which owns units in the Fund) (referred to as the "**Conflicted Directors**") have declared their interest in the Transaction to the Company's Board of Directors and have subsequently refrained themselves from voting on Transaction Resolutions (for more information, please refer to Section (9.8) ("**Related Parties and Conflicted Directors**") of this Circular).

The following table sets out the names and details of the Conflicted Directors as of 21/10/1443H (corresponding to 22 May 2022G):

The Company's Conflicted Directors									
Name	Nature of Conflict	Ownership in the Company				Ownership in the Fund			
		Direct Ownership	Indirect Interest*	Total	Shareholding	Direct Ownership	Indirect Interest*	Total	Shareholding
Abdulraouf Mohammed Mannaa	In his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, which holds 37,787,241 shares in the Company and owns 34,224,053 units in the Fund	1,000	37,787,241	37,788,241	4.066%	N/A	34,224,053	34,224,053	5.619%
Ahmad Othman AlQasabi	Due to his direct ownership of units in the Fund	1,000	N/A	1,000	0.0001076%	3,053.40	N/A	3,053.40	0.0005%
Hesham Abdulaziz AlZaid	In his capacity as a representative of the General Authority for Awqaf, which holds 273,846 shares in the Company and owns 8,556,506.71 units in the Fund	N/A	273,846	273,846	0.029%	N/A	8,556,506.71	8,556,506.71	1.405%
Abdulaziz Sulaiman AlRajhi	In his capacity as a director and a senior executive at Sulaiman Al Rajhi Holding Company, which holds 37,787,241 shares in the Company and owns 34,224,053 units in the Fund	160,000	37,787,241	37,947,241	4.083%	N/A	34,224,053	34,224,053	5.619%
Mohammed Saud AlRasheed	Due to his direct ownership of units in the Fund	1,000	N/A	1,000	0.0001076%	207,700	N/A	207,700	0.034%
Mohammed Sultan AbuMelha	In his capacity as a representative of the General Organization for Social Insurance, which holds 46,003,470 shares in the Company and owns 50,590,315.02 units in the Fund	N/A	46,003,470	46,003,470	4.950%	N/A	50,590,315.02	50,590,315.02	8.307%

Source: The Company

- \* Indirect interest includes the shares/units held by the following parties:
- Relatives of a Director (for the purposes of the table above, "relatives" means the spouse and minor children).
  - Companies controlled by a Director.
  - Entities in which a Director is a director or a senior executive.

As of the date of this Circular, the Fund does not hold any shares in the Company, and the Fund will not hold any shares in the Company as a result of the Debt Conversion, as the New Shares will be issued to the Unitholders in exchange for the Debt Conversion and the number of New Shares issued shall be calculated based on the Exchange Ratio agreed upon between the Company and the Fund Manager (on behalf of the Fund) pursuant to the Transaction Agreement. For more information about the Debt Conversion, please refer to Section (9) (“**Conversion of Debt into Shares through Capital Increase (the Transaction)**”) of this Circular.

An application to register and offer the New Shares has been submitted to the Capital Market Authority (the “CMA”), and an application to list the New Shares on the Saudi Stock Exchange (Tadawul) has been submitted to the Saudi Exchange Company (Tadawul). The Company’s Directors declare that all necessary regulatory requirements required for the Debt Conversion have been satisfied. Other than the approval of the EGM on the Transaction Resolutions, all required regulatory approvals in respect of the Debt Conversion have been obtained from the CMA, Tadawul, as well as all other regulatory approvals pertaining to the Transaction and the capital increase (for more details about the regulatory approvals pertaining to the Transaction, please refer to Section (12.3) (“**Approvals required to effect the Transaction**”) of this Circular).

This Circular should be read in full and the Shareholders should review all sections of the Circular thoroughly. The “**Important Notice**” and Section and Section (8) (“**Risk Factors**”) of this Circular should be considered carefully prior to voting on the Transaction Resolutions.

This Circular contains information presented within the application for registration and offering of securities in accordance with the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the CMA, and the application to list securities in accordance with the requirements of the Listing Rules of the Saudi Stock Exchange (Tadawul). The Directors, whose names appear on page 15 shall, collectively and individually, accept full responsibility for the accuracy of the information contained herein, 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 in this Circular misleading. The CMA and Tadawul take no responsibility for the contents of this Circular, make no representations 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 Circular. If the contents of this Circular prove difficult to understand, a licensed financial adviser should be consulted.

Notwithstanding the aforementioned declaration of the Directors in respect of their responsibility for the accuracy of the information contained in this Circular, the Company’s Directors shall not assume any responsibility for the reliability and accuracy of the information related to the Fund or the Fund Related Entities contained herein, noting that all information contained herein in respect of the Fund or the Fund Related Entities is based on information provided by the Fund Manager.

Following careful and thorough consideration of the terms and conditions of the Transaction Agreement, the Company’s Directors (other than the Conflicted Directors) agreed to enter into the Transaction Agreement, which was signed on 01/09/1443H (corresponding to 02 April 2022G).

The Company’s Directors (other than the Conflicted Directors), having considered the market condition on the publication date of this Circular and after conducting the required due diligence as they deem appropriate under the circumstances, acknowledge that the Debt Conversion serves the best interest of the Company and the Company’s Shareholders.

This Circular was published on 9/1/1444H (corresponding to 7/8/2022G). This is an unofficial English translation of the official Arabic language of the Circular. No reliance should be placed on this English translation, which may not entirely reflect the official Arabic language Circular. In case of any differences between the two, the Arabic version shall prevail.

The Company has appointed SNB Capital as its financial advisor in connection with the Transaction.

Financial Advisor

 **SNB** كابتال

## 2

### IMPORTANT NOTICE

The Company prepared this Circular to provide information to its Shareholders so that they can make an informed decision when voting on the recommendation of the Company's Board of Directors to increase the share capital of the Company through debt conversion, by issuing two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per ordinary share to the Unitholders in exchange for the settlement of the Debt pursuant to the Exchange Ratio.

The Company has submitted an application to the CMA to register and offer the New Shares, and an application to the Saudi Stock Exchange (Tadawul) to list the New Shares.

This Circular provides full details on the Debt Conversion. The vote of the Company's Shareholders on the Transaction Resolutions at the Company's Transaction EGM will be considered to be based solely on the information contained in this Circular. Copies of this Circular can be obtained from the Company's headquarters or by visiting the Company's website ([www.jabalomar.com.sa](http://www.jabalomar.com.sa)), the Financial Advisor's website ([www.alahlicapital.com](http://www.alahlicapital.com)), the CMA's website ([www.cma.org.sa](http://www.cma.org.sa)), or Tadawul's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)). Neither the provision of this Circular nor any oral or written information related to the Transaction or the interpretation thereof or reliance thereon in any way may be construed as a promise, confirmation, or acknowledgement of the realization of any future revenues, results, or events.

SNB Capital has been appointed as the Company's financial advisor with respect to the Transaction and Abuhimed Alsheikh Alhagbani Law Firm has been appointed as the Company's legal advisor in relation to the Transaction. The information contained in this Circular on the date of its publication is subject to change. In particular, the Company's financial position and the value of its shares can be adversely affected by future developments such as inflation or economic, political, or other factors beyond the Company's control (for more information, please refer to Section (8) ("**Risk Factors**") of this Circular). Neither the provision of this Circular nor any oral or written information related to the Debt Conversion or the interpretation thereof or reliance thereon in any way may be construed as a promise, confirmation, or acknowledgement of the realization of any future revenues, results, or events.

This Circular is not a recommendation by the Financial Advisor or the other advisors to vote in favour of the Debt Conversion.

### Cautionary Note Regarding Forecasts and Forward-looking Statements

This Circular includes some forecasts and forward-looking statements related to the Company. Forecasts and forward-looking statements are not based on historical or current facts. Forward-looking statements are indicated through the use of future terms and expressions, including "expects", "aims", "estimates", "intends", "plans", "will", "objective", "believes", "seeks", "may", "would", "could", "should" or the negative forms of these or other terms that are equivalent or similar in meaning. The forward-looking statements in this Circular include, but are not limited to, (1) preliminary estimates of the expected benefits from the Transaction, forecasts of capital expenditures, expenses, revenues, financial performance, financial conditions, dividend policy, losses, and other future events, (2) business strategies, management, expansion, and business development of the Company following completion of the Transaction, and (3) the Transaction and the dates on which these events are expected to occur. It cannot be asserted or confirmed that any of the objectives or expectations referred to in this Circular will be achievable, and the advisors mentioned in Section (4) ("**Company Directory**") hereof or any of their managers or employees shall not be liable for any loss or damage that may be incurred directly or indirectly by any person due to their reliance on any data or due to the omission of any information not included in this Circular.

It should be noted that these forward-looking statements contain risks that may or may not be apparent, and other factors may cause actual results, performance, strategies, or events to differ materially from those expressly or implicitly contained in such statements. The risks related to forward-looking statements are outside the control of the Company and cannot be accurately estimated, such as future market conditions and the behaviour of other market participants. Hence, these statements should not be completely relied upon. Moreover, these forward-looking statements are not considered a guarantee of the actual future performance of the Company and have not been reviewed by the Company's

accountants except in the cases referred to. These forward-looking statements are based on several assumptions, including assumptions related to the Company's current and future business strategies and the regulatory environment in which the Company will undertake its business in the future. We would like to clarify that all oral and written statements made by the Company or any persons acting on its behalf are expressly limited in their entirety by the important notice indicated in this section.

The Company neither intends nor assumes any obligation to amend or update the forward-looking statements contained in this Circular except as required by the applicable laws and regulations.

This Circular is not and cannot be considered legal, financial, or tax advice, and in the event of any doubt regarding the vote that should be made by any shareholder in the Company's EGM in relation to the Transaction, the Board of Directors recommends obtaining independent financial advice from any independent financial advisor licensed by the Capital Market Authority.



# 3

## PUBLICATION AND DISTRIBUTION RESTRICTIONS

This Circular is intended for the Company's shareholders, taking into account any restrictions in the laws and regulations of any restricted country.

### Presentation of Financial and Other Information

The Company's audited consolidated financial statements were prepared for the financial years ended on 31 December 2019G, 31 December 2020G and 31 December 2021G, in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The unaudited interim condensed consolidated financial statements for the Company for the three-month and nine-month periods ended on 30 September 2021G were prepared in accordance with International Accounting Standard 34 (Initial Financial Report) approved in the Kingdom of Saudi Arabia and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The Company's consolidated financial statements for the financial year ended 31 December 2019G were audited by KPMG Professional Consulting (formerly known as "KPMG & Partners"). The Company's consolidated financial statements for the financial year ended 31 December 2020G were audited by PricewaterhouseCoopers Chartered Accountants (PwC). The unaudited interim condensed consolidated financial statements for the Company for the three-month and nine-month periods ended on 30 September 2021G as well as the Company's consolidated financial statements for the financial year ended 31 December 2021G were reviewed and audited, respectively, by Ernst & Young Professional Services (LLC) (EY). The above-mentioned financial statements have been included in Annex 1 ("**The Company's Consolidated Financial Statements**") of this Circular. It should also be noted that all information is presented to the nearest thousand Saudi Riyals, except as otherwise disclosed.

This Circular has been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia. Accordingly, the information and data disclosed in this Circular may differ from the information or data disclosed under any other circular prepared in accordance with the laws and regulations of any other country. The New Shares represent securities issued by a Saudi company. Therefore, this Circular and any other documents related to the Transaction and the New Shares have been prepared or will be prepared in accordance with the disclosure requirements in the Kingdom, with respect to the content or form of these disclosures, which may differ from those in force in another country.

## COMPANY DIRECTORY

### Company Address and Authorized Representatives

#### Company Address

#### Jabal Omar Development Company (JODC)

Chamber of Commerce Building - Al Takhasusi District  
 PO Box 56968, Makkah 21955  
 Kingdom of Saudi Arabia  
 Tel.: +966125106100  
 Fax: +966125479998  
 Email: share-holder@jodc.com.sa  
 Website: www.jabalomar.com.sa



#### Issuer Representatives

#### Thaleb Ali Thaleb Alshamarani

Vice Chairman of the Board of Directors  
 Jabal Omar Development Company (JODC)  
 PO Box 56968 Makkah 21955  
 Kingdom of Saudi Arabia  
 Tel.: 966114050000  
 Fax: 966122881778  
 Email: t.alshamarani@jodc.com.sa  
 Website: www.jabalomar.com.sa

#### Khaled Mohamed Abu Bakr Al Amoudi

Chief Executive Officer (CEO)  
 Jabal Omar Development Company (JODC)  
 PO Box 56968 Makkah 21955  
 Kingdom of Saudi Arabia  
 Tel.: 966125106100  
 Fax: 966122881778  
 Email: ceo@jodc.com.sa  
 Website: www.jabalomar.com.sa

### Issuer Advisors and Auditors

#### Financial Advisor

#### SNB Capital

SNB Regional Building, Tower B, King Saud Road  
 PO Box 22216, Riyadh 11495  
 Tel.: +966 11 874 7159  
 Fax: +966 11 406 0049  
 Email: www.alahlicapital.com  
 Website: snbc.cm@alahlicapital.com



#### Legal Advisor

#### Abuhimed Alsheikh Alhagbani Law Firm (AS&H)

Building 15, Business Gate  
 King Khalid International Airport Road  
 PO Box: 90239, Riyadh 11613  
 Kingdom of Saudi Arabia  
 Tel.: +966 11 481 9700  
 Fax: +966 11 481 9701  
 Email: info.ash@ashlawksa.com  
 Website: www.ashlawksa.com



## Auditors

Auditor of the Company's audited consolidated financial statements for the financial year ended on 31 December 2021G

### **Ernst & Young Professional Services (LLC)**

13th Floor - King Road Tower, King Abdul Aziz Road  
PO Box 1994  
Jeddah 21441  
Kingdom of Saudi Arabia  
Tel.: +966 12 221 8400  
Fax: +966 12 221 8575  
Email: ey.ksa@sa.ey.com  
Website: www.ey.com



Auditor of the Company's audited consolidated financial statements for the financial year ended on 31 December 2020G

### **PricewaterhouseCoopers Chartered Accountants**

Jameel Square, Al Tahlia Street  
PO Box 16415, Jeddah 21464  
Kingdom of Saudi Arabia  
Tel.: +966 12 610 4400  
Fax: +966 12 610 4411  
Email: ali.alotaibi@pwc.com  
Website: www.pwc.com/middle-east



Auditor of the Company's audited consolidated financial statements for the financial year ended on 31 December 2019G

### **KPMG Al Fozan Certified Public Accountants**

Riyadh Front, Airport Road  
PO Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Tel.: +966 11 874 8500  
Fax: +966 11 874 8600  
Email: apquinton@Kpmg.com  
Website: www.kpmg.com/sa



Note: The advisors and auditors set out above have given and not withdrawn their written consent, until the date of this Circular, to the reference of their names, addresses, logos, and statements in form and the context contained in this Circular. None of the advisors have any shares or interests of any kind in the Company or any of its Subsidiaries.

# 5

## SUMMARY OF THE TRANSACTION

This summary is intended to provide the Company's Shareholders with an overview of the Transaction. This Section does not include all information that are important to the Shareholders to enable them to vote on the Transaction Resolutions which shall be voted on at the Company's EGM in relation to the Transaction. The proposed increase in the Company's capital is conditional on the approval of the Company's EGM in relation to the Transaction. **Accordingly, the Company's Shareholders should read and review this summary as an introduction to the Transaction only, and should read and fully review this Circular and the information contained therein carefully (not only the Transaction Summary) and base any decision related to voting on the Transaction Resolutions on the entire Circular and the information contained therein. The Important Notice Section and Section (8) (Risk Factors) of this Circular should also be carefully reviewed before making a decision on voting in the Company's EGM in relation to the Transaction.**

(Issuer) The Company	Name, Description, and Incorporation Information	Jabal Omar Development Company, a listed Saudi joint-stock company established by Royal Decree No. M/63 issued on 25/09/1427H (corresponding to 18 October 2006G) in Makkah and registered under Commercial Register No. 4031051838 dated 15/11/1428H (corresponding to 25 November 2007G), in accordance with the provisions of the Companies Law and its regulations.
	Company Activities	<p>According to the commercial registration certificate of the Company and the Company's Bylaws, the Company engages in the following activities:</p> <ol style="list-style-type: none"> <li>a. Developing and reconstructing the Jabal Omar area adjacent to the Grand Mosque Square on the western side, and any other areas within Saudi Arabia;</li> <li>b. Owning, managing, investing, selling, leasing and developing real estate into organizational plots, and owning plots for urban development;</li> <li>c. Carrying out all necessary construction, reconstruction, maintenance, demolition, and survey works;</li> <li>d. Managing, operating and furnishing hotels;</li> <li>e. Managing, operating and maintaining commercial facilities;</li> <li>f. Managing, operating and maintaining Company staff accommodation and hotels;</li> <li>g. Importing and exporting equipment, machinery and furniture pertaining to the Company's business;</li> <li>h. Operating training institutes specialized in the field of hotels and hospitality;</li> <li>i. Securing and providing special civilian security services; and</li> <li>j. Laundry and catering services.</li> </ol>
	The Company's Substantial Shareholders and their Current Shareholding	As of 21/10/1443H (corresponding to 22 May 2022G), the Substantial Shareholders of the Company are the founders of Jabal Omar (with a shareholding of 12.275%) and Makkah Construction and Development Company (with a shareholding of 9.326%).

The following table shows the percentage owned by the public, the Substantial Shareholders, and the Fund and the number of their shares in the Company before and after the completion of the Transaction, as of 21/10/1443H (corresponding to 22 May 2022G):

Shareholder	Before Completion of the Transaction		After Completion of the Transaction	
	Number of Shares	Shareholding	Number of Shares	Shareholding
Founders of Jabal Omar	114,088,823	12.275%	114,088,823	9.881%
Makkah Construction and Development Company	86,684,801	9.326%	86,684,801	7.508%
Company Directors <sup>*</sup>	84,237,877	9.063%	84,237,877 <sup>**</sup>	7.296%
Company Senior Executives <sup>***</sup>	6,030	0.0006%	6,030	0.0005%
Treasury stock <sup>****</sup>	N/A	–	N/A	–
The public	644,382,469	69.333%	644,382,469	55.813%
The Fund <sup>*****</sup>	N/A		N/A	
Unitholders	N/A		225,134,162	19.50%
<b>Total</b>	<b>929,400,000</b>	<b>100%</b>	<b>1,154,534,162</b>	<b>100%</b>

Source: The Company

<sup>\*</sup> Based solely on shares owned directly by Directors and shares in which they have an indirect interest in the Company.

<sup>\*\*</sup> The number of shares of the Directors of Jabal Omar Company after completion of the Transaction does not include the New Shares to be issued to the Directors (directly or indirectly), as the New Shares that will be issued have been reflected in the Unitholders field.

<sup>\*\*\*</sup> Based solely on the shares owned directly by Senior Executives of the Company, as the senior executives do not have an indirect interest in the Company.

<sup>\*\*\*\*</sup> The treasury shares of the Company on the date of completion of the Transaction represents the treasury shares currently owned by the Company.

<sup>\*\*\*\*\*</sup> The Fund will not own any shares in the Company after the completion of the Transaction, as the New Shares (225,134,162 new ordinary shares) will be issued to the Unitholders. The New Shares include shares issued to the Company's Directors, directly or indirectly.

Percentage Owned by the Public, the Substantial Shareholders, and the Fund and Number of their Shares Before and After the Debt Conversion

Capital	Nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000).
Total Number of Company Shares	Nine hundred and twenty-nine million and four hundred thousand (929,400,000) fully paid shares.
Nominal Value of Each of the Company's Shares	Ten Saudi Riyals (SAR 10) per share, fully paid.
Total Number of New Shares to be Issued to Unitholders	Two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares.
New Shares' Percentage of the Company's Current Capital	The New Shares will represent 19.50% of the current share capital of the Company as of the date of this Circular.
Exchange Ratio	The basis used to determine the number of the New Shares to be issued to the Fund Unitholders for purposes of the Debt Conversion, which will result in (0.442) new ordinary shares of the Company for each unit in the Fund, excluding the Fund units owned by the Company, as new shares will not be issued to the Company for the units it holds in the Fund.
Issue Price	The nominal value of the New Shares shall be ten Saudi Riyals (SAR 10) per share. The issue price of the New Shares shall be determined (and reflected in the Company's financial statements) in due course, based on the Closing Price of the Company's shares on the last trading day prior to the date of the EGM.
Total Value of the New Shares	The total nominal value of the New Shares shall be two billion and two hundred and fifty-one million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 2,251,341,620). The total value of the New Shares shall be determined (and reflected in the Company's financial statements) in due course, based on the Closing Price of the Company's shares on the last trading day prior to the date of the EGM.

## Description of the Transaction and Debt Conversion

The Company has previously sold the Assets to the Fund back in 2017G, the Company then re-leased and re-operated those Assets in accordance with the Fund Documents, and the Company continued to pay the annual rent due to the Fund (in the amount of five hundred and forty million Saudi Riyals (SAR 540,000,000) annually) as of the date of the Lease Agreement entered into between the Company (in its capacity as a lessee) and the Fund SPV (in its capacity as the lessor on behalf of the Fund) on 9 November 2017G (the "**Lease Agreement**") pursuant to which the Company is re-leasing and re-operating the Assets for a period of ten (10) years. The annual rent due to the Fund is paid in two equal instalments of two hundred and seventy million Saudi Riyals (SAR 270,000,000) for each payment, with the first payment due in November and the second in May of each year. The Company has paid the rental payments for the period from November 2017G to November 2019G. The total value of the rental payments paid to the Fund amounted to one billion and two hundred and sixty two million Saudi Riyals (SAR 1,262,000,000), after reallocating the rental payments paid to the Fund in advance for the period extending from 10 March 2020G to 8 May 2020G (taking into consideration that the Company was exempted from paying the rent due for the period from 10 March 2020G to 1 November 2020G, with a value of three hundred and forty-six million Saudi Riyals (SAR 346,000,000), to be a credit balance on the Fund in favour of the Company, provided that this balance is used to pay future rental payments in accordance with the relevant Fund Documents.

Given that the Company is not able to continue paying the annual rent due to the Fund due to the negative impact on the revenues of the leased Assets as a result of the outbreak of the emerging coronavirus pandemic and its adverse economic impact, resulting in the Company's inability to continue to pay the annual rent due to the Fund as of the payment due in May 2020G, the Company and the Fund decided to settle all rights and obligations arising between them and the Fund Related Entities. Accordingly, the Company and the Fund Manager (on behalf of the Fund) entered into the Transaction Agreement under which the Debt has been established and pursuant to which all debts of the Company towards the Fund (in its capacity as the creditor) in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) as recorded in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G (which mainly consist of the rental payments owed together with any other obligations under the Fund Documents) including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities and the transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders (excluding the Company in its capacity as a Unitholder in the Fund) by way of increasing the share capital of the Company from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (11,545,341,620). This increase in the share capital of the Company aims to settle the Debt by offering the New Shares in the Company to the Unitholders.

Upon completion of the Transaction, the Debt shall be converted into new shares in the Company and all Unitholders shall obtain the New Shares in the Company pursuant to the Exchange Ratio, excluding the Fund units owned by the Company, as new shares will not be issued to the Company for the units it holds in the Fund. (For more information about the Debt Conversion and the origin of the Debt, please refer to Section (9) ("**Conversion of Debt into Shares through Capital Increase (the Transaction)**"), Section (9.2) ("**Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established**"), and Section (9.3) ("**Overview of the Current Arrangements of the Fund and the Origin of the Debt**") of this Circular.)

<p>Debt Conversion Structure</p>	<p>The Transaction shall be implemented by increasing the share capital of the Company by way of Debt Conversion and settling all rights and obligations owed by the Company in connection with the Fund and its Related Entities. The Company shall issue the New Shares to the Unitholders in accordance with the provisions of Article 138(b) of the Companies Law, the conditions and requirements pursuant to Article 56 of the Rules on the Offer of Securities and Continuing Obligations, and pursuant to the terms and conditions of the Transaction Agreement. Given that the Company owns units in the Fund, the Transaction shall exclude the Company's ownership in the Fund from the offered Exchange Ratio, and no new shares shall be issued to the Company (i.e. treasury shares) for the units it owns in the Fund. The Company clarifies that its decision that it does not wish to issue and own treasury shares as a result of the Debt Conversion was based on an internal decision of the Company without taking into account any regulatory restrictions, and the main reason for this is to reduce the number of issued shares. The Company and its advisors believe that not issuing treasury shares in exchange for the shares the Company owns in the Fund will achieve greater benefit for the Company's current and new shareholders and have a greater positive impact on the Company's financial indicators.</p> <p>The Debt shall include all debts owed by the Company to the Fund (including obligations and receivables related to the Fund Related Entities) under the Fund Documents (whether current or future), all of which shall become due and payable on the date of the Company's EGM.</p> <p>Accordingly, the Company shall issue two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares, equivalent to 0.442 new ordinary shares of the Company for every unit in the Fund, excluding the Fund units owned by the Company, as new shares will not be issued to the Company for the units it holds in the Fund. In exchange for the issuance of the New Shares and the allocation thereof to the Unitholders pursuant to the agreed Exchange Ratio, the following shall take place:</p> <ol style="list-style-type: none"> <li>1. All debts owed by the Company to the Fund shall be converted and all rights and obligations owed by the Company to the Fund and its related entities shall be settled, which mainly consist of the rental payments owed together with any other obligations under the Fund Documents. Future debts mean the debts will be expedited so that they become payable on the date of the Company's EGM, when all conditions of the Transaction Agreement are satisfied, with the last of such conditions being the approval of the Company's EGM;</li> <li>2. Ownership of the Fund Assets shall be transferred to the Company and any related rights over the Assets shall be surrendered in accordance with the Fund Documents; and</li> <li>3. All collateral and security granted by the Company to the Fund and the Fund Related Entities shall be released and terminated.</li> </ol> <p>The Transaction shall constitute a full and final settlement of all rights and obligations of the Company and the Fund and its Related Entities in accordance with the Fund Documents. Upon completion of the Transaction, the Fund shall terminate, all Fund units shall be cancelled, all Fund Documents shall be terminated, and the New Shares in the Company shall be issued to the Unitholders. Given that the Company owns units in the Fund, the Transaction shall exclude the Company's ownership in the Fund from the offered Exchange Ratio, and no new shares shall be issued to the Company for the units it owns in the Fund.</p>
<p>Purpose of the Debt Conversion</p>	<p>The Transaction aims to convert all debts owed by the Company to the Fund and settle all rights and obligations related to the Fund and its Related Entities, transfer the ownership of the Fund Assets to the Company and surrender any rights related thereto in accordance with the Fund Documents, release and terminate all collateral and security granted by the Company to the Fund and the Fund Related Entities in connection with the obligations of the Company towards the Fund and its Related Entities, in exchange for the issuance of new ordinary shares in the Company and the allocation thereof to the Unitholders. This shall reduce financial liabilities of the Company and improve its liquidity and financial positions and its ability to achieve its growth goals. (For more information on the purpose of the Debt Conversion, please refer to Section (9) ("<b>Conversion of Debt into Shares through Capital Increase (the Transaction)</b>") of this Circular.)</p>
<p>Related Parties</p>	<p>It should be noted that the Transaction involves Related Parties, given that a number of Directors have an interest in the Transaction, either in their capacity as Unitholders in the Fund or as representatives of entities that own units in the Fund, whereas Dr. Abdulraouf Mohammed Mannaa (in his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Dr. Ahmad Othman AlQasabi (due to his direct ownership of units in the Fund), Mr. Hesham Abdulaziz AlZaid (in his capacity as a representative of the General Authority for Awqaf, which owns units in the Fund), Mr. Abdulaziz Sulaiman AlRajhi (in his capacity as a board member and a senior executive in Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Mr. Mohammed Saud AlRasheed (due to his direct ownership of units in the Fund), and Mr. Mohammed Sultan AbuMelha (in his capacity as a representative of the General Organization for Social Insurance, which owns units in the Fund) have declared their interest in the Transaction to the Company's Board of Directors and have subsequently refrained themselves from voting on Transaction Resolutions (for more information, please refer to Section (9.8) ("<b>Related Parties and Conflicted Directors</b>") of this Circular).</p>

<p>Summary of the Key Procedures Required to Increase the Capital and Issue the New Shares</p>	<p>The key steps required to complete the Transaction are as follows:</p> <ul style="list-style-type: none"> <li>• Obtain the approval of the CMA on the application of the Company's capital increase;</li> <li>• Obtain the approval of the CMA on the invitation to the EGM in relation to the Transaction in accordance with the relevant laws and regulations and the Company's Bylaws;</li> <li>• Completion of all the necessary regulatory procedures for the transfer of ownership or cancellation of the title deeds related to the Fund's Assets (as applicable), so that such transfer or cancellation of such title deeds is effective as of the Effective Date, or coordinating with the Custodian (in the event that the relevant title deeds are not transferred or cancelled (as applicable) on the Effective Date) to preserve the title deeds in the interest of the Company from the Effective Date until the cancellation or transfer of the title deeds as permitted by the relevant laws and regulations and as directed by the Company in this regard;</li> <li>• Obtain the approval of the EGM on the Transaction Resolutions, and publish the Transaction Resolutions in accordance with the relevant laws and regulations;</li> <li>• Obtain the approval of Tadawul to list the New Shares in the Unitholders' investment portfolios;</li> <li>• Obtain a confirmation from the General Authority for Competition that the Transaction is not notifiable to it;</li> <li>• Obtain the approval of the Ministry of Commerce on the proposed amendments to the Company's Bylaws to amend the Company's Bylaws and commercial registration certificate; and</li> <li>• Satisfy all the terms and conditions set out in the Transaction Agreement as summarized in Section (12.4.2) ("<b>Key Terms and Conditions of the Transaction Agreement</b>").</li> </ul> <p>After completing the key steps above, all debts owed by the Company to the Fund shall be converted and all rights and obligations owed by the Company to the Fund and its related entities shall be settled. The ownership of the Fund Assets shall be transferred to the Company and any related rights over the Assets shall be surrendered in accordance with the Fund Documents. Also, all collateral and security granted by the Company to the Fund and the Fund Related Entities in connection with the obligations of the Company towards the Fund and its Related Entities shall be released and terminated, in exchange for the increase of the share capital of the Company and issuing the New Shares to the Unitholders, which shall be listed on Tadawul. For more information, please refer to Section (9) ("<b>Conversion of Debt into Shares through Capital Increase (the Transaction)</b>") and Section (12) (<b>Legal Information</b>).</p>
<p>Entitlement to Dividends for New Shares</p>	<p>The holders of the New Shares shall have the right to receive any dividends announced by the Company after the date on which the Transaction is completed.</p>
<p>Approvals Required for the Capital Increase</p>	<p>The Transaction and the capital increase require obtaining the following approvals:</p> <ul style="list-style-type: none"> <li>• The approval of the CMA on the Company's application of the capital increase and to register and offer securities;</li> <li>• The approval of Tadawul on the listing of the New Shares;</li> <li>• Obtaining the approval of the Ministry of Commerce on the proposed amendments to the Company's Bylaws;</li> <li>• The approval of the CMA on the EGM invitation in relation to the Transaction; and</li> <li>• The approval of the Company's Shareholders on the Transaction Resolutions in the EGM.</li> </ul> <p>For more information about the other terms and conditions of the Transaction and the conditions that have been satisfied, please refer to Section (12) (<b>Legal Information</b>) of this Circular.</p>
<p>Voting Rights of New Shares</p>	<p>The New Shares shall have the same voting rights as the Company's Current Shares, without any restrictions imposed on such New Shares, in accordance with the Companies Law and the Company's Bylaws. In addition, there will be no lockup period restricting the disposal of the Shareholders of their shares, and this includes the Current Shares owned by the current Shareholders of the issuer, as well as the New Shares that will be issued in the Company to the Fund's Unitholders.</p>
<p>Restrictions on New Shares</p>	<p>No restrictions have been imposed on the New Shares, with the exception of restrictions related to the foreign ownership of the Company's shares. Ownership of the Company's shares shall be limited to Saudi citizens, and no additional restrictions will be imposed on the Company's shares post the capital increase, and this includes the Current Shares owned by the current Shareholders of the issuer, as well as the New Shares that will be issued in the Company to the Fund's Unitholders.</p>



# 6

## KEY DATES AND MILESTONES OF THE TRANSACTION

The below is the expected timetable of key events related to the Transaction. The Company will announce any changes to the timetable and the expected dates shown in the table below on the Tadawul website.

Event	Schedule/Expected Date
<b>1- Procedures required in relation to the EGM to vote on increasing the share capital through debt conversion</b>	
Approval of the CMA on the application to increase the share capital of the Company.	7/12/1443H (corresponding to 06/07/2022G)
Approval of the CMA to convene the Company's EGM in relation to the Transaction.	6/1/1444H (corresponding to 4/8/2022G)
Announcement of the invitation of the Company's EGM in relation to the Transaction on Tadawul's website (indicating the possibility of holding a second meeting one hour after the end of the period specified for holding the first meeting, if the quorum required to hold the meeting is not satisfied).	6/1/1444H (corresponding to 4/8/2022G)
Publication of the Shareholders Circular.	9/1/1444H (corresponding to 7/8/2022G)
Provision of the documents available for inspection.	10/1/1444H (corresponding to 8/8/2022G)
Start of the electronic voting period where Shareholders vote on the items of the Company's EGM.	23/1/1444H (corresponding to 21/8/2022G)
Convention of the Company's EGM in relation to the Transaction (the first meeting). The quorum for the meeting shall be deemed satisfied if shareholders representing at least half of the share capital of the Company attend the meeting.	27/1/1444H (corresponding to 25/8/2022G)
Convention of the Company's EGM in relation to the Transaction (the second meeting), if the quorum required to hold the first meeting is not satisfied. The quorum for the meeting shall be deemed satisfied if shareholders representing at least a quarter of the share capital of the Company attend the meeting.	One hour after the end of the period specified for convening the first EGM meeting, if the required quorum is not satisfied.
Publication of the Transaction Resolutions passed in the first or the second meeting of the Company's EGM in relation to the Transaction or announcing on Tadawul's website that the EGM has not been convened if the required quorum is not satisfied.	1/2/1444H (corresponding to 28/8/2022G)
<b>2- Procedures to be followed if the quorum of the first and second meetings of the EGM is not satisfied</b>	
Approval of the CMA on the invitation to convene the Company's EGM regarding the Transaction (the third meeting).	3/2/1444H (corresponding to 30/8/2022G)
Announcement of the invitation of the Company's EGM in relation to the Transaction (the third meeting) on Tadawul's website.	4/2/1444H (corresponding to 31/8/2022G)
Start of the electronic voting period in the Company's EGM (the third meeting).	22/2/1444H (corresponding to 18/9/2022G)
Convention of the Company's EGM in relation to the Transaction (the third meeting). The quorum for the third meeting shall be deemed satisfied regardless of the number of shares represented therein.	25/2/1444H (corresponding to 21/9/2022G)
Publication of the Transaction Resolutions passed in the third meeting of the Company's EGM on Tadawul's website.	26/2/1444H (corresponding to 22/9/2022G)
<b>3- Procedures required after the EGM is convened and the Transaction is completed</b>	
Providing the CMA with a copy of the minutes of the EGM.	<p>Within ten (10) days of the date on which the EGM approves the Transaction.</p> <p>8/2/1444H (corresponding to 4/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting.</p> <p>6/3/1444H (corresponding to 2/10/2022G) if the Company's EGM approves the Transaction in the third meeting.</p>

Event	Schedule/Expected Date
Publication of the amendments to the Bylaws on the portal of the Ministry of Commerce before it is officially amended with the Ministry of Commerce.	Within a week of the EGM's approval of the Transaction. 5/2/1444H (corresponding to 1/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting. 3/3/1444H (corresponding to 29/9/2022G) if the Company's EGM approves the Transaction in the third meeting.
Issuance and listing of the New Shares on Tadawul and the allocation thereof to the Unitholders registered in the List of Unitholders.	approval of the Transaction. 5/2/1444H (corresponding to 1/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting. 3/3/1444H (corresponding to 29/9/2022G) if the Company's EGM approves the Transaction in the third meeting. In the event that the issuance of the New Shares and the allocation thereof to the Unitholders registered in the List of Unitholders is delayed, the date of the new allocation date will be announced on the Tadawul website.
Amendment of the Bylaws and commercial registration certificate of the Company.	Within three (3) weeks of the date on which the EGM approves the Transaction. 19/2/1444H (corresponding to 15/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting. 16/3/1444H (corresponding to 12/10/2022G) if the Company's EGM approves the Transaction in the third meeting.

# TABLE OF CONTENTS

<b>1</b>	<b>SHAREHOLDERS CIRCULAR</b>	<b>I</b>
<b>2</b>	<b>IMPORTANT NOTICE</b>	<b>VI</b>
<b>3</b>	<b>PUBLICATION AND DISTRIBUTION RESTRICTIONS</b>	<b>VIII</b>
<b>4</b>	<b>COMPANY DIRECTORY</b>	<b>IX</b>
<b>5</b>	<b>SUMMARY OF THE TRANSACTION</b>	<b>XI</b>
<b>6</b>	<b>KEY DATES AND MILESTONES OF THE TRANSACTION</b>	<b>XVI</b>
<b>7</b>	<b>TERMS AND DEFINITIONS</b>	<b>1</b>
<b>8</b>	<b>RISK FACTORS</b>	<b>5</b>
	8.1 Risks related to the Transaction and the business of the Company post completion of the Transaction	5
	8.2 Risks related to the issuance of the New Shares	6
	8.3 Commercial risks	7
	8.4 Legal risks	9
<b>9</b>	<b>CONVERSION OF DEBT INTO SHARES THROUGH CAPITAL INCREASE (THE TRANSACTION)</b>	<b>10</b>
	9.1 Overview of the Transaction	10
	9.2 Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established	11
	9.3 Overview of the Current Arrangements of the Fund and the Origin of the Debt	12



9.4	Rationale of the Debt Conversion	13
9.5	Implications on the Company and its Shareholders as a Result of the Debt Conversion	14
9.6	Directors	15
9.7	The Ownership Structure of the Company prior to and post Completion of the Transaction	16
9.8	Related Parties and Conflicted Directors	17
9.9	Proposed key Dates and Milestones of the Transaction	18

## 10

<b>EVALUATION OF THE DEBT AND THE NEW SHARES</b>	<b>20</b>
--	-----------

## 11

<b>CONSOLIDATED FINANCIAL INFORMATION</b>	<b>22</b>
---	-----------

11.1	Pro-forma consolidated financial information prepared to illustrate the expected pro forma effect for the debt conversion	22
11.2	Comparison of financial indicators and key performance indicators as of September 30, 2021G at the Company level (before the Transaction) and at the proforma consolidated level after the Transaction	27
11.3	Analyses of the increase or decrease in earnings per share as a result of the capital increase	28
11.4	Historical performance of the company's stock price	28

## 12

<b>LEGAL INFORMATION</b>	<b>29</b>
--------------------------	-----------

12.1	Declarations of the Company's Board of Directors	29
12.2	Summary of the Legal Structure of the Transaction	29
12.3	Approvals required to effect the Transaction	30
12.4	Summary of Material Agreements	31
12.5	Termination of the Transaction Agreement	36
12.6	Litigation Against the Company	36
12.7	Bankruptcy	36
12.8	Insolvency	36

13

EXPERT STATEMENTS

37

14

EXPENSES

38

15

WAIVERS

39

16

DOCUMENTS AVAILABLE FOR INSPECTION

40

Annex No. (1)

41

Annex No. (2)

300



## TERMS AND DEFINITIONS

The following terms and expressions, wherever mentioned in this Circular, shall have the meanings ascribed to them, unless the context requires otherwise:

<b>Affiliate</b>	A person who controls another person, is controlled by such other person, or who are both jointly controlled by a third person. In any of the above, control is direct or indirect.
<b>The Fund</b>	Alinma Makkah Real Estate Fund, a closed publicly offered real estate investment fund, established on 30/11/1438H (corresponding to 22 August 2017G), for the purpose of acquiring a number of operational assets to provide periodic income to those who invest in the Fund.
<b>List of Unitholders</b>	The list of Unitholders who are entitled to the New Shares, which shall be submitted by the Fund Manager to the Company either before or by the Effective Date. It shall include the names of Unitholders entitled to the New Shares, the number of units owned by them, their investment portfolio information, and any other information required to list the New Shares in their investment portfolios.
<b>The Fund Special Purpose Vehicle (SPV)</b>	Namaa Real Estate Fund Company, a company incorporated under Commercial Registration No. 1010899193.
<b>Related Entities</b>	The Fund Manager, the Custodian and the Fund Special Purpose Vehicle (SPV).
<b>Custodian</b>	Albilad Capital, a Saudi closed joint stock company, established under Commercial Registration No. 1010240489 and CMA license No. 37-08100, in its capacity as the Fund Custodian.
<b>Assets or Fund Assets</b>	The fundamental Fund assets located in the Makkah region, which consist of three hotels and two commercial areas as set out in the Sale and Purchase Agreement entered into between the Company (in its capacity as seller) and the Fund Manager (in its capacity as buyer, on behalf of the Fund) on 21 March 2017G, including the amendment agreements thereto.
<b>Fund Documents</b>	<p>Means collectively the following Fund related agreements/documents:</p> <ol style="list-style-type: none"> <li>1. The Sale and Purchase Agreement entered into between JODC (as the seller) and the Fund Manager (as the purchaser on behalf of the Fund) dated 21 March 2017G, including the amendment agreements thereto;</li> <li>2. The Exclusive Sale Agency Agreement entered into between JODC (as agent) and the Fund Manager on behalf of the Fund (as principal) dated 9 November 2017G;</li> <li>3. The Sale Undertaking Letter entered into between JODC and the Fund Manager on behalf of the Fund dated 9 November 2017G;</li> <li>4. The Letter Agreement between JODC and the Fund Manager on behalf of the Fund dated 9 November 2017G;</li> <li>5. The Properties Lease Agreement entered into between JODC (as lessee) and the Fund SPV (as lessor) dated 9 November 2017G;</li> <li>6. The Supplemental Agreement to the Property Lease Agreement entered into between JODC (as agent) and the Fund SPV (as principal) dated 9 November 2017G;</li> <li>7. The Land Lease Agreement entered into between JODC (as lessor) and the Fund SPV (as lessee) dated 9 November 2017G in respect of the land in zone N5 of the Jabal Omar masterplan;</li> <li>8. The Sublease Agreement entered into between JODC (as sublessee), and the Fund SPV (as sublessor) dated 9 November 2017G in respect of the land in zone N5 of the Jabal Omar masterplan;</li> <li>9. The Non-Disturbance Agreement between Hilton Worldwide Manage Limited, JODC, the Fund SPV and Alinma Bank dated 27 November 2017G;</li> <li>10. The Non-Disturbance Agreement between Hyatt International – South East Asia Limited, Hyatt International Technical Services Inc., Hyatt Chain Services Limited, HGP (Travel) Ltd., International Reservations Company, JODC, the Fund SPV and Alinma Bank dated 27 November 2017G;</li> <li>11. The Lease Agreements Assignment Agreement entered into between JODC (as assignor) and Alinma Bank (as guarantee agent) dated 27 November 2017G;</li> <li>12. The Owners' Proceeds Assignment Agreement entered into between JODC (as assignor) and Alinma Bank (as guarantee agent) dated 27 November 2017G;</li> <li>13. The Assignment and Mortgage of an Account Agreement entered into between JODC (as assignor) and Alinma Bank (as guarantee agent) dated 27 November 2017G;</li> <li>14. The Insurance Proceeds Assignment Agreement entered into between JODC (as assignor) and Alinma Bank (as guarantee agent) dated 27 November 2017G;</li> <li>15. The Security Agency Agreement entered into between JODC, the Fund SPV and Alinma Bank dated 27 November 2017G; and</li> <li>16. The Real Estate Mortgage Agreement entered into between JODC (as mortgagor), and the Fund SPV (as mortgagee) dated 9 November 2017G.</li> </ol>

Sale and Purchase Agreement	The Sale and Purchase Agreement entered into between the Company (in its capacity as seller) and the Fund Manager (in its capacity as buyer, on behalf of the Fund) on 21 March 2017G, and any amendments thereto, pursuant to which the Company has sold a number of operational assets located within the first phase of the Jabal Omar Project next to Masjid Al Haram in Makkah to the Fund for the amount of six billion Saudi Riyals (SAR 6,000,000,000). For more information about the assets, please refer to Section (9.2) (“ <b>Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established</b> ”).
Transaction Agreement	The binding agreement entered into between Jabal Omar Development Company and the Fund Manager (on behalf of the Fund) on 01/09/1443H (corresponding to 02 April 2022G) regarding the Transaction, which included the detailed terms and conditions of the Transaction, pursuant to which the Company's capital will be increased in exchange for the settlement of the Debt through the issuance of new shares in the Company.
Debt	All debts owed by the Company to the Fund, amounting to five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080), as recorded in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G, which mainly consist of the rental payments owed together with any other obligations under the Fund Documents (including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities). Future debts mean the debts will be expedited so that they become payable on the date of the Company's EGM, when all conditions of the Transaction Agreement are satisfied, with the last of such conditions being the approval of the Company's EGM.
Offer Date	The date of the Offer made by the Company to the Fund Manager (on behalf of the Fund) on 05/02/1443H (corresponding to 12 September 2021G) and amended on 19/05/1443H (corresponding to 23 December 2021G).
Effective Date	Date of the issuance and listing of the New Shares in Tadawul and their allocation to the Unitholders on the List of Unitholders.
Fund Manager	Alinma Investment Company, a closed Saudi joint stock company, operating in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, under CMA license No. 37-09134, and registered under Commercial Register No. 1010269764 dated 23/07/1430H (corresponding to 20 July 2009G).
Business Day	Any day except Fridays, Saturdays, and official holidays in the Kingdom of Saudi Arabia.
Capital Increase	The proposed increase in the share capital of the Company by issuing two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) ordinary shares to the Unitholders.
Authority or CMA	The Capital Market Authority in KSA.
Companies Law	The Companies Law issued under Royal Decree No. M/3 on 28/01/1437H (corresponding to 11 November 2015G), as amended by Royal Decree No. M/79 dated 25/07/1439H (corresponding to 11 April 2018G).
Conflicted Directors	Dr. Abdulraouf Mohammed Mannaa (in his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Dr. Ahmad Othman AlQasabi (due to his direct ownership of units in the Fund), Mr. Hesham Abdulaziz AlZaid (in his capacity as a representative of the General Authority for Awqaf, which owns units in the Fund), Mr. Abdulaziz Sulaiman AlRajhi (in his capacity as a board member and a senior executive in Sulaiman Al Rajhi Holding Company, which owns units in the Fund), Mr. Mohammed Saud AlRasheed (due to his direct ownership of units in the Fund), and Mr. Mohammed Sultan AbuMelha (in his capacity as a representative of the General Organization for Social Insurance, which owns units in the Fund).
New Shares	The new shares of the Company which will be issued to the Unitholders based on the Exchange Ratio agreed upon under the Transaction Agreement, amounting to two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) ordinary shares at a nominal value of ten Saudi Riyals (SAR 10) per share.
Control	The ability to influence the acts or decisions of another person, directly or indirectly, whether severally or jointly with a Relative or an Affiliate, through any of the following: (a) holding a percentage equivalent to 30% or higher of the voting rights in the Company; or (b) having the right to appoint 30% or more of the members of the administrative body. The term “controller” shall be interpreted accordingly.
Transaction Resolutions	The resolutions to be presented to the Company shareholders on the Transaction to vote on increasing the Company's capital from nine billion, two hundred and ninety-four million Saudi riyals (SAR 9,294,000,000) to eleven billion, five hundred and forty-five million, three hundred and forty-one thousand, six hundred and twenty Saudi riyals (SAR 11,545,341,620) by issuing two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares at a nominal value of ten Saudi Riyals (SAR 10) per share for the purpose of converting all debts owed by the Company to the Fund, which amount to five billion, three hundred and one million, two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) (including the settlement of all rights and obligations in respect of the Fund and the Fund Related Entities) pursuant to the provisions of Article 56 of the Rules on the Offer of Securities and Continuing Obligations, by issuing 0.442 new ordinary shares for every unit of the Fund to the Unitholders in accordance with the terms and conditions of the Transaction Agreement, including voting on the following matters related to the Transaction: <ol style="list-style-type: none"> <li>Voting on the terms and conditions of the Transaction Agreement.</li> <li>Voting on the proposed amendments to the Company's Bylaws related to the Transaction, provided that such amendments enter into force upon completion of the Transaction.</li> <li>Authorising the Company's Board of Directors, or any person authorised by the Board of Directors, to issue any decision or take any action that may be necessary to enforce any of the resolutions mentioned above.</li> </ol>
Extraordinary General Meeting (EGM)	The extraordinary general assembly meeting of the Company's shareholders, held in accordance with the Company's Bylaws.
Exchange Ratio	The basis used to determine the number of the New Shares the Unitholders are entitled to pursuant to the Transaction, which will lead to the issuance of 0.442 new ordinary shares in the Company for every unit in the Fund (excluding the Company in its capacity as a Unitholder in the Fund, as no new shares will be issued to the Company for the units it holds in the Fund).
Kingdom	The Kingdom of Saudi Arabia.

<b>Ministry of Commerce</b>	The Ministry of Commerce in KSA.
<b>Offer</b>	The offer presented by the Company to the Fund Manager (on behalf of the Fund) on 05/02/1443H (corresponding to 12 September 2021G), as amended on 19/05/1443H (corresponding to 23 December 2021G), in relation to the Transaction.
<b>Rules on the Offer of Securities and Continuing Obligations</b>	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board under Decision No. 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017G), as amended by CMA Board Decision No. 1-7-2021 dated 01/06/1442H (corresponding to 14 January 2021G).
<b>Related Party</b>	For the purpose of the Rules on the Offer of Securities and Continuing Obligations, "Related Party" means: <ol style="list-style-type: none"> <li>1. Affiliates of the Issuer.</li> <li>2. Substantial shareholders of the Issuer.</li> <li>3. Directors and Senior Executives of the Issuer.</li> <li>4. Directors and senior executives of the Issuer's Affiliates.</li> <li>5. Directors and senior executives of the Issuer's Substantial Shareholders.</li> <li>6. Any Relatives of the persons mentioned in items 1, 2, 3, 4, or 5 above.</li> <li>7. Any company controlled by a person mentioned in items 1, 2, 3, 4, 5, or 6 above.</li> </ol>
<b>Relative</b>	For the purpose of the Rules on the Offer of Securities and Continuing Obligations, "relative" means the spouse and minor children.
<b>Issuer or Company</b>	Jabal Omar Development Company, a listed Saudi joint-stock company, established by Royal Decree No. M/63 issued on 25/09/1427H (corresponding to 18 October 2006G) in Makkah and registered under Commercial Register No. 4031051838 dated 15/11/1428H (corresponding to 25 November 2007G), in accordance with the provisions of the Companies Law and its regulations.
<b>The Company's EGM in relation to the Transaction</b>	The Company's extraordinary general meeting to be held to vote on the Transaction Resolutions.
<b>SAR</b>	The Saudi Riyal, the official currency of the Kingdom of Saudi Arabia.
<b>Subsidiary</b>	With regards to a company, any other company controlled by such company.
<b>Substantial Shareholder</b>	Any person who holds 5% or more of the Company's share capital.
<b>Tadawul</b>	The Saudi Stock Exchange (Tadawul)
<b>Transaction</b>	The conversion of all debts owed by the Company to the Fund, which amount to five billion, three hundred and one million, two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) (including settlement of all rights and obligations in respect of the Fund and the Fund Related Entities), the transfer of the ownership of the Assets to the Company and surrender any rights over the assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders by way of increasing the share capital of the Company from nine billion, two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion, five hundred and forty-five million, three hundred and forty-one thousand, six hundred and twenty Saudi Riyals (SAR 11,545,341,620).
<b>Closing Price</b>	The last price the share was traded at on the relevant trading day, in accordance with the mechanism specified by the Saudi Stock Exchange (Tadawul).
<b>Listing Rules</b>	The Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017G), as amended by CMA Board Resolution No. 1-52-2022 dated 12/09/1443H (corresponding to 13 April 2022G).
<b>General Organization for Social Insurance</b>	The Saudi Arabian General Organization for Social Insurance.
<b>Financial Year</b>	The financial year ended on 31 December of every Gregorian year.
<b>Terms and Conditions</b>	The Fund's terms and conditions.
<b>Bylaws</b>	The Company's Bylaws.
<b>Shareholders Circular</b>	This shareholders circular issued by the Company pursuant to Article 56 of the Rules on the Offer of Securities and Continuing Obligations.
<b>Senior Executives</b>	Any natural person, assigned, solely or with others, by the administrative body or any member of the administrative body of the establishment to assume supervision and management tasks. Senior Executives report to any of: 1) the administrative body directly, 2) a member of the administrative body, or 3) the CEO.
<b>H (Hijri)</b>	The Hijri calendar.
<b>G (Gregorian)</b>	The Gregorian calendar.
<b>Board or Board of Directors</b>	The Board of Directors of the Company or the Fund (as the case may be).
<b>Shareholders</b>	The shareholders of Jabal Omar Development Company.
<b>The public</b>	The shareholders of Jabal Omar Development Company, excluding the Substantial Shareholders.
<b>Unitholders</b>	The holders of Fund units listed on the List of Unitholders.



Financial Advisor	SNB Capital
Legal Advisor	Abuhimed Alsheikh Alhagbani Law Firm (AS&H)
Advisors	The financial advisor and legal advisor whose names appear in Section (4) (“ <b>Company Directory</b> ”) of this Circular.
Auditors	The auditors whose names appear in Section (4) (“ <b>Company Directory</b> ”) of this Circular.
Dollar/USD	The US dollar.
Person	Any natural or legal person.
Audited consolidated financial statements	The financial statements of Jabal Omar Development Company or the Fund, which contain information about income, financial position, cash flows, and so forth for the financial years ended 31 December 2019G, 31 December 2020G and 31 December 2021G.
Interim unaudited condensed consolidated financial statements	The financial statements of Jabal Omar Development Company or the Fund which contain information about income, financial position, cash flows, and so forth for the three- and nine-month periods ended 30 September 2021G.
Material adverse event	<p>In accordance with the definition agreed upon in the Transaction Agreement, this means any event or change, or a set of events or changes, that occur after the Transaction Agreement date and prior to the Effective Date, which, severally or jointly, have, or are reasonably expected to have a material negative impact on the Company, the Fund, the Assets, or the Transaction, not including the following events or changes:</p> <ol style="list-style-type: none"> <li>Any deterioration of economic, political, or market conditions or securities, credit, financial, or capital markets in the global financial services sector or the financial services sector in the Middle East or the KSA, or in general, except to the extent that such effect adversely affects the Assets, the Fund, and/or the Company in a materially disproportionate manner compared to each other or to other Assets, businesses, or companies that operate in the real estate industry in the Kingdom of Saudi Arabia.</li> <li>Any change, development, or event as a result of the Transaction, Transaction announcements, or the suspension or completion of the Transaction.</li> <li>Any change, or proposed change, after the Transaction Agreement date, to the applicable laws or interpretation thereof, except to the extent that such changes adversely affect the Assets, the Fund, and/or the Company (as the case may be) in a materially disproportionate manner compared to each other or to other Assets, businesses, or companies that operate in the real estate industry in the Kingdom of Saudi Arabia.</li> <li>Geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage, or terrorism, or any escalation or worsening of any such acts of war, sabotage, or terrorism threatened or under way, as of the date of the Transaction Agreement, except to the extent that such events adversely affect the Assets, the Fund, and/or the Company in a materially disproportionate manner compared to each other or to other Assets, businesses, or companies that operate in the real estate industry in the Kingdom of Saudi Arabia.</li> <li>Any flood, earthquake, or other natural disasters, except to the extent that such incidents adversely affect the Assets, the Fund, and/or the Company in a materially disproportionate manner compared to each other or to other Assets, businesses, or companies that operate in the real estate industry in the Kingdom of Saudi Arabia.</li> <li>Any change, event or development resulting from any action to be performed in the context of the Transaction.</li> </ol>

# 8

## RISK FACTORS

The Company's Shareholders should read and carefully consider the risks contained in this Section related to the increase of the share capital of the Company to settle the Debt by way of issuing the New Shares, in addition to all other Sections and information contained in this Circular, in order to reach their own conclusions before voting on the Debt Conversion in the Company's EGM.

The Board of Directors currently believes that the risks and uncertainties described below are all the risks known to them related to the issuance of the New Shares to settle the Debt. However, these risks and uncertainties described in this Circular may not include all risks related to the Transaction, as there may be additional risk factors other than the risks contained in this Section that adversely affect the Company but are not currently known to the Company's Board of Directors or are not currently considered by the Company's Board of Directors to be an influential risk factor.

The Company's Directors further confirm that, to their knowledge and belief, there are no other material risks as of the date of this Circular other than those mentioned in this Section, which may affect the decision of the Shareholders in voting on the Transaction Resolutions.

The occurrence of the risks set out in this Section might adversely affect the Company's activities, financial position, results of operations, cash flows, forecasts, and share profitability. Furthermore, the occurrence of any other risks, other than those set out below (either because they are not known to the Company's Board of Directors, or because the Company's Board of Directors does not consider them material, but which are found to be material after they occur) could also adversely affect the Company's activities, financial position, results of operations, cash flows, forecasts, and share profitability.

If any Shareholder has any doubt concerning any of the contents of this Circular, the action that should be taken, or the method of voting on the Transaction Resolutions, they should consult with an independent financial advisor licensed by the CMA.

It should be noted that the order of risks presented below does not reflect the importance of the risks or their likelihood of occurrence.

### 8.1 Risks related to the Transaction and the business of the Company post completion of the Transaction

#### 8.1.1 Tax related risks

Pursuant to the terms of the Transaction Agreement, the Company agreed to bear any tax or Zakat obligations (including real estate tax) or any other fees that the Zakat, Tax and Customs Authority or any other authority may impose for the purposes of completing the procedures for transferring the ownership of the Assets to the Company as a result of the Transaction. As of the date of this Circular, the Company does not expect any tax obligations to be imposed on it for the purposes of completing the procedures for transferring the ownership of Assets to the Company as a result of the Transaction, however, the Zakat, Tax and Customs Authority or any other authority may impose related tax or zakat obligations or any other fees. Therefore, in the event that any tax or Zakat obligations are imposed that are higher than expected, this will adversely affect the Company's financial position.

#### 8.1.2 Risks related to the Exchange Ratio of the Transaction

Once the Transaction becomes effective, the Company will issue new shares to the Unitholders for every unit of the Fund based on the agreed Exchange Ratio, which is equivalent to 0.442 new ordinary share in the Company (for more information about the Exchange Ratio, please refer to Section (9) ("**Conversion of Debt into Shares through Capital Increase (the Transaction)**") of this Circular).

The Exchange Ratio was determined as agreed between the Company and the Fund Manager (on behalf of the Fund) pursuant to the Transaction Agreement, in accordance with the assumptions, expectations, and relevant information obtained on the basis of the most accurate information available to the Company at the time, and based on the realization of these assumptions and information through the expected period and method.

If any of the aforementioned assumptions are incorrect, or a significant change occurs between the Company's share price when agreeing on the Exchange Ratio and the Company's share price upon completion of the Transaction (as a result of market fluctuations, a delay in completing the Transaction, political or economic reasons or changes, or other reasons that affect the share price), this will materially affect the Transaction valuation results, which could mean that the agreed Exchange Ratio will not reflect the fair value of the Transaction upon completion.

## 8.2 Risks related to the issuance of the New Shares

### 8.2.1 Risks related to the failure to achieve the main objective of the Debt Conversion

The Company's objective from the Debt Conversion is to improve the Company's liquidity and credit position and increase its ability to achieve its growth goals. The Transaction also aims to transfer all debts owed by the Company to the Fund, and settle all rights and obligations owed by the Company to the Fund and its Related Entities and recovering the Fund Assets so as to transfer the ownership of the Assets to the Company and surrender any rights over the assets, pursuant to the relevant Fund Documents, including the rights of ownership and any other rights related to the Fund Assets exercised by the Fund and the Fund Related Entities (for more information about the rationale of the Transaction, please refer to Section (9.4) ("**Rationale of the Debt Conversion**") and Section (9.5) ("**Implications on the Company and its Shareholders as a Result of the Debt Conversion**") of this Circular). If the Company is not able to improve its credit position and liquidity ratios after the completion of the Transaction and the Debt Conversion, the Company's loan-to-equity ratio will remain high at 254% as of the end of September 2021G, which will lead to the Company's inability to achieve its desired objectives from the Transaction. Accordingly, this will adversely affect the Company's financial performance and results of operations.

### 8.2.2 Risks related to the decrease in share profitability

The Debt Conversion requires the issuance of two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares, and the number of the Company's shares post the capital increase will be one billion and one hundred and fifty-four million and five hundred and thirty-four thousand and one hundred and sixty-two (1,154,534,162) ordinary shares, and given that the Transaction will be implemented through the issuance of new shares in the Company, the number of its shares will increase, which could lead to a decrease in the profitability of the share in the future due to the distribution of profits among a larger number of Shareholders. For more information, please refer to Section (11.3) ("**Analyses of the increase or decrease in earnings per share as a result of the capital increase**") of this Circular.

### 8.2.3 Risks related to the sale of a large number of shares

The Debt Conversion may adversely affect the share price of the Company in the market if the Unitholders sell a large number of their shares on the Saudi Stock Exchange after the completion of the Transaction, especially in the absence of any regulatory lock-up period or contractual requirements with the Company restricting the disposal of the New Shares. The Unitholders' ownership in the Company will amount to 19.50% of the share capital of the Company after the Transaction, equivalent to two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares with a total nominal value of two billion and two hundred and fifty-one million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 2,251,341,620). There is also no guarantee that a large number of shares will not be sold by the public at any time. It is worth noting that the sale of a large number of shares will adversely affect the Company's share price in the market.

### 8.2.4 Dilution of current shareholders' ownership and the associated reduction in voting rights

After the completion of the Transaction, the ownership percentage of the current Shareholders will decrease by 19.50%. Accordingly, the ability of the current Shareholders to vote will decrease, and therefore they will have less ability to influence the resolutions of the Company that require the approval of the Company's Shareholders at the general assemblies, such as appointing Board members, adjusting the capital of the Company, the Company's merger and other important resolutions.

## 8.3 Commercial risks

### 8.3.1 Risks related to insufficient cash flow, inability to obtain necessary loans and financing, or inability to distribute future profits

The Company requires large capital expenditures to invest continuously in developing properties and plots (specifically in Makkah), expanding the scope of its operations, and conducting continuous maintenance and improvement of its properties in order to comply with the relevant regulatory requirements or adhere to new standards approved by the management or for the purpose of undertaking unexpected responsibilities and obligations. Although the Company has conducted a series of studies that are required to determine the capital costs of future projects, these costs could exceed the expected value, which may affect the financial viability of such projects, and this increase may require additional funding to cover the additional costs, which may adversely affect the Company's Debt ratio. There is no guarantee that the Transaction will contribute to the adequacy of the cash flow resulting from the Company's existing operations, the Company's ability to distribute any future profits, or the Company's ability to obtain bank loans and other external financing necessary to finance the Company's existing operations and capital investments in a timely manner and with appropriate costs and terms. If the Company is unable to obtain the necessary loans and financing or the Company's cash flow is insufficient, this will adversely impact the Company's business, financial position, business results, and future prospects. To clarify, the total value of accounts payable to other Unitholders and loans of the Company is SAR 16,863,405,000 as of 30 September 2021G, and the ratio of the Debt to be converted into equity is 80% as of 30 September 2021G. The loan-to-equity ratio before the Debt Conversion was 254% and will be 97% after the Debt Conversion.

### 8.3.2 Risks related to the Company's financing obligations

The Company has entered into a facilities agreement on 17/01/1441H (corresponding to 17 September 2019G) with Riyadh Bank, in the amount of SAR 200,000,000, under which facilities with a total value of SAR 75,750,430 were provided to the Company on 17 September 2019G. The Company has restructured the outstanding amount of the facilities under a facilities agreement entered into between the Company and Riyadh Bank on 16/12/1442H (corresponding to 26 July 2021G) on the amount of SAR 58,300,000. Pursuant to such agreement, facilities were provided to the Company in the full amount of the facilities, i.e., a total value of SAR 58,300,000. Under this agreement, the full amount of the facilities provided shall be paid through two instalments to be paid on two days (22 October 2022G and 23 October 2022G), noting that the full amount of these facilities was withdrawn on 26 July 2021G. The outstanding amount that has not been paid as of the date of this Circular is SAR 58,300,000.

The Company has also entered into a facilities agreement with the Ministry of Finance on 17/01/1443H (corresponding to 13 December 2011G), in the amount of SAR 3,000,000,000, which was restructured pursuant to a letter submitted by the Ministry of Finance to the Company on 21 November 2021G, including its approval on the (1) restructuring an amount of SAR 1,500,000,000 of the total amount of the loan into a secondary Sharia-compliant financial instrument (Murabaha facility) with an indefinite term, in accordance with the agreed terms and conditions without a maturity date, (2) rescheduling the remaining amount of SAR 1,500,000,000 of the loan, so that it is due on 31 March 2031G and to be paid in full, (3) exemption from all bank commissions accumulated until 14 November 2021G that exceed the amount of SAR 440,000,000, (4) reduction of the bank commission rate on the rescheduled amount of SAR 1,500,000,000 of the loan, (5) capitalization of bank commissions that will accumulate from 15 November 2021G until 31 December 2025G, and (6) release of all collateral and security on the plot of land on which DoubleTree hotel is built and replacing it by mortgaging plots of land within the project of equal value in accordance with the agreed terms.

Also, the Company has entered into a facilities agreement on 17 May 2015G with the Saudi British Bank (SABB) and the Saudi National Bank (SNB), with a value of SAR 2,000,000,000. On 16 September 2015G, the Company has entered into an Islamic syndicated loan agreement based on the Islamic Ijarah system with the Saudi British Bank (SABB) and the Saudi National Bank (SNB) with a value of SAR 8,000,000,000, part of which was used to pay the amount provided to the Company under the facilities agreement entered into on 17 May 2015G. On 27/02/1443H (corresponding to 04 October 2021G), the Company entered into an agreement to restructure the terms of the Islamic financing provided by SABB and SNB, in accordance with the agreement entered into on 17 May 2015G, so that the total value of the financing after restructuring becomes SAR 5,898,890,000. The key conditions of the restructuring include the following: (1) making the amount of SAR 1,200,000,000 available again from the permitted financing limit, and (2) extending the maturity period for an additional three (3) years from the original financing maturity period with the option to extend it for another three (3) years, subject to specific conditions. Pursuant to this agreement, the entire amount of the facilities provided will be paid through quarterly instalments with a total of twenty-four (24) instalments, and the full amount of the facilities shall be paid on 23 October 2030G. The first withdrawal of these facilities was on 18 May 2018G, and the outstanding amount that was not paid as of the date of this Circular is SAR 4,889,028,191. In the event that any of the above-mentioned facilities are not rescheduled or restructured as required or result in unexpected or difficult new requirements, the Company may not be able to obtain the necessary facilities or the Company's cash flow may not be sufficient to continue its activities in an ideal manner. This will adversely impact the Company's business, financial position, business results, and future prospects.

### 8.3.3 Risks of failure to achieve strategic growth objectives

The Company periodically evaluates expansion opportunities that require effective executive management, significant capital expenditures, purchase of necessary equipment, and construction of necessary infrastructure, as well as attracting employees and workers with the required levels of expertise and technical skills. It is expected that the Debt Conversion will contribute to improving the Company's credit position and enhancing its ability to complete the implementation of its existing projects. If the Company is not able to improve its credit position and enhance its ability to complete the implementation of its existing projects after the Debt Conversion, this will adversely impact the Company's liquidity and credit position, which limits the Company's ability to implement its expansion plans and achieve strategic growth goals, which will in turn adversely impact its business, financial position, results of operations, and future prospects.

### 8.3.4 Risks related to liquidity and accumulated losses

The Company's interim financial results for the period ended 30 September 2021G, as announced on the Tadawul website on 06/04/1443H (corresponding to 11 November 2021G), included the Company's accumulated losses in the amount of SAR 2,473,000,000, representing 26.6% of the share capital of the Company as of 30 September 2021G. The increase in net loss during the period ended 30 September 2021G, as compared to the same quarter of the previous year, is due to a number of reasons, including an increase in financial burden expenses for the period ended 30 September 2021G as compared to the same quarter of the previous year, which included the exemption from financial burdens payable to Alinma Makkah Real Estate Fund and the recording of a Zakat provision during the period ended 30 September 2021G. The reason for the increase in net loss during the period ended 30 September 2021G as compared to the previous quarter, is due to a decrease in other revenues during the period ended 30 September 2021G as compared to the previous quarter, which included the recognition of profits from selling a plot in the Jabal Omar project, which was announced on Tadawul on 13 December 2020G, and the recording of a Zakat provision during the period ended 30 September 2021G.

Any additional losses incurred by the Company in the future will affect the availability of the liquidity necessary for the Company's business and plans, which will adversely impact the Company's business, financial position, results of operations and future prospects. If the percentage of accumulated losses reaches 50% or more, the Company will be subject to more stringent requirements, including those set out in Article 150 of the Companies Law, which requires that any Company official or auditor, immediately upon becoming aware that the accumulated losses have reached 50% or more of the Company's capital, inform the chairman of the board of directors, who shall immediately inform the board members of the same. Then, within fifteen (15) days of it being informed of such, the board of directors shall call for an extraordinary general assembly to meet within forty-five (45) days from the date on which it is informed of the losses, in order to decide to increase or decrease the Company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses drops below half of the paid-up capital, or to dissolve the Company before the expiry of the term specified in the relevant company's bylaws. The relevant company shall be dissolved by force of law if the extraordinary general assembly is not convened within the period specified above, if it holds a meeting and is unable to issue a resolution on that matter, or if it decides to increase the capital in accordance with the conditions established in this Article and the subscription to the entire capital increase is not completed within ninety (90) days from the issuance of the general assembly's resolution on the increase, which will adversely impact the Company's business, financial position, results of operations, and future prospects.

The Debt Conversion will increase the accumulated losses by SAR 1,642,901,000 out of SAR 2,472,958,000 (representing 26.6% of the share capital of the Company) to SAR 4,115,859,000 (representing 35.6% of the share capital of the Company). In addition, the Company's losses could increase in the future after the Debt Conversion to more than 50% of the share capital of the Company.

### 8.3.5 Risks related to the possibility of impairment of assets in the 2021G financial statements

As of 31 December 2021G, the net carrying value of property, plant and equipment and investment properties (collectively "the Assets") reported in the Group's consolidated statement of financial position amounted to SR 19,369 million and SR 5,024 million, respectively. In view of substantial reduction in cash generated from the Group's hotels and other commercial operations, as well as the interruption in the development of the Group's real estate projects primarily due to the outbreak of COVID-19 pandemic, and in accordance with the requirements of IAS 36 Impairment of assets, the Group's management performed an impairment assessment on its Assets as of 31 December 2021G by comparing the Assets' carrying values with the recoverable amount, being the higher of fair value less costs to sell and value-in-use (VIU). Accordingly, the Group's management engaged external valuers ("Valuers") to determine the fair values of the assets and carried out an internal assessment to determine the VIU. As a result of the Group management's assessment, it concluded that no impairment provision is required on its Assets as of 31 December 2021G.

The Company's auditor, EY, reviewed and challenged the significant judgments, assumptions and estimates used by the Group's management including its determination of the appropriate valuation methodologies, and noted that in their view recoverable values of certain Assets that comprised property, plant and equipment and investment properties with

net carrying values of SR 9,672 million and SR 391 million, respectively as at 31 December 2021G, were determined mainly using cost approach, while a permitted valuation approach by the applicable accounting standards, is not appropriate considering the nature and current and expected use of the Assets.

Given the difference in views between the Company and its auditor, EY, future impairments could materialize which will have a significant impact on the Company and would result in the Company recording an impairment loss in its financial statements which would reduce the net asset value, which will in turn adversely impact its business, financial position, results of operations, and future prospects.

### 8.3.6 Risks related to the to “going concern”

As stated in the Company’s consolidated financial statements as of 31 December 2021G, which indicates that the Group’s current liabilities exceeded its current assets by SR 2,280 million and the Group had accumulated losses amounting to SR 1,179 million. This indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. As such, the Company may not be able to meet its obligations in the ordinary course of its business, and this will have a negative impact on the Company’s liquidity and financial position.

## 8.4 Legal risks

### 8.4.1 Claims

The Company is exposed to the risks of litigation and legal proceedings within the context of the Debt Conversion, whether as a claimant or defendant. The Company cannot determine the final results of those claims or the damages that may accompany them. Any outcome of these claims or actions that is not in the interest of the Company would adversely and materially affect the Company’s business, financial position, results of operations, and future prospects. In addition, regardless of the results of those claims or proceedings, these claims or proceedings may result in the Company incurring high costs to provide the resources necessary to defend it, which could adversely and materially impact the Company’s business, financial position, results of operations and future prospects. For more information about the claims and legal proceedings related to the Company, please refer to Section (12.6) (“**Litigation Against the Company**”) of this Circular.

### 8.4.2 Risks related to the satisfaction of the conditions for the Completion of the Transaction

For purposes of completing the Transaction, a number of conditions stipulated in the Transaction Agreement must be satisfied. Failure to satisfy these conditions or a delay in satisfying them will result in the non-completion of the Transaction or a delay in its completion. The key conditions that are not satisfied as of the date of this Circular are as follows: (1) the key terms of the Transaction Agreement that the parties must abide by until the Effective Date, which include non-violation of the representations and warranties provided or conduct of business restrictions and other conditions described in the Section referred to in this paragraph, and (2) completion of all the necessary regulatory procedures for the transfer of ownership or cancellation of the title deeds related to the Fund’s Assets (as applicable), so that such transfer or cancellation of such title deeds is effective as of the Effective Date, or coordinating with the Custodian (in the event that the relevant title deeds are not transferred or cancelled (as applicable) on the Effective Date) to preserve the title deeds in the interest of the Company from the Effective Date until the cancellation or transfer of the title deeds as permitted by the relevant laws and regulations and as directed by the Company in this regard. The breach of the conditions of the completion of the Transaction will also lead to its non-completion. These conditions include, but are not limited to, the following: (1) no amounts having been paid or distributed by the Fund (including, without limitation, to the Unitholders) except with respect to payment of costs related to the Fund, from the date of the Transaction Agreement until the Effective Date, and (2) the Fund not incurring any indebtedness, other than and excluding any reasonable and proper accruals and fees related to the Fund Related Entities and service providers, from the date of entering into the Transaction Agreement until the Effective Date.

If the Company is not able to settle the Debt by completing the Transaction due to the inability to satisfy the conditions stipulated in the Transaction Agreement, this will adversely impact the Company’s liquidity and financial position. For more information about the key terms and conditions of the Transaction Agreement, please refer to Section (12.4.2) (“**Key Terms and Conditions of the Transaction Agreement**”) of this Circular.

# 9

## CONVERSION OF DEBT INTO SHARES THROUGH CAPITAL INCREASE (THE TRANSACTION)

### 9.1 Overview of the Transaction

On 06/02/1443H (corresponding to 13 September 2021G), the Company announced the submission of an offer to the Fund Manager (on behalf of the Fund) for the purpose of converting all debts owed by the Company to the Fund, in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) (including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities) and the transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders. Based on the agreement reached as a result of the discussions that took place between the Company and the Fund Manager in respect of the Offer, the Company has announced the amendment of its Offer submitted to the Fund Manager (on behalf of the Fund) on 19/05/1443H (corresponding to 23 December 2021G). The Company has received a notification from the Fund Manager informing the Company that the Board of Directors of the Fund has issued a resolution approving the fundamental changes to the Fund Terms and Conditions in order to allow the Fund Unitholders the option to exit the Fund in exchange for in-kind consideration based on the revised Offer, and in order to enable the Fund Manager to sign the binding agreement with respect to the Transaction (on behalf of the Fund) after obtaining the Fund Unitholders' approval and the CMA approval in respect of the proposed fundamental changes to the Fund Terms and Conditions in accordance with the applicable procedures.

Pursuant to this Offer, the Company and the Fund Manager (on behalf of the Fund) entered into a binding agreement on 01/09/1443H (corresponding to 02 April 2022G) that includes the detailed terms and conditions of the Transaction, pursuant to which the share capital of the Company will be increased by settling the Debt by way of increasing the capital through the issuance of new shares in the Company, resulting in the issuance of a total number of shares in the Company to the Unitholders of the Fund (excluding the Company as a Unitholder) as a result of the Transaction will be two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares (subject to the approval of the Company's EGM). The detailed terms and conditions of the Transaction include, but are not limited to, the legal structure of the Transaction, the commercial basis, the Exchange Ratio, the required procedures necessary to implement the Transaction and the relevant regulatory approvals, including the approval of the CMA, in addition to the approval of the Company's EGM on the Transaction and other matters related to the Transaction (the "**Transaction Agreement**"). The Transaction shall constitute a full and final settlement of all rights and obligations of the Company and the Fund and its Related Entities, and pursuant to which, the ownership of the Fund Assets shall be transferred to the Company and any related rights over the Assets shall be surrendered in accordance with the Fund Documents and all collateral and security granted by the Company to the Fund and the Fund Related Entities shall be released and terminated in accordance with the Fund Documents (for more information about the Transaction Agreement, please refer to Section (12.4.1) ("**Transaction Agreement**") of this Circular).

Upon completion of the Transaction, all debts owed by the Company to the Fund will be settled (including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities), in exchange for the issuance of new ordinary shares in the Company and the allocation thereof to the Unitholders, and all Unitholders will receive the New Shares in the Company pursuant to the Exchange Ratio.

Pursuant to the Transaction Agreement, the Company and the Fund have also agreed on the final Exchange Ratio, according to which the Unitholders shall obtain 0.442 new ordinary shares in the Company for every unit in the Fund, excluding the Fund units owned by the Company, as new shares will not be issued to the Company for the units it holds in the Fund. The total number of New Shares will be two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) fully paid shares with a nominal value of SAR 10 per share, and the total nominal value of the New Shares will be two billion and two hundred and fifty-one million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 2,251,341,620). These shares will be issued through increasing the fully paid-up share capital of the Company by 24.22%, from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and

three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 11,545,341,620) and increasing the number of the issued shares from nine hundred and twenty-nine million and four hundred thousand (929,400,000) shares to one billion and one hundred and fifty-four million and five hundred and thirty-four thousand and one hundred and sixty-two (1,154,534,162) fully paid ordinary shares. Upon completion of the Transaction, the current shareholders of the Company and the public will own 80.50% of the share capital of the Company, and the Unitholders will own 19.50% of the share capital of the Company.

The total value of the Transaction will be determined based on the value of the New Shares. The total nominal value of the New Shares is two billion and two hundred and fifty-one million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (SAR 2,251,341,620). The total value of the New Shares that will be included in the financial statements of the Company shall be determined in due course based on the Closing Price of the Company's shares on the last trading day prior to the date of the EGM.

If fractional shares result from the calculation of the number of shares any Unitholder is entitled to pursuant to the Exchange Ratio, the resulting number shall be rounded down to the nearest integer. For example, if a Unitholder holds 10 units in the Fund, such Unitholder shall be allocated 4 rather than 4.42 new issued shares. Fractional shares shall be combined and sold on Tadawul at the market price prevailing at the time on behalf of the Unitholders entitled thereto. Following that, the proceeds resulting from the sale of such fractional shares will be distributed among the respective Unitholders, in accordance with their respective entitlements, within a period of no more than thirty (30) days from the completion date of the Transaction. The costs related to the sale of fractional shares shall be deducted from the total proceeds from the sale of fractional shares.

## 9.2 Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established

On 22/11/1437H (corresponding to 25 August 2016G), the Company has announced that it had signed a Memorandum of Understanding with the Fund Manager to establish a real estate investment fund for the purpose of selling and re-leasing a number of operational assets in the first phase of the Jabal Omar project next to Masjid Al Haram in Makkah. On 23/06/1438H (corresponding to 22 March 2017G), the Company has announced the execution of a sale and purchase agreement with the Fund Manager (in its capacity as the purchaser, on behalf of the Fund) dated 21 March 2017G, pursuant to which the Company has sold these assets to the Fund for six billion Saudi Riyals (SAR 6,000,000,000) (the "**Sale and Purchase Agreement**").

Accordingly, Alinma Makkah Real Estate Fund was established as a closed publicly listed Sharia-compliant income-generating real estate investment fund in accordance with the Real Estate Investment Funds Regulations issued by the CMA in October 2017G. Alinma Investment Company acts as the Fund Manager. The Company has held one hundred million (100,000,000) units in the Fund with a nominal value of ten Saudi Riyals (SAR 10) per unit (i.e., an in-kind share valued at one billion Saudi Riyals (SAR 1,000,000,000)) since the establishment of the Fund in October 2017G until the date of this Circular. It should be noted that the main objective of the Fund is to acquire a number of operational assets located in the first phase of the Jabal Omar project next to Masjid Al Haram in Makkah, to provide periodic income for investors in the Fund (referred to in this context as the "**Fund Assets**"). The Fund Assets consist of three hotels: Conrad Hotel Makkah, Hilton Suites Makkah, and Hyatt Regency Makkah, in addition to two commercial areas located within the Company's project in Makkah with a total area of 9,133 m<sup>2</sup> under 74 title deeds that were completely transferred for the benefit of the Fund. The Royal Decree No. (62826) dated 23/11/1441H (corresponding to 16/07/2020G) was issued providing that the Company owns the entire area of the Jabal Omar Development Project located in the central region of Makkah, with a total area of 235,869.11 m<sup>2</sup> (within which the Fund's Assets are located), and pursuant to which the unified title deed No. (320125006843) dated 8/1/1442H was issued in the name of the Company in relation to the entire Jabal Omar Development Project (referred to as the "**Unified Title Deed**"). However, the Asset's title deeds that are located within the area of the Jabal Omar Development Project (being the 74 title deeds referred to above) are still valid. Therefore, it was agreed between the Company and the Fund Manager (on behalf of the Fund) under the Transaction Agreement to complete all the necessary regulatory procedures for the transfer of ownership of the Fund's Assets to the Company, which shall be completed either through: (1) the transfer of the ownership of the title deeds relating to the Fund's Assets to the Company by virtue of the issuance of the Unified Title Deed; or (2) the cancellation of the title deeds relating to the Fund's Assets and be superseded by the Unified Title Deed whereas the transfer or cancellation of such title deeds (as applicable) is effective as of the Effective Date.

As part of the Fund establishment arrangements, the Company (in its capacity as lessee) has entered into a lease agreement with the Fund Special Purpose Vehicle (SPV) (in its capacity as a lessor on behalf of the Fund) on 9 November 2017G, pursuant to which the Company re-leases and operates the Fund Assets that were sold to the Fund for a period of ten (10) years with a rent payment in the amount of five hundred and forty million Saudi Riyals (SAR 540,000,000) paid on an annual basis throughout the ten-year term (the "**Lease Agreement**"). The Company and the Fund Manager (in its capacity as the owner, on behalf of the Fund) further agreed pursuant to an undertaking entered into on 9 November 2017G that the Company shall have the right to repurchase the Assets from the end of the fifth year period after actual



handover of the Assets pursuant to the handover minutes (i.e. on 20/02/1439H (corresponding to 09/11/2017G)) until the end of the tenth year. In the event that such right is exercised by the Company, the Company shall pay an amount equivalent to the market value of the Assets on the date of submitting the right to repurchase notice as agreed between the parties. In the event of the failure to agree on the market value of the Assets, the valuation will be the average valuation determined by two expert valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM) based on an authorisation by both parties. In all cases, the sale price may not be less than six billion Saudi Riyals (SAR 6,000,000,000) (the "**Sale Undertaking Agreement**").

Although the Transaction will result in the transfer of the legal ownership of the Assets to the Company, the Company has been controlling the Assets in its capacity as the owner of such Assets prior to the establishment of the Fund. The Company has also continued to control, operate, and manage the Assets post the transfer of the ownership of the Assets to the Fund to date, under the contractual arrangements between the Company and the Fund without any interference from the Fund in relation to the activities, management nor operation of the Asset. In addition, the Assets were and are still recorded in the financial statements of the Company, including the financial statement of the Company for the financial year ended on 31 December 2021G, which shows the leased Assets as part of the Company's assets, and in return there are obligations for the Unitholders of the Fund (excluding the units owned by the Company), although their ownership was transferred to the Fund in 2017G, in accordance with the relevant accounting standards relating to the preparation and auditing of financial statements. Accordingly, the Transaction was classified as a capital increase by way of debt conversion without the need to return the Assets to the Company due to its presence within the Company's assets from an accounting perspective.

### 9.3 Overview of the Current Arrangements of the Fund and the Origin of the Debt

The Company has previously sold the Assets to the Fund back in 2017G, consisting of three hotels and two commercial areas as set out in the Sale and Purchase Agreement. The Company then re-leased those Assets and continued to control, operate, and manage the Assets post the transfer of the ownership of the Assets to the Fund in accordance with the Fund Documents, and the Company continued to pay the annual rent due to the Fund (in the amount of five hundred and forty million Saudi Riyals (SAR 540,000,000) annually) as of the date of the Lease Agreement entered into between the Company (in its capacity as a lessee) and the Fund SPV (in its capacity as the lessor on behalf of the Fund) on 9 November 2017G (the "**Lease Agreement**") pursuant to which the Company is re-leasing and re-operating the Assets for a period of ten (10) years. The annual rent due to the Fund is paid in two equal instalments of two hundred and seventy million Saudi Riyals (SAR 270,000,000) for each payment, with the first payment due in November and the second in May of each year. The Company has paid the rental payments for the period from November 2017G to November 2019G. The total value of the rental payments paid to the Fund amounted to one billion and two hundred and sixty two million Saudi Riyals (SAR 1,262,000,000), after reallocating the rental payments paid to the Fund in advance for the period extending from 10 March 2020G to 8 May 2020G (taking into consideration that the Company was exempted from paying the rent due for the period from 10 March 2020G to 1 November 2020G, with a value of three hundred and forty-six million Saudi Riyals (SAR 346,000,000), to be a credit balance on the Fund in favour of the Company, provided that this balance is used to pay future rental payments in accordance with the relevant Fund Documents.

Given that the Company is not able to continue paying the annual rent due to the Fund due to the negative impact on the revenues of the leased Assets as a result of the outbreak of the emerging coronavirus pandemic and its adverse economic impact, resulting in the Company's inability to continue to pay the annual rent due to the Fund as of the payment due in May 2020G. The Company was also exempted from paying the rent due for the period from 10 March 2020G to 1 November 2020G, with a value of three hundred and forty-six million Saudi Riyals (SAR 346,000,000). Based on the desire of the Company and the Fund to reach a full and final settlement in relation to rights and obligations between the Company and the Fund and its Related Entities with respect to the Assets and all rights and liabilities associated thereto, the Company and the Fund have entered into the Transaction Agreement under which the Debt has been established and pursuant to which all debts of the Company towards the Fund, which mainly consist of the rental payments owed together with any other obligations under the Fund Documents (including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities), and the transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders (excluding the Company in its capacity as a Unitholder in the Fund) by way of increasing the share capital of the Company from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (11,545,341,620). This increase in the share capital of the Company aims to settle the Debt by offering the New Shares in the Company to the Unitholders.

The basis for calculating the amount of Debt pursuant to the Transaction Agreement (under which the Debt has been established and pursuant to which all debts of the Company towards the Fund in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) as recorded in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G (which mainly consist of the rental payments owed together with any other obligations under the Fund Documents), is as follows:

Description	Amount (SR million)	Origin of debt
Cost for repossessing the Properties by JODC from the Fund	6,000	Lease agreement
Receivable for uncollected sale proceeds	(30)	Receivable against the original sale of SR 6 billion under Sale Undertaking Agreement
<b>Net balance</b>	<b>5,970</b>	<b>-</b>
Semi-annual rental charges from 9 November 2017G up to 8 November 2021G - rent for 8 semi-annual periods	2,160	8 semi-annual rental of SR 270 million each, payable under the lease agreement
Payments for 5 Semi-annual periods rent	(1,350)	5 semi-annual rental of SR 270 million each paid under lease agreement
Corona waiver refund for period from 10 March 2020G till 1 Nov 2020G	(346)	Waiver given by AIC on rental payment during corona period
Payment made to AIC in 2021G for dividend distribution	(80)	Payment made to AIC for cash dividend distribution to be adjusted against rental payable
Adjustment including undue rental charge from 01 Oct 2021G to 8 Nov 2021G	(60)	Undue rental as of 30 September 2021G against the lease agreement
<b>Net Outstanding lease liability as at 30 Sep 2021G</b>	<b>6,294</b>	<b>-</b>
Elimination of JODC share of investment in Fund	(993)	-
<b>Payable to other unitholders of Alinma Fund (83.58%) as of 30 Sep 2021G</b>	<b>5,301</b>	<b>-</b>

Source: the auditor, Ernst & Young Professional Services (LLC).

Note: The cut-off date for the purpose of calculating the Debt under the Transaction Agreement is assumed to be on 30 September 2021G for the sake of calculating the liability due amounts.

Although the Transaction will result in the transfer of the legal ownership of the Assets to the Company, the Company has been controlling the Assets in its capacity as the owner of such Assets prior to the establishment of the Fund. The Company has also continued to control, operate, and manage the Assets post the transfer of the ownership of the Assets to the Fund to date, under the contractual arrangements between the Company and the Fund without any interference from the Fund in relation to the activities, management nor operation of the Asset. In addition, the Assets were and are still recorded in the financial statements of the Company, including the financial statement of the Company for the financial year ended on 31 December 2021G, which shows the leased Assets as part of the Company's assets, and in return there are obligations for the Unitholders of the Fund (excluding the units owned by the Company), although their ownership was transferred to the Fund in 2017G, in accordance with the relevant accounting standards relating to the preparation and auditing of financial statements. Therefore, the transfer of the Assets to the Company – as part of the Transaction arrangements – will not result in any change in control and the Company shall continue to control those Assets.

## 9.4 Rationale of the Debt Conversion

Pursuant to the current arrangements of the Fund, the Fund Documents, and the leased Assets as described in detail in Section (9.2) (“**Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established**”) and Section (9.3) (“**Overview of the Current Arrangements of the Fund and the Origin of the Debt**”) above, the Company re-leases the Assets from the Fund and operates such Assets. The Company is also obliged to pay the rent payments for the Assets for a period of ten (10) years from the date of executing the Lease Agreement, with an annual rental value of five hundred and forty million Saudi Riyals (SAR 540,000,000), and in the event that the Company wishes to exercise its right to repurchase the Assets, it will be obliged under the Sale Undertaking Agreement to pay no less than six billion Saudi Riyals (SAR 6,000,000,000).

In order to recover the Fund Assets so as to transfer their ownership to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, the Company has agreed to reach a full and final settlement with the Fund Manager (on behalf of the Fund) in order to convert the Debt owed by the Company to the Fund (which mainly consist of the rental payments owed together with any other obligations under the Fund Documents), and the

transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities. As such, once the Transaction is completed and the Debt is converted, the Company will no longer be obliged to pay these rental payments for the remaining period of the Lease Agreement (including any outstanding rental payments due for previous periods) nor the consideration for exercising the purchase right pursuant to the Sale Undertaking Agreement.

## 9.5 Implications on the Company and its Shareholders as a Result of the Debt Conversion

The Transaction will be implemented by way of converting all debts owed by the Company to the Fund (in its capacity as the creditor) in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080), including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities, and the transfer of the ownership of the Assets to the Company and surrender any rights over the Assets, pursuant to the relevant Fund Documents, and releasing and terminating all collateral and security granted by the Company to the Fund and the Fund Related Entities, in exchange for the issuance of the New Shares in the Company to the Unitholders (excluding the Company in its capacity as a Unitholder in the Fund) by way of increasing the share capital of the Company from nine billion and two hundred and ninety-four million Saudi Riyals (SAR 9,294,000,000) to eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals (11,545,341,620). This increase in the share capital of the Company aims to settle the Debt by offering the New Shares in the Company to the Unitholders (subject to the approval of the Company's EGM).

Given that the Company owns units in the Fund, the Transaction shall exclude the Company's ownership in the Fund from the offered Exchange Ratio, and no new shares shall be issued to the Company (i.e. treasury shares) for the units it owns in the Fund. The Company clarifies that its decision that it does not wish to issue and own treasury shares as a result of the Debt Conversion was based on an internal decision of the Company without taking into account any regulatory restrictions, and the main reason for this is to reduce the number of issued shares. The Company and its advisors believe that not issuing treasury shares in exchange for the shares the Company owns in the Fund will achieve greater benefit for the Company's current and new shareholders and have a greater positive impact on the Company's financial indicators.

Although the current shareholders' ability to vote will be diluted upon completion of the Transaction due to the decrease in the public shareholding from 69.333% to 55.813% of the share capital of the Company, the Transaction will positively contribute to improving the current performance indicators of the Company and boosting its credit position, which will assist it in obtaining a good credit rating that allows for multiple competitive funding sources. This will lead to a decrease in the financial liabilities of the Company (which mainly consist of the rental payments in the approximate amount of SAR 540,000,000 annually) and an improvement in the liquidity and financial positions of the Company, allowing for a larger safety margin in relation to its financial obligations, and improving its ability to attain its growth objectives. These implications will directly reflect on the achievement of the Company's future objectives for strategic growth and its ability to carry out its strategy as mentioned in Saudi Vision 2030.

## 9.6 Directors

### 9.6.1 As of 21/10/1443H (corresponding to 22 May 2022G) the Board of Directors of the Company consists of nine (9) Directors, as follows:

Name	Nationality	Age	Position	Membership Status	Represented Entity	Date of Appointment	Ownership in the Company				Ownership in the Fund			
							Direct	Indirect Interest	Total	Percentage	Direct	Indirect Interest	Total	Percentage
Saeed bin Mohammed Alghamdi	Saudi	59	Chairman of the Board of Directors	Non-Executive	-	30 June 2021G	N/A	N/A	N/A	-	N/A	N/A	N/A	-
Thaleb Ali Alshamarani	Saudi	65	Vice Chairman	Non-Executive	-	30 June 2021G	N/A	N/A	N/A	-	N/A	N/A	N/A	-
Hesham Abdulaziz Alzaid**	Saudi	36	Director	Independent	The General Authority for Awqaf	18 May 2022G	N/A	273,846	273,846	0.029%	N/A	8,556,506.71	8,556,506.71	1.405%
Abdulraouf Mohammed Mannaa***	Saudi	71	Director	Non-Executive	-	30 June 2021G	1,000	37,787,241	37,788,241	4.066%	N/A	34,224,053	34,224,053	5.619%
Ahmad Othman Alqasabi	Saudi	62	Director	Non-Executive	-	30 June 2021G	1,000	N/A	1,000	0.0001076%	3,053.40	N/A	3,053.40	0.0005%
Yasser Abdulaziz Alqadi	Saudi	43	Director	Independent	-	30 June 2021G	10,320	N/A	10,320	0.0011104%	N/A	N/A	N/A	-
Mohammed Saud Alrasheed	Saudi	58	Director	Independent	-	30 June 2021G	1,000	N/A	1,000	0.0001076%	207,700	N/A	207,700	0.034%
Abdulaziz Sulaiman Alrajhi****	Saudi	35	Director	Non-Executive	-	30 June 2021G	160,000	37,787,241	37,947,241	4.083%	N/A	34,224,053	34,224,053	5.619%
Mohammed Sultan Abu Melha****	Saudi	42	Director	Non-Executive	General Organization for Social Insurance	30 June 2021G	N/A	46,003,470	46,003,470	4.950%	N/A	50,590,315.02	50,590,315.02	8.307%

Source: The Company and the Fund

\* Indirect interest includes the shares/units held by the following parties:

- Relatives of a Director (for the purposes of the table above, "relatives" means the spouse and minor children).
- Companies controlled by a Director.
- Entities in which a Director is a director or a senior executive.

\*\* The indirect interest of Mr Hesham Abdulaziz Alzaid includes the shares/units held by the General Authority for Awqaf in the Company and the Fund respectively, in his capacity as a representative of the General Authority for Awqaf on the Company's Board, as detailed below:

- The General Authority for Awqaf holds 273,846 shares in the Company.
- The General Authority for Awqaf holds 8,556,506.71 Fund units.

\*\*\* The indirect interest of Mr Abdulraouf Mohammed Mannaa includes the shares/units held by Sulaiman Al Rajhi Holding Company in the Company and the Fund respectively, in his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, as detailed below:

- Sulaiman Al Rajhi Holding Company holds 37,787,241 shares in the Company.
- Sulaiman Al Rajhi Holding Company holds 34,224,053 units in the Fund.

\*\*\*\* The indirect interest of Mr Abdulaziz Sulaiman Alrajhi includes the shares/units held by Sulaiman Al Rajhi Holding Company in the Company and the Fund respectively, in his capacity as a director and a senior executive in Sulaiman Al Rajhi Holding Company, as detailed below:

- Sulaiman Al Rajhi Holding Company holds 37,787,241 shares in the Company.
- Sulaiman Al Rajhi Holding Company holds 34,224,053 units in the Fund.

\*\*\*\*\* The indirect interest of Mr Mohammed Sultan Abu Melha includes the shares/units held by the General Organization for Social Insurance in the Company and the Fund respectively, in his capacity as representative of the General Organization for Social Insurance on the Company's Board, as detailed below:

- The General Organization for Social Insurance holds 46,003,470 shares in the Company.
- The General Organization for Social Insurance holds 50,590,315.02 units in the Fund.

## 9.6.2 Changes in the Board of Directors of the Company as a Result of the Transaction

Once the Transaction is completed, two members nominated by the Fund Manager shall be appointed to fill two vacant seats on the Board of Directors of the Company as of the Effective Date of the Transaction. The two vacant seats will be provided to new members by any means specified by the Company (provided that the two individuals nominated by the Fund Manager shall comprise not less than 20% of the members of the new Board of Directors) pursuant to the terms and conditions of the Transaction Agreement, and the appointment of any new members shall be subject to the required regulatory approvals. The Company does not intend to introduce any change to its current executive management as a result of the Transaction.

The following table sets out the names and positions of the Senior Executives of the Company as of (28/11/1443H (corresponding to 28/06/2022G):

#	Name	Position	Date of Appointment
1	Khaled Mohammed AlAmoudi	The Chief Executive Officer	1 November 2019G
2	Mohammad Jawad	The Acting Chief Financial Officer	15 June 2022G
3	Saad Mushabib Bin Aiban	The Head of Projects	1 August 2021G
4	Abdulrahman Omar AlJafry	The Head of Operations and the acting Head of the Commercial Sector	1 June 2021G

## 9.7 The Ownership Structure of the Company prior to and post Completion of the Transaction

After the Transaction is completed, the current Shareholders of the Company shall own 80.50% of the share capital of the Company, and the Unitholders shall own 19.50% of the share capital of the Company. The following table sets out details of the ownership structure of the Company prior to and following the completion of the Transaction, as of 27/05/1443H (corresponding to 31 December 2021G):

Shareholder	Before Completion of the Transaction		After Completion of the Transaction	
	Number of Shares	Shareholding	Number of Shares	Shareholding
Founders of Jabal Omar	114,088,823	12.275%	114,088,823	9.881%
Makkah Construction and Development Company	86,684,801	9.326%	86,684,801	7.508%
Directors of the Company *	84,237,877	9.063%	84,237,877**	7.296%
Senior Executives of the Company ***	6,030	0.0006%	6,030	0.0005%
Treasury stock ****	N/A	–	N/A	–
The public	644,382,469	69.333%	644,382,469	55.813%
The Fund *****	N/A	–	N/A	–
Unitholders	N/A	–	225,134,162	19.50%
<b>Total</b>	<b>929,400,000</b>	<b>100%</b>	<b>1,154,534,162</b>	<b>100%</b>

Source: The Company

\* Based solely on shares owned directly by Directors and shares in which they have an indirect interest in the Company.

\*\* The number of shares of the Directors of Jabal Omar Company after completion of the Transaction does not include the New Shares to be issued to the Directors (directly or indirectly), as the New Shares that will be issued have been reflected in the Unitholders field.

\*\*\* Based solely on the shares owned directly by Senior Executives of the Company, as the senior executives do not have an indirect interest in the Company.

\*\*\*\* The treasury shares of the Company on the date of completion of the Transaction represents the treasury shares currently owned by the Company.

\*\*\*\*\* The Fund will not own any shares in the Company after the completion of the Transaction, as the New Shares (225,134,162 new ordinary shares) will be issued to the Unitholders. The New Shares include shares issued to the Company's Directors, directly or indirectly.

## 9.8 Related Parties and Conflicted Directors

The Transaction involves Related Parties, given that a number of Directors have an interest in the Transaction, either in their capacity as Unitholders in the Fund or as representatives of entities that own units in the Fund. The following table sets out the names and details of the Conflicted Directors as of 27/05/1443H (corresponding to 31 December 2021G):

The Company's Conflicted Directors									
Name	Nature of Conflict	Ownership in the Company				Ownership in the Fund			
		Direct Ownership	Indirect Interest*	Total	Shareholding	Direct Ownership	Indirect Interest*	Total	Shareholding
Abdulraouf Mohammed Mannaa	In his capacity as the vice chairman of Sulaiman Al Rajhi Holding Company, which holds 37,787,241 shares in the Company and owns 34,224,053 units in the Fund	1,000	37,787,241	37,788,241	4.066%	N/A	34,224,053	34,224,053	5.619%
Ahmad Othman AlQasabi	Due to his direct ownership of units in the Fund	1,000	N/A	1,000	0.0001076%	3,053.40	N/A	3,053.40	0.0005%
Hesham Abdulaziz AlZaid	In his capacity as a representative of the General Authority for Awqaf, which holds 273,846 shares in the Company and owns 8,556,506.71 units in the Fund	N/A	273,846	273,846	0.029%	N/A	8,556,506.71	8,556,506.71	1.405%
Abdulaziz Sulaiman AlRajhi	In his capacity as a director and a senior executive at Sulaiman Al Rajhi Holding Company, which holds 37,787,241 shares in the Company and owns 34,224,053 units in the Fund	160,000	37,787,241	37,947,241	4.083%	N/A	34,224,053	34,224,053	5.619%
Mohammed Saud AlRasheed	Due to his direct ownership of units in the Fund	1,000	N/A	1,000	0.0001076%	207,700	N/A	207,700	0.034%
Mohammed Sultan AbuMelha	In his capacity as a representative of the General Organization for Social Insurance, which holds 46,003,470 shares in the Company and owns 50,590,315.02 units in the Fund	N/A	46,003,470	46,003,470	4.950%	N/A	50,590,315.02	50,590,315.02	8.307%

Source: The Company

\* Indirect interest includes the shares/units held by the following parties:

- Relatives of a Director (for the purposes of the table above, "relatives" means the spouse and minor children).
- Companies controlled by a Director.
- Entities in which a Director is a director or a senior executive.

## 9.9 Proposed key Dates and Milestones of the Transaction

The following table shows the proposed timetable and key milestones of the Debt Conversion:

Event	Schedule/Expected Date
<b>1- Procedures required in relation to the EGM to vote on increasing the share capital through debt conversion</b>	
Approval of the CMA on the application to increase the share capital of the Company.	07/12/1443H (corresponding to 06/07/2022G)
Approval of the CMA to convene the Company's EGM in relation to the Transaction.	6/1/1444H (corresponding to 4/8/2022G)
Announcement of the invitation of the Company's EGM in relation to the Transaction on Tadawul's website (indicating the possibility of holding a second meeting one hour after the end of the period specified for holding the first meeting, if the quorum required to hold the meeting is not satisfied).	6/1/1444H (corresponding to 4/8/2022G)
Publication of the Shareholders Circular.	9/1/1444H (corresponding to 7/8/2022G)
Provision of the documents available for inspection.	10/1/1444H (corresponding to 8/8/2022G)
Start of the electronic voting period where Shareholders vote on the items of the Company's EGM.	23/1/1444H (corresponding to 21/8/2022G)
Convention of the Company's EGM in relation to the Transaction (the first meeting). The quorum for the meeting shall be deemed satisfied if shareholders representing at least half of the share capital of the Company attend the meeting.	27/1/1444H (corresponding to 25/8/2022G)
Convention of the Company's EGM in relation to the Transaction (the second meeting), if the quorum required to hold the first meeting is not satisfied. The quorum for the meeting shall be deemed satisfied if shareholders representing at least a quarter of the share capital of the Company attend the meeting.	One hour after the end of the period specified for convening the first EGM meeting, if the required quorum is not satisfied.
Publication of the Transaction Resolutions passed in the first or the second meeting of the Company's EGM in relation to the Transaction or announcing on Tadawul's website that the EGM has not been convened if the required quorum is not satisfied.	1/2/1444H (corresponding to 28/8/2022G)
<b>2- Procedures to be followed if the quorum of the first and second meetings of the EGM is not satisfied</b>	
Approval of the CMA on the invitation to convene the Company's EGM regarding the Transaction (the third meeting).	3/2/1444H (corresponding to 30/8/2022G)
Announcement of the invitation of the Company's EGM in relation to the Transaction (the third meeting) on Tadawul's website.	4/2/1444H (corresponding to 31/8/2022G)
Start of the electronic voting period in the Company's EGM (the third meeting).	22/2/1444H (corresponding to 18/9/2022G)
Convention of the Company's EGM in relation to the Transaction (the third meeting). The quorum for the third meeting shall be deemed satisfied regardless of the number of shares represented therein.	25/2/1444H (corresponding to 21/9/2022G)
Publication of the Transaction Resolutions passed in the third meeting of the Company's EGM on Tadawul's website.	26/2/1444H (corresponding to 22/9/2022G)
<b>3- Procedures required after the EGM is convened and the Transaction is completed</b>	
Providing the CMA with a copy of the minutes of the EGM.	<p>Within ten (10) days of the date on which the EGM approves the Transaction.</p> <p>8/2/1444H (corresponding to 4/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting.</p> <p>6/3/1444H (corresponding to 2/10/2022G) if the Company's EGM approves the Transaction in the third meeting.</p>
Publication of the amendments to the Bylaws on the portal of the Ministry of Commerce before it is officially amended with the Ministry of Commerce.	<p>Within a week of the EGM's approval of the Transaction.</p> <p>5/2/1444H (corresponding to 1/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting.</p> <p>3/3/1444H (corresponding to 29/9/2022G) if the Company's EGM approves the Transaction in the third meeting.</p>

Event	Schedule/Expected Date
<p>Issuance and listing of the New Shares on Tadawul and the allocation thereof to the Unitholders registered in the List of Unitholders.</p>	<p>Within a week of the EGM's approval of the Transaction.</p> <p>5/2/1444H (corresponding to 1/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting.</p> <p>3/3/1444H (corresponding to 29/9/2022G) if the Company's EGM approves the Transaction in the third meeting.</p> <p>In the event that the issuance of the New Shares and the allocation thereof to the Unitholders registered in the List of Unitholders is delayed, the date of the new allocation date will be announced on the Tadawul website.</p>
<p>Amendment of the Bylaws and commercial registration certificate of the Company.</p>	<p>Within three (3) weeks of the date on which the EGM approves the Transaction.</p> <p>19/2/1444H (corresponding to 15/9/2022G) if the Company's EGM approves the Transaction in the first or second meeting.</p> <p>16/3/1444H (corresponding to 12/10/2022G) if the Company's EGM approves the Transaction in the third meeting.</p>



## Evaluation of the Debt and the New Shares

The Company and the Fund Manager (on behalf of the Fund) have agreed on the Exchange Ratio, taking into account the discussions and negotiations that took place between them. Such agreement shall determine the number of New Shares to be issued by the Company to Unitholders for the purpose of debt conversion. The debt shall comprise all debts owed by the Company to the Fund (including obligations and receivables related to the Fund Related Entities) under the Fund Documents (including any outstanding and unpaid payments as of the date of the Offer), all of which shall become due on the date of the Company's EGM.

The following table shows the value of the debt and the value of the New Shares (the total pro forma value of the Transaction) based on the Exchange Ratio and the Closing Price of the Company's traded share on 23 May 2022G, which is SAR 25.30.

Creditor	The Fund
Nature of the Debt	Debts owed by the Company to the Fund (including rights and obligations related to the Fund and its Related Entities).
Amount due to be settled against the issuance of new shares (SAR)	5,301,201,080
Number of units to be converted into ordinary shares in the Company	509,002,200 (equivalent to 83.58% of the number of units)
Agreed Exchange Ratio	0.442 new ordinary shares in the Company for each Fund unit (excluding Fund units owned by the Company, as no new shares shall be issued to the Company for the Fund units it owns)
Number of New Shares	225,134,162 new ordinary shares, determined based on the agreed Exchange Ratio
Nominal value of the New Shares (SAR)	2,251,341,620
Market value of the New Shares (SAR)*	5,695,894,298.60
Difference between the market value of the shares to be issued and the value of the debt	7.45%

\* The value of the Transaction was calculated based on the Closing Price of the Company's shares amounting to SAR 25.30 per share on 23 May 2022G. The value of the Transaction mentioned in the table is indicative. It will be modified and the total value of the New Shares that will be included in the Company's financial statements will be determined at a later time based on the Closing Price of the Company's share on the last trading day prior to the date of the EGM.

Source: The Company

The number of New Shares in exchange for the Debt conversion was determined according to the agreed Exchange Ratio, whereby the Company shall issue two hundred and twenty-five million, one hundred and thirty-four thousand, one hundred and sixty-two (225,134,162) new ordinary shares, equivalent to 0.442 new ordinary shares in the Company for every unit in the Fund. Given that the Company owns unites in the Fund, the Company's ownership in the Fund shall be excluded from the offered Exchange Ratio, and no new shares shall be issued to the Company for the units it owns in the Fund.

The total value of the Transaction will be determined based on the value of the New Shares. The total nominal value of the New Shares is two billion, two hundred and fifty-one million, three hundred and forty-one thousand, six hundred and twenty Saudi riyals (SAR 2,251,341,620). The total value of the New Shares that will be included in the Company's financial statements shall be determined at a later time based on the Closing Price of the Company's shares on the last trading day prior to the date of the EGM.

The following table shows the effect of debt conversion on the stock price using the Exchange Ratio and the Closing Price of the Company's shares on 23 May 2022G:

Number of units to be converted into ordinary shares in the Company	A	509,002,200
Agreed Exchange Ratio(1)	B	0.442
Illustrative share Closing Price on the date of the EGM (SAR)(2)	C	25.30
Number of shares to be issued	$A \times B = D$	225,134,162
Capital for New Shares (SAR)	$D \times \text{Nominal value (SAR 10)}$	2,251,341,620
Number of current issued shares	F	929,400,000
Total number of issued shares after debt conversion	$D + F = G$	1,154,534,162
Market value of the Company before debt conversion (SAR)	$C \times F = H$	23,513,820,000
Value of the New Shares	$C \times D = I$	5,695,894,298.60
Market value of the Company after debt conversion (SAR)	$H + I = J$	29,209,714,298.60
Share price after debt conversion (SAR)	$J / G = K$	25.30

1- The Exchange Ratio agreed upon by the Company and the Fund Manager (on behalf of the Fund) to issue New Shares in exchange for debt conversion.

2- The Closing Price of the Company's traded share was calculated as of 23 May 2022G for the purpose of illustrating the method for calculating the effect of the debt conversion on the share price. The actual Closing Price of the shares shall be calculated on the day preceding the EGM, and may differ substantially.

Source: The Company

Based on the illustrative figures in the previous example, the share price after the debt conversion shall be SAR 25.30. The current ownership of public shareholders, including the Substantial Shareholders, shall decrease after the completion of the Debt conversion by approximately 19.50%.

The following table shows the effect of debt conversion on the equity ownership of an individual shareholder based on the agreed Exchange Ratio used for the purposes of preparing the unaudited pro forma condensed consolidated financial information:

Description		
Number of current issued shares	A	929,400,000
Number of new issued shares	B	225,134,162
Total issued shares after debt conversion	$A + B = C$	1,154,534,162
Number of shares owned by an investor (hypothetically)	D	100,000,000
Illustrative individual ownership before debt conversion (%)	$D / A = E$	10.76%
Illustrative individual ownership after debt conversion (%)	$D / C = F$	8.66%
Effect of the conversion process on the illustrative individual ownership (%)	$[(F / E) - 1] \times 100$	(19.50%)
Number of shares owned by the public (hypothetically)	G	716,032,585
Illustrative public ownership before debt conversion (%)	$G / A = H$	77.04%
Illustrative public ownership after debt conversion (%)	$G / C = I$	62.02%
Effect of the conversion process on the illustrative public ownership (%)	$H - I = J$	(15.02%)

Source: The Company

## Consolidated Financial Information

### 11.1 Pro-forma consolidated financial information prepared to illustrate the expected pro forma effect for the debt conversion

The “consolidated financial information” section should be read in addition to the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine month periods ending on September 30, 2021G and the audited consolidated financial statements of the company for the financial years ending on December 31, 2019 and December 31, 2020G and 31 December 2021G and the unaudited proforma condensed consolidated financial information for the third and nine month periods ending on September 30, 2021G, which are included in this Circular.

Neither the auditors nor any of their employees (who constitute the work team that provided services to the company) or the relatives of any of these employees have any shares or interest of any kind in either the Company or its subsidiaries that would affect their independence. The auditors, as of the date of this Circular, provided their written consent to the reference in this Circular regarding their role as auditors of the Company for the financial years ending on December 31, 2019G, 31 December 2020G and 31 December 2021G and the nine-month period ending on September 30, 2021, and they did not withdraw that approval until the date of this Circular.

The unaudited proforma condensed consolidated financial information has been prepared by the Company's management to clarify the financial impact on the unaudited consolidated financial statements for the three and nine-month periods ending on September 30, 2021G as if the transfer had taken place on January 1, 2021G and the consequent adjustments during the rest of the financial period ending on September 30, 2021G.

This unaudited proforma condensed consolidated financial information has been prepared based on the assumption that the obligation payable to the Fund has been derecognised through the issue of ordinary shares of the company at an assumed fair value equal to the trading price as on September 30, 2021G for illustrative purposes only. The pro forma adjustments are based on the assumptions set out in the notes attached to the unaudited proforma condensed consolidated financial information, and do not represent the actual financial results of the Company and its subsidiaries or its financial position, and do not give any indication of the results and future financial position of the Company's activities and its subsidiaries upon completion of the above-mentioned conversion.

### Unaudited pro-forma consolidated statement of financial position

The table below illustrates unaudited pro forma condensed consolidated statement of financial position, as of 30 September 2021G:

SR'000	As of 30 September 2021G		
	30 September 2021G	Pro forma Adjustments	30 September 2021G (Pro forma)
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	17,857,270	-	17,857,270
Intangible assets	4,250	-	4,250
Investment properties	5,025,305	-	5,025,305
Investment in a joint venture	120,095	-	120,095
Investment held at fair value through profit or loss	294,662	-	294,662
Restricted cash	242,590	-	242,590
Other non-current assets	17,382	-	17,382

SR'000	As of 30 September 2021G		
	30 September 2021G	Pro forma Adjustments	30 September 2021G (Pro forma)
<b>Total Non-current Assets</b>	<b>23,561,554</b>	<b>-</b>	<b>23,561,554</b>
<b>Current Assets</b>			
Properties for development and sale	1,478,270	-	1,478,270
Other current assets	84,744	-	84,744
Trade and other receivables	172,380	(1,279)	171,101
Investment held at fair value through profit or loss	64,676	(64,676)	-
Restricted cash – current portion	306,566	-	306,566
Cash and cash equivalents	471,066	(673)	470,393
<b>Total Current Assets</b>	<b>2,577,702</b>	<b>(66,628)</b>	<b>2,511,074</b>
<b>Total Assets</b>	<b>26,139,256</b>	<b>(66,628)</b>	<b>26,072,628</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	9,294,000	2,251,342	11,545,342
Share Premium	-	4,660,277	4,660,277
Statutory reserve	108,506	-	108,506
Accumulated losses	(2,472,958)	(1,642,901)	(4,115,859)
Reserve for advances to certain founding shareholders	(285,970)	-	(285,970)
<b>Net equity attributable to owners of the Company</b>	<b>6,643,578</b>	<b>5,268,718</b>	<b>11,912,296</b>
Non-controlling interest	1,570	-	1,570
<b>Total Equity</b>	<b>6,645,148</b>	<b>5,268,718</b>	<b>11,913,866</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Loans and borrowings	5,053,030	-	5,053,030
Liabilities against lease	11,580	-	11,580
Payable to other unitholders of investment fund	4,895,002	(4,895,002)	-
Provision for employees' terminal benefits	21,160	-	21,160
Other non-current liabilities	1,143,123	-	1,143,123
<b>Total Non-current Liabilities</b>	<b>11,123,895</b>	<b>(4,895,002)</b>	<b>6,228,893</b>
<b>Current Liabilities</b>			
Loans and borrowings – current portion	6,509,174	-	6,509,174
Accounts payable and other current liabilities	1,343,646	(34,145)	1,309,501
Payable to other unitholders of investment fund – current portion	406,199	(406,199)	-
Liabilities against lease – current portion	3,247	-	3,247
Zakat payable	107,947	-	107,947
<b>Total Current Liabilities</b>	<b>8,370,213</b>	<b>(440,344)</b>	<b>7,929,869</b>
<b>Total Liabilities</b>	<b>19,494,108</b>	<b>(5,335,346)</b>	<b>14,158,762</b>
<b>Total Equity and Liabilities</b>	<b>26,139,256</b>	<b>(66,628)</b>	<b>26,072,628</b>

Source: The unaudited condensed consolidated financial statements for the three and nine-month periods ending on September 30, 2021G, and the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine-month periods ending on September 30, 2021G.

## Trade and other receivables

Trade and other receivables decreased by SAR 1,279 thousand from SAR 172,380 thousand to SAR 171,101 thousand as on September 30, 2021G, as a result of the debt conversion to equity.

## Investment held at fair value through profit or loss

The investment held at fair value through profit or loss as of September 30, 2021G amounted to SAR 64,676 thousand has declined in full amount as a result of the debt conversion to equity.

## Cash and cash equivalents

Cash and cash equivalents decreased from SAR 471,066 thousand to SAR 470,393 thousand by an amount of SAR 673 thousand, as a result of the debt conversion to equity.

## Share capital

The share capital increased from SAR 9,294,000 thousand to SAR 11,545,342 thousand as a result of issuing 225,134,162 shares with a nominal value of 10 riyals and the proforma of the debt conversion transaction size and the Exchange Ratio are based on the debt conversion agreement. For more details, please refer to Section (9) ("**Conversion of Debt into Shares through Capital Increase (the Transaction)**") of this Circular.

## Share Premium

The increase in the share premium amounted to SAR 4,660,277 thousand, the difference between the nominal value of the share, which is equivalent to SAR 10, and the trading closing price of the share as of September 30, 2021G, which is equivalent to SAR 30.7.

It is worth noting that the pro forma condensed consolidated financial information were prepared assuming a fair value per share equal to the trading closing price as of September 30, 2021G.

## Accumulated losses

The accumulated losses increased by SAR 1,642,901 thousand from SAR 2,472,958 thousand to SAR 4,115,859 thousand as on September 30, 2021G. This is due to the increase in the net loss for the period that resulted from the loss of the debt to equity conversion with the unit holders of the investment Fund.

## Payable to other unitholders of investment fund

Payable to other unitholders of investment fund amounting to SAR 4,895,002 thousand decreased in full amount due to the debt conversion, where the liabilities to the other unit holders of the investment fund represent a portion of the debt converted into shares.

## Accounts payable and other current liabilities

Accounts payable and other current liabilities decreased by SAR 34,145 thousand as a result of the debt-to-equity conversion process, as it represented SAR 1,343,646 thousand and decreased to SAR 1,309,501 thousand as of September 30, 2021G.

## Payable to other unitholders of investment fund – current portion

The current portion of payables to other unit holders in the investment fund amounting to SAR 406,199 thousand as on September 30, 2021G, decreased by the full amount as a result of the debt conversion.

## Unaudited pro-forma condensed consolidated statement of profit or loss

The table below illustrates unaudited pro forma condensed consolidated statement of profit or loss, as of 30 September 2021G:

SR'000	As of 30 September 2021G		
	30 September 2021G	Pro forma Adjustments	30 September 2021G (Pro forma)
Revenue	141,979	-	141,979
Cost of Revenue	(342,039)	-	(342,039)
<b>Gross Loss</b>	<b>(200,060)</b>	<b>-</b>	<b>(200,060)</b>
Selling and marketing expenses	(2,627)	-	(2,627)
General and administrative expenses	(137,036)	-	(137,036)
Reversal of impairment loss on financial assets, net	35,444	-	35,444
Other expenses, loss	(118,685)	-	(118,685)
<b>Operating loss</b>	<b>(422,964)</b>	<b>-</b>	<b>(422,964)</b>
Gain on disposal of non-current assets classified as held for sale	662,179	-	662,179
Financial costs	(550,434)	-	(550,434)
Swap loss on debt-to-equity conversion with unitholders of investment fund	-	(1,642,901)	(1,642,901)
Share of results from investment in a joint venture	5,505	-	5,505
<b>Loss for the period before zakat</b>	<b>(305,714)</b>	<b>(1,642,901)</b>	<b>(1,948,615)</b>
Zakat	(39,206)	-	(39,206)
<b>Loss for the period</b>	<b>(344,920)</b>	<b>(1,642,901)</b>	<b>(1,987,821)</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company	(344,771)	(1,642,901)	(1,987,672)
Non-controlling interest	(149)	-	(149)
	<b>(344,920)</b>	<b>(1,642,901)</b>	<b>(1,987,821)</b>
<b>Loss per share:</b>			
Weighted average number of ordinary shares	929,400	225,134	1,154,534
<b>Loss per share attributable to ordinary equity holders of the Parent Company (basic and diluted)</b>	<b>(0.37)</b>	<b>(1.35)</b>	<b>(1.72)</b>

Source: The unaudited condensed consolidated financial statements for the three and nine-month periods ending on September 30, 2021G, and the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine-month periods ending on September 30, 2021G.

### Loss per share attributable to ordinary equity holders of the Parent Company (basic and diluted)

As a result of converting the debt into equity, the payable to the other unit holders in the investment fund has expired by converting the debt into shares, where the fair value of the shares was determined based on the trading closing price as on September 30, 2021G (SAR 30.7 per share) for the purpose of preparing the proforma financial statements.

The value of SAR 1,642,901 thousand was recognized as a swap loss from the debt to equity conversion with the unit holders in the investment fund, where the loss represents the difference between the book value of the expired financial obligation and the assumed fair value of the shares.

### Loss for the period before zakat

The Company's losses before zakat increased by SAR 1,642,901 thousand from SAR 305,714 thousand to SAR 1,948,615 thousand due to the swap loss resulted of the debt-to-equity conversion with unit holders in the investment fund.

## Unaudited pro-forma condensed consolidated statement of cash flows

The table below illustrates unaudited pro forma consolidated statement of cash flows, as of 30 September 2021G:

SR'000	As of 30 September 2021G		
	30 September 2021G	Pro forma Adjustments	30 September 2021G (pro forma)
<b>Cash flows from operating activities</b>			
Loss before Zakat	(305,714)	(1,642,901)	(1,948,615)
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment	182,999	-	182,999
Depreciation on investment properties	21,822	-	21,822
Amortization of intangible assets	783	-	783
Reversal for employees' terminal benefits	(1,420)	-	(1,420)
Reversal of impairment loss on financial assets, net	(35,444)	-	(35,444)
Loss from disposal of property, plant and equipment	1,906	-	1,906
Share of results of investment in a joint venture	(5,505)	-	(5,505)
Financial costs	550,434	-	550,434
Gain on disposal of non-current assets classified as held for sale	(662,179)	-	(662,179)
Change in fair value of investments held at fair value through profit or loss	13,208	-	13,208
Swap loss on debt-to-equity conversion with unitholders of investment fund	-	1,642,901	1,642,901
<b>Total</b>	<b>(239,110)</b>	<b>-</b>	<b>(239,110)</b>
<b>Changes in operating assets and liabilities:</b>			
Other non-current assets	2,562	-	2,562
Properties for development and sale	(59,226)	-	(59,226)
Other current assets	(52,522)	-	(52,522)
Trade and other receivables	12,592	-	12,592
Other non-current liabilities	(3,668)	-	(3,668)
Accounts payable and other current liabilities	(92,712)	-	(92,712)
<b>Cash used in operations</b>	<b>(432,084)</b>	<b>-</b>	<b>(432,084)</b>
Financial charges paid	(153,068)	-	(153,068)
Employees' terminal benefits paid	(10,820)	-	(10,820)
<b>Net cash used in operating activities</b>	<b>(595,972)</b>	<b>-</b>	<b>(595,972)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(110,017)	-	(110,017)
Proceeds from disposal of property held for sale	630,000	-	630,000
Additional investment in a joint venture	-	-	-
Additions to investment properties	(5,296)	-	(5,296)
Purchase of intangible assets	(2,921)	-	(2,921)
Net change in restricted cash balances	41,753	-	41,753
<b>Net cash from investing activities</b>	<b>553,519</b>	<b>-</b>	<b>553,519</b>
<b>Cash flows from financing activities</b>			
Payments received against advance to certain founding shareholders	1,326	-	1,326
Loans and borrowings drawdown	577,499	-	577,499
Loans and borrowings repayment	(106,320)	-	(106,320)
Repayments of lease	(10,211)	-	(10,211)
<b>Net cash flows from financing activities</b>	<b>462,294</b>	<b>-</b>	<b>462,294</b>
<b>Net increase in cash and cash equivalents</b>	<b>419,841</b>	<b>-</b>	<b>419,841</b>

SR'000	As of 30 September 2021G		
	30 September 2021G	Pro forma Adjustments	30 September 2021G (pro forma)
Cash and cash equivalents at the beginning of the period	51,225	-	51,225
Cash and cash equivalents at the end of the period	471,066	-	471,066

Source: The unaudited condensed consolidated financial statements for the three and nine-month periods ending on September 30, 2021G, and the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine-month periods ending on September 30, 2021G.

## Loss for the period before zakat

The Company's losses before zakat increased by SAR 1,642,901 thousand from SAR 305,714 thousand to SAR 1,948,615 thousand due to the swap loss resulted of the debt-to-equity conversion with unit holders in the investment fund.

## Loss per share attributable to ordinary equity holders of the Parent Company (basic and diluted)

As a result of converting the debt into equity, the payable to the other unit holders in the investment fund has expired by converting the debt into shares, where the fair value of the shares was determined based on the trading closing price as on September 30, 2021G (SAR 30.7 per share) for the purpose of preparing the proforma financial statements.

The value of SAR 1,642,901 thousand was recognized as a swap loss from the debt to equity conversion with the unit holders in the investment fund, where the loss represents the difference between the book value of the expired financial obligation and the assumed fair value of the shares.

## 11.2 Comparison of financial indicators and key performance indicators as of September 30, 2021G at the Company level (before the Transaction) and at the proforma consolidated level after the Transaction

The following table shows a comparison of the Company's key performance indicators based on the unaudited condensed consolidated financial statements for the three and nine-month periods ending on September 30, 2021G, and the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine-month periods ending on September 30, 2021G:

SR'000	As of 30 September 2021G	
	30 September 2021G	30 September 2021G (pro forma)
Gross Profit (Loss) Margin (%) <sup>1)</sup>	(140.9%)	(140.9%)
Net Profit (Loss) Margin (%) <sup>2)</sup>	(242.9%)	(1,400.1%)
Return on Assets (%) <sup>3)</sup>	(1.3%)	(7.6%)
Return on Equity (%) <sup>4)</sup>	(5.2%)	(16.7%)
Ratio of long-term debt over total equity and total long-term debt (times) <sup>5)</sup>	0.6	0.3

Source: Company

- Gross profit (loss) margin was calculated by dividing gross profit (loss) by the revenue.
- The net profit (loss) was calculated by dividing the net profit (loss) by the revenue.
- Return on assets was calculated by dividing the net profit (loss) for the period by the total assets.
- Return on equity was calculated by dividing the net profit (loss) for the period by the total equity.
- The ratio of long-term debt to total equity and total long-term debt was calculated by dividing total long-term debt by the sum of total equity and total long-term debt.

The loss of debt-to-equity conversion with unit holders in the investment fund amounting to SAR 1,642,901 thousand had a direct impact on the realized losses for the period. Accordingly, the net profit margin, return on assets and return on equity were negatively affected, and the increase in equity after debt conversion contributed to limiting the decline in return on equity.

The long-term debt ratio on the total equity and the total long-term debt also decreased due to the conversion of the non-current portion of the debt that was transferred to equity, amounting to SAR 4,895,002 thousand.



### 11.3 Analyses of the increase or decrease in earnings per share as a result of the capital increase

The following table shows the loss per share for the financial period ending on September 30, 2021G and the effect of debt conversion on it:

SR'000	As of 30 September 2021G	
	30 September 2021G	30 September 2021G (pro forma)
Loss attributable to owners of ordinary shares in the parent company	(344,920)	(1,987,821)
Weighted average number of ordinary shares	929,400	1,154,534
Share loss (in Saudi Riyal)	(0.37)	(1.72)

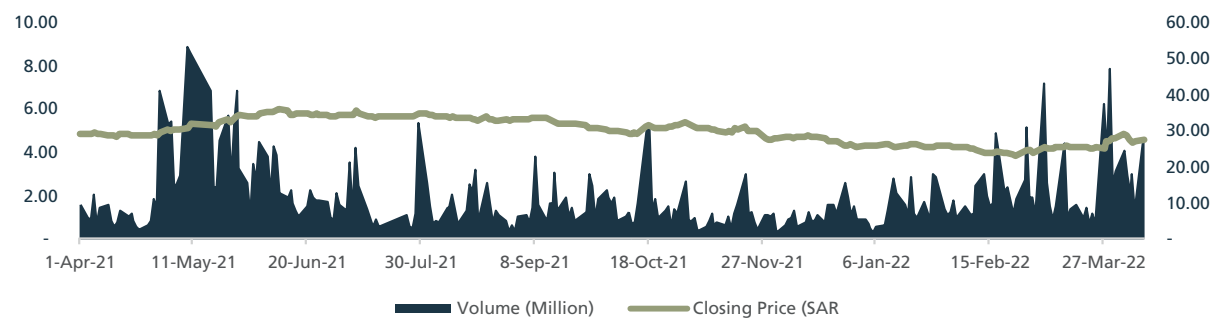
Source: The unaudited condensed consolidated financial statements for the three and nine-month periods ending on September 30, 2021G, and the unaudited proforma condensed consolidated financial information prepared for the Company for the three and nine-month periods ending on September 30, 2021G.

Earning or loss per share is calculated by dividing the profit or loss for the period attributable to the owners of the ordinary shares at the parent company by the weighted average number of ordinary common shares outstanding during the period.

The loss per share after the hypothetical debt conversion transaction increased from SAR (0.37) per share to SAR (1.72) per share, as a result of the increase in the loss for the period from SAR (344,920) thousand to SAR (1,987,821) thousand due to the loss of debt to equity conversion with unit holders in the investment fund.

### 11.4 Historical performance of the company's stock price

The following figure shows the development of the Company's share price during the period from April 1, 2021G until April 10, 2022G:



Source: Saudi Stock Exchange (Tadawul), As of 15 March 2022G.

Year	2021G										2022G		
	Month	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
Average total volume traded (Million)		1.34	4.42	2.25	1.71	1.41	1.58	1.75	0.97	1.14	1.44	2.10	2.51
Average Price within a month (SAR)		28.89	31.90	34.62	34.18	33.43	32.27	30.39	29.98	27.39	25.76	24.43	25.48

Source: Saudi Stock Exchange (Tadawul), As of 15 March 2022G.

## Legal Information

### 12.1 Declarations of the Company's Board of Directors

The Company's Directors declare that:

1. The Debt Conversion does not violate the relevant applicable laws and regulations in the Kingdom of Saudi Arabia.
2. The issuance of the New Shares does not violate any of the contracts or agreements to which the Company is a party.
3. All material legal information related to the Company has been disclosed in this Circular.
4. This Section includes all material legal information related to the Debt Conversion documents that the Company's Shareholders must take into consideration to make an well-informed voting decision.
5. There is no other material legal information not included in this Section that the omission of which makes other statements therein misleading.

Except as disclosed in Section (9.6) ("**Directors**") of this Circular, the Company's Directors (other than the Conflicted Directors) declare that they do not have any direct or indirect interest in any of the Company's shares, the Fund units, or their business or in any contract entered into or to be entered into between the parties of the Transaction, and they declare their complete independence regarding the issuance of the shares subject of this Circular.

Taking into account the market situation on the date of publication of this Circular and acting with the necessary due diligence they see fit under the circumstances, the Company's Directors (other than the Conflicted Directors) believe that the Transaction is in the interest of the Company and its Shareholders, and therefore unanimously recommend that the Company's Shareholders approve the Transaction Resolutions. In making this recommendation, the Company's Directors (other than the Conflicted Directors) have taken into account the external advice they have received on legal, financial, accounting, strategic, and other matters relating to the Transaction.

It should also be noted that all the Company's Directors (other than the Conflicted Directors) who will vote on the Transaction Resolutions at the Company's EGM relating to the Transaction, will vote to approve the Transaction Resolutions.

It should also be noted that all the Company's Directors (other than the Conflicted Directors) have not taken into account the individual investment objectives, the financial, Zakat and tax position, or the circumstances specific to each Shareholder due to the different circumstances, conditions, and objectives of each of them. Accordingly, the Company's Directors (other than the Conflicted Directors) stress the need for the Company's Shareholders to obtain independent professional advice from a licensed financial advisor regarding the Transaction. Such advisor must rely on their own review of the Transaction to ensure the suitability of the Transaction and the information contained in this Circular to their investment objectives and financial conditions.

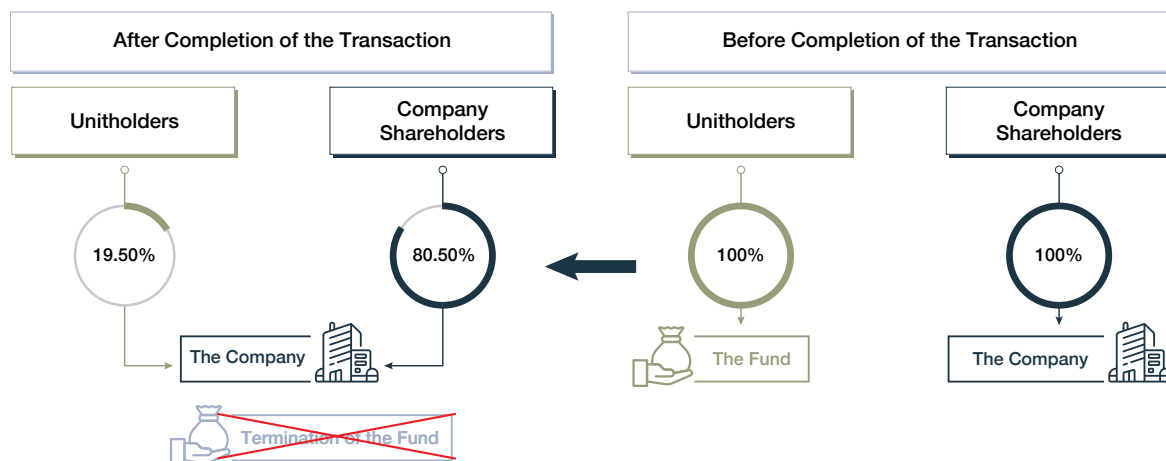
### 12.2 Summary of the Legal Structure of the Transaction

#### 12.2.1 Legal Structure

1. The Transaction shall be implemented in accordance with Article 138(b) of the Companies Law and Article 56 of the Rules on the Offer of Securities and Continuing Obligations, whereas all debts owed by the Company to the Fund shall be converted (including the settlement of all rights and obligations owed by the Company to the Fund and its Related Entities), in exchange for the issuance of the New Shares in the Company and the allocation thereof to the Unitholders through increasing the share capital of the Company by way of Debt Conversion.
2. The Debt will comprise all of the payment obligations of the Company towards the Fund and the Fund Related Entities (including the rights and obligations owed by the Company to the Fund Related Entities), which mainly consist of the rental payments owed together with any other obligations under the Fund Documents (including any payments due and unpaid as of the date of the Offer), all of which shall be deemed to be due and payable on the Effective Date of the Transaction.

3. In exchange for issuing the New Shares to the Unitholders, the ownership of the Fund Assets shall be transferred to the Company and any related rights over the Assets shall be surrendered in accordance with the Fund Documents (including the rights of ownership and any other rights related to the Fund Assets exercised by the Fund and the Fund Related Entities) and all collateral and security granted by the Company to the Fund and the Fund Related Entities shall be released and terminated.
4. Given that the Company owns units in the Fund, the Transaction shall exclude the Company's ownership in the Fund from the offered Exchange Ratio, and no new shares shall be issued to the Company for the units it owns in the Fund.
5. The completion of the Transaction will constitute full and final settlement of all rights and obligations of the Company and the Fund and its Related Entities in relation to the Fund and pursuant to the relevant Fund Documents.

The following is a simplified chart of the Transaction structure:



### 12.2.2 Consideration

1. The Company shall issue two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two (225,134,162) new ordinary shares to the Unitholders of the Fund (excluding the Company in its capacity as a Unitholder), equivalent to 0.442 new ordinary shares in the Company for every unit in the Fund, after the satisfaction of the terms and conditions of the Transaction Agreement, as summarized in Section (12.4.2) ("**Key Terms and Conditions of the Transaction Agreement**").
2. Upon completion of the Transaction, all contractual obligations between the Company and the Fund and between the Company and the Fund Related Entities shall be terminated, including the amendment and/or termination of all relevant agreements entered into between the Company, the Fund, and the Fund Related Entities.

## 12.3 Approvals required to effect the Transaction

Subject to the satisfaction of all conditions set out in the Transaction Agreement, the Transaction requires obtaining a number of required approvals, as follows:

### 12.3.1 Government Approvals

The Transaction requires obtaining the following government approvals:

- a. Obtain the approval of the CMA on the application of the Company's capital increase and to register and offer the securities.
- b. Obtain the approval of Tadawul to list the New Shares.
- c. Obtain the approval of the Ministry of Commerce on the proposed amendments to the Company's Bylaws.
- d. Obtain the approval of the CMA on the invitation to the EGM in relation to the Transaction. The date of the EGM shall be announced by the Company on the Tadawul website.

All government approvals mentioned above have been obtained.

### 12.3.2 Approval of the EGM

One of the conditions for completing the Transaction is to obtain the approval of the Company's EGM on the Transaction, which should be obtained through the approval of the required majority of the Company's Shareholders of the Transaction Resolutions.

Following the CMA approval on the company's request to convene the EGM, the Company will publish the invitation for the EGM in relation to the Transaction. The Company's EGM shall be valid only if attended by a number of shareholders representing at least one half of the capital of the Company. If such quorum is not met, a call shall be made for a second EGM to be held one hour after the expiry of the period prescribed for holding the first EGM (provided that the invitation to hold the first EGM shall indicate the possibility of holding a second EGM one hour after the end of the period specified for the first EGM in the event that the quorum required for holding the EGM is not met). The second EGM shall be valid only if attended by a number of Shareholders representing at least one fourth of the capital of the Company. If such quorum is not met at the second meeting, the Company shall obtain the approval of the CMA to hold a third EGM. Upon obtaining the approval of the CMA, the Company will publish the invitation for the EGM, and the EGM will be held after a period of not less than twenty-one (21) days as of the date of publishing the invitation. In all cases, the third EGM shall be valid regardless of the number of shareholders represented therein.

All Shareholders who appear in the shareholders register of the Company by the end of trading on the same day of the EGM in relation to the Transaction will be eligible to attend and vote (whether in person, by proxy or via remote/electronic voting), pursuant to the relevant procedures. The delegation of a proxy must be in writing, signed by the relevant authorized Shareholder and attested by the Chamber of Commerce, one of the banks, the CMA authorized persons, a notary public, or persons authorized to notarize documentation. The proxy must show the original copy of the proxy in the EGM, along with a copy of the national identification, passport, or residence permit.

The Transaction Resolutions shall be approved in the Company's EGM in relation to the Transaction if issued by a majority of three quarters of the shares represented in the EGM, either attending in person or by proxy. Shareholders shall also be able to vote on the agenda items of the EGM remotely (electronically) through the Tadawulaty service provided by Tadawul, provided that the Shareholders have registered for the Tadawulaty service, noting that registration and voting with such service is available free of charge to all Shareholders. For more information, please visit: [www.tadawulaty.com.sa](http://www.tadawulaty.com.sa). Electronic voting will be available at least three days prior to the EGM. The dates on which electronic voting will be available shall be specified in the invitation to the EGM.

Votes in the EGM shall be calculated on the basis of one (1) vote per share. Shareholders who fail to attend the EGM (whether in person or via remote/electronic voting) or instruct a proxy to attend on his or her behalf will forfeit their rights to vote in such EGM and their shares will not be counted.

Whilst all Company Shareholders have the right to attend the EGM and vote on the Transaction Resolutions (subject to any restrictions that may be imposed due to a conflict of interest, or any other restriction imposed by the relevant applicable regulations in the Kingdom), the Company Shareholders residing outside the Kingdom are hereby made aware that this Circular was not filed, notified or registered with any regulatory authority outside the Kingdom. Therefore, if any Shareholders reside in any country whose regulations require the Company to take any action to enable the relevant Shareholder to vote on the Transaction Resolutions in a systematic manner, the relevant Shareholder must not participate in the vote on the Transaction Resolutions proposed in the EGM related to the Transaction. If the relevant Shareholder has nevertheless voted on the Transaction Resolutions, the Company reserves the right, after agreeing with the Fund Manager (on behalf of the Fund), not to proceed with the Transaction unless the relevant Transaction Resolutions are approved by the requisite majority without counting the vote of that Shareholder.

## 12.4 Summary of Material Agreements

### 12.4.1 Transaction Agreement

The Company and the Fund Manager (on behalf of the Fund) have entered into the Transaction Agreement on 01/09/1443H (corresponding to 02 April 2022G), based on the desire of the Company and the Fund to reach a full and final settlement in relation to rights and obligations between the Company and the Fund and its Related Entities with respect to the Assets and all rights and liabilities associated thereto (for more information about the current arrangements of the Fund and the origin of the Debt, please refer to Section (9.2) ("**Overview of the Fund and Details of the Leased Assets pursuant to which the Debt has been established**") and Section (9.3) ("**Overview of the Current Arrangements of the Fund and the Origin of the Debt**") of this Circular). Pursuant to which, they agreed to settle the Debt in exchange for issuing new shares to the Unitholders in accordance with the specified Exchange Ratio to be issued by way of increasing the share capital of the Company through the Debt Conversion (the "**Transaction Agreement**"). The Transaction Agreement includes the detailed terms and conditions of the Transaction (for more information about the key terms and conditions of the Transaction Agreement, please refer to Section (12.4.2) ("**Key Terms and Conditions of the Transaction Agreement**") of this Circular), the parties' obligations regarding the

implementation of the Transaction, and a number of representations and warranties provided by both parties (for more information on the representations and warranties contained in the Transaction Agreement, please refer to Section (12.4.6) (“**Warranties and Representations**”) of this Circular), as well as a number of restrictions on the conduct of business (for more information about the conduct of business restrictions, please refer to Section (12.4.5) (“**Conduct of Business Restrictions**”) of this Circular).

## 12.4.2 Key Terms and Conditions of the Transaction Agreement

The Transaction Agreement includes a number of conditions that must be satisfied for the purpose of completing the Transaction. The Company and the Fund Manager have committed to satisfy such conditions as soon as possible and coordinate with each other in this regard. Below is a summary of such terms and conditions:

1. Obtaining all required approvals of the CMA with respect to the Transaction.
2. Obtaining any other regulatory approvals that are required for, and in connection with, the Transaction as reasonably determined by the Company or the Fund Manager.
3. Obtaining the approval of Tadawul on the application to list the New Shares in Tadawul and any other approvals which Tadawul may require with respect to the Transaction.
4. Obtaining the approval of any third party whose consent is required to implement the Transaction, including third parties who are party to some of the Fund Documents and other contractual counterparties of the Company whose consent the Fund Manager or the Company reasonably determines is required pursuant to relevant contractual or other arrangements.
5. Obtain the approval of the required majority of the Company's Shareholders on the Transaction Resolutions in the Company's EGM in accordance with the regulatory requirements.
6. From the date of the Transaction Agreement until the Effective Date, no amounts having been paid or distributed by the Fund (including, without limitation, to the Unitholders) except in respect of the payment of costs relating to the Fund.
7. From the date of the Transaction Agreement until the Effective Date, the Fund not having incurred any indebtedness, other than and excluding any reasonable and proper accruals and fees related to the Fund Related Entities and the Fund's service providers.
8. No Material Adverse Event having occurred.
9. The completion by the Fund Manager and the Fund Related Entities of all necessary regulatory procedures preceding the transfer or cancellation (as applicable) of the title deeds of the Fund Assets in favour of the Company (as appropriate) including, if and where necessary, submitting an application to the relevant notary public and coordination with the Ministry of Justice to facilitate the transfer or cancellation of the title deeds of the Fund Assets (as applicable) in favour of the Company.
10. No breach of the representations and warranties contained in the Transaction Agreement (unless such breach is capable of remedy, where the breach has been remedied to the reasonable satisfaction of the non-breaching party) (for more information on the representations and warranties contained in the Transaction Agreement, please refer to Section (12.4.6) (“**Warranties and Representations**”) of this Circular).
11. No governmental authority having enacted, issued or enforced any order which prohibits or makes illegal the consummation of the Transaction in accordance with the terms of the Transaction Agreement.

Pursuant to the Transaction Agreement, the Company agreed to bear any tax or Zakat obligations (including real estate tax) or any other fees that may be imposed for the purposes of completing the procedures for transferring the ownership of the Assets to the Company as a result of the Transaction. The Company has also agreed to indemnify the Fund, the Fund Related Entities, and the Unitholders in the event that it breaches this obligation, if such breach results in any claims, losses, costs, or penalties (whether actual or potential) against the Fund, the Fund Related Entities, or the Unitholders.

### 12.4.3 Composition of the Company's Board of Directors

Subject to obtaining the relevant regulatory and Shareholder approvals, the Company and the Fund Manager (on behalf of the Fund) have agreed pursuant to the Transaction Agreement to take the necessary steps for implementing the following changes in respect of the Company's Board composition:

- The Company to procure two vacant seats in the Company's Board by any means.
- Appointing two members (nominated by the Fund Manager within a maximum period of thirty (30) days prior to the Effective Date of the Transaction) to fill the two vacant seats on the Company's Board from the Effective Date of the Transaction, provided that the two individuals nominated by the Fund Manager shall comprise not less than 20% of the members of the new Board.

### 12.4.4 Completion Procedures

Subject to the satisfaction of all the conditions set out in the Transaction Agreement, the key actions necessary to complete the Transaction are as follows:

- The Company shall procure the publication of the EGM notice in accordance with the Company's bylaws and the relevant laws and regulations.
- The Company shall take all reasonable steps required of it to prepare for the issuance of the New Shares to the Fund's Unitholders and the allocation thereof in their investment portfolios on the Effective Date of the Transaction pursuant to the agreed Exchange Ratio.
- The Fund Manager shall ensure a suspension in trading of the Fund units sufficiently in advance of the date of the Company's EGM and up to a maximum of one working day after the date of the EGM related to the Transaction in order to provide to the Company the List of Unitholders entitled to receive the New Shares pursuant to the Transaction.
- The Company and the Fund Manager shall, from the date of the Transaction Agreement and prior to the Effective Date, take the necessary steps (including liaison with the Ministry of Justice) to ensure that the title deeds of the Fund Assets are transferred or cancelled (as applicable) in favour of the Company (as appropriate) so that such transfer or cancellation of such title deeds is effective as of the Effective Date, or coordinating with the Custodian (in the event that the relevant title deeds are not transferred or cancelled (as applicable) on the Effective Date) to preserve the title deeds in the interest of the Company from the Effective Date until the cancellation or transfer of the title deeds as permitted by the relevant laws and regulations and as directed by the Company in this regard.
- The Fund Manager shall terminate the Fund after the Effective Date of the Transaction.

### 12.4.5 Conduct of Business Restrictions

The Transaction Agreement included an obligation on the Company and the Fund to refrain from taking particular actions in breach of specific restrictions stipulated in the Transaction Agreement (which are subject to certain exceptions and limitations) in relation to the method of conducting their business during the period between the date of entering into the Transaction Agreement until the Effective Date of the Transaction or the date on which the Transaction Agreement is terminated in accordance with its terms (whichever occurs earlier) without obtaining the consent of the other party, noting that the other party cannot withhold its consent without a reasonable cause.

The restrictions related to the conduct of business stipulated in the Transaction Agreement require that the Company and the Fund shall not take any action or agree to take action that would, in any way, violate any of these restrictions, unless this is legally required. The following is a summary of the conduct of business requirements and restrictions:

- a. Limiting the business that the Company and the Fund carry out to their ordinary course of business that is substantially consistent with their previous practices, provided that the relevant regulations are not violated in all cases.
- b. Refrain from making any material amendments or alterations to the general nature or scope of the business of the Company or the Fund, unless as required for the purposes of implementing the Transaction.
- c. In relation to the Fund only, no action shall be taken with respect to the Assets other than in accordance with the Transaction Agreement, including any disposal of Assets or the creation of any new right, collateral or pledge over any Asset that may impact the Company's ability to enjoy any Assets from the Effective Date.
- d. In relation to the Fund only, no amendment may be made to the Fund (including any amendments to the Fund's Terms and Conditions) except as necessary to implement the Transaction.
- e. In relation to the Company only, no further debts or obligations are incurred, whether contingent or actual, and the Company's shall not dispose of any of its assets or create any right, collateral or pledge

over the assets or income or any other matter, in each case that may adversely impact the valuation of the New Shares as at the Effective Date, other than:

1. In circumstances where the book value of the Company is greater than or equal to that on 30 September 2021G.
  2. Any disposal of the Company's assets that reduces its debt exposure.
  3. Any disposal of the Company's assets that takes place through a public auction at fair market value, and at a value greater than or equal to the value as assessed by an independent third party valuer.
- f. In relation to the Company only, no amendment may be made to the Company's Bylaws, except as necessary to implement the Transaction.

#### 12.4.6 Warranties and Representations

The Transaction Agreement contained a number of representations and warranties provided by the two parties to each other. The following is a summary of such representations and warranties:

1. Both parties have the requisite power and authority to enter into and perform its obligations pursuant to Transaction Agreement.
2. Neither party is insolvent, and no order has been made, petition presented or resolution passed for its winding up or bankruptcy.
3. No receiver has been appointed (or steps taken to appoint one) for either party in respect of all or any of its assets.
4. Neither party has received any written notice of any threatened or pending litigation relating to the Assets or affecting the execution of the Transaction.
5. Neither party has been a party to any administrative or criminal proceedings and no such administrative or criminal proceedings is pending by or against it.
6. Both parties' obligations arising from the Transaction Agreement constitute binding obligations in accordance with their terms.
7. The performance by both parties of their obligations under this Transaction Agreement will not result in a material breach of the relevant laws and regulations nor the parties' constitutional documents.

Pursuant to the Transaction Agreement, the Fund Manager represents and warrants that the Fund Assets are free of any mortgage, restriction, or additional right to the Fund Assets (other than those existing immediately prior to the date of the Sale and Purchase Agreement entered into between the Company (as the seller) and the Fund Manager (as the purchaser, on behalf of the Fund), being 21 March 2017G, and any amendments thereto).

Pursuant to the Transaction Agreement, the Company confirms that, on and from the Effective Date and for a period of twelve (12) months thereafter, it shall not, as part of its strategy:

- a. Conduct more than 20% of its real estate business outside Makkah Al Mukarramah.
- b. Develop the land plots located within zones 5, 6 and 7 at Jabal Omar, Makkah Al Mukarramah.
- c. Incur any financial indebtedness that exceeds SAR 16.11 billion (or the equivalent in any other currency).

The Transaction Agreement also contained a number of representations and warranties provided by the Company to the Fund Manager, including but not limited to the following:

1. The Company has no current or threatened lawsuits, claims, complaints, or investigation procedures which could have a material adverse impact on the Company's ability to implement its obligations under the Transaction Agreement or any other agreements entered into under the terms and conditions of the Transaction Agreement.
2. The Company's consolidated audited financial statements for the financial year ended on 31 December 2020G, and its unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G, present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the date of this Circular. The financial statements also show the Company's financial performance and consolidated cash flows for the same period in accordance with International Financial Reporting Standards that are endorsed in KSA and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).
3. Its summarised financial results for the financial year ending 31 December 2021, as announced on 31 March 2022, except as disclosed in the announcement, present fairly, in all material respects, a summary

of the consolidated financial position of the Company and its subsidiaries as at 31 December 2021, and its summarised consolidated financial performance and its summarised consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in KSA and other standards and pronouncements that are endorsed by SOCPA; and there will be no changes to the figures contained in such announcement as well as to the emphasis of matter and qualified opinion languages (including in respect of net profit after zakat and tax, and total shareholders' equity) when the Company's audited financial results for the financial year ending 31 December 2021 are published.

4. As of the date of the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G, there has been no event, change, occurrence or development which, individually or together with any other event, change, occurrence or development, has, would or could reasonably be expected to have, a material adverse effect on the ability of the Company to perform its obligations under the Transaction Agreement or any agreement entered into pursuant to the terms of the Transaction Agreement.
5. In the case of land plot (S7) within the Jabal Omar masterplan of the Company, that the Company has the full right to use, develop or sell it unencumbered by the Central Cooling District Company (a joint venture between the Company and Saudi Tabreed Company to provide cooled water to residential and commercial areas within the Jabal Omar Project).
6. Other than in the ordinary and usual course of business, and the debt financing in effect as of the date of the Transaction Agreement, there is no outstanding guarantee, indemnity, suretyship or security given by the Company.
7. Apart from normal debt collection, the Company is not engaged or proposing to engage in any litigation, arbitration, prosecution or other legal proceedings, and there are no claims or actions (whether criminal or civil) in progress, outstanding, or so far as the Company is aware pending or threatened against the Company, any of its assets or any of its directors or in respect of which the Company is liable to indemnify any party, in each case which could reasonably have a material adverse effect on the ability of the Company to perform its obligations under the Transaction Agreement or any agreement entered into pursuant to the terms of the Transaction Agreement.
8. No governmental or official investigation or inquiry concerning the Company is in progress or threatened and, so far as the Company is aware, there are no circumstances which are likely to give rise to any such investigation or inquiry that could reasonably have a material adverse effect on the ability of the Company to perform its obligations under the Transaction Agreement or any agreement entered into pursuant to the terms of the Transaction Agreement.
9. The books, registers and records (including all accounting records) of the Company are, in all material respects and in the context of the Company's business as a whole, materially complete and accurate and up to date and maintained and retained in accordance with relevant laws and regulations.
10. As at the date of the Transaction Agreement, the Company's outstanding capital commitments of SAR 3,928,000,000 (as of the date of the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G) have not increased by more than SAR 300,000,000.
11. No steps have been taken or proposed in relation to the winding up, bankruptcy, administration, insolvency or dissolution of the Company, nor has any analogous procedure or step been taken or proposed in any jurisdiction in relation to the Company, nor has any analogous procedure or step been taken or proposed in any jurisdiction in relation to the Company.
12. No administrator, receiver, administrative receiver, liquidator, compulsory manager or similar officer has been appointed in respect of the Company or any of its respective assets, and no steps intended to result in such an appointment have been taken.
13. The Company is not insolvent or bankrupt under the laws of its jurisdiction of incorporation and it does not expect that, in the twelve (12) months after the date of the Transaction Agreement, its current liabilities to exceed its current assets.
14. No step has been taken towards enforcement of any security over any asset of the Company.
15. The Company is publicly listed on the Saudi Stock Exchange (Tadawul) and has no intention to cancel its publicly listed status.



## 12.5 Termination of the Transaction Agreement

The Transaction Agreement shall terminate with immediate effect, and all rights and obligations of the parties pursuant to the Transaction Agreement shall cease if any of the following events occur:

1. If either party provides written notice to terminate the Transaction Agreement to the other party as a result of a material breach by the other party of the terms of the Transaction Agreement (which is not remedied within a reasonable time (to the extent such breach is capable of remedy), including:
  - a. a material breach by a party of any of the obligations set out under Clause (4) of the Transaction Agreement related to the preparation and submission of the required documents to the relevant regulators (including the CMA) and the provision of all information required to enable the other party to prepare such documents.
  - b. a material breach by a party of any of the conduct of business restrictions (as set out in Section (12.4.5) of this Circular) without obtaining the consent of the other party.
  - c. A material breach by a party of any of the warranties provided by each of the parties to the other (as set out in Section (12.4.6) of this Circular).
  - d. The occurrence of a Material Adverse Event.
  - e. The shareholders of the Company not approving the Transaction Resolutions at the EGM.
  - f. The Effective Date does not occur prior to or on the long-stop date (which is six (6) months as of the date of the Transaction Agreement) unless the parties agree on another date, in writing).
  - g. The failure to satisfy or waive the conditions of the Transaction Agreement under the terms of the Transaction Agreement on or before the long-stop date (which is six (6) months as of the date of the Transaction Agreement) or such extended period as may be agreed in accordance with the Transaction Agreement.
2. The mutual agreement between the parties to terminate the Transaction Agreement in writing.

Upon termination of the Transaction Agreement, all rights and obligations of the parties under the Transaction Agreement shall lapse except for those arising prior to the termination date of the Transaction Agreement.

## 12.6 Litigation Against the Company

The Company and its Subsidiaries are involved in a number of existing litigation cases or claims, which are within their ordinary course of business. However, none of these cases and claims (including any existing or potential lawsuits) could have a material impact on the business and financial positions of the Company or its Subsidiaries. The Company has previously submitted its Zakat and income tax returns to the Zakat, Tax and Customs Authority up to the financial year 2021G, and the Zakat, Tax and Customs Authority has issued a number of additional assessments to the Company with an additional obligation of six hundred and sixty-eight million and eight hundred thousand Saudi Riyals (SAR 668,800,000) for the years from 1427H until 2020G. The Company has submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committees. The Company has also registered Zakat due in the amount of SAR 274,000,000 as of 31 December 2021G, noting that the objection is still under consideration as of the date of this Circular.

## 12.7 Bankruptcy

None of the Company's Directors, Senior Executives, or the Board secretary has been subject to any bankruptcy action.

## 12.8 Insolvency

None of the Company's Directors, Senior Executives, or the Board secretary has, in the preceding five years, been employed by any insolvent company in a managerial or supervisory capacity.

# 13

## Expert Statements

The advisors, whose names are stated in Section (4) ("**Company Directory**"), have given and not withdrawn their written consent, until the date of this Circular, to the reference of their names, addresses, logos, and statements in form and the context contained in this Circular. None of the advisors have any shares or interests of any kind in the Company or any of its Subsidiaries. No expert statements were included in the Circular.

# 14

## Expenses

The Company will bear all expenses and costs related to the Debt conversion and the completion of the Transaction, which are estimated at approximately SAR 15,803,897. These expenses include the fees of the Financial Advisor, the Legal Advisor, the Auditors and other advisors, as well as the government authorities related fees and other expenses related to marketing, printing, and distribution, and all other Transaction related costs or expenses.

# 15

## WAIVERS

The Company has not applied to the CMA for exemptions from any of the requirements of the Rules on the Offer of Securities and Continuing Obligations in relation to the increase of the capital of the Company by way of debt conversion.

## Documents Available for Inspection

The Company will provide copies of the following documents for review at its headquarters in Makkah in Al Hamra neighbourhood, Chamber of Commerce Building, Al Takhasusi District, Makkah-Jeddah Highway and its branch in Jeddah at The Headquarters Business Park Tower, Al Shati District, Corniche Road during normal working hours from 10/1/1444H (corresponding to 8/8/2022G) (provided that such period shall not be less than fourteen (14) days prior to the date of the EGM) until the date of the Company's EGM in relation to the Transaction, which is expected to be held on 27/1/1444H (corresponding to 25/8/2022G):

1. Transaction Agreement.
2. The Company's unaudited pro forma condensed consolidated financial information for the three-month and nine-month periods ended on 30 September 2021G.
3. Consent letters from the advisors and auditors on the use of their names, logos, and statements in this Circular.
4. A statement on the origin of the Debt subject of the Transaction and its amount, signed and approved by the Company's Board and its external auditor, Ernst & Young Professional Services Company (LLC).