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الأندلس العقارية
Alandalus Property

Date: 01/09/1442 Hijri.
Corresponding to: 13/04/2021.

Dear shareholders of Al-Andalus Real Estate Company
May Allah's peace, mercy and blessings be upon you,

based on the requirements of Article 71 of the Companies Law and Paragraph 9 of Article 27 of the Corporate Governance Regulations, we would like to inform your esteemed association of the business and contracts with the Company in which some members of the Board of Directors have an interest. The details related to the names of those involved in such business and contracts and the nature, terms, duration and amount of such business or contracts, will be determined as shown in the attachment. Attached hereto the report of the external auditor of the Company in this regard.

Chairman of Board of Directors,

Mr. Abdulsalam Bin Abdulrahman Alaqil.



- ❖ The business and contracts that will be concluded between the Company and Al-Hayat Real Estate Company (affiliate), (the management contract) in which the Vice Chairman of the Board of Directors, Eng. Saleh bin Muhammad Al-Habib, a member of the Board of Directors of Al-Hayat Real Estate Company has an indirect interest as a board member in Al-Hayat Real Estate Company. Also, there is an indirect interest for a member of the Board of Directors, Mr. Hathal bin Saad Al-Otaibi, a member of the board of directors in Al-Hayat Real Estate Company, noting that the nature of the contract is that the Company takes over the management of Hayat Mall Center and that Al-Hayat Real Estate Company charges you its share of direct general and administrative expenses related to the management of this center with nil consideration, fees or charges. The contract period is five calendar years starting from 2/8/2020 and is renewed automatically, and the total amounts charged to Al-Hayat Real Estate Company in exchange for its share of direct general and administrative expenses related to the management of this center during the year 2020 amounted to SR16,916,839, noting that there are no preferential conditions in this contract. (Attached)
- ❖ The business and contracts that will be concluded between the Company and Al-Hayat Real Estate Company (affiliate) in which the Vice Chairman of the Board of Directors, Eng. Saleh bin Muhammad Al Habib, a board member in Al-Hayat Real Estate Company has an indirect interest as a board member in Al-Hayat Real Estate Company. There is also an indirect interest for a member of the Board of Directors, Mr. Hathal bin Saad Al-Otaibi, a member of the board of Al-Hayat Real Estate Company, noting that the nature of the contract is that Al-Andalus Real Estate Company manages, operates and leases the commercial center of the Company in Riyadh called " Hayat Mall " in exchange for fees specified in the contract (specific percentages of the total income of the center and the amounts collected from tenants) . The period of the contract is from (01/01/2021 until 12/31/2022) and it is renewed automatically, and the total amounts due to Al-Andalus Real Estate Company during the year 2020 in exchange for management, operation and leasing services amounted to SR 4,501,418, noting that there are no preferential conditions in this contract. (Attached)



KPMG Professional Services

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Headquarter

Commercial Registration No. 10104245494

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المركز الرئيسي

سجل تجاري رقم 1010425494

Independent Limited Assurance Report

To the Shareholders of Al-Andalus Property Company

Upon request of the management of Al-Andalus Property Company (the "Company"), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Regulations for Companies and presented by the Chairman of Al-Andalus Property Company (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2020 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Saudi Arabian Regulations for Companies issued by MOCI (1437H -2015).

Management Responsibility

The Management and the Chairman of the Company are responsible for the preparation and appropriate presentation of the Subject Matter in accordance with the Applicable Criteria. Further, the Company's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Independent Limited Assurance Report

To the Shareholders of Al-Andalus Property Company (continued)

Independence and quality controls

We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject matter, nor of the underlying records or other sources from which the Subject matter was extracted. Accordingly, we do not express such an opinion

Our procedures included, but are not limited to:

- Obtaining the BOD chairman's list that includes all kind of business and contracts performed by any of the BOD members of the Company either directly or indirectly in the favor of the Company during the year; (Appendix 1);
- Reviewing the BOD's minutes of meetings that indicate member notification to the BOD on the business and contracts performed by the BOD member; and further that the concerned Board Member did not vote on the resolution issued in this regard at the meetings of the BOD and shareholders assembly;
- Obtaining the required approvals on the transactions included in the Chairman's declaration (Appendix 1);
- Matching the total transaction amounts in the attached (Appendix 1) with the total transactions included in the financial statements disclosures as of 31 December 2020.

Limited Assurance Conclusion

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our report

Our report is prepared upon the request of the Company's management to be presented to the shareholders in their ordinary General Assembly Meeting in accordance with the requirements of Article (71) of the Saudi Arabian Regulations for Companies and should not be used for any other purpose.

KPMG Professional Services

Khalil Ibrahim Al Sedais
License No.: 371



Riyadh on: 28 April 2021
Corresponding to: 16 Ramadan 1442H

Engagement by members of the Board of Directors in business activities that are or would be competitive with any of the Company's lines of business

Concerned Company	Director's role in the concerned company		Concerned Company's Field of Business	Competitive with the Company's business
	Director/ Manager	Owner (direct ownership)		
1 - Mr. Abdul Salam bin Abdul Rahman Al-Aqeel				
Kinan International Real Estate Development Co.	Yes	Yes	Real Estate	Yes, competitive
Asala Holding Company	Yes	NO	Real Estate	Yes, competitive
Borouj International Company	Yes	NO	Real Estate	Yes, competitive
Future Markets Company Ltd.	Yes	Yes	Real Estate	Yes, competitive
Alaswaq Almotatwerah Company	Yes	NO	Real Estate	Yes, competitive
Future Homes Company	Yes	Yes	Real Estate	Yes, competitive
Khomasiat Taba Company	Yes	Yes	Real Estate	Yes, competitive
Khomasiat Taibah Company	Yes	Yes	Real Estate	Yes, competitive
Sorouh Centers Company	Yes	NO	Real Estate	Yes, competitive
Hamat Holding Company	Yes	Yes	Real Estate	Yes, competitive
International Real Estate Investment Company	Yes	Yes	Real Estate	Yes, competitive
Azan Sabya Company Ltd.	Yes	Yes	Real Estate	Yes, competitive
Rayouf Tabuk Company Ltd.	Yes	Yes	Real Estate	Yes, competitive
Ideal Suburb Real Estate Development and Investment Company	Yes	Yes	Real Estate	Yes, competitive
Dhahran Waves Company	Yes	Yes	Real Estate	Yes, competitive
South Caddy Company Ltd.	Yes	Yes	Real Estate	Yes, competitive
2- Eng. Saleh Muhammad Al-Habibal				
Asalah Holding Company	Yes	No	Real Estate	Yes, competitive
Mohammed Abdulaziz AlHabib & Sons Holding Co	Yes	Yes	Real Estate	Yes, competitive
Hayat Real Estate	Yes	No	Real Estate	Yes, competitive
Mohammad ElHabib Real Estate	Yes	Yes	Real Estate	Yes, competitive
Alaswaq Almotatwerah Company	Yes	NO	Real Estate	Yes, competitive
AlJawhara AlKobra Company	Yes	NO	Real Estate	Yes, competitive
Sorouh Centers Company	Yes	NO	Real Estate	Yes, competitive
Hamat Holding Company	Yes	NO	Real Estate	Yes, competitive
Borouj International Company	Yes	NO	Real Estate	Yes, competitive
High Stars Trading Development Company	Yes	Yes	Real Estate	Yes, competitive
Saleh Al Habib Real Estate Development Co.	Yes	Yes	Real Estate	Yes, competitive
Saleh Al Habib Real Estate Investment Co	Yes	Yes	Real Estate	Yes, competitive
Gwaem Real Estate Development Co.	Yes	Yes	Real Estate	Yes, competitive
Asalah Centers Company	Yes	Yes	Real Estate	Yes, competitive
Abhur Northern Comapny	Yes	Yes	Real Estate	Yes, competitive
Araqa Centers Company	Yes	Yes	Real Estate	Yes, competitive
Jawaher Western Company	Yes	Yes	Real Estate	Yes, competitive
Green Diamond Company	Yes	Yes	Real Estate	Yes, competitive



Annual Audit Committee Report - 2020

To Shareholders of Al-Andalus Real Estate Company

The Audit Committee is pleased to submit its annual report for the financial year ending on December 31, 2020, in accordance with the controls regulating the nature of the committee's work and in accordance with the relevant laws and regulations, which includes a report on its opinion regarding the adequacy of the company's internal control system and what the audit committee did in terms of intervention. Within the scope of its competence, it is worth noting that the committee held (4) meetings during the year 2020.

❖ Summary of Work

1. Financial Reporting

- The AC reviewed the initial and annual financial statements of the company before submitting them to the Board of Directors, expressing opinion about them and recommending them.
- The AC provided a technical opinion on whether the report of the Board of Directors and the financial statements of the company are fair, balanced, and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- The AC reviewed the accounting policies, estimates and the zakat position, and express opinion and recommendation to the Board of Directors regarding them.

2. Internal Audit

- The AC reviewed and discussed the internal audit reports, follow up on the implementation of its recommendations, and review the adequacy of the internal control systems.
- The AC reviewed and discussed the quarterly corrective actions follow-up reports, and the annual report on the work of the internal audit department.
- The AC verified the independence of the internal audit department and the effectiveness of the audit work, in line with the relevant standards.

3. External Audit

- The AC reviewed Study the company's auditor's plan, scope and follow up on its implementation.
- The AC verified the independence and objectivity of the auditor and the effectiveness of the audit process, considering the relevant professional and regulatory requirements.
- The AC reviewed the auditor's notes on the company's financial statements and follow up on what has been done with the executive management.
- The AC Discussed the impact of the Coronavirus (COVID-19) pandemic on the financial statements, potential events, and the extent of response to them.

4. Compliance

- Verify the company's compliance with the relevant laws, regulations, policies and instructions, and the rules and standards of corporate governance.

❖ AC Opinion

In light of the aforementioned scope of work and based on the periodic reports submitted by the internal audit department, the external auditor, the executive management of the company and the management's assurances about the integrity of the company's control system, the audit committee did not discover any material matters of significant impact that may require disclosure of the financial year Ending on December 31, 2020.

On behalf of the Audit Committee

The Audit Committee Chairman

DR. Abdulrahman Albarrak

January 3, 2021 Riyadh



The Audit Committee's decision in pass No. 09 / T / 2021

Regarding nominating external auditors to audit the company's accounts

Sunday 20 Ramadan 1442 AH corresponding to 02 May 2021 AD

The audit committee of Al-Andalus Property Company deliberated its decision regarding nominating external auditors to audit the company's accounts for the fiscal year ending on December 31, 2021 AD, and the first quarter of the year 2022 AD and determined its fees, and after the audit committee studied the evaluation report of the bids received and reviewed by a committee designated for this purpose in The company, the best offers received were identified as follows:

#	Name of candidate accounting firm	Value SR	Fees include
1	Ibrahim Hamad Al-Bassam & Partners PKF	450,000	Review the annual and quarterly lists *
2	Al Fozan & Partners KPMG	550,000	Review the annual and quarterly lists *
3	Price water house Coopers PWC	1,100,000	Review the annual and quarterly lists *

Based on Article (81) of the Corporate Governance Regulations issued by the Capital Market Authority, the Audit Committee recommends to the Board of Directors to take the decision to nominate the above auditors to the General Assembly to select one of them and determine its fees.

Chairman of the committee

Dr. Abdulrahman bin Muhammad Al-Barrak



Secretary of the Committee

Mr. Abdulrahman bin Abdulaziz Alshaye



Committee Member

Mr. Saleh bin Abdullah Al Yahya

Committee Member

Alaa bin Abdullah Al-Fada

