



**Arabian Centres Co.**  
**AGM Agenda – 30 September 2020**

1. Voting on the Board of Directors Report for the financial year ended 31/03/2020.
2. Voting on the Company's Auditor's Report for the financial year ended 31/03/2020.
3. Voting on the Company's Consolidated Financial Statements for the financial year ended 31/03/2020.
4. Voting on discharging the Board of Directors members from their liabilities related to the management of the company during the financial year ended 31/03/2020.
5. Voting on the distributed cash dividend to the shareholders for the first and second half of the financial year ended 31/03/2020, amounted to SAR 665 million, with a total of SAR 1.4 per share, which is 14% of the Company's Capital. (Attached)
6. Voting on delegating the Board of Directors to distribute interim dividend, either semi-annually or quarterly, for the upcoming financial year ending 31/03/2021.
7. Voting on appointing an external auditor for the Company among the nominees based on the recommendation of the Audit Committee, to review and audit the Company's quarterly and annual financial statements for the second, third and annual periods of financial year ended 31/03/2021. In addition, the first quarter of financial year ended 31/03/2022, and determine their fees.
8. Voting on the payment of a remuneration to the Board of Directors members amounting to SAR 1,800,000 for the financial year ended 31/03/2020.
9. Voting on the Board of Directors' decision of appointing Mr. Ahmed Demerdash Badrawi as a member of the Board of Directors (Non-Executive) in the vacant seat from 15/07/2020 until the end of the current BoD term on 18/06/2022. (CV Attached)
10. Voting on approving the Nomination and Remuneration Committee's Charter and its guidelines, procedures, tasks, member selection rules, membership term and remuneration. (Attached)
11. Voting on the Remuneration and Compensation Policy of the Board of Directors members, committees and Senior Executives. (Attached)
12. Voting on the formation of the Audit Committee for its upcoming new term and its work guidelines, tasks and its membership remuneration, which shall start from the date of this AGM on 30/09/2020 till the end of the current BoD term on 18/06/2022. Noting that the nominated members (CV Attached) are:
  - Dr. Bernard Higgins
  - Mr. Nadim Mustafa Shabsogh
  - Mr. Fahad Ibrahim Al-Khorayef
13. Voting on several Framework Agreements between the Company and a number of Related Parties. (Attached)
14. Voting on delegating the AGM authority to approve related parties transactions to the Board of Directors, as stated in paragraph (1) of Article 71 of the Companies Law for a period of one year from the date of approval of the AGM or until the end of the Board of Directors term, whichever is earlier, and according to the conditions stated in the Regulatory Rules and Procedures issued by the CMA pursuant to the Companies Law relating to Listed Joint Stock Companies.



15. Voting on the businesses and contracts that have been concluded between the Company and Fawaz Abdulaziz Al-Hokair and Partners Company, where the BoD members Mr. Fawaz Al-Hokair, Eng. Salman Al-Hokair and Mr. Omar Al-Muhammadi have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 350,914,140. And authorizing the same for the next financial year. (Attached)
16. Voting on the businesses and contracts that have been concluded between the Company and Food and Entertainment Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 20,603,944. And authorizing the same for the next financial year. (Attached)
17. Voting on the businesses and contracts that have been concluded between the Company and Billey Games Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 5 to 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 15,360,265. And authorizing the same for the next financial year. (Attached)
18. Voting on the businesses and contracts that have been concluded between the Company and Fawa Fawaz Alhokair and Partners Real Estate Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are construction & development contracts of commercial centers of the company in various cities of the Kingdom, without preferential terms, with periods ranging from 1 to 3 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 331,905,340. And authorizing the same for the next financial year. (Attached)
19. Voting on the businesses and contracts that have been concluded between the Company and Tadarees Najd Security Establishment, where the BoD member Eng. Salman Al-Hokair has an indirect interest in, which are security services contracts for all the commercial centers of the company, without preferential terms, for a period of one year, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 57,278,571. And authorizing the same for the next financial year. (Attached)
20. Voting on the businesses and contracts that have been concluded between the Company and NESK Trading Project Company, where the BoD members Mr. Fawaz Al-Hokair, Eng. Salman Al-Hokair and Mr. Omar Al-Muhammadi have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 77,441,233. And authorizing the same for the next financial year.
21. Voting on the businesses and contracts that have been concluded between the Company and Food Gate Trading Company, where the BoD members Mr. Fawaz Al-Hokair and Eng.



- Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 1 to 3 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 15,313,237. And authorizing the same for the next financial year. (Attached)
22. Voting on the businesses and contracts that have been concluded between the Company and Etqan Facility Management Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are facility management services contracts all the commercial centers of the company, without preferential terms, with a period of one year, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 36,818,438. And authorizing the same for the next financial year. (Attached)
  23. Voting on the businesses and contracts that have been concluded between the Company and Abdulmohsen Alhokair for Tourism & Development Group, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 7 to 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 26,834,371. And authorizing the same for the next financial year. (Attached)
  24. Voting on the businesses and contracts that have been concluded between the Company and Next Generation Company Limited, where the BoD member Mr. Fawaz Al-Hokair has an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods reaching to 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 25,848,736. And authorizing the same for the next financial year. (Attached)
  25. Voting on the businesses and contracts that have been concluded between the Company and Coffee Centres Trading Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 831,827. And authorizing the same for the next financial year. (Attached)
  26. Voting on the businesses and contracts that have been concluded between the Company and Azal Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 6,348,816. And authorizing the same for the next financial year. (Attached)
  27. Voting on the businesses and contracts that have been concluded between the Company and Skill Innovative Games, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces



- in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods reaching to 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 4,074,149. And authorizing the same for the next financial year. (Attached)
28. Voting on the businesses and contracts that have been concluded between the Company and Innovative Union Co. Ltd., where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 8,861,644. And authorizing the same for the next financial year. (Attached)
  29. Voting on the businesses and contracts that have been concluded between the Company and FAS Tech Trading Company, where the BoD member Eng. Salman Al-Hokair has a direct interest in, which are Information Technology service contracts, without preferential terms, with periods ranging from 1 to 2 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 2,136,265. And authorizing the same for the next financial year. (Attached)
  30. Voting on the businesses and contracts that have been concluded between the Company and Kids Space Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods reaching to 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 2,458,890. And authorizing the same for the next financial year. (Attached)
  31. Voting on the businesses and contracts that have been concluded between the Company and Fashion District Trading Co., where the BoD member Eng. Salman Al-Hokair has an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 1 to 3 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 17,279,328. And authorizing the same for the next financial year. (Attached)
  32. Voting on the businesses and contracts that have been concluded between the Company and Via Media, where the BoD member Eng. Salman Al-Hokair has an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 1 to 3 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 18,427,930. And authorizing the same for the next financial year. (Attached)
  33. Voting on the businesses and contracts that have been concluded between the Company and Nail Place Trading Est., where the BoD member Mr. Fawaz Al-Hokair has an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 3 to 5 years, where the value of transactions for the financial



- year ended 31/03/2020 amounted to SAR 2,447,522. And authorizing the same for the next financial year. (Attached)
34. Voting on the businesses and contracts that have been concluded between the Company and Majd Business Co. Ltd., where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 3 to 7 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 1,069,546. And authorizing the same for the next financial year. (Attached)
  35. Voting on the businesses and contracts that have been concluded between the Company and Ezdihar Sports Co., where the BoD member Mr. Fawaz Al-Hokair has an indirect interest in, which is one lease contract for a rental space in one of the commercial centers belonging to the company, without preferential terms, with a period of 10 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 4,054,403. And authorizing the same for the next financial year. (Attached)
  36. Voting on the businesses and contracts that have been concluded between the Company and Saaf Trading Co., where the BoD member Eng. Salman Al-Hokair has an indirect interest in, which are lease contracts for rental spaces in several commercial centers belonging to the company in various cities of the Kingdom, without preferential terms, with periods ranging from 2 to 5 years, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 136,066. And authorizing the same for the next financial year. (Attached)
  37. Voting on the businesses and contracts that have been concluded between the Company and Saudi FAS Holding Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have a direct interest in them, which are transfers from Zakat dues, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 18,345,202. (Attached)
  38. Voting on the businesses and contracts that have been concluded between the Company and Saudi FAS Holding Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have a direct interest in them, which are payment of expenses related to the Initial Public Offering transaction, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 16,192,603. (Attached)
  39. Voting on the businesses and contracts that have been concluded between the Company and Saudi FAS Holding Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have a direct interest in them, which are payments to suppliers, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 45,607,280. (Attached)
  40. Voting on the businesses and contracts that have been concluded between the Company and Saudi FAS Holding Company, where the BoD members Mr. Fawaz Al-Hokair and Eng. Salman Al-Hokair have a direct interest in them, which are other paid expenses, where the value of transactions for the financial year ended 31/03/2020 amounted to SAR 1,469,622. (Attached)



المراكز العربية  
Arabian Centres

# **Audit Committee Annual Report**

Presented to the  
**General Assembly**

**For the Financial Year ended 2019-2020  
(April 1<sup>st</sup> 2019 to March 31<sup>st</sup> 2020)**

**September 20, 2020**

## INTRODUCTION

The Audit Committee (AC) report provides insights into the manner by which it has discharged its functions and duties for Arabian Centres Company (ACC) during the financial year 2019-2020 (April 1<sup>st</sup>, 2019 to March 31<sup>st</sup>, 2020).

The AC was formed on 14 November 2017 by ACC Board of Directors (Board) resolution which was later approved by the General Assembly (GA) on 6 December 2017.

AC comprises three members:

1. Dr. Bernard Higgins (AC Chairperson and Independent Board member)
2. Mr. Fahad AlKhorayef (Independent)
3. Mr. Nadim Shabsogh

ACC is currently in compliance with article 54 of Capital Market Authority (CMA) Corporate Governance Regulations, which require the audit committee to have at least one independent director and that no executive director is among its members. The AC believes that its current composition is sufficient to exercise their judgment in an informed and impartial manner to fulfil its mandated responsibilities; overseeing audited financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit and external audit processes assessment.

The Audit Committee has adopted appropriate formal terms of reference in its charter in line with the requirements of articles 54 to 59 of (CMA) Corporate Governance Regulations and section 9 of ACC corporate governance manual. The AC charter was also approved by the General Assembly on 6 December 2017. The Audit Committee should meet at least four times per annum as per its approved terms of reference and conduct its affairs in compliance with this charter.

## AUDIT COMMITTEE MEMBERS TENURE

The current Audit Committee members term expires on 6 December 2020. The Board of Directors, based on the Nomination and Remuneration Committee recommendation, approved the renewal of the current Audit Committee members term until the end of the current Board term (i.e. until 18 June 2022). The decision will be submitted to the GA for approval.

## AUDIT COMMITTEE MEETINGS

The Audit Committee held four (4) meetings during the financial year 2019-2020, as follows:

Meeting Date	Bernard Higgins	Nadim Shabsogh	Fahad Al-Khorayef
29 May 2019	Present	Present	Present
27 August 2019	Present	Present	Present
24 November 2019	Present	Present	Present
15 March 2020	Present	Present	Present



The Chief Executive Officer “CEO” was invited to most meetings. The Chief Financial Officer “CFO” was invited to meetings related to financial matters.

The internal audit director is the AC secretary and is responsible to arrange the meetings schedule with the AC chairperson and submit the minutes of all meetings for approval.

Audit Committee held a conference call with the external auditors on June 21, 2020 to discuss the financial statements audit process, management’s co-operation with the external auditors, their sharing of information and whether there were any unresolved issues. The AC chairperson also invited the external auditors to contact him at any time to report any incidents or matters that require AC’s support. No such matter was highlighted during FY 2019-2020.

Minutes of each Audit Committee meeting were approved by email, then tabled for signature at the following meeting and subsequently presented to the board.

### **SUMMARY OF AUDIT COMMITTEE ACTIVITIES- FINANCIAL YEAR ENDED 31 MARCH 2020**

The Audit Committee reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities as set out in its charter. The Audit Committee chairperson, who is also an independent member of the Board, regularly updates the Board on Audit Committee activities during each Board meeting.

The main activities undertaken by the Audit Committee during the year were as follows:

#### Financial Reporting:

- a. Reviewed the quarterly unaudited financial results of the company for the financial year 2019-2020, focusing particularly on significant changes to accounting policies and practices, significant or unusual events, compliance with accounting standards and other legal requirements prior to recommending the same to the Board of Directors for approval.
- b. Reviewed the annual audited financial statements of the Company for the financial year ending March 31, 2020 and discussed it with the external auditors and the Chief Financial Officer to ensure compliance with the provisions of the applicable financial reporting standards (IFRS as endorsed in KSA) and that there are no unresolved issues, prior to recommending the same for Board approval.
- c. Audit Committee was satisfied with the external auditors’ unqualified opinion and recommended that the audited financial statements for the financial year ended March 31, 2020 be approved by the Board.

#### External Audit:

- a. Reviewed the performance and assessed the suitability of the external auditor independence in fulfilling their responsibilities; quality of processes and performance during the audit; and their communications with the Audit Committee.



- b. Discussed with the external auditor the audit process, level of management cooperation, audit results, significant audit issues and audit reports issued.
- c. Recommended to the Board on the appointment of external auditor and their remuneration for the financial year 2020-2021 and the first quarter of 2021-2022.

Compliance, Risk Management and Internal Controls:

- a. Reviewed and approved the enterprise risk management framework prepared by the risk management department and submitted it to the Board for approval.
- b. Reviewed the progress of the risk management function at ACC.
- c. Reviewed the major risks facing the Company and discussed those risks and their mitigation plans with the CEO and CFO to ensure significant internal controls are promptly implemented to mitigate the risks identified.
- d. Reviewed the contracts and related party transactions during the year to ensure compliance with the relevant laws, regulations, and related internal policies and reported its recommendations to the Board in connection therewith.
- e. Evaluated the overall adequacy and effectiveness of the system of internal controls during the financial year 2019-2020 based on the results of work performed by internal auditors and external auditors, which showed reasonable improvements over the year. The Audit Committee will continue its periodic assessment and reviews of the internal control system to ensure the achievement of the set objectives and to improve the efficiency and effectiveness of operations and compliance with applicable laws and regulations.

Internal Audit:

- a. Reviewed the adequacy of resources and reporting structure of the internal audit department to execute the audit plan effectively and independently.
- b. Approved the annual internal audit plan for the financial year 2020-2021.
- c. Held several meetings with the Internal Audit Director during the year to ensure that his functions are executed effectively and objectively and independently from management.
- d. Reviewed internal audit findings arising from the work carried out by the internal audit and other outsourced service providers for special engagements.
- e. Followed up on management commitment to implement corrective remedial actions and measures as recommended by internal audit reports and agreed by management.
- f. The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audits. The internal audit department was observed to perform its work in accordance with its annual plan 2019-2020 as approved by the Audit Committee.

## **INTERNAL AUDIT FUNCTION**

The internal audit director reports independently to the AC and is guided by a formalized internal audit charter, also and the institute of internal auditors (IIA) international professional practice framework (IPPF).

The main responsibility of the internal audit function is to undertake independent assessments on the adequacy and effectiveness of internal controls.

The major activities undertaken by the internal audit function during 2019-2020 were as follows:

- Developed a risk based annual internal audit plan.
- Performed various audit missions in accordance with the plan. 19 audit reports were issued.
- Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes.
- Undertook follow up audits on the implementation of corrective action plans to ensure all previous audit findings highlighted are adequately addressed by management. The overall rate of implementation is at 81% (70% fully and 11% in progress).
- Identified areas of opportunities to improve operations and processes.
- Assisted the Audit Committee in discharging its duties.

During 2019-2020 and as per the internal audit plan approved by AC, the internal audit conducted review missions for the following areas; Human Resources, Accounts Receivable & Collection, Accounts Payable, Leasing Revenue, Related Parties Transactions, Site visits of malls, Fit Out and Handover, Facilities Management, Procurement, IT Asset Management, Petty Cash Expenses, Business Travel Expenses, Professional Services Expenses, in addition to following up on previous recommendations progress.

The results of all internal audit reviews together with recommendations were presented to the management for discussion and agreement was reached on necessary corrective action plans.

The director of internal audit presented the internal audit reports and observations to the Audit Committee and updated them on the status of ongoing audits. Relevant management personnel were invited when required.

The AC allocated a reasonable budget to enable the internal audit team to attend briefings, conferences and seminars organized by relevant professional bodies in order for the team to be updated on latest developments in auditing standards locally and globally.

Audit Committee Chairperson

Bernard Higgins  
September 20, 2020



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### Attachment for Item (5):

A statement of the details of the dividends distributed during the fiscal year ended on 31 March 2020, approved by a decision of the Board of Directors:

Distribution period	Total Amount of Dividend Distributed (SAR Mn)	Number of Shares Eligible for Dividends	Dividend per share (SAR)	Percentage of Dividend to the Share Par Value (%)	Eligibility date	Distribution Date
First half	427.5	475 Million Shares	0.9	%9	16/12/2019	30/12/2019
Second half	237.5		0.5	%5	16/7/2020	27/7/2020
<b>Total</b>	<b>665</b>		<b>1.14</b>	<b>%14</b>	-	

**Attachment for Item (9):  
Appointed BoD member CV**

<b>A- The Candidate's Personal Information</b>						
<b>Full Name</b>	Ahmed Demerdash Badrawi					
<b>Nationality</b>	Egyptian	<b>Date of Birth</b>	23/10/1969			
<b>B- Educational Qualifications</b>						
#	Certificate/Degree	Major	Date	College / Institution		
1	Senior Executive Program for the Middle East	Business	2003	Harvard Business School		
2	The College of Law	Law	1991	Guildford		
<b>C- Work Experience</b>						
Period	Experience					
2019-present	Vice Executive Chairman – Marakez Egypt, Fawaz Alhokair Group					
2015-2019	Chief Executive Officer – Marakez Egypt, Fawaz Alhokair Group					
2006-2015	Chief Executive Officer – Sixth of October Development and Investment Company (SODIC), Egypt					
<b>D- Any other <u>Current</u> Board or Committees Memberships (for Listed and Non- Listed Companies)</b>						
#	Company	Activity	Executive, Non-Executive, Independent	Personal / On Behalf of a Company	Committees Membership	The Company Legal Form
1	Marakez investment	Investment Real estate	executive	Personal	-	Non-listed
2	Marakez aldalta	Investment Real estate	executive	Personal	-	Non-listed
3	Marakez alskhnah	Investment Real estate	executive	Personal	-	Non-listed
4	Marakez new cairo	Investment Real estate	executive	Personal	-	Non-listed
5	Marakez Tourism investment	Tourism investment	executive	Personal	-	Non-listed
6	Marakez development	Investment Real estate	executive	Personal	-	Non-listed
7	Marakez commercial chain	Investment Real estate	executive	Personal	-	Non-listed



**Attachment of Item (10):**

**Nomination and Remuneration Committee's Charter and its guidelines, procedures, tasks, member selection rules, membership term and remuneration**

ARABIAN CENTRES COMPANY (ACC)

# Nomination and Remuneration Committee Charter

July 2020

**DISCLAIMER:**

*This English version of this charter is a translation of the original Arabic document and has been made for information purpose for Non-Arabic speakers. In case of any discrepancy or misinterpretation, the original Arabic document of the said charter shall prevail.*

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## Introduction

- The Nomination and Remuneration Committee Charter (“Committee”) shall carry out the duties stated in this Charter.
- This Charter shall state the Committee’s scope of work, structure and mandates.
- To ensure Company’s alignment with best practices in corporate governance, the Committee shall periodically review this charter, and submit its recommendations to the Board of Directors (“Board”) for approval.
- The Board shall assess the Committee performance on a regular basis, and submit any recommendation for improving the Committee’s performance.

## Committee Functions and Responsibilities

The main function of the Nomination and Remuneration Committee is to identify qualified candidates for membership on the Board of Directors, who meet the conditions set for membership, as well as to assist the Board in establishing a proper governance system and build the necessary policies and procedures. The scope of the Committee’s work includes all actions that enable it to fulfill its functions, including:

1. Identify qualified candidates and nominate them to the Board of Directors.
2. Conduct an annual review of Board membership requirements, which shall include the candidates’ capabilities, experience and availability to fulfill their Board responsibilities.
3. Review the structure of the Board and propose required changes thereto beneficial to the Company’s interests.
4. Nominate candidates for the positions of CEO and Managing Director, as well as nominate Committee members for approval by the Board of Directors or the General Assembly (if required by applicable laws and regulations).
5. Review the approval policies and procedures for Board membership prior to their adoption through the General Assembly.
6. Monitor the independence of independent Board members and monitor any conflicts of interest on an annual basis.
7. Review the preparatory materials and training courses destined to new Board members.
8. Establish clear policies regarding the remuneration of Board Members, Committees Members, and Senior Executives.
9. Review the proposed plans for filling the key executive vacancies.
10. Review and approve the Company’s overall structure of rewards and privileges, which includes employment grades, structure of wages and privileges, as well as rewards and incentives associated with performance.
11. Initially approve changes to the remuneration of the CEO, the Managing Director, Board of Directors and Committees Members.
12. Approve extraordinary remuneration for the Senior Executives and, initially approves the CEO’s remuneration before submitting it to the Board for the final approval.

## Organizing Committee Business

### ■ Committee Formation

The nomination and remuneration committees shall be combined into one committee named Nomination and Remuneration Committee, and shall be formed by the Board of Directors and consist of at least (3 members, pursuant to the following:

1. Committee members shall be Non-Executive Directors, and at least one member shall be Independent Director.
2. The Chairman of the nomination and remuneration committee shall not be a Chairman of another Committee.
3. Committee members shall have proper scientific qualifications and training, as well as familiarity with the administrative aspects and nature of the ACC’s activity.

4. The Nomination and Remuneration Committee shall be formed by a decision of the Company's Board of Directors. The Company's General Assembly, as per the Board recommendation, issues a charter for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.

#### ■ Appointing or Removing Members

1. The Board shall appoint Committee members for a three-year term and take the necessary measures to enable the Committee to carry out its functions, including providing the Committee, in an unrestricted fashion, with all data, information, reports, records, correspondences or other matters which the Committee deems necessary.
2. Committee members may be reappointed for an additional term.
3. Committee members may be dismissed pursuant to a Board resolution in the following cases:
  - a) The member requested being relieved from membership duties.
  - b) The member's abuse of his Committee position or misconduct occurs which the Board deems detrimental to the objectives and reputation of the Company in general and the Committee in particular.
  - c) The member fails to attend three consecutive meetings without providing a valid excuse acceptable to the Board of Directors.
4. Upon expiry of a membership during the Committee's term, due to death, resignation, disability or termination, then the Board shall appoint another member to fill the vacancy, taking into account the relevant Committee's membership requirements. The combined terms of the member whose seat was vacated and the new replacement member, shall be deemed to represent one full term.

#### ■ Committee Chairman

1. In their first meeting at the beginning of each new session, or in case the Committee is re-formed, the Committee members shall select a chairman for their Committee who must be from among the Independent Directors.
2. Board Chairman may not be the Committee Chairman.
3. The Committee Chairman shall organize its meetings, specify the agenda of its meetings, and shall be acquainted with all the information and documents necessary for enabling the Committee to carry out its responsibilities.
4. The Committee Chairman or those he deputizes from amongst the Committee members, shall attend the General Assemblies to answer shareholders' questions relevant to the committee's mandate.
5. In case the Committee Chairman is not present, the attending members shall select one from among them to chair the meeting.

#### ■ Committee Secretary

1. The Committee shall appoint a Committee Secretary who shall be responsible for documenting the Committee meeting minutes, which shall include the discussions and deliberations carried during meetings, as well as the place, date, times on which the meetings commenced and concluded; and record the decisions of the Committee and voting results and retaining them in a special and organized register, and including the names of the attendees and the reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
2. The Committee Secretary shall prepare the agenda of the Committee meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items. He shall also notify the Committee members of the dates of the Committee's meetings within a sufficient period.
3. The Committee Secretary shall assist the Committee Chairman in preparing regular reports on the Committee's activities and works to be submitted the Board. The Committee Secretary shall also carry out any and all other duties assigned to him by the Committee.
4. The Committee Secretary cannot participate in any of the Committee decisions or in voting.

#### ■ Invitees

1. Only Committee members can attend its meetings. The Committee however, may invite other persons to attend any of its meetings or a part thereof as necessary, and those invitees shall not be entitled to vote at such meetings on any decision the Committee takes thereon.
2. Invitees may not take part in any discussion related to their appointment, benefits, terminating their services or any other matter related to them unless the Committee has invited them to discuss such matters specifically with them.
3. All persons invited to the Committee meetings shall maintain the confidentiality of such meetings, the documents and information that is shared with them, the contents of its discussions, and reviewing of documents of which the attendees have become aware of.

#### ■ Remunerations and Compensation of Committee Members

1. Remuneration of Committee members shall be as per company policy.
2. Company shall arrange air travel to members to attend committee meetings and shall reimburse expenses incurred by members to attend meetings.

### The Committee Meetings

#### ■ Meeting Invitation

1. The Committee shall meet as per committee chairman request or upon a request from two of its members.
2. The Committee shall meet at least twice per year (once every six months), or as necessary.
3. In a Committee meeting, if a member cannot attend in person, he may take part in its deliberations and vote on proposed resolutions using one of the modern technological means.
4. The invitations to the meeting shall be sent to each Committee member with sufficient notice time. Such an invitation shall be accompanied with the agenda and documents to be discussed at the meeting, and shall specify the time, date and place of the meeting.
5. Committee meetings shall be held at the Company head office or at any place the Committee Chairman selects.
6. The Committee Secretary shall, in coordination with the Committee Chairman and the Executive Management, prepare the agenda of the Committee meeting and schedule the topics to be discussed according to their significance and priority, which shall be revised and approved by the Committee Chairman before being distributed to Committee members.

#### ■ Quorum and Voting

1. Committee meeting shall not be a valid meeting unless attended by the majority of the Committee members.
2. A Committee member cannot assign another member to attend a Committee meeting on his behalf or to vote on his behalf.
3. Committee decisions shall be approved by majority of the members present at the meeting. In case of equal votes, the decision voted by the Chairman shall be final or he may postpone the decision for further study.
4. The Committee cannot issue its decisions by offering them to its members by circulation except in cases of urgent matters. Such decisions shall be considered valid and effective in case of the consent of at least two-thirds of the members unless for the request of one of the members for a meeting to review them. The decisions shall be put forward to the Committee's next first meeting for recording the same in the minutes of the meeting.

#### ■ Reports

1. Once approved, the minutes of the Committee meeting shall be accessible to any Board member along with the related documents.
2. The Committee shall provide recommendations to the Board regarding matters within the mandate of the Board of Directors, which affect the Committee duties.

## Resources and Sources of Information:

1. The Committee shall have access to any and all resources and information necessary for properly carrying out its functions, duties, and responsibilities.
2. The Committee shall be entitled to approve a consulting project contracts, directly, or ask Executive Management to award a consulting projects contract to a consulting firm that the Committee has chosen as the most suitable and fitting the nature of duties and responsibilities assigned to the Committee, in all such cases, the application of the company's Procurement Policy shall be required.

## General Provisions

1. This Charter shall be effective as of the date of its approval by the Board of Directors subject to the General Assembly approval.
2. No articles of this Charter shall be amended, omitted, or added thereto except upon the Board's approval.
3. This Charter shall supersede and replace any decisions not consistent with it.



المراكز العربية  
Arabian Centres

**Attachment of Item (11):**

**Remuneration and Compensation Policy of the Board of Directors members,  
committees and Senior Executives**



# Arabian Centres Company (ACC)

(Saudi Joint Stock company)

## Remuneration Policy for Board, Committees and Executive Management

**Note:** Amending this policy is the prerogative of the Nominations and Remunerations Committee Secretary after the Committee approval. The amended version must be approved by the Board of Directors before being submitted to the General Assembly and must be properly disclosed to the concerned parties.

**DISCLAIMER:**

This English version of this policy is a translation of the original Arabic document and has been made for information purpose for Non-Arabic speakers. In case of any discrepancy or misinterpretation, the original Arabic document of the said policy shall prevail.



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### INTRODUCTION

Referring to ACC Board of Directors' eagerness to follow the governance best practices, and as a part of the Board efforts to implement all the needed policies that embody the company's vision and showing its respect and appreciation for the value of hard work; and to support disclosure and transparency principles. And in accordance to the applicable laws and regulations Saudi Arabia, the "Remuneration Policy for Board, Committees and Executive Management" was prepared.

The main purpose of this policy is to assist the Board in performing its responsibilities regarding facilitating the company's operations in a transparent and commitment manner. And to comply with article (61) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), which stipulated that the Remuneration and Nomination Committee (NRC) shall "prepare a clear policy for the remunerations of the board members and its committees and the Executive Management, and presenting such policy to the board in preparation for approval by the General Assembly provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy "

### PURPOSE

The purpose of this policy is to stipulate and clearly outline the remuneration for the Board of Directors and its committee members and Executive Management in light of the Companies law and its requirements, ACC Bylaw and the Corporate Governance Regulations.

### GENERAL STANDARDS FOR REMUNERATION

The NRC responsibilities include recommending to the board the remuneration of the board, its committees, and the executive management in accordance with the approved criteria, as follows:

1. Be proportionate to the company's activities and the required skills for its management;
2. The variable part of the remuneration shall be linked to the long-term performance;
3. Remuneration shall be consistent with the strategy, objectives, the magnitude, nature and level of risks faced by the company;
4. Benchmarking shall be used to take into consideration the remuneration practices of other companies. The disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations shall be avoided;
5. Shall be prepared in coordination with the NRC with respect to new appointments;
6. Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance;
7. Be fair and proportionate to the board or committees member's activities carried out and responsibilities borne by the board or committees members, in addition to the objectives set out by the board to be achieved during the financial year;
8. Take into consideration the sector in which the company operates, its size and experience of its board members;

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9. Be reasonably sufficient to attract and retain highly qualified and experienced board members;
10. The remunerations of different board members may vary depending on the board members' experience, expertise, duties he/she undertakes, and independence and number of board meetings he/she attended in addition to other considerations.
11. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the board or the executive management to prevent the exploitation of the position to obtain undeserved rewards.
12. If the company developed a program to grant some of its shares to board members, Executive management and employees, whether a new issue or shares purchased by the company, the NRC shall supervise this program in light of the company's bylaws and the relevant CMA laws and regulations.

### THE BOARD MEMBERS REMUNERATION

1. The remuneration of ACC board members may consist of a specified sum; an attendance fee; expense fees; other in-kind benefits; a certain percentage of the net profits; or a combination of two or more of those benefits. In no event, the remuneration of a board member shall not exceed the limit stated in the Companies Law and shall be in line with the table stipulated herein and any amendments may take place in the future to be approved in line with relevant regulations.
2. The Annual Directors' report to the General Assembly shall include a comprehensive statement of all the amounts received by each board member during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services (if any). Such a report shall also include a statement of the number of the board meetings held and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.
3. Where the remuneration represents a certain percentage of ACC profits, provisions of article (76) of the Saudi Companies' Law shall be taken into consideration.
4. The remuneration of independent board members shall not be a percentage of the profits that are realized by ACC, nor shall it be based directly or indirectly on ACC profitability.

### THE COMMITTEES' MEMBERS REMUNERATION

1. The board shall determine and approve its committee's remuneration –excluding Audit committee -, attendance fees and other benefits based on the NRC recommendation.
2. Committee member remuneration shall comprise of an annual remuneration (a lump sum) and attendance fees, and other benefits as defined in this policy.
3. However, Audit committee members' remuneration shall be determined by the General Assembly based on the board's recommendation as per the regulations.

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4. When forming any Board's Committee, the number of seats that occupied by each Board member, shall be taken into consideration as the total amount paid for his/her membership on both board and committees, shall not exceed the statutory limit defined in the companies' law.

### EXECUTIVE MANAGEMENT'S REMUNERATION

The NRC shall review and approve the salary scale and the incentive scheme for all employees and executive management, on a regular basis, based on the management recommendations and the executive management remuneration includes:

1. Basic salary (to be paid on a monthly basis at the end of each Gregorian month)
2. Allowances that include for example (and no limited to) housing, transportation, children education/schools fees, and phone allowances.
3. Medical insurance benefits for all employees and executive management and their families (As per HR policies).
4. Employees insurance policy (including events of partial or permanent disability, and death at workplace).
5. Annual bonus based on KPIs associated with individual annual appraisal evaluation.
6. short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans such as stock option programs (whenever exists);
7. Other benefits included, but are not limited to, annual leave, annual air tickets, executive airport services, and end of service benefits according to labor law and HR policies adopted by the company.
8. The CEO implements the remuneration policy for all employees and executive management in light of the plans, programs and general guidelines approved by the NRC.

### ADDITIONAL GUIDELINES FOR REMUNERATION AND PAYMENT

1. Remunerations are paid in Saudi riyals or its equivalent in any other currency, and payment is made through direct transfer to the bank accounts specified by the concerned member.
2. Board members shall not vote on the agenda item relating to the remuneration of board members at the General Assembly meeting.
3. Disclosing the remuneration of the board, its committee members and executive management in the annual directors' report in line with applicable laws and regulations.
4. Members are entitled to the remuneration from the date they have joined the board or committee and as per the duration of their membership.
5. Processing of board and committee member remuneration payment shall be prepared by the board secretary and payment order shall be approved by the CEO Without the need to wait to the General Assembly.



6. The payment for board meeting attendance fees, committee’s remuneration and committee’s meeting attendance fees can be processed as installments on a quarterly basis.

## BREAKDOWN OF THE BOARD AND ITS COMMITTEES REMUNERATION

### 1. For Board Members:

Annual remuneration as a specific sum for each board member	SAR 300,000
Attendance fee per Board meeting	SAR 25,000
Attendance fee per Committee meeting	SAR 15,000
For members who have been appointed or whose membership has ended during the financial year, the annual fixed remuneration will be calculated in proportion to their membership period to the total financial year	

### 2. For Committee Members (Non-Board Members):

Annual remuneration as a specific sum for each Audit Committee member	SAR 130,000
Annual remuneration as a specific sum for other Committees’ each member	SAR 100,000
Attendance fee per Committee meeting (including all committees)	SAR 15,000
For the committee members who have been appointed or whose membership has ended during the financial year, the annual fixed remuneration will be calculated in proportion to their membership period to the total financial year	



3. Other Non-Cash Benefits:

Travel and accommodation costs for non-Riyadh based members for attending meetings shall be covered by ACC

ACC shall cover accommodation and transportation for all board, committee members and executive management for any meetings convening outside Riyadh.

All airfare tickets for board and committee members shall be issued or refund in First or Business class, roundtrip, (preferably the national carrier) (as per availability)

4. Secretary Remunerations:

Annual remuneration as a specific sum for Board Secretary	SAR 75,000
Annual remuneration as a specific sum for Committee Secretary	SAR 50,000

For secretary who have been appointed or whose membership has ended during the financial year, the annual fixed remuneration will be calculated in proportion to his/her membership period to the total financial year

## FINAL PROVISIONS

1. This policy is canceled and supersedes all inconsistent procedures, decisions and internal policies of the company.
2. This policy shall be implemented and complied with by the Company starting from the date it is approved by the General Assembly.
3. If one of the Board or Committee members did not attend half the number of meetings held during the financial year, the matter is raised by the NRC to the Board to take a decision regarding this member.
4. This policy complements the ACC Bylaw and the Corporate Governance Manual.
5. Whatever is not stipulated in this policy is subject to the relevant laws and regulations issued by the competent authorities.
6. The content of this policy shall be reviewed - as needed - by the NRC, provided that, any recommended changes are presented by the board to the General Assembly in the next meeting for approval.
7. This policy shall be published and made available to the shareholder and the public in the Company's website.



المراكز العربية  
Arabian Centres

**Attachment for Item (12):**

**Nominated members for Audit Committee**



### A- The Candidate's Personal Information

<b>Full Name</b>	Bernard Higgins		
<b>Nationality</b>	British	<b>Date of Birth</b>	12/12/1960

### B- Educational Qualifications

#	Certificate/Degree	Major	Date	College / Institution
1	First Class Honors Degree	Mathematics	1983	University of Glasgow
2	Fellow of the Faculty	Actuaries	1986	Faculty of Actuaries
3	Fellow of the Chartered	Banking	2004	Institute of Bankers
4	Fellow	Enterprise	2018	Royal Society of Edinburgh
5	Doctor of the University	Honorary Doctorate	2019	University of Glasgow

### C- Work Experience

Period	Experience
2008 - 2018	CEO – Tesco Bank
2006 - 2008	Executive Director – HBOS
2006 - 2008	Chairman – Sainsbury Bank
2002 - 2006	CEO – RBS Retail
1997 - 2006	Non-Executive Director – Citizens Group
1997 - 2006	Non-Executive Director – RBS Insurance
1983 - 1996	General Manager (Sales) – Standard Life

### D- Any other Current Board or Committees Memberships (for Listed and Non-Listed Companies)

#	Company	Activity	Executive, Non-Executive, Independent	Personal / On Behalf of a Company	Committees Membership	The Company Legal Form
1	Buccleuch Group	Energy-estates-toursim	Chairman	Personal	-	Listed
2	Kyckr Co	Service	Chairman	Personal	-	Listed
3	Sistema Scotland	charity	Chairman	Personal	-	Listed
4	AAB Wealth	Financial services	Chairman	Personal	-	Listed





<b>A- The Candidate's Personal Information</b>						
<b>Full Name</b>	Fahad Ibrahim Alkhorayef					
<b>Nationality</b>	Saudi	<b>Date of Birth</b>	28/05/1979			
<b>B- Educational Qualifications</b>						
#	Certificate/Degree	Major	Date	College / Institution		
1	Bachelor's Degree	Finance	Jun. 2000	King Saud University, Riyadh		
<b>C- Work Experience</b>						
Period	Experience					
2017 - Present	Financial & Business Advisor – ALKHORAYEF Financial & Business Advisory Co.					
2018 - 2019	Rector Investment Advisor – Princess Norah University					
2015 - 2017	Chief Risk Officer – Maceen Capital Company					
2012 - 2015	Chief Risk Officer – Saudi Finance Company					
2008 –2012	Export Finance & Credit Insurance Manager – Alkhorayef Group Co.					
2004 - 2008	Relationship Manager – Samba Financial Group					
<b>D- Any other <u>Current</u> Board or Committees Memberships (for Listed and Non- Listed Companies)</b>						
#	Company	Activity	Executive, Non-Executive, Independent	Personal / On Behalf of a Company	Committees Membership	The Company Legal Form
1	Saudi Finance Co.	Member	Non- Executive	Personal	-	Non-listed
2	Alkhorayef Group Co.	Member	Non- Executive	Personal	Risk & Audit	Non-listed
3	Arabian Centers Co.	Member	Independent	Personal	Audit	Listed
4	Wathiqa Broker Co.	Member	Non- Executive	Personal	-	Non-listed



<b>A- The Candidate's Personal Information</b>						
<b>Full Name</b>	Nadim Mustafa Shabsogh					
<b>Nationality</b>	British	<b>Date of Birth</b>	19/05/1964			
<b>B- Educational Qualifications</b>						
#	Certificate/Degree	Major	Date	College / Institution		
1	Bachelor's Degree	Engineering	1987	London University		
2	Master's Degree	Business Administration	1988	University of Nottingham		
<b>C- Work Experience</b>						
Period	Experience					
2014-present	Managing Director – Mesk international LLC					
2014-present	Senior Advisor – Fawaz Alhokair Group					
2013-present	Managing Director – Broadview Strategic Partners JLT					
2008- 2012	Executive Director-Morgan Stanley					
2003-2008	Senior Managing Director-Bear Stearns					
<b>D- Any other <u>Current</u> Board or Committees Memberships (for Listed and Non- Listed Companies)</b>						
#	Company	Activity	Executive, Non-Executive, Independent	Personal / On Behalf of a Company	Committees Membership	The Company Legal Form
1	Marakez Egypt	Real estate	Non-executive	personal	Board member	Non-listed



المراكز العربية  
Arabian Centres

**Attachment of Items from (15) to (40):**  
**Auditors Report & Chairman's Declaration of Business Dealings that BoD**  
**members have direct & indirect interest in**



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**  
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License No. 46/11/323 issued 11/3/1992

## Independent Limited Assurance Report

### To the Shareholders of Arabian Centres Company

Upon request of the management of **Arabian Centres Comapny** (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 **Arabian Centres Company** (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprises the transactions carried out by the Group during the year ended 31 March 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 Arabian Centres Company (continued)

## Independence and quality controls

We are independent of the Group 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 (Group) during the year; (Appendix 1);
- Reviewing of 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);
- Obtaining confirmation from the concerned BOD member on the business and contracts performed by the member during the year; and
- Ensuring the total transactions amounts included in the list prepared by the BOD chairman agrees to the total transactions amounts included in the note 9 to the audited financial statements.

## 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.



# Independent Limited Assurance Report

To the Shareholders of Arabian Centres Company (continued)

## 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.

**For KPMG Al Fozan & Partners  
Certified Public Accountants**

**Hani Hamzah A. Bedairi**  
License No: 460

Date: 16 August 2020  
Corresponding to: 26 Dhul Hijjah 1441H





Respected Messrs. General Assembly of Arabian Centres Company

**Subject: Chairman of the Board of Directors declaration regarding related party transactions where members of the Board of Directors have direct or indirect interest in contracts and agreements the related party, with a brief description of these transactions**

During year ended 31 March 2020, the Group carried out transactions with related parties in the ordinary course of business. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

With reference to the above, I hereby declare to the General Assembly, **contracts and agreements the following related party transactions** where members of the Board of Directors have a direct or indirect interest are as follows:

**A. Transactions with related parties more than SR 10 million**

Related party name and description	Nature of transaction	Amount of transactions
1. Business contracts that occurred between the Company and <b>Fawaz Abdulaziz Alhokair and Co.</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) and Mr. Omar Abdulaziz Almohammady (Non-Executive) have direct interest, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	350,914,140
2. Business contracts that occurred between the Company and <b>Food &amp; Entertainment Trading Company Limited</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	20,603,944
3. Business contracts that occurred between the Company and <b>Abdulmohsen Alhokair for Tourism &amp; Development Group</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	26,834,371
4. Business contracts that occurred between the Company and <b>Billy Games Company (Billy Beez)</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	15,360,265
5. Business contracts that occurred between the Company and <b>Next Generation Company Limited</b> , where Mr. Fawaz Alhokair (Non-Executive) has an indirect interest in it, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also	Rental revenue	25,848,736





Related party name and description	Nature of transaction	Amount of transactions
worth mentioning that those transactions are conducted on a commercial basis.		
6. Business contracts that occurred between the Company and <b>Fawaz Alhokair and Partners Real Estate Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have a direct interest in them, which are construction & development contracts of commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Construction & development	331,905,340
7. Business contracts that occurred between the Company and <b>Tadarees Najd Security Establishment</b> , where Eng. Salman Alhokair (Executive) has direct interest in them, which are security services contracts for all the commercial centers of the company. It is also worth mentioning that those transactions are conducted on a commercial basis.	Security services	57,278,571
8. Business contracts that occurred between the Company and <b>NESK Trading Project Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) and Mr. Omar Abdulaziz Almohammady (Non-Executive) have a direct interest, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	77,441,233
9. Business contracts that occurred between the Company and <b>Food Gate Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	15,313,237
10. Business contracts that occurred between the Company and <b>Etqan Facility Management Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are facility management services contracts for all the commercial centers of the company. It is also worth mentioning that those transactions are conducted on a commercial basis.	Facility management services	36,818,438
11. Business contracts that occurred between the Company and <b>Fashion District Trading Co.</b> , where Eng. Salman Alhokair (Executive) has an indirect interest in it, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	17,279,328
12. Business contracts that occurred between the Company and <b>VIA Media</b> , where Eng. Salman Alhokair (Executive) has an indirect interest in it, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	18,427,930

B. Transactions with related parties less than SR 10 million, approval of these transactions delegated to BOD by shareholders in AGM

Related party name and description	Nature of transaction	Amount of transactions
1. Business contracts that occurred between the Company and <b>Coffee Centers Trading Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	831,827
2. Business contracts that occurred between the Company and <b>Kids Space Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which is a lease contract for a rental space in Mall of Arabs in Jeddah city. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	2,458,890
3. Business contracts that occurred between the Company and <b>Nail Palace Trading Est.</b> , where Mr. Fawaz Alhokair (Non-Executive) has an indirect interest in it, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	2,447,522
4. Business contracts that occurred between the Company and <b>Majd Business Co. Ltd.</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	1,069,546
5. Business contracts that occurred between the Company and <b>Ezdiyar Sports Co.</b> , where Mr. Fawaz Alhokair (Non-Executive) has an indirect interest in it, which is lease contract for a fitness centre in a commercial center of the company. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	4,054,403
6. Business contracts that occurred between the Company and <b>Saaf Trading Co.</b> , where Eng. Salman Alhokair (Executive) has an indirect interest in it, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	136,066
7. Business contracts that occurred between the Company and <b>FAS Technologist Trading Co.</b> , where Eng. Salman Alhokair (Executive) has a direct interest in it, which are IT support services. It is also worth mentioning that those transactions are conducted on a commercial basis.	IT Service expenses	2,136,265



Related party name and description	Nature of transaction	Amount of transactions
8. Business contracts that occurred between the Company and <b>Innovative Union Co. Ltd.</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	8,861,644
9. Business contracts that occurred between the Company and <b>Azal Company</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have an indirect interest in them, which are lease contracts for rental spaces in several commercial centers of the company in various cities of the Kingdom. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	6,348,816
10. Business contracts that occurred between the Company and <b>Mahara Creative Games Company (Skill Innovative)</b> , where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have a direct interest in them, which are lease contracts for rental spaces in Al-Yasmeen Mall in Jeddah city. It is also worth mentioning that those transactions are conducted on a commercial basis.	Rental revenue	4,074,149

#### Other Transactions

In addition to the above, below transactions took place with related parties where Mr. Fawaz Alhokair (Non-Executive) and Eng. Salman Alhokair (Executive) have a direct interest in them are as follows:

Related party	Nature of transaction	Amount of transaction
Saudi FAS Holding Company	Transfer of Zakat Payable	18,345,202
Saudi FAS Holding Company	Initial public offering expenses charged	16,192,603
Saudi FAS Holding Company	Payment to suppliers	45,607,280
Saudi FAS Holding Company	Payments of expenses	1,469,622

Regards,

Fawaz Alhokair  
Chairman