

Board of Director Report

Fiscal Year 2020

Emaar, the Economic City

Introduction:

Shareholders of Emaar, The Economic City – may the peace and blessing of Allah be upon you.

The Board of Directors of Emaar, The Economic City is pleased to present the Board's annual report for the financial year ending December 31, 2020,

. This report reviews the performance of the Company during the past year, in addition to the financial statements and auditor's report for the period.

The report also contains of the Company's governance mechanisms and disclosures related to the Board of Directors, its committees, senior executives, contracts and transactions with related parties.

Based on the Board's dedication to transparency, in accordance with the regulations issued by the concerned authorities and local and international practices in this regard, the report complies with the disclosure requirements stipulated in the Companies Law. These which are contained in the regulatory controls and procedures issued in implementation of the Companies Law concerning listed stock companies, as well as fulfillment of Articles 90 and 93 of the Corporate Governance Regulations issued by the Capital Market Authority (CMA) on February 13, 2017, and Article 65 of the Securities Offering Rules and the continuous commitments issued by the Board of the CMA dated December 27, 2017, and amended by decision of the Board of the Capital Market Authority No. 1-104-2019 dated 01/02/1441 H corresponding to September 30, 2019.

Overview of the Company and its Activities Emaar,

The Economic City is a Saudi public Joint Stock Company, established by Ministerial Decision No 2533 issued on September 26, 2006 and listed on the Saudi Stock Exchange on October 7, 2006.

The Company's registered capital is SR 8.5 billion, distributed over 850 million shares, each with a nominal value of SR 10. The Company offered 30% of its total shares for public subscription and registered a record number of subscribers, exceeding 10 million. The Company is active in the development of land and property in specialized economic zones or other areas, including the development of infrastructure; promoting,

marketing and selling of land for development by other parties; renting and development of buildings and housing units; construction of property on lands for others and the development of economic zones, maritime ports, and any other activities necessary to achieve its objectives.

The Company is involved in the development of King Abdullah Economic City (KAEC), which is located 90 km north of Jeddah on the Red Sea coast. The Economic Cities Authority, established by Royal Decree No 19 issued on February 23, 2010, is responsible for economic cities to achieve its objectives in relation to developing national capital, attracting foreign investments, and achieving the objectives of the Kingdom's economic plans.

King Abdullah Economic City (KAEC) is one of the world's largest private sector economic projects. In 2010, shareholders approved the relocation of the Company's headquarters from Jeddah to KAEC.

Achievements in 2020

In the early years of its establishment, the Company was able to build a strong economic base represented in infrastructure, the port, and the industrial valley, attracting companies and residents and providing suitable services to them. That also included establishing the financial model to develop KAEC, strengthen the Company's financial solvency, and develop its cash inflow.

It was also able to prove its role as one of the developments and economic drivers in the country in accordance with the Kingdom's Vision 2030 in stimulating the government's drive towards the privatization of developmental projects and partnerships with the private sector in many vital sectors.

The year 2020 witnessed a severe impact on the growth and development of all levels, including infrastructure, services and recreational facilities, due to the impact of the Corona pandemic (Covid-19), which caused ban measures of about 3 months, and the impact of the pandemic on various sectors in the city has had a high impact, especially The entertainment and hospitality sector, along with a decline in residential and residential land sales.

Emaar, The Economic City continues to develop KAEC with a strategic plan to create a prosperous environment and sustainable development.

The current phase of the strategic plan is to:

1. Continue the development and construction works at KAEC with a focus on the port and Industrial Valley as the most important attracting elements for investors in and the key drivers of construction activities.
2. Continue to attract companies, factories, and commercial establishments, which in turn lead to creating new job opportunities, thus increasing the demand for property products and services.
3. Offer a number of housing products that satisfy all social segments and all income groups, including medium and limited income earners, through direct development by the Company or by real estate investors.
4. Develop the tourism and entertainment sectors in line with the needs of the different groups within the Kingdom to increase recurring revenues and operational profits and increase the number of visitors to KAEC, which in turn plays a role in increasing the demand for different housing products.
5. Embrace and organize international and local events and activities, including government-related cultural, educational, and entertainment events, in addition to meetings of the private sector, which in turn enriches the cultural and social scene in KAEC and increases the demand for its different products.
6. Embrace and attract business entrepreneurs, both small and medium enterprises, and encourage their growth. This in turn makes the growth cycle faster within KAEC and increases the number of residents and visitors, leading to increased services.
7. Develop plans and strategies to expand within education and healthcare and attract specialized entities to invest in these sectors.

8. Maximize the benefit from the geographical location of KAEC and its location between Makkah and Medina and being connected to both cities by the Haramain High Speed Railway, in addition to its location on the Red Sea coast.

9. Diversify the real estate product base provided by the Company by offering industrial and housing land for sale and rent, specifically to stimulate a faster development cycle and provide additional liquidity needed to develop KAEC.

10. Continue entering into strategic partnerships with the private and public sectors in some necessary mega projects to support and speed up the development of KAEC.

11. Follow best practices in managing and operating KAEC and offering services to investors and residents at affordable prices.

Other Decisions and Developments

Several important Company decisions were made during 2020:

A. Emaar The Economic City held Emaar its seventeenth ordinary general assembly on Tuesday 05 Safar 1442 AH corresponding to Sep 22, 2020 AD, through which the following decisions were approved:

1. Approval of the election of members of the Board of Directors for the next session from among the nominees that start on 09/26/2020 AD and its period of three years ends on 09/25/2023 AD. The gentlemen are:

- 1 .Jamal bin Majid bin Thaniyah
- 2 .Muhammad Nabil Muhammad Hassan Hefni
- 3 .Abdullah Ibrahim Suleiman Al-Howeish
- 4 .Aref Abdullah Al-Harmi
- 5 .Osama Omar Saeed Barian
- 6 .Ahmed bin Rashid Al Matroushi
- 7 .Faleh Mu'tasim Hajjaj
- 8 .Ahmed Youssef Bushnaq
9. Badr Hisham Ali Reda

B. Emaar The Economic City announces entering into a share subscription agreement dated 12/01/1442H (corresponding to 31 August 2020) between the Company, Dayim Modern Real Estate Management Company, ME Royal Capital LLC, ME Partners Capital LLC, ME Strategic Investments LLC, ME Holdings LLC, Emaar Middle East LLC and the Public Investment Fund ("PIF") (the "Subscription Agreement").

The Company further announces that discussions are ongoing between the Ministry of Finance (“MoF”) and PIF with respect to novation of part of the loan due to MoF pursuant to the loan agreement entered into with MoF dated 20/06/1432H. (corresponding to 23 May 2011) as amended on 17/08/1436H. (corresponding to 4 June 2015) (the “MoF Loan”) to PIF, with a total amount of two billion eight hundred thirty-three million three hundred thirty-three thousand three hundred forty Saudi Arabian Riyals (SAR 2,833,333,340) (the “Novation”). The Company will make an announcement with respect to any developments with regard to the Novation as they come up.

Pursuant to the Subscription Agreement, PIF will enter as an investor in the Company through issuance of two hundred eighty-three million three hundred thirty-three thousand three hundred thirty-four (283,333,334) new shares in the Company, at the nominal value of ten Saudi Riyals (SAR 10) per share, against the entire debt owed by the Company to PIF pursuant to the Novation. In addition, each of Dayim Modern Real Estate Management Company, ME Royal Capital LLC, ME Partners Capital LLC, ME Strategic Investments LLC, ME Holdings LLC and Emaar Middle East LLC provided certain warranties to PIF pursuant to the Subscription Agreement. The Subscription Agreement shall be subject to the Company completing all necessary regulatory steps in accordance with the Companies Law and the Capital Market Authority’s (“CMA”) regulations, including obtaining the approval of the Company’s general assembly. The Subscription Agreement includes a number of conditions including the following:

1. Completion of the Novation.

2. Obtaining the CMA’s approval on the increase of the Company’s capital by way of debt conversion through issuing two hundred eighty-three million three hundred thirty-three thousand three hundred thirty-four (283,333,334) new shares (the “New Shares”) to PIF against the entire debt owed by the Company to PIF pursuant to the Novation with a total amount of two billion eight hundred thirty-three million three hundred thirty-three thousand three hundred forty Saudi Arabian Riyals (SAR 2,833,333,340) whereby the Company’s share capital will become after such increase eleven billion three hundred thirty-three million three hundred thirty-three thousand three hundred forty Saudi Riyals (SAR 11,333,333,340) (the “Capital Increase”).

3. Obtaining the approval of the Company’s extraordinary general assembly on the Capital Increase and amendment of the Company’s bylaws as a result thereof.

4. Obtaining the approval of the Saudi Stock Exchange (Tadawul) on the listing of the New Shares.

5. Obtaining any other necessary approval by any relevant governmental authority.

The Subscription Agreement, subject to completion of the above-mentioned conditions, will result in the Capital Increase and settlement of the entire debt owed by the Company to PIF pursuant to the Novation amounting to two billion eight hundred thirty-three million

three hundred thirty-three thousand three hundred forty Saudi Arabian Riyals (SAR 2,833,333,340).

It should be noted that the MoF notified the Company of its non-objection in principle of the Company entering into the Subscription Agreement provided that (i) the execution of the Subscription Agreement shall be subject to the completion of all procedures relating to the Novation; and (ii) that the capitalization of the debt is only in relation to the part of the MoF Loan that will be novated to the PIF pursuant to the Novation, and in a manner which will not contradict with the agreement to be entered into between the MoF and PIF in relation to the Novation.

Future expectations

The next phase comes as an important phase in the company's history, which is the phase of restructuring, in which the company is developing new plans based on cost management and expansion in the sectors that the national development plans have prioritized and in line with the 2030 vision, and the company has acquired experience in it such as port, logistics, land and services Industrial and residential projects, and is developing of new sectors in which the state is working to involve the private sector more and facilitate financing for them such as (tourism, health, education, city management) and to consider other sectors that benefit from the economic activity within the city (building management, catering, security, etc.). Emphasis will be placed in this phase on building strategic partnerships through which most of the phase's plans will be implemented

Financial results 2020

A. Annual income statements for the years 2016 to 2020

	2016 Thousand SR	2017 Thousand SR	2018 Thousand SR	2019 Thousand SR (Restated)	2020 Thousand SR
Revenues	2,267,771	1,437,976	1,008,234	946,807	547,287
Revenue cost	(1,093,607)	(621,933)	(669,827)	(644,819)	(866,316)
Gross profit	1,174,164	816,043	338,407	301,988	(319,029)
Marketing, general and administrative expenses	(598,266)	(522,565)	(594,118)	(640,024)	(724,610)
Commission realized from bank deposits and murabaha based deposits	18,150	15,953	7,737	791	2536
Financial charges, net	(48,784)	(54,889)	(59,653)	(268,736)	(315,568)
Share of results of equity accounted investee	(1,983)	31,462	26,130	7,983	48,065
Other income	198,769	102,858	209,909	109,607	115,242
Zakat	(20,000)	(138,038)	(66,000)	(45,000)	(55,000)
Net (profit/loss) prior to non- controlling equity	722,050	250,824	(137,588)	(533,391)	(1,248,364)
Other Comprehensive income / (loss)	(3,076)	(28,103)	7,927	(13,811)	(10,618)
Total Comprehensive income / (loss) for the year	718,974	222,721	(129,661)	(547,202)	(1,258,982)
non-controlling increase share	(2,367)	(9,799)	(2,503)	0	0
Net income due to equity holders of the parent company	716,607	212,922	(127,158)	(547,202)	(1,258,982)

Earnings/(loss) per share (SAR)	0.85	0.28	(0.16)	(0.63)	(1.47)
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Reason for increase in loss of the current year vs last year:

- Decrease in the revenue and gross profit during the current year as compared to the corresponding year due to a general slowdown of economic activities in the real estate sector in addition to unprecedented COVID-19 out-break. Moreover, the Group has recorded an impairment of SAR 316M on properties available for sales, leases and certain operating assets, during the current year, affecting results of the Group.

- Due to prevailing economic environment and delays in completing projects, the management reassessed life cycle cost estimates of residential and industrial projects and accordingly, the cost estimates were revised, resulting in increase in gross loss by SAR307M as compared to the corresponding year.

- The slowdown in development activity in line with the prevailing macro-economic and COVID 19 conditions resulted in recognizing the financial charges in the current period income statement instead of capitalizing it, which increased net loss for the year.

- Increase in impairment loss on outstanding trade receivables due to prevailing macro-economic and COVID 19 conditions.

-The increase in loss due to above mentioned factors is partially offset by increase in the results of hospitality sector, improvement in results of Port Development Company (PDC) and reduction in General and Administrative expenses during the current year.

The general trend of the real estate market during preceding years remained subdued which affected the pricing and payment terms trends and hence the revenue recognition and profitability of this sector. While we consider that this current situation coupled with COVID 19 impact would prevail in the short term, we remain optimistic for the longer term due to the various government initiatives aimed at stimulating the economic cities development, specifically the Royal approval for Special Economic Zones within the economic cities which will accelerate the attraction of new business sectors. Apart from this, EEC has recently engaged with multiple mortgage and financing companies to enhance the affordability of housing units in King Abdullah Economic City and boost its cash flow generation. It is also worth mentioning that declining Saudi Arabian Interbank Offered Rate (SAIBOR) would contribute in reducing the financial charges of the Company. Moreover, cost optimization measures taken during the current year also contributed to savings in general and administrative expenses.

From a value standpoint, the Company has invested in the development of King Abdullah Economic City approximately SR 18 billion in equity and funding since inception which has created approx. 8x value to the investment properties as disclosed in the audited financial statements for the year ended 31 Dec 2020. This value will be unlocked by additional investment on strategic projects both by the Company and the third party developers, to create jobs and footfall, up to a certain point beyond which KAEC will have organic growth and hence yield long awaiting great returns for its shareholders.

From liquidity management perspective, company is actively pursuing debt rescheduling with its lenders. In this connection, company has already signed revised facility agreement with one of the major commercial banks. As per the revised terms, the principal repayment of approximately SR 1.7 billion is now payable over a period of 7 years (2023-2030) after a grace period of 3 years. The similar arrangements are being negotiated with other commercial banks. In addition to this, the Company has entered into a Subscription Agreement with Public Investment Fund to convert part of MOF loan, amounting to approximately SR 2.83 billion, into equity, the completion and conditions of which are under way

B. Transitional balance sheet as on December 31 for the years from 2016 to 2020

	2016 Thousand SR	2017 Thousand SR	2018 Thousand SR (Restated)	2019 Thousand SR (Restated)	2020 Thousand SR
Current assets	4,326,601	3,183,752	2,275,922	2,202,256	1,528,586
Non-Current assets	12,242,888	14,185,925	14,837,802	15,131,702	14,788,076
Total assets	16,569,489	17,369,677	17,113,724	17,333,958	16,316,662
Current liabilities	1,164,369	1,871,088	2,252,406	3,383,835	4,759,089
Non-Current liabilities	7,620,721	7,491,469	7,211,252	6,847,868	5,714,300
shareholders' equity	7,784,399	8,007,120	7,650,066	7,102,255	5,843,273
Total liabilities and shareholders' equity	16,569,489	17,369,677	17,113,724	17,333,958	16,316,662

C. Operating results for the year ending December 31, 2020 compared to 2019

	2019 Thousand SR	2020 Thousand SR	Changes Thousand SR	% of change
Revenue	946,807	547,287	(399,520)	-42%
Revenue cost	(644,819)	(866,316)	(221,497)	34%
Total operating profit	301,988	319,029	17,041	6%
Marketing general and Administrative expenses	(640,024)	(724,610)	(84,586)	13%
Loss on main operations	(338,036)	(1,043,639)	(705,603)	209%

D. Due payments for the 12 months ending on December 31 2020 compared to 2019

	2019 Thousand SR	2020 Thousand SR
Zakat	79,845	67,421
Valued added Tax(VAT)	5,095	90,674
GOSI	15,139	13,100
Government charges (visas, exits and re-entry, work permits)	2,634	2,441
Economic Cities and Special Zones Authority fees	186	375
Government fees paid to Economic Cities and Special Zones Authority, including permits	11,795	8,413

Dividend Distribution Policy

According to the company's Memorudom of association, the distribution of the company's profits is as follows:

1. 10% of the net profits shall be set aside towards the formation of the Company's statutory reserve. The Annual General Meeting may stop this when the stated reserve reaches 30% of the paid capital.

2. The Annual General Meeting, based on the proposal of the Board, may set aside a percentage not exceeding 10% of net profits towards the formation of agreed-on reserve allocated to specific purpose(s).
3. The Annual General Meeting can decide on the formation of other reserves in the amount that achieves the Company's benefits or guarantees the distribution of the most possible stable profits to shareholders. The General Assembly can also deduct from the net profits certain amounts to establish social organizations for the Company's staff or to help what is already established of these organizations.
4. The Annual General Meeting, based on the recommendation of the Board of Directors, can distribute from the remaining amount an amount not less than 5% of the Company's paid capital to the shareholders.
5. An amount not exceeding 10% of the remaining amount shall be allocated as remuneration to the Board members, on the basis that this remuneration must be in balance with the number of meetings attended by the members.
6. The Company can distribute transitional dividends to its shareholders semi-annually or quarterly after abiding by the requirements and regulatory instructions in this regard.

Loans

- Long-term loans:

a) During 2011, the Parent Company received a loan of SR 5,000 million from the Ministry of Finance ("MoF") for the development of KAEC. The loan is secured against pledge of 24.7 million sqm of the Greenfield land and carries annual commission at commercial rates and was originally repayable, with a three years grace period, in seven annual instalments commencing from September 01, 2015. However, based on the Group's request submitted before the due date, the MoF, during September 2015, had rescheduled the loan by extending the grace period for an additional period of five years. During January 2020, based on the discussions held with the Ministry of Finance, the MoF has rescheduled the first instalment due in June 2020 to January 2021. Hence, the principal amount is now repayable in seven instalments, commencing from January 2021, with accrued commission payable on an annual basis.

(b) During 2014, the Parent Company signed an Islamic facility agreement with a commercial bank for SR 2,000 million Murabaha liquidity finance facility that carries commission at commercial rates. The outstanding balance of the long-term loan, as at 31 December 2020, amounted to SR 976.25 million (31 December 2019: SR 976.25 million). As per the terms of the agreement, the loan is repayable in eight bi-annual instalments from June 30, 2018 to 31 December 2021. The instalments due within twelve-months, amounting to SR 976.25 million, are classified as a current liability. The loan is secured against part of KAEC's greenfield land, having a value of SR 1,669 million, based on current outstanding exposure, held by the Parent Company, and an order note for SR 1,642.5 million as per the last revised Facilities Letter Agreement.

(c) During 2015, the Parent Company signed an Islamic facility agreement with a commercial bank for SR 1,000 million that carries commission at commercial rates. The outstanding balance of the long-term loan, as at 31 December 2020, amounted to SR 437.5 million (31 December 2019: SR 437.5 million). As per the terms of the agreement, the loan is repayable in eight bi-annual instalments from 20 October 2019 to 20 April 2023. The instalments due within twelve-months, amounting to SR 250 million, are classified as a current liability. The loan is secured against part of KAEC's greenfield land, held by the Parent Company, for a total required value of SR 1,500 million, out of which 92% has already been perfected, and remaining is in progress. The subject loan is further secured by an order note of SR 1,200 million.

(d) During 2014 and 2015, the Company signed two facility agreements with a commercial bank for SR 1,000 million each, carrying commission at prevailing commercial rates. The outstanding balance of the subject loan facilities, as at 31 December 2020, amounted to SR 1,700 million (31 December 2019: SR 1,700 million). As per the terms of the agreements, the loan terms are door to door eight years with three years grace period starting from respective dates of the agreements. In order to comply with the Sharia principles, an additional facility of SR 250 million has been arranged by the bank linked to each of the facility, to permit the rollover (repayment and drawdown) so that the principal amount is available to the Company for the first three years of the loan. During the period ended 31 December 2020, the Company has signed revised facility agreement with the commercial bank for the outstanding facility amounting to SR 1,700 million. Hence, the principal amount is now repayable after a grace period of 3 years from 2020 to 2022, in multiple unequal semi-annual instalments from 2023 to 2030. The loan facilities are secured against part of KAEC's greenfield land for a total required value of SR 3,000 million. Moreover, the subject loan facilities are further secured by order note of SR 1,700 million.

Furthermore, discussions regarding the restructuring of the loans, debt to equity conversion and repayment plans with other lenders are already in progress. For details, please refer to note 3.

SHORT-TERM LOANS

During 2018, the Company has availed a short-term facility from a commercial bank, amounting to SR 250 million, carrying commission at prevailing commercial rates, to finance the working capital requirements. The subject loan facility was reduced to SR 200 million during the year 2019, bifurcated into SR 170 million for the working capital and SR 30 million for the Documentary Credit (“DC”) facility, and is secured by a promissory note of SR 200 million. The outstanding balance of the working capital and DC facility, as at 31 December 2020, amounted to SR 170 million (31 December 2019: SR 170 million) and SR Nil (31 December 2019: SR 3.7 million), respectively. During the period ended 31 December 2020, the Group has signed a revised FLA for working capital facility amounting to SR 170 million, restructured to a medium term loan, and to be repaid in 8 equal semi-annual instalments over 4 years starting 28 February 2021, together with specific security collaterals and covenants. Pledging of the plots identified as collateral was completed subsequent to the year end.

Moreover, from an existing short-term facility of SR 400 million from another bank, the Company has availed SR 150 million during the year 2019 to finance the working capital requirements. The subject loan facility carries commission at prevailing commercial rates and is secured by the order note of SR 1,642.5 million. The outstanding balance of the working capital and DC facility, as at 31 December 2020, amounted to SR 150 million (31 December 2019: SR 150 million) and SR 66 million (31 December 2019: SR 42.7 million), respectively.

In addition to the above, the Company has also availed a short-term facility of SR 95 million from another commercial bank, at prevailing commercial rates, bifurcated into SR 50 million for the working capital and SR 45 million for the DC facility. The outstanding balance of the working capital and DC facility, as of 31 December 2020, amounted to SR 50 million (31 December 2019: SR Nil) and SR 37 million (31 December 2019: SR Nil), respectively.

Board of Directors

Board membership as at December 31, 2020 According to Article 17 of the Articles of Association of the Company, the number of members of the Board of Directors shall be nine, which complies with Paragraph 1 of Article 68 of the Companies Law issued by the Ministry of Commerce. Accordingly, the Board of Directors was elected for the new three-year term that began on September 26, 2020, they are non-executive or independent members. Below are the Board members and their membership category according to corporate governance regulations issued by the Capital Market Authority:

Members	Classified	Educational Qualification	Other Saudi shareholding companies in which he is a board member
 H.E. Mohamed Alabbar* Chairman	Non-Executive	Bachelor - Financial Management. (University of Seattle) Honorary Doctorate - Humanities (University of Seattle)	Chairman of the Board of Directors of Emaar Real Estate Group, Emaar Malls and Emaar Middle East. Board Member of National Bank of Dubai, Chairman of Dubai Cable Company, Chairman of Amlak Finance Company, Vice Chairman of Dubai World Trade Center, Vice Chairman of Dubai Aluminum Company, Chairman and Founder of Dubai Financial Market.
Mr. Abdullah Kamel* Vice Chairman	Non-Executive	BA - Economics (University of California)	Aseer Company for Trading Tourism Industrial Agricultural Real Estate & Contracting – Amlak International for Property Financing* - Umm Al Qura Development and Construction* - Durrat Arriyadh Real Estate Development (manager) – National Real Estate Development Company (manager) – Food Manufacturers Company (manager) – New Nahj Company (manager) - Kawamel Trading & Contracting (manager) – Namariq Arabian Services Company (manager) – Makaseb Read Estate Company (manager) – Sukuk Regional Investment Company (manager) – Bayt Al Tawfeeq Development Company (manager) – Dallah Albaraka Holding (manager) – Al Khawatem for Trading and Contracting Company (manager) – Al Tilal Regional Investment Company (manager) – Al Mawajed International for Real Estate Development (manager) – Al Ostool Al Arabia for Real Estate Development Company (manager) – Al Nusrah Development and Real Estate International Company (manager).
H.E. Khalid Al Molhem* Member	Independent	BS - Electrical Engineering (University of Evansville), BS - Engineering Management (University of Evansville)	Aseer Company for Trading Tourism Industrial Agricultural Real Estate & Contracting – Saudi British Bank – Knowledge City – Riyadh Cement *
Mr. Abdulrahman Alrowaita* Member	Non-Executive	Bachelor - Industrial Engineering (University of Southern California) MSc - Industrial Engineering (University of Southern California)	Research & Marketing Company - Jadwa Investment* - Wilayah Investment Company*

Mr. Ahmed Jawa* Member	Non-Executive	Bachelor of Business Administration (University of San Francisco) MSc - Business Administration (University of San Francisco)	Emaar Properties **** - Ras Al Khaimah Petroleum .Company **** - Al Salam Bank****
Mr. Fahd Al Rasheed* Member	Non-Executive	Bachelor of Business Administration (University of Washington) MSc - Business Administration (Stanford University)	
Mr. Abdullah Taibah* Member	Independent	Bachelor - Electrical Engineering (King Fahd University of Petroleum and Minerals)	
H.E. Saud Al Saleh*	Independent	Bachelor of Business Administration (University of Portland) Master of Economics (University of Roiland)	Maad International Construction and Development Company *** - Al Baraka Financial Group - Gulf Residential Complexes Company***
Mr. Jamal Bin Theniyeh** Chairman	Non-Executive	Bachelor of Public Administration - UAE University	Emaar Real Estate Group - Port Development Company
Mr. Abdullah Alhwaish** Vic chairman	Non-Executive	Bachelor of Economics - King Abdulaziz University 1985	Chairman of the Board of Directors of Amlak International for Real Estate Finance - Vice Chairman of the Board of Directors of Halawani Brothers - Managing Director of Aseer Company for Trade, Tourism, Industry, Agriculture, Real Estate and Contracting Business - Member of the Board of Directors of Al-Ittefaq Steel Industries *** - Saudi Economic and Development Securities Company - SEDCO *** - Member of the Board of Directors of Al-Issa Industries Company ***
Mr. Mohammed Hefni**	Non-executive	Master of Business Administration +	Al Manakha Real Estate Development Company *** - Samir Abbas Hospitals Company ***

member	(Representative of) Dayem AL Haditha (Company)	Bachelor of Civil Engineering (King Fahd University of Petroleum and Minerals)	
Mr. Osama Omar Barayan** member	Independent	Master of Financial Management + Bachelor of Accounting (King Fahd University of Petroleum and Minerals)	
Mr. Arif Abdallah Alharmi** member	Independent	Master of International Business Administration	ARMEX **** - Emaar Industry and Investment Company ***** - Amlak Finance and Real Estate Investment Company in Egypt *****
Mr. Ahmed Yousef Boshnak** member	Independent	Master of Management and Entrepreneurship + Bachelor of Electrical Engineering	Al-Rai Pharmaceutical Industries ***
Mr. Falih Motasem Hajaj**	Independent	Diploma in Real Estate Management and Development + BA in Real Estate Economics and Development	
Mr. Badr Ali Reda** member	Independent	Master of Management + Bachelor of Economics	
Mr. Ahmed Almatroshi** member	Non-executive	Bachelor's degree in Public Administration	Emaar Real Estate Company **** - Emaar Malls Company ****
Mr. Alaa Jabri	Member of the Audit Committee (from outside the Board)	Master of Business Administration	Al-Rajhi Bank (Vice Chairman) - Medical and Pharmaceutical Services Company *** - Rolaco Group ***

- * Membership expired on September 25, 2020.
 ** Membership started on September 26, 2020.
 *** Joint stock companies not listed in Saudi Arabia.
 **** Joint stock companies listed on foreign exchanges.
 ***** Joint stock companies not listed outside Saudi Arabia.

Board meetings in 2020

The Board of Directors held six meetings during 2020

	21 Jan	1 July	26 Aug	8 Oct	26 Oct	16 Dec
H.E. Mohamed Alabbar	X	√	X	not applicable	not applicable	not applicable
Mr. Abdullah Kamel	√	√	√	not applicable	not applicable	not applicable
H.E. Khalid Al Molhem	√	√	√	not applicable	not applicable	not applicable
Mr. Abdulrahman Alrowaita	√	√	√	not applicable	not applicable	not applicable
Mr. Ahmed Jawa	√	√	√	not applicable	not applicable	not applicable
Mr. Fahd Al Rasheed	X	√	√	not applicable	not applicable	not applicable
Mr. Abdullah Taibah	X	√	√	not applicable	not applicable	not applicable
H.E. Saud Al Saleh	√	√	√	not applicable	not applicable	not applicable
Mr. Jamal Bin Theniyeh	√	√	√	√	√	√
Mr. Abdullah Alhowaish	not applicable	not applicable	not applicable	√	√	√
Mr. Mohammed Hefni	not applicable	not applicable	not applicable	√	√	√
Mr. Osama Omar Barayan	not applicable	not applicable	not applicable	√	√	√
Mr. Arif Abdallah Alharmi	not applicable	not applicable	not applicable	√	√	√
Mr. Ahmed Yousef Boshnak	not applicable	not applicable	not applicable	√	√	√
Mr. Falih Motasem Hajaj	not applicable	not applicable	not applicable	√	√	√

Mr. Badr Ali Reda	not applicable	not applicable	not applicable	√	√	√
Mr. Ahmed Almatroshi	not applicable	not applicable	not applicable	√	√	√

√ Attended the meeting
 X Did not attend the meeting

The General Assembly held two meetings in 2020, as follows:

	27/04/2020 16th Ordinary Assembly	22/09/2020 17th Ordinary Assembly
H.E. Mohamed Alabbar	X	X
Mr. Abdullah Kamel	√	√
H.E. Khalid Al Molhem	√	X
Mr. Abdulrahman Alrowaita	X	√
Mr. Ahmed Jawa	X	X
Mr. Fahd Al Rasheed	X	X
Mr. Abdullah Taibah	√	X
H.E. Saud Al Saleh	X	X
Mr. Jamal Bin Theniyeh	X	√

√ Attended the meeting
 X Did not attend the meeting

Board Committees

Within the framework of corporate governance, the following committees are established by the Board of Directors: Executive Committee, Audit Committee, and Remuneration and Nomination Committee.

Executive Committee

The Executive Committee comprises four members. The Committee is granted its powers by the Board of Directors, which assigns it the following responsibilities: supervision of the execution of the Company's overall strategy, setting the Company's budget, monitoring the Company's operational and financial performance and reporting to the Board of Directors about financial and strategic affairs, in addition to all related matters.

The Executive Committee comprises the following members Until September 25, 2020:

Name	Position
Mr. Abdulrahman Alrowaita	Chairman
H.E. Khalid Al Molhem	Member
Mr. Fahd Al Rasheed	Member
Mr. Abdullah Taibah	Member

Whereas, the committee was reconstituted on October 08, 2020, and the names were included as follows:

Name	Position
Mr. Mohammed Hefni	Chairman
Mr. Abdullah Alhowaish	Member
Mr. Osama Omar Barayan	Member
Mr. Arif Abdallah Alharmi	Member

The Committee held Five meetings during 2020, as follows:

	04 June	11 Nov	22 Nov	29 Nov	09 Dec
Mr. Abdulrahman Alrowaita	√	not applicable	not applicable	not applicable	not applicable
H.E. Khalid Al Molhem	√	not applicable	not applicable	not applicable	not applicable
Mr. Fahd Al Rasheed	X	not applicable	not applicable	not applicable	not applicable
Mr. Abdullah Taibah	√	not applicable	not applicable	not applicable	not applicable
Mr. Mohammed Hefni	not applicable	√	√	√	√
Mr. Abdullah Alhowaish	not applicable	√	√	√	√
Mr. Osama Omar Barayan	not applicable	√	√	√	√
Mr. Arif Abdallah Alharmi	not applicable	√	√	√	√

Audit Committee

The committee consists of three members, whether from the shareholders or others, with the necessity to take into consideration the following conditions:

- The Committee must have at least one independent member.
- Not to include any of the Executive Board members.
- The Chairman of the Board must not be a member.
- The Chairman of the Audit Committee must be an independent member.
- Among its members there must be one specialized in finance and accounting.
- It is not allowed for those who work or had worked during the last two years in the executive or financial management of the Company, or with the auditing company, to be part of the Audit Committee.
- The Committee must collectively have enough experience in businesses and deep knowledge of the Company's finance and accounting policies and procedures.
- If a member's seat is vacated, for any reason, the Board of Directors can appoint a temporary member who replaces the previous member to continue the period of the previous member, and this appointment must be presented to the General Assembly in its first meeting. All concerned parties are notified of this appointment as per prevailing regulations.

The Audit Committee focuses on monitoring the Company's businesses and confirming the integrity and correctness of financial reports and statements, and internal auditing systems. The responsibilities of the Committee specifically include:

Financial reports

- Study initial and annual financial statements of the Company before being submitted to the Board of Directors, offering opinions and recommendations to guarantee fairness, integrity and transparency.
- Offer technical opinions, upon the Board of Directors' request. Advise if the Board Of Directors' Report and the Company's financial statements are fair, balanced, understood and include all information that will allow shareholders and investors to evaluate the financial status of the Company, along with its performance, business model and strategy.
- Study any important or unusual matters included in the financial reports.
- Detailed discussion about any issues raised by the financial manager or compliance officer in the Company or financial auditor.
- Verify accounting evaluations adopted in critical matters mentioned in financial reports.
- Study the Company's financial policies, offering opinions about them and making recommendations to the Board.

Internal audit

- Study and review internal and financial audit regulations and risk management in the Company.
- Study the internal audit reports and follow the implementation of corrective measures related to notes mentioned therein.
- Audit and monitor the performance and activities of the Company's Internal Audit Department and review its efficiency, confirm its compliance with international standards in relation to internal audit and business ethics. The Audit Committee must also verify the availability of suitable resources to allow the Internal Audit Department to perform its responsibilities efficiently, and review and approve the budget allocated to this department.
- Recommend to the Board to appoint/exempt the Head of Internal Audit or the Internal Auditor, and define his remuneration in consultation with the Remuneration and Nomination Committee.
- Verify the independence of the Internal Audit Department.

Auditor

- Evaluate the suitability of the auditing firm and recommend its appointment to the Board of Directors, appointing it or reappointing it for the coming year, defining its fees as per the negotiations of the Company's executive management, or exempting it from its duties.
- Verify that the auditor is not offering other technical, managerial or consultancy services to the Company which are not within the scope of auditing and offering its views in this regard.
- Review the plan of the auditor and its businesses, study its reports and notes on the financial statements, verify the answers of the executive management on these notes, follow-up in this regard and verify that no difficulties were faced by the auditor with the Company's management, while performing its duties.
- Study the impacts of any changes in International Financial Reporting Standards (IFRS) or any changes in the regulations on the Company's financial statements and its accounting policies.
- Meet on a regular basis with the auditor and answer its enquiries and questions.
- Verify the independence of the auditor, its objectivity, equity and the efficiency of the auditing process, taking into consideration the related regulations and standards.

Compliance guarantee

- Review company reports submitted to regulatory authorities, including financial statements and data, and verify that the information contained in these reports is consistent with the information in the approved financial statements.
- Review results of the reports of the regulatory authorities and verify that the Company takes the necessary action.
- Verify the Company's compliance with relevant laws, regulations and policies.
- Review contracts and transactions proposed by the Company with related parties and submit their views thereon to the Board of Directors.
- Raise any issues it deems necessary to be taken to the Board of Directors and make recommendations for any action to be taken.
- Review the results of internal investigations for any suspicion of fraud or suspicion of attempting to infringe any law, rules or regulations that have or are likely to have a material impact on the operating results of the Company or its financial position. The Committee shall discuss these results with the Auditor and submit recommendations thereon to the Board of Directors in due time.
- Ensure that there is a strong corporate governance structure, sound management practices, financial and other policies and guidelines that are sufficiently defined and available to all those who need to know thereof.

Evaluating internal control system

Report on effectiveness of internal auditing system at Emaar The Economic City.

Based on the provisions of Articles 10 and 14 of the Corporate Governance Regulations issued by the Capital Market Authority regarding the basic functions of the Board of Directors and the tasks of the Audit Committee, as well as provisions of Article 104 of the new Companies' Law, the Audit Committee provides through this report its opinion on the effectiveness of the internal auditing system of Emaar The Economic City).

The Audit Committee carries out periodic follow-up and undertakes the responsibilities and tasks assigned by the Board of Directors, where the committee, in expressing opinion on the effectiveness of the internal auditing system, relied on:

- Studying the financial statements that include the adopted accounting policies and discussion with the Company's management and with the auditor: The committee, through its periodic

meetings during the year, discussed the financial policies adopted in preparing the financial statements based on International Financial Reporting Standards (IFRS). After studying and discussing such policies, the policies are approved by the Board of Directors. The committee also revised the quarterly and annual financial statements as well as special reports in comparison with the previous periods and provided any notices in this regard and discussed these with the financial management of the company and with the auditor before approval by the Board of Directors and publishing, which resulted in providing an unreserved opinion on the Company's consolidated financial statements for the year ending 31 December 2020.

- Reports and notices provided by the auditor and how far does the Company's management undertake corrective actions for such notes: The committee reviewed the report of notices provided by the auditor according to auditor's annual report and received the plan necessary to take corrective actions for such notes from the Company management. The committee followed up with the financial management through the stages of implementing the plan, "and confirmed the commitment of the management to implement such plan."
- Recommendation to Board of Directors to appoint, reappoint or discharge auditors, determine fees, and assess their performance.
- Annual auditing plan provided by the auditor: The committee approved the auditing plan provided by the auditor after discussing the plan and ensuring that the plan includes the main and fundamental areas of concern for the Company.
- Reports and notices developed by the internal auditor of the Company and how far does the Company's management take corrective actions regarding such notes: The committee, periodically, with the internal auditor and senior management of the Company, will follow up stages of the administration's compliance to the agreed work plans so as to take corrective steps regarding the notices developed by the internal auditor of the Company. The internal auditor shall provide a periodic report indicating the updated status of the notices and percentage of completion of the work plan agreed with the management. The committee shall discuss such report with the Company's senior management and the internal auditor.
- Annual auditing plan provided by the internal auditor: The internal auditor shall provide an annual auditing plan based on risk assessment for each division of the Company in addition to the directives of the senior management and Audit Committee. The committee shall adopt such plan after revision of the criteria. The committee, with the internal auditor, shall monitor compliance to the approved plan and shall adopt any modifications based on the justifications that require such modifications, if any
- Various reports requested by the committee from the Company's management, which are audited and discussed during periodic meetings: The committee, periodically, shall request the Company's senior management to provide various reports regarding progress of operations, collections, legal issues, Zakat status, value-added tax, and transactions with the relevant authorities. Various reports shall be discussed during the periodic meetings of the Audit Committee, where the management shall provide sufficient information and answers to the committee's inquiries. The committee shall also discuss and audit all developments regarding the level of new laws and regulations in the Kingdom and shall ensure the Company's compliance with all requirements of the Capital Market Authority and the Companies' Law.
- Annual report regarding the risks that may be incurred by the Company: The committee shall audit the report regarding the risks that may be incurred by the Company and provide notices in this regard after considering the steps taken by the Company's management to mitigate the effects of such risks or cancel all such steps, if possible, and shall report to the Board of Directors for final discussion and approval.

- Revision of the extent of cooperation and assistance provided by the management to the external auditor and the internal auditor, and confirmation of their independence, in addition to absence of any restrictions that prevent completion of the the tasks assigned: The committee requested the auditors to refer in case of any professional difficulties that may represent an obstacle to complete auditing assignments. The committee did not receive any note from the auditors in this regard.

The external auditor as well as the internal auditor confirmed that both had obtained all the required information and documents to complete the full audit works.

- Verify and settle complaints received by the Company from stakeholders, and revise the deals of the stakeholders.

The auditing reports does not indicate any fundamental weakness in the Company's internal auditing system, where the majority of notices are mainly in the areas

of performance improvement, activating work and raising efficiency of departments and divisions, completing documentation of procedures, and aiming to add more durability to the auditing system and making the best use of available resources.

The global Corona pandemic, COVID-19, was one of the most emerging risks affecting the company's activities at the financial level and the envioirment of work, which no one expected during the year 2020. However, the senior management, in coordination with the various supervisory departments and the Board of Directors, took immediate decisions and procedures to manage risks and ensure an environment Sufficient oversight within this crucial stage, which can be summarized as follows:

- Activating task forces to manage public health crises and city operations
- Create a business continuity crisis management team (for financial and operational affairs)
- Developing a mechanism to measure the level of risks related to managing the Corona crisis on a daily and regular basis
- Preparing instructions for remote work for the main departments of the company
- Take the necessary precautions to access the information system in a safe manner and to adopt electronic facilities
- Conducting risk assessment workshops at the level of company leaders on the impact of the pandemic.

At the end of the year, the Audit Committee reviewed and activated the whistleblowing policy and system to put it into effect after its approval by the Board of Directors.

Based on all these points, taking into consideration that the objectives of the internal auditing system are to:

- Ensure that the accounting records are prepared correctly; increase accuracy and confidence in the accounting data
- Protect assets and property
- Maintain integrity of transactions
- Increase the efficiency of the Company's performance and the efficient use of available capabilities
- Ensure compliance with various laws, regulations and agreements

The Audit Committee considers that the objectives of the internal auditing system as provided in Emaar The Economic City are considerably achieved. The committee also considers that the Company's management position, in general, regarding internal auditing, is positive, where most activities are governed by written policies and procedures, and management interacts positively with the recommended policies.

The Company's management formed several internal committees from different departments, each according to its specialization, to advance operational application of the policies and compliance with the various laws, that each public joint stock company listed on the Saudi Stock Market shall be subject to.

We also note that the comprehensive operations of inspection and assessment of internal auditing procedures cannot be absolutely emphasized, because the auditing process is essentially reliant on random sampling, as well as the diversity of the Company's operations. Therefore, improvement and development efforts shall continue by the committee and control departments to ensure effectiveness and efficiency of the mechanism of follow-up and improvement in internal auditing operation and procedures. The committee shall continue work during the next year, and shall report any modification the aforesaid, if any.

On April 27, 2020, the General Assembly approved the formation of the Audit Committee for a period of three calendar years ending on April 23, 2023, and the formation came as follows:

Name	Position
H.E. Khalid Al Molhem	Chairman
Mr. Abdullah Alhawaish	Member from outside the board of directors
Mr. Alaa Al-Jabri	Member from outside the board of directors

On September 22, 2020, AGM approved the formation of the Board of Directors in its new session that was launched on September 26, 2020 and continues until September 25, 2023 and considering this H.E. Eng. Khaled Al-Molhem submitted his resignation from the membership of the Audit Committee due to his departure from the Board of Directors on September 27, 2020, and His Excellency was appointed Mr. Osama Omar Barayan is his replacement until the end of the committee session, and the following table shows the names of the committee members after September 27, 2020.

Name	Position
Mr. Osama Omar Barayan	Chairman
Mr. Abdullah Alhawaish	Member from outside the board of directors
Mr. Alaa Al-Jabri	Member from outside the board of directors
Mr. Adel Al-Jabarti*	Secretary of the Audit Committee

* The committee decided in its meeting on October 20 to appoint him a secretary of the committee

The Committee held Five meetings during 2020, as follows:

	18 March	10 June	20 Oct	05 Nov	06 Dec
H.E. Khalid Al Molhem	√	√	not applicable	not applicable	not applicable
Mr. Abdullah Alhowaish	√	√	√	√	√
Mr. Alaa Al-Jabri	X	√	√	X	√
Mr. Osama Omar Barayan	not applicable	not applicable	√	√	√

√ Attended the meeting

X Did not attend the meeting

Remuneration and Nomination Committee

The Committee consists of three members, considering the following conditions:

- The Chairman of the Committee must be an independent member of the Board of Directors and appointed by Committee members during the first meeting held after its formation.
- Committee members are appointed in a way that guarantees the availability of varied skills and experience, taking into consideration experience suitable to the Company's activities.
- The Committee's Chairman and members must adhere to the principles of fidelity, integrity and loyalty and take care of the Company's and shareholders' interests, putting these ahead of their own interests.
- The Company must notify the authorities of the Committee members' names and positions within five working days from their date of appointment, and about any changes to the membership within five working days of the changes.
- The Committee membership ends at the conclusion of its term, or the end of the member's eligibility according to any laws or regulations or instructions applicable in the Kingdom. The Board is permitted to remove all committee members, or some of them, at any time and Committee members are permitted to resign from the Committee.
- The Chairman of the Committee or any of its members he appoints must attend the Annual General Meeting to answer shareholders' questions.

Responsibilities and duties of the Remuneration and Nomination Committee

The Committee is responsible for studying topics related to it or which are transferred to it by the Board of Directors. It then raises its recommendations to the Board to take the necessary decisions, or takes the decisions itself, if the Board authorizes it to do so.

The Committee focuses on:

Remuneration

- Preparing a clear policy for the remuneration of Board members and Committees emanating from the Board and executive management and submitting them to the Board for consideration, before being approved by the Annual General Meeting, taking into account the performance, disclosure and verification criteria.
- Clarifying the relationship between remuneration awarded and the applicable remuneration policy and indicating any material deviation from this policy.
- Regularly reviewing the Company's remuneration policy and evaluating its effectiveness.
- Recommending to the Board the remuneration of its members, its Committees and senior executives in accordance with the approved policy.
- Reviewing the CEO's remuneration, including long-term and short-term incentives, as well as determining the achievements of the Group Chief Executive Officer and making recommendations thereon to the Board.
- Reviewing and approving the Group Chief Executive Officer's recommendations on the remuneration of senior executives.
- Ensuring that the Company complies with the remuneration policy of the Board of Directors and the members of Committees emanating from the Board of Directors and executive management, as approved by the Annual General Meeting.

Nominations

- Proposing clear policies and criteria for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors the nomination and re-nomination of members not to nominate any person previously convicted of the crime of breach of trust.
- Preparing descriptions of the capabilities and qualifications required for Board membership and executive management positions.
- Defining the time that the member is to allocate to the Board's work.
- Annual review of the necessary skills and experience for Board membership and executive management positions, identifying weaknesses and strengths in the Board and executive management and recommending solutions according to the Company's interests.
- Reviewing the structure of the Board of Directors and executive management and recommending any changes.
- Annual verification of the status of independent members and ensuring no conflicts of interest exist if the member is on the board of another company.
- Developing job descriptions for executive, non-executive and independent Board members and senior executives of the Company.
- Developing special procedures in the event of vacancy of Board members or senior executives.
- Providing the appropriate level of training and orientation for new Board members about the Company's mission and its achievements so that they can perform their duties with the required efficiency.
- Studying and reviewing the performance of the executive management.
- Studying and reviewing management succession plans for the Company in general, and for the Board of Directors, Group Chief Executive Officer and senior executives.

Remuneration and Nomination Committee powers

The Committee has the right to:

- Investigate any matter that falls within its tasks or any subject specifically requested by the Board of Directors.
- Access the Company's records and documents.
- Request any clarification or statement from Board members, executive management or employees of the Company for the purpose of investigating and enquiring about any information.
- Seek legal and technical advice from any third party or other independent advisory body necessary to assist the Committee in the performance of its functions, provided that this shall be included in the minutes of the Committee meeting.
- Invite any member of the executive management to attend a meeting and provide certain information, provided that this shall be included in the minutes of the Committee meeting.

Remuneration and Nomination Committee members

Committee members as at September 25, 2020

Name	Position
Mr. Abdullah Taibah	Chairman
Mr. Ahmed Jawa	Member
Mr. Jamal Bin Theniyeh	Member

Names of the members of the committee as of September 26, 2020:

Name	Position
Mr. Arif Abdallah Alharmi	Chairman
Mr. Abdullah Alhowaish	Member
Mr. Ahmed Yousef Boshnak	Member

The Committee held Five meetings during 2020, as follows:

Name	12 Jan	09 March	17 Aug	22 Oct	30 Nov
Mr. Abdullah Taibah	√	√	√	not applicable	not applicable
Mr. Ahmed Jawa	√	√	√	not applicable	not applicable

Mr. Jamal Bin Theniyeh	√	√	X	not applicable	not applicable
Mr. Arif Abdallah Alharmi	not applicable	not applicable	not applicable	X	√
Mr. Abdullah Alhowaish	not applicable	not applicable	not applicable	√	√
Mr. Ahmed Yousef Boshnak	not applicable	not applicable	not applicable	√	√

Shares held by Board members, their spouses and children

Member	Shares held on 01/01/2020	Share held on 31/12/2020	Ownership of first degree relatives	Change from 1/1/2020 to 31/12/2020
H.E. Mohamed Alabbar*	10,000,000	10,000,000	None	Zero
Mr. Abdullah Kamel*	1,000	1,000	None	Zero
H.E. Khalid Al Molhem*	10,153	10,153	None	Zero
Mr. Abdulrahman Alrowaita*	125,000	125,000	None	Zero
Mr. Ahmed Jawa*	1,000	1,000	None	Zero
H.E. Saud Al Saleh*	100	100	None	zero
Mr. Fahd Al Rasheed*	14,000	14,000	None	zero
Mr. Jamal Bin Theniyeh*	4,107	4,107	None	Zero
Mr. Abdullah Taibah*	1,000	1,000	None	Zero
Mr. Mohammed Hefni**	-	-		
Mr. Abdullah Alhowaish**	-	102	None	+102
Mr. Osama Omar Barayan**	-	100	None	+100

Member	Shares held on 01/01/2020	Share held on 31/12/2020	Ownership of first degree relatives	Change from 1/1/2020 to 31/12/2020
Mr. Arif Abdallah Alharmi**	-	1,000	None	+1,000
Mr. Ahmed Yousef Boshnak**	-	100	None	+100
Mr. Falih Motasem Hajaj**	-	10	None	+10
Mr. Badr Ali Reda**	-	5	None	+5
Mr. Ahmed Almatroshi**	-	-	-	-

* Left the Board on September 25, 2020.

** Joined the Board on September 26, 2020.

Mr. Abdullah Kamel (Vice Chairman of the Board) owns an interest (right to vote) in each of the following: Dayim Modern Real Estate Company, Aseer Company for Trading, Tourism, Industrial, Agricultural, Real Estate & Contracting, Makaseb Real Estate Company, Al Samaha Commercial, Al Khawatem for Trading and Contracting Company, Dallah AlBarka and Kun company. These companies own various shares in the stocks of Emaar, The Economic City.

He also has full control of the following companies: Kawamel Trading & Contracting, and Al Omran International for Property Management. These companies own a total of 192,710,570 shares in Emaar, The Economic City.

Executive Management

Name	Position	Academic degree	Experience
Mr. Ahmed Linjawy	Group Chief Executive Officer	Bachelor's in Medical Technology, King Abdulaziz University.	Five years as Deputy CEO and six years as Executive Director for External Affairs, Emaar, The Economic City. Previously ten years at Procter & Gamble.
Mr. Eyad Ihsan Abdel-Rahim	Group Chief Financial Officer	Master of Business Administration, and Bachelor of Accounting and Finance	Worked for 24 years in financial departments of various sectors of Al-Futtaim Group, as well as in listed companies and family companies, including: Arab Bank, Standard Chartered Bank, and Arabtec Holding

Mr. Ramzi Solh*	CEO, Commercial Development	Bachelor's in Economics, University of Western Ontario.	Twelve years at Emaar, The Economic City. Previously with the Saudi Arabian General Investment Authority (SAGIA) and Al-Futtaim Group
Dr. Hani Gharbawi	General Counsel and Chief Corporate Affairs Officer	BSc in Chemical Engineering, Oregon State University. PhD in Law, Lewis & Clark Northwestern School of Law.	Seven years at Emaar, The Economic City. Previously at Aramco and King Abdullah University of Science and Technology.
Mr. Karim Mourad	Executive Director, Chief Compliance Officer & Head of Board and Shareholders Affairs and Secretary of the Board	Bachelor's in Accounting and Finance, Saint Joseph's University	Twelve years at Emaar, The Economic City. Previously Senior Auditor at Abdul Latif Jamil Company for six years.

* Resigned as CEO, Commercial Development on Feb 25, 2020.

Name	Position	Shares held on 1/1/2020	Shares held on 31/12/2020	Ownership of first degree relatives	Change from 1/1/2020 to 31/12/2020
Mr. Ahmed Linjawy	Group Chief Executive Officer	25,000	8,350	None	16,650-
Mr. Ramzi Solh	Chief Executive of Commercial Development Operations	None	None	None	Zero
Mr. Iyad Ihsan Abdel-Rahim	Group Chief Finance Officer	None	None	None	Zero
Dr. Hani Gharbawi	General Counsel and Chief Corporate Affairs Officer	None	None	None	Zero
Mr. Karim Mourad	Executive Director, Chief Compliance Officer & Head of Board and Shareholders Affairs and Secretary of	None	None	None	None

Name	Position	Shares held on 1/1/2020	Shares held on 31/12/2020	Ownership of first degree relatives	Change from 1/1/2020 to 31/12/2020
	the Board				

Major shareholders

Shareholder	Shares owned	Percentage
Dayim	146,710,570	16.78%
ME Royal Capital	80,000,000	9.4%
Emaar Middle East	50,000,000	5.9%
ME Holdings	50,000,000	5.9%
ME Strategic Investments	50,000,000	5.9%
ME Partners	46,000,000	5.4%

Annual assessment of the Board of Directors

With the change of the Board of Directors and the entry of 8 new members out of 9 in September 2020, the company prepared an open program in King Abdullah Economic City for the members of the Board of Directors in its new session that began on September 26, 2020, and provided them with a comprehensive introductory program about the performance of the company and its business. All city and company facilities.

Related Party Transactions

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties were carried out in the normal course of business on terms that were no more

favourable than those available or which reasonably be expected to be available in similar transactions with non related parties i.e., equivalent to those that prevail in arm's length transactions. In addition to note 18 in annual financial statements for the year to 31 December 2020 , following are the significant related party transactions during the period and the related balances:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amounts of Transactions</i>		<i>Balance as at</i>	
		<i>2020</i> <i>SR' 000</i>	<i>2019</i> <i>SR' 000</i>	<i>31 December</i> <i>2020</i> <i>SR' 000</i>	<i>31 December</i> <i>2019</i> <i>SR' 000</i>
<i>Amounts due from related parties</i>					
Other related parties	Lease rentals, utilities, service charges and other	2,354	4,616	721	3,211
	Sale of properties	14,181	5,640	3,089	1,650
Joint Venture	Lease rentals and utilities charges	10,850	1,497	11,653	971
Key management personnel	Sale of properties, utilities and service charges	-	1,179	261	895
	Lease rentals	414	222	344	222
Board of directors	Sale of properties, utilities and service charges	-	164	-	231
	Lease rentals	316	147	-	147
Total				16,068	7,327
<i>Amounts due to related parties</i>					
Other related parties	Expenses incurred on behalf of the Group	-	-	-	(2,619)
	Services provided to the Group	3,145	389	(3)	(415)
	Advance against sale of properties and leased units	-	-	-	(7,961)
	Purchase of goods	-	20	-	-
Other related parties with significant influence	Expenses incurred on behalf of the Group	11	-	(455)	(89)
Key management personnel	Remuneration	9,973	16,263	-	-
Board of directors	Remuneration and meeting fees	4,100	4,003	(4,100)	(4,003)
	Advance received against services	-	-	-	(19)

Total

(4,558)

(15,106)

Board of Directors' and Executive Management Remuneration

The Company's Articles of Association stipulate the Board of Directors' remuneration, as well as the remuneration policy for Board members and senior executives approved by the Company's Annual General Meeting. This indicates that the Remuneration and Nomination Committee shall recommend to the Board the remuneration for Board and Committee members. According to the policy, the Company shall take into account:

- Adherence to the Company's strategy and objectives.
- Remunerate to encourage Board members and executive management to make the Company successful and achieve long-term development, linking the variable part of remuneration with long-term performance.
- Base remuneration on job level, duties and responsibilities of the member, in addition to educational qualifications, experience, skills and performance level.
- Remuneration consistent with the size, nature and risk level within the Company.
- Take into consideration other companies' remuneration practices, avoiding what might result from a non-justifiable increase in remuneration and compensation.
- Attract skilled and qualified people, their retention and encouragement, without exaggerating this.
- Coordinate with the Remuneration and Nomination Committee when making new appointments.
- Consider holding or reversing remuneration if it is discovered to be based on non-accurate information presented by a Board member or senior manager. This is to discourage the misuse of job status to receive undeserved remuneration.

According to Article 21 of the Company's Articles of Association and Article 76 of the Company's bylaws, remuneration granted to the Board of Directors shall be an identified amount, attendance fees for meetings, in-kind benefits, or a percentage of net profits. Two or more of these may be combined, in line with the provisions of the Company's bylaws, corporate governance regulations, and the rules and regulations set by the Capital Market Authority in this regard:

- If the Board members' remuneration is a percentage of net profits, then according to Article 47 of the Company's bylaws and Article 76 of the companies' regulations, the remuneration of Board members must not exceed ten percent of the remaining net profits after deducting the approved reserves and distribution of dividends to shareholders in a percentage of not less than five percent of the paid-up capital.
- Differences in the remuneration of Board members are permitted, reflecting the experience of each member and his specialization, duties, responsibilities, independence, number of meetings attended, and other considerations.
- The remuneration of independent Board members must not be a percentage of profits achieved by the Company or based directly or indirectly on the Company's profitability.
- In all cases, the total remuneration or tangible benefits that a Board member receives must not exceed SR 500,000.00 annually.

The policy of each committee must include the remuneration of its members and the policy of remunerating executive management should include:

- Basic salary (paid at the end of the month and on a monthly basis).
- Allowances that include, for example but not limited to, housing, car, telephone and education for children.
- Insurance benefits, including medical, health, life, and accidents.
- Short-term incentive plans related to performance of the member and the Company, long-term incentive plans such as stock options, and other plans related to retention of staff.
- Other benefits that include, but are not limited to, annual leave, annual air tickets, and end of service indemnity.

BOARD AND MANAGEMENT REMUNERATION

The Board and committee members are compensated through annual remuneration and meeting attendance fee based on the rules and regulations stipulated by the Ministry of Commerce and Investment and in accordance with the Company's Articles of Association.

Compensation paid to Board Members during 2020 is as follows:

BOARD MEMBERS	FIXED REMUNERATION				VARIABLE REMUNIRATION		End of Service Benefits	TOTAL
	Specific Amount (Committee Remuneration)	Allowance for Attending Board Meetings	Total Allowance for attending committee meetings committee	TOTAL	Periodic remunerations (Board Remuneration)	TOTAL		
Independent Members								
H.E. Khalid Al Molhem*	257,240		125,656	382,896				382,896
Mr. Abdullah Taibah*	257,240		130,246	387,486				387,486
H.E. Saud Al Saleh*	257,240		0	257,240				257,240
Mr. Osama Omar Barayan**	92,760		69,836	162,596				162,596
Mr. Arif Abdallah Alharmi**	92,760		59,836	152,596				152,596
Mr. Ahmed Yousef Boshnak**	92,760		27,418	120,178				120,178
Mr. Falih Motasem Hajaj**	92,760		0	92,760				92,760
Mr. Badr Ali Reda**	92,760		0	92,760				92,760
TOTAL								
Non-Executive Members								

H.E.Mohamed Alabbar*	257,240		0	257,240				257,240
Mr. Abdullah Kamel*	257,240		0	257,240				257,240
Mr.Abdulrahman Alrowaita*	257,240		60,123	317,363				317,363
Mr. Ahmed Jawa*	257,240		65,123	322,363				322,363
Mr. Jamal Bin Theniyeh	350,000		70,123	420,123				420,123
Mr. Fahd Al Rasheed*	257,240		55,123	312,363				312,363
Mr. Abdullah Alhowaish**	92,760		164,836	257,596				257,596
Mr. Mohammed Hefni**	92,760		37,418	130,178				130,178
Mr. Ahmed Almatroshi**	92,760		0	92,760				92,760
TOTAL								
External members								
Mr. Alaa Al-Jabri			90,000	90,000				90,000
TOTAL								

COMMITTEE MEMBERS	FIXED REMUNERATION (except for the allowance for attending board meetings)	ALLOWANCE FOR ATTENDING BOARD MEETINGS	TOTAL
Executive Committee Members			
Mr. Abdulrahman Alrowaita*	55,123	5,000	60,123
H.E. Khalid Al Molhem*	55,123	5,000	60,123

Mr. Fahd Al Rasheed*	55,123	0	55,123
Mr. Abdullah Taibah*	55,123	5,000	60,123
Mr. Mohammed Hefni**	17,418	20,000	37,418
Mr. Abdullah Alhowaish**	17,418	20,000	37,418
Mr. Osama Omar Barayan**	17,418	20,000	37,418
Mr. Arif Abdallah Alharmi**	17,418	20,000	37,418
TOTAL			
Audit Committee Members			
H.E. Khalid Al Molhem	55,533	10,000	65,533
Mr. Abdullah Alhowaish**	75,000	25,000	100,000
Mr. Osama Omar Barayan**	17,418	15,000	32,418
Mr. Alaa Al-Jabri	75,000	15,000	90,000
TOTAL			
Nomination and Remuneration Committee Members			
Mr. Abdullah Taibah*	55,123	15,000	70,123
Mr. Ahmed Jawa*	55,123	10,000	65,123
Mr. Jamal Bin Theniyeh	55,123	15,000	70,123
Mr. Arif Abdallah Alharmi**	17,418	5,000	22,418
Mr. Abdullah Alhowaish**	17,418	10,000	27,418
Mr. Ahmed Yousef Boshnak**	17,418	10,000	27,418
TOTAL			

The company paid the amounts owed to the committees only, provided that the amounts related to the membership of the board of directors are disbursed after the approval of the company's annual general meeting.

Rewards for senior executives:

The company has paid (15,043,665 Saudi riyals) to 6 senior executives, including the CEO and CFO

EXECUTIVES	FIXED REMUNERATION				VARIABLE REMUNERATION		END OF SERVICE BENEFITS	TOTAL
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	TOTAL		
	8,420,221	2,947,077	1,053,743	12,421,041	823,620	823,620	1,799,004	15,043,665
TOTAL								

Declaration

The company confirms the relationship between the remuneration granted to members of the Board of Directors and the executive management and the applicable remuneration policy, there is no material deviation between them from this policy.

Operating Structure

Due to the continued works and activities of the Company in the subsidiary companies described in this report, the Company attracted a large number of distinguished local and global contributors to the work according to the requirements of the next phase, especially after the city's operation and intensity of development operations.

Subsidiary Companies

The Company owns shares in seven subsidiary companies:

1. Ports Development Company is a closed joint stock company based at KAEC. It executes contracts related to managing, developing, maintaining, operating, financing and investing in King Abdullah Port, in addition to all services necessary to operate the port and its facilities. Port Development Company's capital is SR 5.21 billion, distributed over 521 million shares. Emaar, The Economic City owns 260.5 million shares, equivalent to SR 2.605 billion and 50 percent of Port Development Company's capital.
2. The "Economic City Investments Limited" company, with "limited liability", commercial registration number (4602003130), in which Emaar the Economic City owns a 100% stake, with its capital amounting to five hundred thousand Saudi riyals, and it is located in King Abdullah Economic City in the Kingdom of Saudi Arabia. By participating in establishing companies or buying stakes in existing companies.
3. The "Industrial Zones Development Ltd." company, with "limited liability", commercial registration number (4602211995), in which Emaar the Economic City owns a 2% stake and the Economic City Investments Company Limited has a 98% stake, with its capital amounting to five hundred thousand Saudi riyals It is based in King Abdullah Economic City, Kingdom of Saudi Arabia, and is concerned with participating in establishing, managing, operating and providing services to industrial zones and cities and warehouse and storage areas.
4. The Economic City Real Estate Development Company, Commercial Registry No. (4602004969), is a limited liability company based in King Abdullah Economic City, Kingdom of Saudi Arabia, with a capital of 500,000 riyals, in which Emaar the Economic City owns a share of 2% and The Economic City Investments company Limited has a 98% stake, and it is concerned with owning, buying, investing, selling, developing, marketing, renting and renting lands, real estate, schools, hospitals, health facilities, sports stadiums and train stations, including lands for the benefit of the company.
5. Economic City Pioneer Real Estate Management Company", Commercial Registry No. (4602004970), a limited liability company based in King Abdullah Economic City, Kingdom of

Saudi Arabia, with a capital of 500 thousand riyals, in which Emaar Economic City owns a share of 2% The Economic City Investments Company Limited has a 98% stake, and it is concerned with establishing, managing, developing, operating, renting, renting and providing various services for various types of real estate and commercial, residential and administrative complexes in the economic cities.

6. The Economic City Real Estate Management and Operation Company, Commercial Registry No. (4602004968), is a limited liability company based in King Abdullah Economic City, Kingdom of Saudi Arabia, with a capital of 500,000 riyals, in which Emaar the Economic City owns a share of 2% and a company Economic City Investments Limited has a share of 98%, and it is concerned with owning, buying, investing, selling, developing, marketing, renting and renting lands and real estate for various residential and commercial purposes in the economic cities for the benefit of the company and establishing and providing various services for real estate of various kinds, including hotels, resorts, facilities, schools, hospitals and sports stadiums in the economic cities.

7. Emaar Knowledge Company, commercial register number 4602006620, is a limited liability company based at KAEC. The company's capital is SR 10 million. Emaar, The Economic City owns 96 percent of the shares and the remaining 4 percent of the shares are owned by subsidiary companies. The Company is involved with the administration and operation of a college specializing in granting Bachelor's and Master's degrees in business administration, establishing college buildings, institutes, the center, housing for students and teachers, schools and sports stadiums.

Corporate Governance

The Board of Directors supervises the Company's compliance with corporate governance rules and regulations issued by the Capital Market Authority. The Governance and Compliance Department coordinates with the Board Secretariat, executive management and Committees to review and update corporate governance policies and practices to promote integrity, transparency and compliance.

The Company is required to disclose in the Board of Directors' Report the regulatory requirements stipulated in the corporate governance regulations issued by the Capital Market Authority, whose regulations shall be applied in full.

The Company is committed to implementing all corporate governance regulations issued by the Capital Market Authority pursuant to Decision No (8-16-2017) dated to February 13, 2017, except for the following paragraphs:

1. Articles 70, 71 and 72, which relate to the formation of a Risk Management Committee. The Company considers that the Audit Committee is fully responsible for the work required by this Committee.
2. Article 95, which refers to the existence of a Governance Committee. The Company considers that the Audit Committee is able to perform this task in full.

Board of Directors' declarations

- The Company asserts that no cash loan of any kind is provided to its Board members, or has guaranteed the members in any loan with others.
- The Company does not have rights of option and subscription for the Board of Directors, senior executives, their spouses and children, whether in shares or debt instruments of the Company or any of the subsidiaries of Emaar, The Economic City.
- The Company had no convertible debt instruments, option rights, subscription notes or similar rights issued by the Company or its subsidiaries during the year 2020.
- The Company affirms that no agreement or waiver was concluded with any of the Board members, shareholders, executives or employees of the Company, whereby the right of profits has been waived.
- The Company affirms that no significant change has been made in its financial records, and that the Company shall comply with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). There are also no material observations from the

accountant regarding the Company's activities, financial records or financial statements for 2020. The certified accountant has no reservations about these statements.

• The Audit Committee monitors the Company's procedures and internal controls and evaluates their effectiveness through:

- Reviews of the financial statements included in the accounting policies used and discussed with the Company's management and the certified accountant.

- Periodic reports and observations raised by the Company's internal auditor based on the annual audit plan and the extent to which the Company's management takes corrective action on these observations.

- Reports and observations provided by the auditor and the extent to which the Company's management takes corrective action on these observations.

- The various reports requested by the Committee from the Company's management team, which are reviewed and discussed during periodic meetings.

The audit reports referred to above did not show any significant weakness in the Company's internal control system. The majority of the observations are mainly focused on the areas of improving performance, activating the work of departments and divisions, improving their efficiency, and updating their procedures to give the system greater control and better utilization of resources.

Based on all the above, and taking into account that the objectives of the internal control system are:

• To ensure that the accounting records shall be prepared correctly and increase accuracy and confidence in the accounting data.

• To protect assets and property.

• To maintain integrity in transactions.

• To increase the efficiency of the Company's performance and efficient management of its available resources.

• To comply with various laws, regulations and contracts.

Therefore, the Audit Committee considers that the objectives of the internal control system as stipulated by Emaar, The Economic City have been largely achieved. The Committee also considers that the overall position of the Company's management relevant to internal control is positive, as the majority of activities are governed by formal policies and procedures, and management responds positively to the recommended policies.

In addition, the management of the Company has formed several internal committees from different departments, each committee according to its competence, for the proper conduct of operations and the application of policies and compliance with the various laws applicable to public companies listed on the Saudi Stock Exchange (Tadawul).

• The Company affirms that the Board of Directors has developed a formal policy to regulate conflicts of interest and address possible conflicts of interest relevant to the Board of Directors, executive management and shareholders, including abuse of the Company's assets and facilities, in addition to misconduct resulting from transactions with related parties.

• The Company affirms that it did not receive any statement of interest in shares with voting rights belonging to individuals (other than members of the Board of Directors, senior executives, their spouses and children).

• The Company affirms that no redemption, purchase or cancellation by the Company or its subsidiaries of any refundable debt instruments.

• The Company affirms that no rights of transfer or subscription under debt instruments convertible into shares, option rights or subscription notes.

• The Company affirms that no contracts were signed in 2020 and that there is no any fundamental interest of a Board member as stated in Paragraph 7 in the report.

• The Company affirms that no other investments or reserves were created for the benefit of the Company's employees.

Zakat and Government Payments

The General Authority of Zakat and Tax (“GAZT”) issued Zakat assessment for the years 2006 to 2008 and claimed additional Zakat and Withholding tax (WHT) of SAR 90.4 million in addition to delay fines on the WHT. In compliance with the appeal procedures and without admitting the liability, EEC submitted a bank guarantee and paid under protest the WHT difference.

The BOG did not accept the grievance on the Zakat from the “form” point of view. EEC filed a plea to the Royal court requesting the BOG to reconsider the verdict and restudy the case. The BOG did not accept the plea and they maintained the previous decision.

During 2019, the GAZT has issued letter for collection of additional Zakat liability of SR 86.6 million related to the years 2006 to 2008. EEC has settled 20% and 43% of the total liability in the year 2019 and 2020 respectively. Furthermore, the GAZT has agreed to allow the payment of balance liability in instalments.

The WHT case was also under the review at the BOG. A decision was issued supporting EEC’s objection related to delay fine. The GAZT has filed an appeal with the Royal court against the BOG’s decision in respect of delay fine, which is pending adjudication.

EEC has settled the additional Zakat liabilities and finalized assessments for the years 2009 to 2011. The Company has filed the returns of the years 2012, 2013 and 2019. The GAZT has issued zakat certificate for 2019 valid until 30 April 2021.

The GAZT issued Zakat assessment for the year 2014 and claimed additional Zakat of SAR 67.7 million. EEC filed an appeal against the GAZT’s assessment and the GAZT has issued a revised assessment on 8 October 2020 with reduced Zakat liability of SR 33 million. The Company has filed an appeal against the revised assessment with the General Secretariat of Tax Committees (GSTC).

The GAZT has also issued Zakat assessments dated 23 November 2020 for the years 2015 to 2018 with additional Zakat liabilities of SR 254 million. EEC has filed an appeal against the GAZT’s assessment. Subsequent to the year end, on 24 February 2021, GAZT has issued a revised assessment with reduced zakat liability of SR 247 million. The Company is reviewing the revised assessment and is likely to file an appeal with the Tax Violations Dispute Resolution Committee (TVDR).

EEC has requested the GAZT for instalments to pay the remaining balance of SR 31.5 million for the years 2006 to 2008 and for the zakat liability of SAR 44.3 million related to the year 2019. The GAZT has allowed EEC to settle outstanding liability of SAR 75.8 million in ten (10) equally monthly instalments of SAR 7.5 million each starting from August 2020. EEC has already settled four instalments due from August until November 2020 and requested the GAZT for deferment of instalments due in December 2020 and January 2021, which has been duly accepted by the GAZT. Subsequent to the year end, EEC has settled the instalment falling due in the month of February 2021.

Subsidiaries – ECIHC, IZDCL, REOM, REM, RED and EKC

ECHIC finalized its assessment up to 2012 and filed the Zakat / information returns up to the years 2019. The GAZT has issued Zakat certificate for the year 2019, valid until 30 April 2021.

IZDCL finalized its Zakat status up to 2012. The GAZT issued Zakat assessment for the years 2013 to 2015 and claimed additional Zakat of SAR 4.6 million. IZDCL has objected against the GAZT assessment, providing the supporting documents for its position. The GAZT has transferred the case to the GSTC and IZDCL has also registered an appeal on GSTC’s portal. The Tax

Violations Dispute Resolution Committee (TVDR) conducted the hearing session on 22 October 2020 and rendered its decision on 22 December 2020, rejecting IZDCL's appeal. IZDCL has filed an appeal against the TVDR's decision with the Tax Violations Dispute Appellate Committee (TVDAC)

IZDCL has filed the Zakat / information returns up to the years 2019. The GAZT has issued Zakat certificate for the year 2019, valid until 30 April 2021.

RED has filed the zakat / information returns up to the years 2019. The GAZT has issued final Zakat certificates for the year 2019, valid until 30 April 2021. The GAZT issued Zakat assessments dated 29 November 2020 for the years 2015 to 2017 with additional Zakat liabilities of SR 72.45 million. RED filed an appeal against the assessment and the GAZT issued their decision on 10 March 2021, rejecting RED's appeal on technical grounds. The Company is reviewing the revised assessment and is likely to file an appeal with the Tax Violations Dispute Resolution Committee (TVDR).

REOM, REM and EKC filed the Zakat / information returns up to the years 2019. The GAZT has issued final Zakat certificates for the year 2019, valid until 30 April 2021.

Declaration:

The company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax in the Kingdom of Saudi Arabia. It records the Zakat provision due annually and uploads it to the income statement. The adjustments that occur upon the final assessment of the zakat - if any - are recorded in the period in which the assessment is made.

Shareholder Rights and Annual General Meeting

The Company's bylaws and governance regulations included the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights, among which are:

1. The right to receive dividend payments.
 2. The right to receive a share of the Company's assets upon liquidation.
 3. The right to attend general assemblies, participate in deliberations and vote on decisions.
 4. The right to share disposal.
 5. The right to monitor the work of the Board of Directors and file responsibility lawsuits against the members of the Board.
 6. The right of enquiry and information request in such a way that does not compromise the interests of the Company or contradict the Capital Market laws and its executive regulations.
- The Company also provides all information that enables shareholders to exercise their rights to the fullest extent. This information is complete, accurate and updated in a regular and timely manner through the annual reports, the Company's website, the Tadawul website, and press releases in the application of disclosing information to shareholders without discrimination. The Shareholders' Affairs Division also provides periodic reports to senior management, including a detailed report on shareholders and stock movement, and related to inquiries, proposals and observations about the Company and its performance. The executive management presents to the Board of Directors an annual report containing the required information of investor activity, related Company's shares and their movement. The Company discloses all shareholder or regulatory authority questions that are received during the Annual General Meeting on the Company's website. There are no suggestions or comments by shareholders about the Company and its performance other than those disclosed.

- Emaar The Economic City held Emaar its sixteenth ordinary general assembly on Monday 04 Ramadan 1441 AH corresponding to April 27, 2020 AD, through which the following decisions were approved:

1. Approved the Board of Directors' (BOD) Report for the financial year ended on 31/12/2019.
2. Approved the consolidated financial statements for the financial year ended on 31/12/2019.
3. Approved for the auditor's report for the financial year ended on 31/12/2019.
4. Approved for the appointment (KPMG) of the external auditor of the company, according to the recommendation of the Audit Committee, to examine, review, and audit the financial statements for the second and third quarters and the annual statements for the financial year 2020, and the first quarter of 2021, and for the remuneration of the external auditor.
5. Approved of the formation of the Audit Committee, its tasks, its work controls, and the remuneration of its members for the next session that starts from 04/27/2020 AD, for a period of three calendar years ending on 04/23/2023 AD, and they are:
 - His Excellency Eng. Khaled Al-Melhem
 - HE Mr. Abdullah Al-Huwaish.
 - HE Mr. Alaa Jabri.
6. Approved of updating the Nomination and Remuneration Committee policy.
7. Approved of the disbursement of an amount of (4,002,654) Saudi riyals as a reward to the members of the Board of Directors for the fiscal year ending on December 31, 2019.
8. Approved for discharging BOD members for the financial year ended 31 December 2019.

- Emaar The Economic City held Emaar its seventeenth ordinary general assembly on Tuesday 05 Safar 1442 AH corresponding to Sep 22, 2020 AD, through which the following decisions were approved:

1. Approval of the election of members of the Board of Directors for the next session from among the nominees that start on 09/26/2020 AD and its period of three years ends on 09/25/2023 AD. The gentlemen are:
 - 1 .Jamal bin Majid bin Theniyah
 - 2 .Muhammad Nabil Muhammad Hassan Hefni
 - 3 .Abdullah Ibrahim Suleiman Al-Howaish
 - 4 .Arif Abdullah Al-Harmi
 - 5 .Osama Omar Saeed Barayan
 - 6 .Ahmed bin Rashid Al Matrooshi
 - 7 .Falih Motasem Hajaj
 - 8 .Ahmed Youssef Boshnak
 9. Badr Hisham Ali Reda
2. Approved of the amendment of the Audit Committee's Policy.

The company used the electronic voting system for the shareholders through the services offered by the Saudi Stock Exchange (Tadawul). Voting began five days before the meeting date.

The company announced the date, location and agenda of General Assembly meeting, 21 days before the determined date. The invitations were published through the modern technology. The announcement clarified the rules governing shareholders' General Assembly meetings and voting procedures.

The opportunity is given to all shareholders to actively participate and vote for items on the agenda. Shareholders were also able to discuss the issues on the agenda and to ask questions

to members of the Board of Directors and the chartered accountant, and such questions were answered, knowing that no shareholder who holds 5% or more of the share capital of the Company provided a request to add one or more topics to the agenda of the General Assembly. The Company confirms that it avoided development of any procedure that might hinder the shareholder's use of right to vote, and also verifies the powers of attorney of attending shareholders who are non-members of the Board of Directors and non-employees of the Company. Realizing the importance of communication with shareholders, the company continued to:

1. Publish the quarterly financial statements and final accounts for the fiscal year 2020 on the Tadawul website, during the period specified by the law.
2. Adhere to the form of announcements specified by the Capital Market Authority, and the essential information that shall be included and the dates of publication.
3. Prepare the report of the Board of Directors in accordance with the requirements of disclosure and the indicative form prepared by the Capital Market Authority.
4. Updating the Company's website (www.kaec.net) and upload the website with the necessary information that reflects the Company's activity, news and financial results periodically.
5. The Shareholders' Affairs Department in the company continues to communicate regularly with shareholders, receive their suggestions and inquiries, and submit these to the Board of Directors. All shareholders are given the opportunity to actively participate and vote for the agenda issues, especially as the Company continued to use the electronic voting system through the Saudi Stock Exchange (Tadawul).

The Company received 9 registers of the shareholders during 2020 according to the following schedule:

Sir.	Request date	Report date	Request reason
1	16 Jan	15 Jan	Companies regulations
2	03 Feb	03 Feb	Other (restrictions)
3	19 Feb	18 Feb	Companies regulations
4	22 Apr	27 Apr	AGM
5	06 Sep	06 Sep	Other (restrictions)
6	20 Sep	22 Sep	AGM
7	13 Oct	12 Oct	Other (restrictions)
8	24 Nov	23 Nov	Companies regulations
9	13 Jan 2021	31 Dec	Companies regulations

Future Risks

As is the case in sizable strategic projects, the construction of a comprehensive city may involve many risks related to the long-term period to finalize the project, and the necessity to adapt to the rapid economic and operational changes that all this implies. Therefore, the Company consults from time to time with experts to ensure the accuracy of assumptions and studies, and to rely on the best practices in carrying out the activities of the Company to guarantee long-term continuity.

The Company defined a general perception regarding the risks and challenges that may be incurred, and which may affect performance of the Company or the city's development programs. The Board of Directors and The Executive Management developed the necessary plans and procedures to reduce or eliminate the impact of such risks. The most important risks are:

- Risks related to security and safety in the city.
- Decrease in sales due to the slow economic movement in the Kingdom resulting from the decline of oil prices which affected the investment environment in the public and private sectors, and which also affected the ability of current customers to adhere to their financial and investment obligations in KAEC.

- Activating regulations as stated in the regulations of the Economic Cities Authority and many other new or updated specialized regulations.
- Risks related to cyber-attacks that the Kingdom of Saudi Arabia witnessed during the previous period.

In addition to the above mentioned risks, the Company's management is following and monitoring risks of a financial nature represented in:

The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market commission rates. The group's exposure to the risk of commission changes in the market relates to the bank deposits of the group on which a commission is paid and the loan from the Ministry of Finance and commercial banks.

Currency risk

These are risks related to the fluctuation of the fair value or future cash inflows of monetary instruments due to the changes in foreign currency exchange. The Group during the year did not conduct any major transactions in currencies other than the Saudi riyal and US dollar. Since the US dollar is linked to the Saudi riyal, the Group was not exposed to any major currency risks.

Credit risk

These are risks related to the non-adherence of a party to its commitments, thus causing financial loss to the other party. The Group works on limiting credit risks related to clients through monitoring the current account payables. And according to the sales agreement with clients, the ownership document is transferred to the clients only after receiving the full price.

The Group manages its exposure to credit risks in relation to Murabaha deposits at banks through diversification and investing with other parties of good credit rating.

Liquidity risk

Liquidity risks revolve around the Group facing difficulties in having the funds needed to face its commitments and financial obligations. Liquidity risks can arise from the inability to sell a monetary asset quickly and at a price that equals its fair value. Liquidity risks are managed through regular monitoring and always confirming that enough funds are available from credit facilities to meet any future obligations. The Group expects it will have enough available funds to pay all due liabilities during 12 months from the end of the year.

The Company monitors and evaluates all these risks and deals with them on an ongoing basis through regular follow-ups and reporting to the board of directors, and through taking the right decisions and directions to offset the effects of these risks or reduce their effect to the accepted levels.

Penalties

The Company did not receive any fines from the Capital Market Authority or any other supervisory authority in 2020.

Declarations

Emaar, The Economic City declares that:

1. The financial statements were properly produced.
2. The internal audit system was established on a sound basis, and effectively implemented.
3. There is no doubt concerning the ability of Emaar, The Economic City to continue its activities.