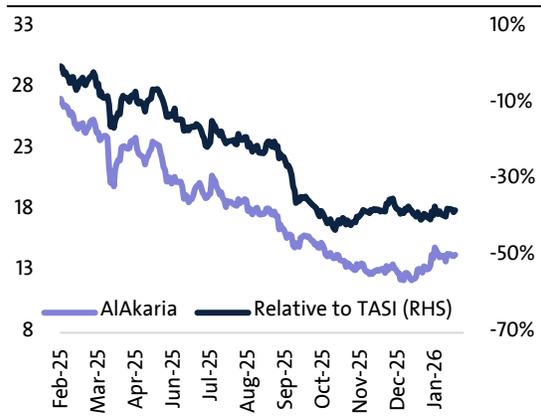


Al Akaria: Investment case intact despite drag from latest regulations

Recommendation	BUY
Market Price	12.9
Target Price	21.0
Upside/Downside	62%

Stock Data	
Market Cap Total/FF (SARmn)	4,863/1,702
Shares Total/FF (mn)	375/132
52 Week Hi-Low(SAR)	12.2/25.5
3/6/12 M Volume Traded (mnsh)	0.61/0.63/0.85
3/6/12 M Value Traded (USDmn)	3.7/3.5/3.8
3/6/12 M Relative Performance (%)	-3/-11/-40

Al Akaria Stock Price Performance VS TASI



Source: AC

Al Akaria: Investment case intact despite drag from latest regulations

We initiate coverage of Al Akaria, a significant real estate player in KSA with over 48 years of operational history, with a Buy rating and set a SOTP-based Target Price of SAR21. We believe Al Akaria's investment case-underpinned by growth in income generating assets, potential unlocking of value from land bank and improvement in performance of other business lines-remains strong despite introduction of recent regulations and ensuing negative earnings impact. A 47% correction in stock price since Mar-25 seems overdone and fails to incorporate the underlying strong fundamentals, in our view.

Key Reasons for Our Buy Rating

IGA Revenue set to jump 85%: We believe Al Akaria can lift revenue from IGA by 85% over 2026-2030 (11% CAGR), based on expected improvement in rents through refurbishment of key IGA assets and materialization of existing and future projects. Further progress on projects in the planning/design phase remains a major upside area.

Potential unlocking of value: Al Akaria maintains an extensive ownership of a landbank (19.6mn sqm) in prime locations in key cities with material cost advantage. This enhances the company's ability to capture current and future growth opportunities and deliver above-average margins.

Performance of key business lines is improving: Al Akaria stands to benefit from improving business performance of construction (absence of losses from a specific project) and facility management arms (new business). Meanwhile, the pipeline of projects for the infrastructure arm remains significant. The awards of future contracts will likely lift the company's current low revenue backlog.

Valuation is wide open; multiple triggers ahead

Al Akaria's valuation is wide open following a 47% correction in the stock price since Mar-25. The company's market value of land is 2x of its existing market capitalization. Similarly, the value of IGA assets is also estimated to be slightly below its current market. Al Akaria currently trades at P/BV of 0.83, down from its 10-year average of 1.1x.

Key Risks

I-Time & Cost overruns on projects, II-Occupancy of new projects in IGA, III-Financial performance of subsidiaries, IV-White land tax on the landbank owned by Al Akaria.

Al Akaria: Financial Highlights (SARmn)

Year to Dec	CY24	CY25E	CY26E	CY27E	CY28E	CY29E
Revenues	1988	1863	1955	2050	2041	1870
Growth	9.6%	-6.3%	4.9%	4.9%	-0.4%	-8.4%
PAT-Adjusted	215	279	260	275	231	302
EPS (SAR)	0.6	0.7	0.7	0.7	0.6	0.8
Growth	218%	30%	-7%	6%	-16%	31%
DPS (SAR)	0.0	0.0	0.0	0.0	0.0	0.0
P/E (X)	22.6	17.4	18.7	17.7	21.1	16.1
D/Y (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/EBITDA	10.9	9.0	10.6	10.6	11.6	10.3
P/BV	0.9	0.9	0.8	0.8	0.7	0.7

Source: Al Akaria, ACC Estimates

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We initiate coverage on Al Akaria with a Buy rating and set SOTP-based Target Price of SAR21.0

Al Akaria-Investment Case

We initiate coverage on Al Akaria, a KSA’s significant real estate player with over 48 years of operational history, with a Buy rating and set SOTP-based Target Price of SAR21.0. We believe Al Akaria’s investment case-underpinned by growth in income-generating assets, significant potential unlocking of value from land bank and improvement in performance of other business lines and -remains strong despite the introduction of recent regulations with negative earnings impact. A 49% correction in stock price since Mar-25 seems overdone and fails to incorporate the underlying strong fundamentals, in our view.

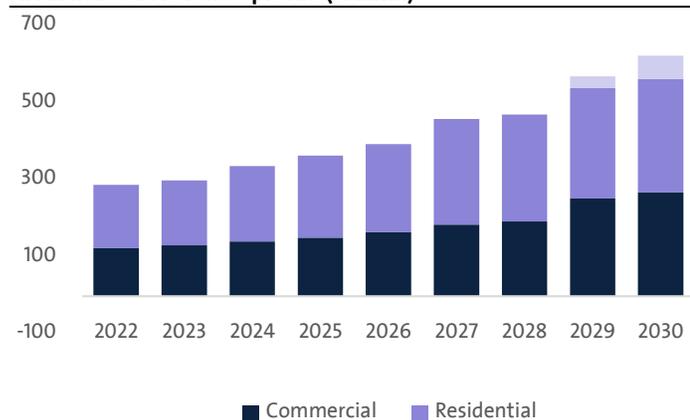
Key Reasons for our Buy Rating

I-IGA: key plank of the company’s investment case

Al Akaria revenue from IGA is poised to grow by 85% over 2024-2030, as per our estimates

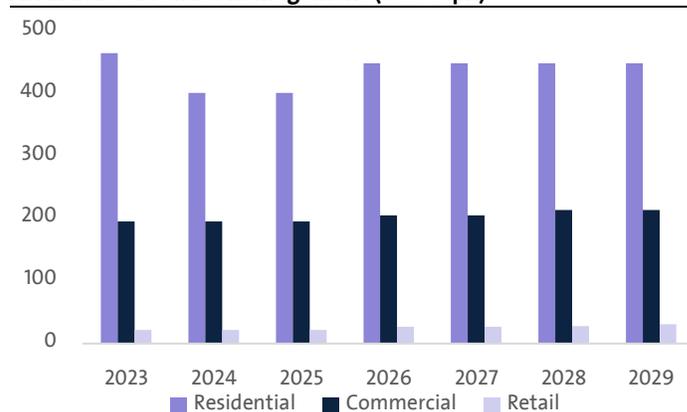
Al Akaria revenue from Income Generating Assets (IGA) is poised to grow by 85% over 2024-2030, as per our estimates. We expect the company’s revenue from IGA assets to rise from SAR338mn in 2024 to SAR625mn by 2030. It is noteworthy that the projected rise in revenue is expected to materialize despite the introduction of freeze on rent hikes in Riyadh, and would be primarily driven by the addition of new units with above-average rental rates, upside in rents from ongoing refurbishment in existing units, and addition of new assets in IGA portfolio. We believe our estimates are conservative and leave room for upside from future tangible progress on projects under design stage or early completion of projects currently under construction.

Al Akaria: IGA revenue profile (SARmn)



Source: AC

Al Akaria: IGA under management (000' sqm)



Residential: BUA, Commercial & Retail: GLA Source: Company Reports, AC

Significant growth on the cards; diversification via new projects

We believe Al Akaria can grow its IGA portfolio in the residential segment by 12% and commercial segments by 48% by 2029 through construction of five projects aimed at optimizing the current landbank of the company. Currently, Al Akaria’s 100% IGA assets are concentrated in Riyadh. The future projects will allow Al Akaria to expand its footprint in Jeddah. Besides geographical diversification, the company is also looking to further diversify its real estate offering. Al Akaria has already announced completion of a leasing project related to a school. Moreover, the company will likely grow its IGA

portfolio in the hospitality segment with the expected launch of two mixed-use projects, L`Avenir and Porta Jeddah, with significant hospitality assets,

Al Akaria-Details of IGA						
Project	City	Land Area*	Offering	Status	Completion	Details
Olaya Oasis	Riyadh	118564	Residential	Owned	1982	10 compounds; 828 units
Diplomatic Quarter	Riyadh	287924	Residential	Leased	1996	171 Villas, 322 Duplex, 190 apart.
Lacasa	Riyadh	25570	Residential	Owned	2019	162 units (31 Villas, 131 Apartments)
Al Reef	Riyadh	39010	Resident-Retail	Leased	2026	240 units (64 Villas, 176 Apartments)
Alakaria I	Riyadh	19000	Commer-Retail	Owned	1984	Demolished, New offerings planned
Alakaria 2	Riyadh	15737	Commer-Retail	Owned	1986	11 Story (3 for retail, 8 offices)
Al Akaria 3	Riyadh	13150	Commer-Retail	Owned	1995	11 Story (3 for retail, 8 offices)
Akaria Plaza	Riyadh	19397	Commer-Retail	Owned	2010	Three towers of Eights stories
Akaria Sittin Center	Riyadh	9325	Commer-Retail	Owned	1985	Four towers with 8 floors each
Malqa Riyadh School	Riyadh	21171	Education	Owned	2025	Asset leased for long-term
Tilal Commercial	Riyadh	21561	Commer-Retail	Owned	2026	Life style center with total GFA 19k sqm
Narjees Business Park	Riyadh	40000	Commer-Retail	Owned	2028	Low-rise office building with retail
L`Avenir:	Riyadh	25500	Mixed-use	Owned	2028	Hotel, retail, offices
Porta Jeddah	Jeddah	47971	Mixed-use	Owned	2028	Hotel, retail, offices
Al-Akaria I	Riyadh	30215	Mixed-use	Owned	TBD	Apartment, office, retail, hotel
Sitten Vertical	Riyadh	9857	Residential	Owned	TBD	320 apartments, secondary retail

*Sqm, Source: Al Akaria, AC

Details of key projects under construction and design

Al Akaria is currently working on a number of projects to grow its IGA portfolio. Currently, three projects are in various stages of construction with expected completion of two projects expected in 2026. Two more projects are in advanced stages of design with high possibility of the award of the construction contract in 2026. The company is also working on another two projects in Riyadh, which would be firming up over 2026.

Projects Under Construction

Al Reef Residential Community (Land Area: 39k sqm, Riyadh): Al Reef is a first integrated residential community in Diplomatic Quarter, a high-demand, premium location in Riyadh. The project is in the final stages of completion. The project offers various categories of residential units (64 villas & duplexes and 176 apartments). Al Akaria has recently awarded a long-term lease contract valued at SAR1.2bn to Amsa Hospitality Co to manage the project for the next 20 years.

Tilal Commercial Center (Land Area: 22k sqm, Riyadh): Al Akaria has designed this project as a lifestyle center with retail and office offerings. The project's GFA of 19k sqm is almost equally divided between retail and offices. The project is slated to come into operation in 2026.

Narjes Business Park (Land Area:40k sqm, Riyadh): The project design includes a low-rise office building with total GFA of 40k sqm and associated retail offering (5k sqm

GFA). Al Akaria has recently awarded the construction contract for the project to its construction arm, Tamear.

Projects Under Development

L`Avenir (Land Area: 25.5k sqm, Riyadh): A mixed-use leisure and work destination in Riyadh with 280 keys in addition to retail and dining. The project design is in the final stage. The project land is located in the zone with maximum White Land Tax (WLT, 10%). This will likely prompt Al Akaria to accelerate the progress on the award of the construction contract, a key requirement for the exemption of WLT. The land plot is situated in proximity to King Abdullah Financial District (KAFFD) in Riyadh, an area with significant demand for residential units. Al Akaria has selected Marriott International to manage and operate the hospitality offering under the brand name of Autograph Collection Hotel. The award of the construction contract for L`Avenir is likely in 2026.

Porta Jeddah mixed-use destination (Land Area: 48k, sqm, Jeddah): A mixed-use leisure and work destination in Jeddah featuring 238 keys for lifestyle hotel and serviced apartments, in addition to space for retail & entertainment (39% of GFA) and Grade A office (34% of GFA). Al Akaria has selected Hilton's brand, Canopy by Hilton to manage the hospitality offering. Porta Jeddah is not part of our estimates.

Upcoming Projects

Al-Akaria I (Land Area: 30k sqm, Riyadh): A mixed-use project to be built in Olaya, the heart of the commercial activity in the capital city, featuring retail, hospitality, offices and residential components. The project design is in final stage. The location of this project is also in an area with maximum White Land Tax.

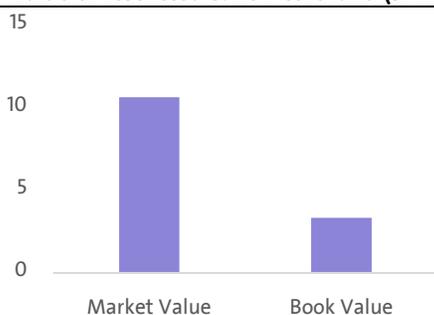
Sitten Vertical Residential (Land Area: 9.8k sqm, Riyadh): A vertical residential community offering in Riyadh with various sizes of apartments and secondary retail.

II-Significant potential for unlocking the value in landbank

A significant demand potential for various real estate offerings and the government's focus on increasing the supply of real estate, particularly in Riyadh, should allow Al Akaria to unlock value from its core and non-core land holdings. Al Akaria maintains an extensive ownership of a landbank (19.5mn sqm) in prime locations in key cities which adds to the company's advantage in capturing current and future growth opportunities. Al Akaria has gradually built its landbank over the years and, as such, the company carries a significantly low-cost of real estate relative to current market value (please see the sidebar). The combination of location and cost advantages puts the company in a

Progress on projects in design stage remains a major upside area for IGA assets portfolio

Value of restricted & non-core land (SARbn)



Source: Al Akaria , AC

Al Akaria: Summary of landbank (excluding project land)

	Area (sqm)	Value (SARmn)	SAR/sqm	% of land	%age of value
Riyadh	9.7	9106	941	50%	85%
Madinah	0.2	74	406	1%	1%
Damam	9.6	1525	159	49%	14%
Total	19.5	10705	1506		

Source: Al Akaria , AC

competitive position regarding pricing, margin and high demand for the company's real estate offerings.

Al Akaria is broadly following a four-pronged strategy when it comes to unlocking value from its existing landbank, which includes;

- Property development as income-generating asset
- Properties development for sale (see below)
- Land development for sale (see below)
- Sale of non-core land (see below)

Properties development for sale

Fai Sedra 2 (92k sqm, Riyadh): Al Akaria has already awarded a development contract for a residential complex of 310 villas in Sedra. The total value of the contract is SAR425mn, which excludes soft costs, marketing, contingencies and other costs. Al Akaria is likely to start an off-plan sale for the residential units in 2Q26/3Q26.

Vyda Residential Project (88ksqm, Riyadh): Al Akaria intends to build 280 villas on a land plot of 88k sqm retained within Al Akaria Park for development of properties and sale. The project is a joint venture between Al Akaria and Al Tahaluf Real Estate. Given the uncertainty regarding the timing of the project commissioning and JV stakes of each partner, we have included Vyda at the estimated book value of land in our valuation estimate. We see a possibility of change in Al Akaria's strategy for Vyda project from currently selling constructed units to selling land plots and/or exiting the JV arrangement.

Al Arid (30k sqm, Riyadh): Al Akaria's land plot in Al Arid was located in an area where further development was restricted until recently. The authorities have recently lifted restrictions on land development in the area as part of the authorities' plan to increase the land supply. Currently, the land usage is designated for services only, implying a significantly low potential value compared to value of land areas designated for residential and/or commercial uses located within or adjacent areas. Al Akaria is in active discussion with the relevant authorities to change the land usage to more suitable economic purposes (residential+ commercial).

Fai Sedra I: Al Akaria is likely to sell the remaining units on Fai Sedra I in 2026.

II-Land Development for sale

Al Widyan (7mn sqm, Riyadh): Al Widyan is a massive, mixed-use real estate development project located north of Riyadh close to Diriyah. The project is expected to add 20,000 housing units in and commercial, entertainment, retail, and other facilities. The project's infrastructure contract was awarded to Binyah. Further progress on the project is contingent on lifting of the current restrictions on land development. In terms of size, Al Widyan is one third the size of Sedra residential project launched by Roshn, another PIF-owned company.

Al Akaria Park (Riyadh): The sale of residential plots is almost complete. The focus has now shifted to the remaining commercial plots, which is likely to conclude in 2026.

Al Akaria is broadly following a four-prong strategy when it comes to unlocking value from its existing landbank

Al Widyan is a massive, mixed-use real estate development project located north of Riyadh close to Diriyah

III-Sale of non-core land

Al Akaria has designed a number of plots for land disposal with a market value of SAR1.7bn spread over an area of 9.8mn sqm. Land plots in Damam represent the single largest portion (market value of SAR1.5bn, 9.6mn sqm area) of total non-core landbank.

III-Improving performance of key business lines

Al Akaria stands to benefit from improving business performance in construction (absence of losses from a specific construction) and facility management arms (new business). Meanwhile, the pipeline of projects for the infrastructure arm remains significant. The awards of future contracts will likely lift the company's current low revenue backlog.

Al Akaria stands to benefit from improving business performance in construction and facility management arms

Saudi-Korean Company for Maintenance and Property Management (Mumtalakat)

With consistent revenue growth, relative stability in margin and gradual diversification of business away from the parent company, Mumtalakat has emerged as a star performer among Al Akaria's subsidiaries. The company's sales have grown by 40% since 2020. Gross margins have recovered from the lows seen during the Covid-era of 9% to close to pre-COVID levels (24% in 9M25 vs 25% in 2020). Meanwhile, the company's share of revenue from the parent company has reduced from 55% in 2023 to 46% in 2025 (estimated).

We expect similar growth trends to persist and have built in 9% revenue CAGR over 2025-2029, given (i) addition of a number of new IGA assets in the parent company's portfolio, and (ii) growth in the facility management segment outside Al Akaria.

Saudi Real Estate Construction Company (Tamear)

We believe Al Akaria's construction arm is set to shake off the overhang from a specific construction project, Al Mashriqyah, in 2026. The delivery of housing units to owners is almost complete. The project faced significant time and cost overruns due to an unexpected change in scope. Progress on other projects (Refurbishment of Gate 6 in Olaya Oasis and DQ, Al Reef, Tala Commercial Center, and the award of new projects (Narjis Business Park, Qiddiya) should allow Tamear to improve its financial performance in the medium-term.

Tamear's current revenue backlog is estimated at SAR800-100mn or 4-5x of 2024E revenue. We believe the company can further grow its revenue backlog, given the construction demand in both the private and public sectors, particularly after the changes in the White Land Tax (WLT) regime, the progress in the introduction of new housing projects in the public/semi-public sector and expected awards of new projects by the holding company.

Saudi Arabia Real Estate Infrastructure Company (Binyah)

The project award and revenue backlog for Al Akaria's infrastructure development arm, Binyah, have slowed down, mirroring the progress in construction project awards for major projects in the Kingdom. Binyah's current revenue backlog is quoted at SAR2.6bn in 3Q2025 or 2.5 times of the 2024 revenues. The management believes the future project pipeline will allow the company to maintain revenue close to SAR1bn mark, though gross margin may further normalize. The project pipeline for Binyah is supported by the announced Mega/GIGA projects and the infrastructure required to host a number of future global events in the Kingdom.

Mumtalakat-P&L Highlights (SARmn)				
	2024	2025	2026	2027
Revenues	128	148	162	174
Gross	29	35	37	39
Net	14	19	20	21
Margin				
GP	23%	24%	23%	23%
Opting	10%	11%	10%	10%
Net	11%	13%	12%	12%

Source: Al Akaria, AC estimates

Tamear- P&L Highlights (SARmn)				
	2024	2025	2026	2027
Revenues	184	254	296	309
Gross	8	6	34	36
Net	-32	-18	8	8
Margin				
GP	4%	2%	12%	12%
Opting	-8%	-7%	3%	3%
Net	-17%	-7%	3%	3%

Source: Al Akaria, AC estimates

Binyah- P&L Highlights (SARmn)				
	2024	2025	2026	2027
Revenues	974	792	832	873
Gross	245	334	225	227
Net	213	303	186	187
Margin				
GP	42%	27%	26%	25%
Opting	4%	5%	5%	5%
Net	22%	38%	22%	21%

Source: Al Akaria, AC estimates

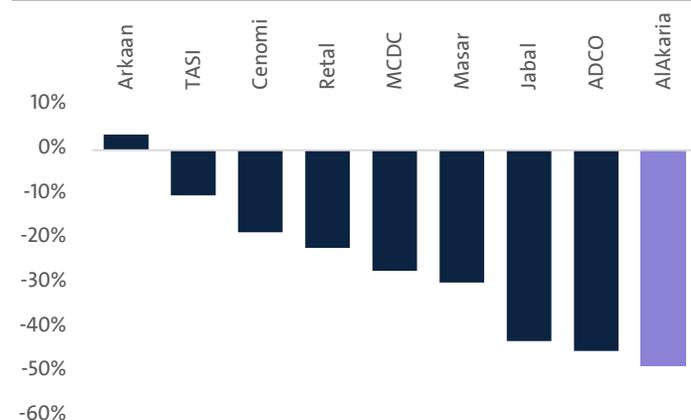
Al Akaria valuations are wide open, in our view, post 39% underperformance since Jan-25.

IV-Valuation is wide open; multiple triggers ahead

We initiate coverage on Al Akaria with a Buy rating set a SOTP-based TP of SAR21, suggesting 60% upside. Al Akaria valuation is wide open, in our view, post 40% underperformance since Jan-25. The underperformance coincides with the introduction of a slew of regulations and the announcement of new initiatives aimed at restoring demand and supply balance in Riyadh. We highlight three key statistics;

- The company's market value of land of SAR10.6bn (adjusted for the land plots dedicated to current and future developments) is +2x of its existing market cap.
- Similarly, the value of IGA assets of SAR4.5bn (see assumptions below) is also estimated to be slightly below the stock's current market.
- Al Akaria currently trades at P/BV of 0.8x, down from its 10-year average of 1.1x.
- In terms of relative valuation, Al Akaria trades at 47% discount to its TASI-listed peers and 20% discount to overall average

Al Akaria has underperformed the most among its peers in 12-M



Source: Bloomberg, AC

Al Akaria's P/BV is at a significant discount to historical average



Source: AC

Key catalysts to track

We see a number of project-related catalysts for Al Akaria, which can unlock the valuation discount in the stock price:

- Commencement of new projects under IGA portfolio slated to be completed in 2026 (Gate 6, Al Reef, Tilal Commercial Center)
- Progress on projects under planning for various real estate strategies (Develop & Operate, Develop & Sell units, Develop & Sell land), which will likely provide clarity on actual payment of WLT for 2026 and 2027. Key future updates include start of off-plan sale in Fai Sedra, updates on Vyda Residential Project, sale of commercial land in Al Akaria Park, award of construction contract on L Avenir and Porta Jeddah (all likely over in 2026)
- Update on project award for infrastructure (Expo 2030, Saudi Arabia FIFA World Cup 2034, others) and construction arms
- Announcement of dividend policy (we see the possibility of progress in 2026 with a growing cash pile and the drop leverage ratios)

Valuation

With five different revenue streams (IGA, Property Sale, Construction, Facility Management, Infrastructure), sizeable ownership of landbank, and significant equity investment on the balance sheet, we believe SOTP is the most appropriate valuation method. Interestingly, the visibility of earnings in all five revenue streams (IGA, development & Sell, infrastructure, construction and facility management) is not consistent. Accordingly, we have used DCF-based valuation only for the IGA. A summary of valuation methods and estimated value of each stream is given below:

DCF valuation method remains our preferred choice for the valuation of rental companies

1-IGA-Discounted Cash Flow Method

We have used the DCF method to calculate the Enterprise Value of IGA, given the high visibility on earnings and cash flows due to the nature of the business. We arrive at a valuation of ~SAR12/sh based on FCF by using a WACC of 8.5% and a terminal growth rate of 2%. The available details on IGA and its subsidiaries make it difficult to estimate the net equity value of IGA portfolio. That said, we believe the net equity value of the

Al Akaria-Details of SOTP valuation		
Valuation Component	Valuation Method	Value (SARmn)
Value of IGA	DCF	4538
Value of Subsidiaries-Adjusted		1004
Mumtalakat	Relative Ev/EBITDA of 7x	99
Tamear	Relative Ev/EBITDA of 7x	85
Binyah	Relative Ev/EBITDA of 7x	820
Value of Investment properties		604
Value of Investment		889
Associate and Others	Relative-PBV	467
FVOCI	Latest stated value	422
Value of Land	market value with 60% discount	5318
Total Gross Value		12353
Adjustment		
PV WC & unallocated head office		-2494
Net Debt	2025E	-1,989
Cash & Cash Equivalent	2025E	1,377
Total Debt	2025E	-3,366
Net Value		7870
Outstanding shares		375
Value per share (SAR)		21.00

Source: AC Estimates

IGA portfolio is unlikely to be very different from the EV for three reasons:

- The working capital changes are not significant for IGA assets and are generally believed to be stable. Most of the rentals, if not all, are based on advance payments.
- The operating cost is stable and mainly comprises facility management
- The large portion of debt on the balance sheet is primarily due to investment in land plots

We arrive at a valuation of ~SAR12.2/sh for IGA portfolio based on FCF by using a WACC of 8.5% and a terminal growth rate of 2%.

Al Akaria: DCF Valuation of IGA Portfolio

SARmn	2025E	2026E	2027E	2028E	2029E	2030E
Rental Income	375	405	460	476	571	625
Cost of Revenue	-169	-183	-187	-193	-205	-209
Depreciation	55	74	75	86	95	97
Gross Cash Rental Income	261	296	349	369	462	512
Tax (average company rate)	-26	-30	-35	-37	-46	-51
Net Cash Operating Income	235	266	314	332	416	461
Capex	-392	-387	-297	-297	-180	-30
Net FCF	-157	-121	17	35	235	431
PV	-158	-112	13	26	169	285
Summary of Valuation						
Sum of Forecast Cash Flows	491					
Terminal value	6615					
PV of Terminal Cash Flows	4,047					
Value of FCFF	4,538					
Outstanding Shares	375					
Per Share Value	12.10					
% of current market price	93%					

Source: AC Estimates

Al Akaria: Basic Valuation Assumptions

Risk Free rate	4.5%
Market Risk Premium	5.0%
Adjusted Beta (5-year, x)	1.0
Cost of Equity	8.5%
Share of Equity	60%
Cost of Debt	7%

Source: AC

Sensitivity Analysis on Terminal Growth and Cost of Equity

The valuation of Al Akaria's IGA portfolio is modestly sensitive to changes in the assumptions for terminal growth and WACC. Based on the sensitivity of 25bps changes in the respective assumptions, we obtain a valuation range of SAR10.5-14.5/sh assuming ranges of terminal growth of 2-2.5% and WACC of 8-9% respectively. On an average basis, IGA's FCF valuation moves by 3% for every 25bps change in terminal growth rate and by 4% for 25bps change in WACC, respectively.

The valuation of Al Akaria's IGA portfolio is modestly sensitive to changes in the assumptions for terminal growth and WACC

Al Akaria-IGA sensitivity of DCF valuation to terminal growth and cost of capital

		Terminal Growth				
WACC	15.7	2%	1.75%	2%	2.25%	2.50%
	8.0%	12.6	13.0	13.5	14.0	14.5
	8.3%	12.0	12.4	12.8	13.3	13.8
	8.5%	11.5	11.8	12.1	12.6	13.1
	8.8%	11.0	11.3	11.7	12.0	12.4
	9.0%	10.5	10.8	11.1	11.5	11.8

Source: AC Estimates

3-Relative Valuation

We have carried out a comparison of Al Akaria's relative valuation with a sample of 11 listed peers at TASI and other regional markets. We have limited our analysis to P/BV and profitability ratios of the sample, given the nature of Al Akaria business, earnings profile, and the absence of the dividend pay-out from Al Akaria.

- Al Akaria's 2025E P/BV of 0.9 trades at a significant 17% discount to peers' average and 46% discount to average of its local peers. Al Akaria's stock price has dropped the most among its peers over the past 12 months.
- Al Akaria's ROA of 7% in 2025 is 300bps/200bps ahead of the averages of its domestic peers and the broader sample respectively. Similarly, Al Akaria's ROE of 8% is broadly in line with the respective averages.

Al Akaria Relative Valuation

Stock name	Country	Market Cap.	Price	P/E		P/BV		D/Y		EV/EBITDA		ROE	ROA
				Local Cur	Local	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2025E
ALARKAN		20380	18.9	17.9	21.0	0.93	0.90	1.3%	7.0%	19.4	20.1	5%	4%
ADCO		4169	17.8	23.2	20.6	1.03	1.01	1.9%	2.4%	27.2	23.2	4%	3%
SRECO		4823	12.9	13.9	18.3	0.87	0.82			11.5	13.9	8%	7%
Retal		7030	14.1	24.0	19.7	6.99	5.78	1.8%	2.1%	22.3	18.1	29%	8%
MCDCO		16580	82.9	34.7	31.4	3.90	3.72	1.7%	1.9%	31.4	30.6	11%	9%
Masar		23105	16.1	23.5	13.9	1.66	1.48			29.8	17.8	7%	2%
Deyaar		3676	0.8	6.2	4.7	0.65	0.60	8.3%	9.5%	6.1	6.1	10%	5%
Rakprop		2847	0.9	7.9	7.0	0.48	0.45	2.7%	3.0%	7.7	7.7	6%	4%
Mabanee		1436	971.0	21.7	23.2	1.71	1.62	1.3%	1.2%	25.2	23.9	8%	5%
EMAAR		98994	11.2	5.6	5.2	0.92	0.82	5.6%	6.0%	4.5	4.1	16%	10%
Aldar		58341	7.4	7.8	6.8	1.20	1.06	3.1%	3.5%	8.6	6.7	15%	7%
Cenomi		7933	16.7	5.5	9.6	0.51	0.51	9.0%	9.0%	11.8	12.8	16%	5%
Mean				11.2	10.8	1.0	1.0	3.7%	4.6%	11.5	10.7	8.4%	4.6%
Mean Domestic				20.8	19.3	1.62	1.53	2%	3%	21.0	19.4	7.1%	4.0%

Source: Bloomberg, AC

Key Risks to Our Investment Case

The following are key downside risks to our investment case for Al Akaria:

I-Time & cost overruns on projects

Al Akaria's future growth in rental income and other sources of revenue is heavily dependent on seamless execution of future projects. The risk of either cost and time overrun to complete the future projects is not very unusual and remains a major source of downside risk to our estimates.

II-Occupancy of new projects in IGA

Income Generating Assets (IGA) will likely be the single most important source of the company's future revenue/income growth. The occupancy of future rental units in commercial, residential and other real estate offerings (hospitality) remains crucial to delivering the expected returns and earnings.

III-Financial performance of subsidiaries

The financial performance of Al Akaria's subsidiaries in infrastructure and facility management depends on securing contracts and business from outside Al Akaria and execution of projects awarded by the holding company. Secondly, the performance of subsidiaries can also be impacted by concentration and rollover risks. The average size of the contracts under infrastructure business is significantly higher than contracts for facility management, which suggests a high concentration risk of a single project for the infrastructure business. Conversely, the duration of contract in facility management is significantly short compared to contracts for other subsidiaries, implying the risk of rollover of the contracts.

IV-White land tax on landbank owned by Al Akaria

Al Akaria has received a white land tax invoice for SAR61.6mn dividend into SAR56.8mn for the land plots located in Zone with 10% tax and SAR4.8mn for the land plots in Zone with 2.5% tax. Out of the total invoice, SAR36-40mn tax demand relates to land plots where either construction is underway, or the land plots are in the final stages of construction award or land plots intended for divestment, as per the company's notice. This suggests the net amount of white land tax on the for the year 2026 can amount to SAR25mn or 6% of project operating profit. The delay in the progress on contract awards for construction or divestment may result in higher taxes for the company and pose downside risk to our estimates.

Key risks to Al Akaria investment case are (i) time & cost overruns, (ii) occupancy rate (iii) performance of subsidiaries and (iv) white land tax

Overview of the Company

About the company

Over the years, Al Akaria has transformed from a company heavily reliant on IGA to a well-diversified real estate company

Al Akaria was established in 1976 via a Royal Decree with an initial paid-up capital of SAR600mn. The primary objective of the company's incorporation in the public sector was to cater to significant demand for real estate projects in the residential and commercial segment in response to the growing expat population and encourage the private sector to invest in real estate projects. From its first project of Olaya Oasis in 1984, the company has developed a significant portfolio of income-generating assets in the commercial and residential sectors and sizable landbank at prime locations in key cities. Over the years, Al Akaria has transformed from a company heavily reliant on IGA to a well-diversified real estate company, focused on infrastructure, construction and facility management. Al Akaria's total capital has grown to SAR3.75bn, while total shareholder equity stands at SAR5.57bn (all assets valued at cost).

Key segments

Al Akaria primarily operates in five different segments: (i) Income Generating Assets in residential, commercial offices, hospitality and retail segments, (ii) Property sales (developed units, developed and raw land), (iii) construction, (iv) facility management, (v) infrastructure development.

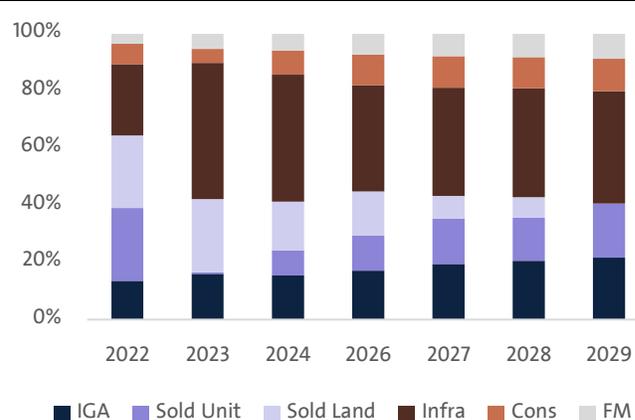
Besides the core segments, the company has also made investments in complementing businesses central to its core segments and equity investments in other real estate companies. From the holding company perspective, the revenue verticals of the company are as follows:

Al Akaria: Revenue profile by key segments



Source: Bloomberg, AC

Al Akaria: Revenue profile by key segments



Source: AC

Income Generating Assets

Income Generating Assets (IGA) comprises three major asset units spread across residential, commercial, and secondary retail segments in Riyadh. IGA is the most significant contributor to Al Akaria's profits and cash flows. Al Akaria's IGA portfolio includes a number of iconic developments in Riyadh, such as Olaya Oasis, Muskan in

residential and Al Akaria Commercial Center and Al Akaria Plaza in commercial segments. The segment has benefited from the recent influx of expat population in the city and the post-COVID significant rise in rentals resulting from refurbishment of units and a general increase in demand. Al Akaria is targeting to diversify its IGA portfolio with various real estate projects in key cities.

Development & Sell

Al Akaria has developed a sizable landbank of 19.5mn sq meters at a very low cost. The landbank is divided among key cities. The company has also acquired land from Government Related Entities (GRE) with the purpose of developing and selling housing units in order to meet the housing demand. The low cost and location allow the company the flexibility of either develop the land under a master development plan for subsequent sale as land plots or constructing housing units. As per the company's notice, 4.6% of the overall land area (representing over 95% of total unrestricted land bank in Riyadh) falls under the white land tax, which clearly implies a significant location advantage for the company.

Facility Management-Mumtalakat

Al Akaria established its own facility management arm, Saudi-Korean Company for Maintenance and Property Management (Mumtalkat), in 2017 with the key objectives of providing management oversight of major aspects of managing the growing IGA portfolio and capturing growth opportunities in the segment by extending the service to other businesses. Al Akaria partnered with a South Korean facility management company, POSCO Wide. Al Akaria's share in the company stands at 60% with the remaining share divided between other two partners.

Mumtalakat is an integrated facility management company and provides soft services, management services, and operational and maintenance services. The company's client list includes major private and public sector entities, besides Al Akaria. Mumtalakat derives 52% revenues from the facilities owned and operated by Al Akaria in 2024.

Infrastructure development (Binyah)

Established in 2017, Saudi Arabia Real Estate Infrastructure Company (Binyah) focuses on the growing infrastructure development in the Kingdom. Al Akaria owns 60% of the company while the remaining stake is owned by Mohammed Ali Alswailem Group (MASCO). Transportation, residential, urban development, tourism and hospitality and power utilities are the key focus areas of Binyah. The company has undertaken various infrastructure related work in a number of landmark projects in the Kingdom.

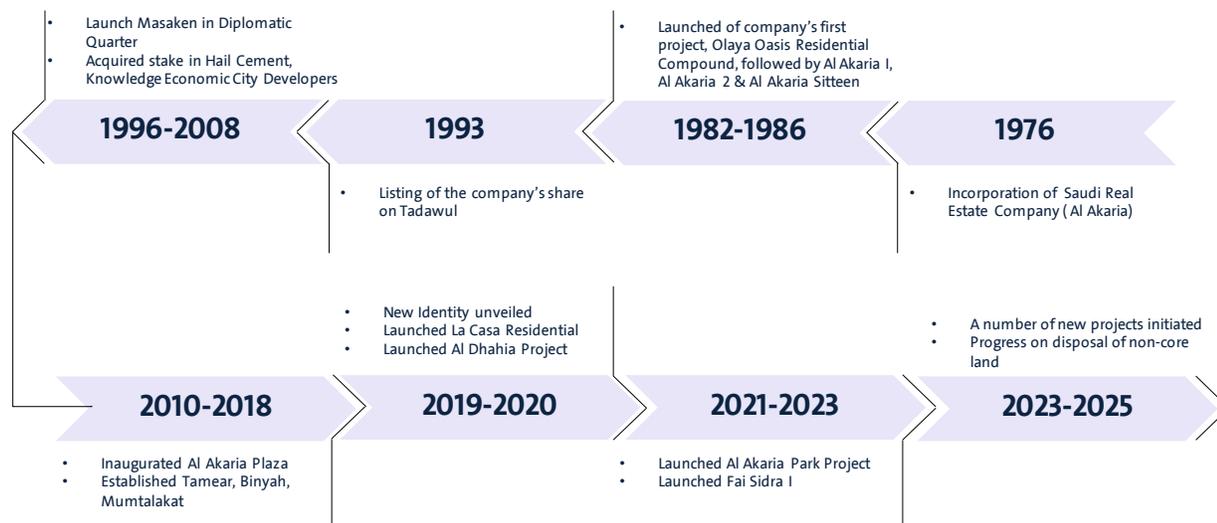
Construction (Tamear)

Al Akaria established Saudi Real Estate Construction Company (Tamear) in 2017 to undertake building construction and maintenance, and provide other services in project management and design. Tamear is a Category Class A construction company and has undertaken a number of important projects in the residential, commercial and hospitality sectors. Tamear is a wholly owned subsidiary of Al Akaria.

Al Akaria has developed a sizable landbank of 19.5mn sq meter at a very low cost

Al Akaria-Summary of major milestones

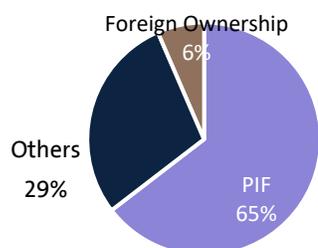
Al Akaria-Key Events



*Source: Al Akaria, AC

Shareholding Details

AlAkaria Shareholding: (Dec-25)



Source: TASI

Al Akaria was listed on Tadawul in 1993, making it one of the oldest listed real estate companies. PIF is the single largest shareholder in the company with a 65% stake. Out of 35% available free float of the company, 29% shareholding is owned by local institutional and individual investors. Foreign ownership in the company is currently stated at 6% (17% of total free float), down from its peak of 6.7% in Jan-26 as per Argaam. Al Akaria is the 9th largest real estate company on Tadawul by market capitalization and the 7th largest by assets. Liquidity in the stock is fairly robust with 3M/6M traded value and volumes SAR3.7/3.5mn and 0.6/0.7mn respectively.

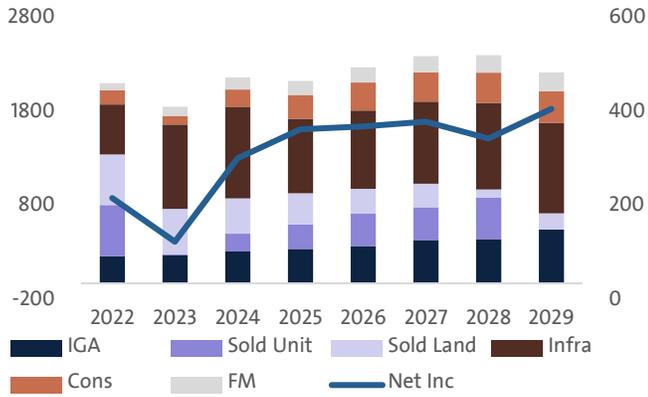
Al Akaria-SWOT Analysis

Strengths	Opportunities
<ul style="list-style-type: none"> ▪ One of the oldest real estate players with multi-pronged exposure to major programs and initiatives under the Vision 2030 ▪ Diversified business verticals with income generating assets contributing heavily to EBITDA and bottom-line ▪ Significant ownership of landbank at prime locations, particularly in Riyadh ▪ Solid balance sheet with low leverage ratio and strong cash flow generation ▪ A number of new projects across various real estate strategies (income generation, land sale, development) 	<ul style="list-style-type: none"> ▪ Growing population in the Kingdom of both citizens and expatriates and existing low homeownership among both categories ▪ Strong financial support from the government for first-time home buyers among citizens ▪ Strong economic backdrop defined by robust economic growth, supported by a growing share of private sector in overall GDP, and growth in overall purchasing power ▪ Supportive regulation for foreign ownership of real estate in the Kingdom bodes well for both the industry and the company ▪ Further strengthening of partnerships with major players in the real estate sector, particularly for the construction business
Weaknesses	Threats
<ul style="list-style-type: none"> ▪ Backlog of the infrastructure business, a major contributor to the company's profitability, is currently running at 2.5x of 2024 revenues. ▪ Lack of revenue diversification in infrastructure and construction business ▪ Al Akaria is yet to convey a clear dividend policy. In the past seven years, Al Akaria has not announced any cash dividend. ▪ A significant portion of the company's land portfolio comes under restricted land, which hampers the company's ability to realize the true value of the asset 	<ul style="list-style-type: none"> ▪ Risk of cost and time overruns in construction and infrastructure projects, which can negatively impact the company's future earnings estimates ▪ The delay in progress on contract awards for construction or divestment may result in higher taxes for the company and pose downside risk to our estimates.

Source: AC

Al Akaria in Chart

Al Akaria: Revenue Trajectory (SARmn)



Source: Al Akaria, AC Research

Al Akaria: Revenue Profile (%)



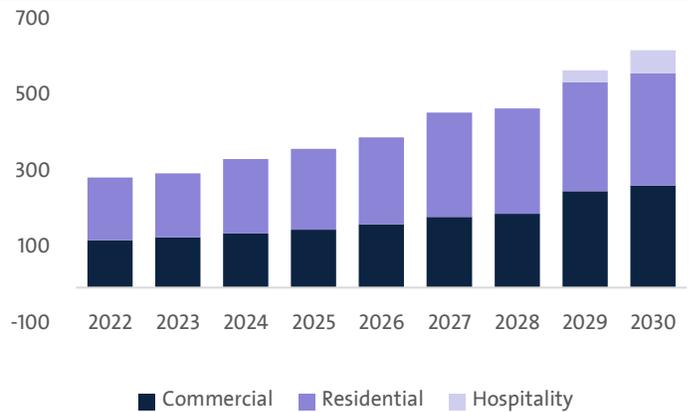
Source: Al Akaria, AC Research

Al Akaria: Gross profit by real estate strategy



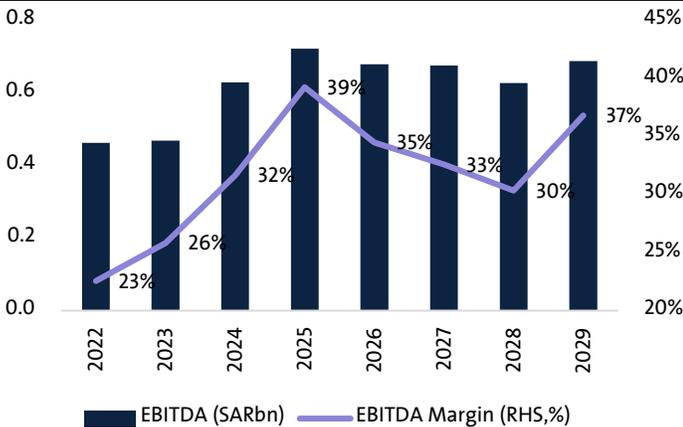
Source: Al Akaria, AC

Al Akaria: Revenue profile of Al Akaria IGA



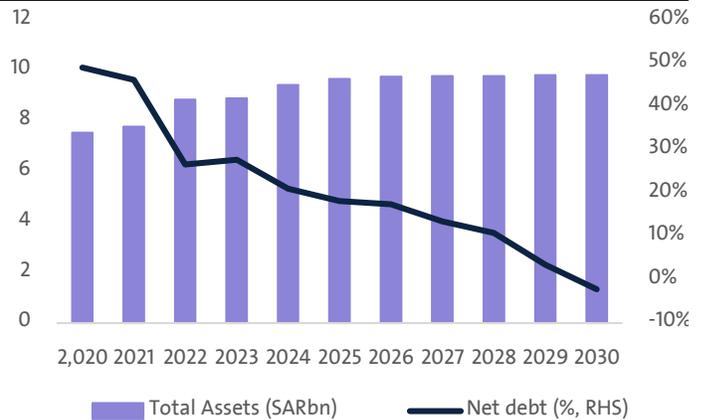
Source: Al Akaria, AC Research

Al Akaria: Trends in EBITDA and EBITDA margins



Source: Al Akaria, AC

Al Akaria: Trends in total assets and net debt ratio



Source: Al Akaria, AC Research

Appendix I: Overview of real estate offerings in KSA

The following provides a brief outlook of major real estate offerings in KSA:

We see sustained demand for houses in KSA driven by the government's objectives on homeownership targets under Vision 2030

Residential: We see sustained demand for houses in KSA driven by the government's objectives on homeownership targets under Vision 2030, population growth rate and current demographic dynamics among citizens, and low homeownership among the expatriate population (~40% of total population). The authorities have come up with a number of initiatives to support the stated objectives. Overall, the demand for residential units is estimated at 1.2 units over 2024-2030 as per the estimates of the Ministry of Municipalities and Housing (MoMAH). The total supply of residential units is estimated at 1.1mn, driven primarily by the Government Related Entities (NHC, Roshn, NEOM).

The momentum seen in domestic and international tourism is expected to sustain in the medium-term

Hospitality: The tourism sector in the Kingdom has been experiencing a significant surge in recent years, leading to an upward revision in the target of total visitors to 150mn visitors by 2030, the third such revision in three years (initial target was 100mn). Overall, the number of international and domestic visitors has grown by 93% and 99% respectively, over 2018-2024. Tourism for religious and leisure purposes are the two fastest categories and account for respectively 21% and 46% increase in total inbound visitors. Accordingly, the demand for accommodations for domestic and international visitors is on the rise.

The momentum seen in domestic and international tourism is expected to sustain in the medium-term, supported by a number of factors: (i) completion of several tourism attractions, (ii) expansion in the capacity of the Haram in Makkah, allowing more pilgrims), (iii) increase in the expatriate population thus higher number of visitors for the purpose of meeting family and friends, (iv) growth in business tourism, and (v) hosting of a global sports and entertainment events. The number of keys in the Kingdom is expected to grow from 171k in 2025 to 420-500k by 2030 as per latest estimates. We reckon the future additions are subject to downward revision in light of delays/change in the scope of a certain Giga project.

Offices: The outlook for office real estate, particularly in Riyadh, remains positive. The growing economic activity, driven by the private sector, and the huge success of the Regional Headquarters Program (over 750 companies registered by Dec-2025, surpassing the target set for 2030) have emerged as the key drivers of elevated demand. This is evident in high occupancy (98/91%) and increases in lease rate (25/26%) over 12 months ending 2Q25 for Grade A and Grade B office types. The supply response is in sight, with over 1.5mn sqm (or 23% of existing supply in 2024) of office space likely to be available in Riyadh over the next two years, as per real estate consultant's report. Office GLA in Jeddah and Dammam Metropolitan Area (DMA) is also expected to grow. Overall, office GLA is expected to grow to over 13mn sqm (+50%) over the next two years.

The retail GLA in the Kingdom is expected to jump from 8.7mn sqm in 2025 to ~12.2mn sqm by 2027

Retail:

The retail GLA in the Kingdom is expected to jump from 8.7mn sqm in 2025 to ~12.2mn sqm by 2027. Riyadh accounts for a bulk of existing supply and will likely contribute the most in the future supply additions. The increase in household income, particularly driven by the improving female labor force participation, growing population (including expats) and higher number of visitors drove growth in retail sales by 6% over the past four years. KSA is expected to have the highest growth in retail sales of 6% over the next three years relative to expected growth in other GCC countries (average 4.6).

Appendix I: Highlights of recent changes in regulations for real estate

- Increasing the supply of land in Riyadh by removing land development restrictions on total land area covering 50mn sqm.
- Revision to the white land tax (WLT): The authorities increased the applicable rate of WLT to a maximum 10% from the initial uniform tax rate of 2.5%. The increase in rate is part of a comprehensive revision in the scope of the tax rate and the underlying regulations to better meet the objective. The new regulations have introduced four slabs for WLT with tax starting from 10% and sliding down by 2.5% each from highest priority area to lowest.
- A five-year rent freeze in the capital city of Riyadh, applicable to all residential and commercial offerings.
- Changes in laws for foreign ownership of real estate properties in KSA, allowing ownership of real estate by foreign entities and individuals in designated zones. The new law has increased the number of eligible persons and widened the definition of property types for foreign ownership. The new law also allows ownership of real estate by foreign companies and residents under certain conditions in the specific zones.
- Introduction of new regulations allowing foreign investors to own property in Saudi Arabia through new Premium Residency Visa.
- In order to further support homeownership among citizens with limited purchasing power, the authorities have launched a new program, Tawazoun, to distribute residential land at a subsidized rate of SAR1,500/sqm in Riyadh, subject to compliance with certain conditions.

Al Akaria-Key Financial Highlights

Al Akaria: Profit & Loss Account (SARmn)							
	2023	2024	2025E	2026E	2027E	2028E	2029E
Revenue	1,878	2,190	2,175	2,281	2,391	2,398	2,243
Revenue-Adjusted	1,814	1,988	1,863	1,955	2,050	2,041	1,870
Rental Income	301	338	375	405	460	476	571
Sold units	11	192	262	324	324	410	0
Sold land	480	374	331	261	250	86	173
Infrastructure Project	896	974	802	832	873	917	963
Construction Project	91	184	257	296	309	323	337
Facility Management	100	128	148	162	174	186	199
Cost of Revenue	-1,302	-1,448	-1,305	-1,547	-1,606	-1,664	-1,435
Cost of Revenue-Adjusted	-1,253	-1,278	-1,009	-1,266	-1,311	-1,356	-1,113
Gross Profit	561	709	854	689	738	686	758
Selling and distribution	-37	-21	-64	-31	-30	-31	-32
General and administrative	-187	-208	-215	-227	-234	-241	-248
EBIT	337	481	575	430	474	414	478
EBITDA	469	630	763	645	648	591	663
Finance income/Others	66	85	118	121	78	68	64
Financial costs	158	324	475	380	398	350	429
Zakat	-29	-18	-67	-38	-40	-35	-43
Profit after Tax	129	306	408	342	358	315	386
Profit after Tax-Adjusted	68	215	279	260	275	231	302
EPS	0.2	0.6	0.7	0.7	0.7	0.6	0.8
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Al Akaria - Balance Sheet Highlights (SARmn)

	2023	2024	2025E	2026E	2027E	2028E	2029E
Assets	8,911	9,429	9,721	9,773	9,774	9,735	9,756
Non-Current Assets	6,699	6,894	7,369	7,449	7,537	7,544	7,625
Property, Plant and	5,464	5,567	5,892	6,178	6,390	6,567	6,660
Investment	662	728	734	734	734	734	728
Developed Properties-non-	426	381	530	329	210	44	44
Current Assets	2,212	2,535	2,351	2,323	2,236	2,192	2,131
Cash and cash equivalents	838	1,377	1,550	1,293	1,295	1,177	1,524
Trade receivables	138	531	238	250	262	263	246
Developed Properties-	976	267	126	364	282	373	0
Equity	4,883	5,183	5,590	5,933	6,291	6,605	6,992
Share capital	3,750	3,750	3,750	3,750	3,750	3,750	3,750
Retained earnings &	1,133	1,433	1,840	2,183	2,541	2,855	3,242
Liabilities	4,028	4,246	4,130	3,840	3,483	3,130	2,764
Non-Current Liabilities	3,162	3,095	3,095	2,742	2,271	1,930	1,588
Long-term borrowings	2,068	2,068	2,068	1,810	1,422	1,163	905
Other non-current	1,094	1,027	1,027	932	849	766	683
Current Liabilities	866	1,151	1,035	1,098	1,212	1,201	1,176
Trade payables and other	129	188	179	187	196	197	184
Accrued expenses and	281	526	516	505	496	486	476
Others	456	437	341	405	520	518	515

Source: Al Akaria, AC Estimates

Al Akaria -Cash flow Highlights (SARmn)

	2023	2024	2025E	2026E	2027E	2028E	2029E
Cash Flows from Operating	145	897	888	479	730	554	920
Depreciation	0	74	65	63	70	93	95
Changes in Working Capital	118	(310)	200	4	4	6	10
Cash Flows from Investing	(45)	(478)	(396)	(374)	(302)	(281)	(202)
Capex	(123)	(237)	(389)	(374)	(302)	(281)	(209)
Cash Flows from Financing	-335	-592	-319	-362	-425	-391	-371
Debt Repayment	-83	193	-100	-191	-270	-259	-259
Financing Cost	-233	-161	-218	-171	-155	-133	-112

Source: Al Akaria, AC Estimates

Al Akaria- Key Ratios								
	Units	2023	2024	2025E	2026E	2027E	2028E	2029E
Revenue Profile (% of total)								
Rental Income	%	16%	15%	17%	18%	19%	20%	25%
Sold units	%	1%	9%	12%	14%	14%	17%	0%
Sold land	%	26%	17%	15%	11%	10%	4%	8%
Infrastructure	%	48%	44%	37%	36%	37%	38%	43%
Construction	%	5%	8%	12%	13%	13%	13%	15%
Facility Mgt	%	5%	6%	7%	7%	7%	8%	9%
Turnover Ratios								
DSO	x	28	56	65	39	39	40	41
DPO	x	20	26	31	29	29	30	31
CCC	x	9	29	34	10	10	10	10
Capital Structure Ratios								
Debt to Equity	%	68%	65%	58%	50%	42%	35%	28%
Debt to Assets	%	37%	36%	34%	30%	27%	23%	20%
Net Debt to EBITDA	X	5.3	3.2	2.2	2.6	2.1	1.9	0.6
Debt to EBITDA	X	7.1	5.3	4.3	4.6	4.1	3.9	2.9
Profitability Ratios								
GP Margin	%	31%	36%	46%	35%	36%	34%	41%
Operating Margin	%	19%	24%	31%	22%	23%	20%	26%
EBITDA Margin	%	26%	32%	41%	33%	32%	29%	35%
NP Margin	%	7%	15%	22%	18%	17%	15%	21%
Return Ratios								
ROE	%	3%	6%	8%	6%	6%	5%	6%
ROA	%	5%	6%	7%	6%	6%	5%	6%
Return Ratios								
Market Price	SAR	12.97	12.97	12.97	12.97	12.97	12.97	12.97
PE	X	71.9	22.6	17.4	18.7	17.7	21.1	16.1
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS	SAR	13.0	13.8	14.9	15.8	16.8	17.6	18.6
PB	X	1.00	0.94	0.87	0.82	0.77	0.74	0.70
EV/EBITDA	X	14.6	10.9	9.0	10.6	10.6	11.6	10.3

Source: AC Estimates, Al Akaria

Analyst Certification:

I/We, **Muhammad Fawad Khan, CFA** the author/s of this report, hereby certify that that:
(i) views expressed in this report reflect the Research Analyst's personal views about all of the securities and (ii) no part of any of compensation of the author/s was, is, or will be directly or indirectly related to the specific recommendations or views expressed by in this report.

Rating Methodology

Alinma Capital Company (ACC) follow a three-tier rating system based on total return methodology as per following details

>+15% Total Return: Stocks with +15% expected total return (including dividend yield) over the next 12-months are classified as Buy.

5-15%: Stocks with total return between 5-15% can be classified as Buy or Neutral.

>-5%<+5% total return: Stocks with total return between -5%+5% can be classified as Neutral or Underperform

Underperform-Stocks which are expected to have <-5% total return

Not Covered: ACC has not assigned any rating on the stock

Coverage Suspended: ACC has temporarily suspended the coverage of the stock either in compliance with local regulation or other considerations

Price data for the listed securities is based on 15 March, 2026.

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