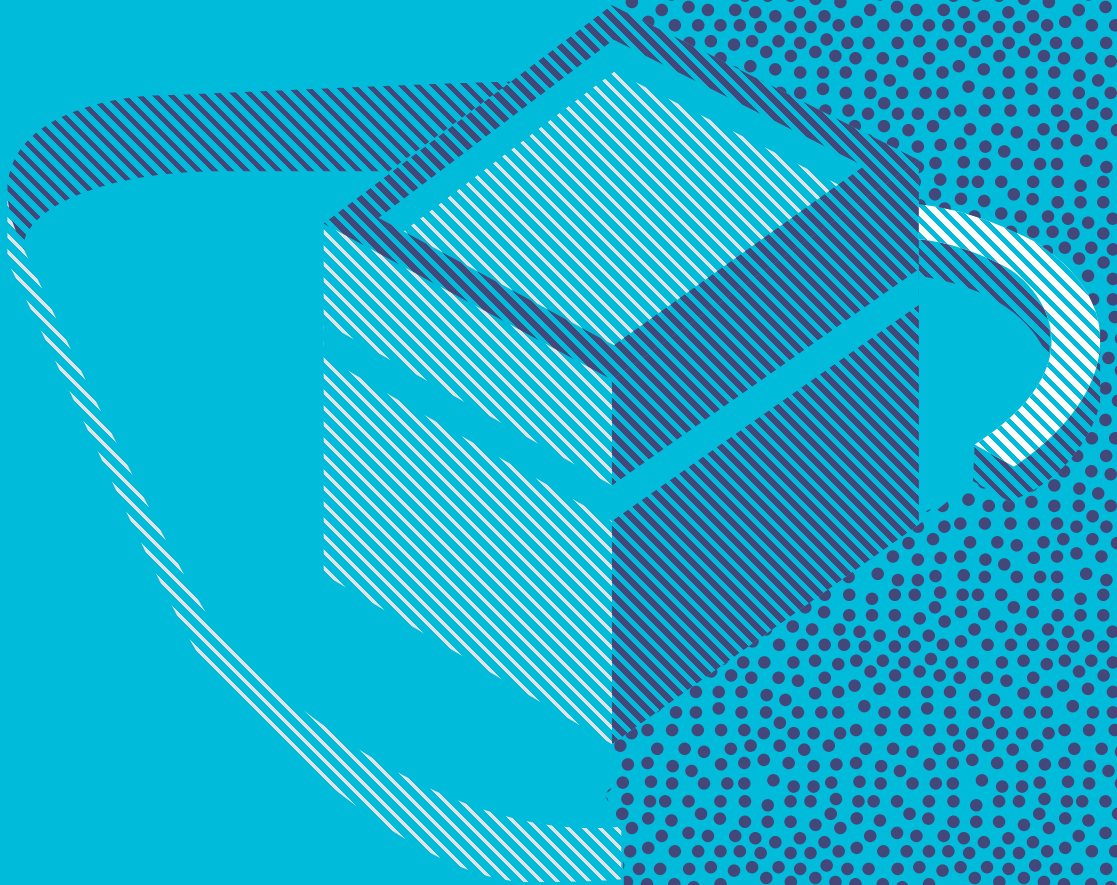


2020

RESILIENCE & CONTINUITY

BOARD OF DIRECTORS REPORT
FOR THE FISCAL YEAR 2020



J9JUR

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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Board of Director's Speech

Honorable Shareholders of the Dur Hospitality Company,

Greetings,

We are pleased to present you with the annual report of "Dur Hospitality" Company and its financial statements for 2020.

2020 was not an ordinary year on all levels, as the "Coronavirus" pandemic, which ravaged the world, had left its repercussions on various economic, social, and humanitarian aspects. As is well known, the entire hospitality sector worldwide has been in the eye of this storm and was one of the most affected sectors. Of course, this pandemic's repercussions have spread to the hospitality sector in the Kingdom, so we found ourselves faced with a reality of unusual challenges, both in form and content. There is no doubt that the most prominent scene that headed these challenges is the humanitarian aspect; as it imposed its reality on the sector in two manners: the first of which was through the focus on enhancing the care and

protection of our guests within our properties; in compliance with the highest international standards and the directives of the Ministry of Public Health in the Kingdom; whereas the second manner was through our keenness to protect and care for all the employees in the Dur family, who served our guests in the hotels and provided them with the utmost protection and health care.

This reality has led us to adopt new operational strategies to reconsider the objectives and priorities. We have sought to remedy and reduce the effects of this pandemic as much as possible, as the Executive Management has been actively controlling and reducing the expenditures in response to the dramatic and sudden decline in the demand rates; however, the scale and level of the challenges have been unprecedented. This is reflected in the achieved financial results, as the total revenue amounted to SAR (442) million, recording a decline of SAR (111) million and a decline rate of (20.1%) compared to the previous

year. Furthermore, the net operating profit for 2020 amounted to SAR (5.7) million, i.e., a decline of SAR (72.9) million compared to the previous year 2019.

Despite the repercussions of these harsh conditions, we believe in the sector's ability to rise and continue on its path towards achieving Vision 2030's objectives, aiming to maximize the tourism sector and make the Kingdom one of the leading global tourism destinations. This is reflected in the continuation of our ambitious expansion plans; as we launched the 4-star "Holiday Inn & Suites Al-Jubail," which consists of 144 suites and rooms in the Jubail Industrial Zone; to become our latest hotel facility to be added to our portfolio, which is rich in diverse hospitality options spread throughout Saudi Arabia. The pandemic conditions and its impact on the occupancy rates in Makkah allowed us to complete the Makarem Ajyad Hotel's total renovation, which included the hotel's rooms and suites lounges, main lobby, and some of its facilities.

Since human capital is our significant capital and one of our most important assets, we have been keen throughout the previous period to reduce the repercussions of the new reality on our employees and stand by them.

In turn, the employees have spared no effort or sacrifice in ensuring the continuity of their company on the one hand and in serving their country and supporting the efforts made to fight against this pandemic on the other hand. During the total

lockdown period, we made sure to invest it optimally for the benefit of our employees by raising their training and qualification level, which focused on developing their practices and performance; to keep pace with the new circumstances imposed by the pandemic and in preparation for the return of the sector's movement and growth. In this context, we have cooperated and coordinated with the Ministry of Tourism, and we have signed a joint agreement aimed at developing the human capital in the tourism and hospitality sector.

When Kingdom's Government – May God support it – lifted the restrictions on movement within most Saudi cities, we have launched the "Safe Stay" Program by implementing new and accurate measures aimed at ensuring the highest protection rate for both guests and employees at the same time, and through careful follow-up via daily and detailed reports on all the latest developments.

In conclusion, we can only express our deep gratitude for our wise government for the blessed efforts it allocated that have contributed to the economic activity's sustainability under these unprecedented circumstances; and for our partners and valued shareholders for their continued support. As for the Dur family and our qualified staff, we say: Thank you for your dedication, commitment, and devotion to achieve our shared objectives and ensure our continuity and leadership in the Saudi hospitality sector; and tomorrow will be better, with God's willing.

Board Members



Eng. Abdullah Bin Mohammed Al-Issa
Chairman of the Board of Directors



Dr. Saleh Bin Ali Al-Hathloul
Board member



Mr. Fahad Bin Abdullah Al-Kassim
Deputy Chairman



Mr. Talal Bin Abdul Mohsen Al-Malafekh
Board Member
(Public Pension Agency Representative)



Mr. Badr Bin Abdullah Al-Issa
Board Member



Mr. Jihad Bin Abdulrahman Al-Qadi
Board Member
(Public Investment Fund Representative)



Mr. Ibrahim Bin Ali Al-Aboud
Board Member (Al-Nefae Investment Group Representative)



Mr. MUSAAB Bin Suleiman Al-Muhaidib
Board Member



Mr. Abdullah bin Abdulrahman Al-Shamrani
Board Member (General Organization for Social Insurance Representative)

01 Company Profile

- 1.1 Main Activity
- 1.2 Strategic Direction
- 1.3 Organizational Structure
- 1.4 2020 Highlights



About Dur

Dur Hospitality Company is a leading public joint-stock company specialized in the hospitality field, founded in 1976 in Saudi Arabia. It is characterized by its track record and extensive experience gained over decades in managing, developing and operating hotels and residential compounds throughout Saudi Arabia. The Company's portfolio includes 30 properties ranging from hotel facilities to residential compounds.



Founded
1976



30
Properties ranging
from hotel facilities to
residential compounds



Our Vision

To be the partner of choice in the hospitality industry across the Kingdom in the fields of investment, development, and operations, adopting international, standards with a local spirit.

INTERNATIONAL
STANDARDS

WITH A
LOCAL SPIRIT



1.1 Main Activity

Dur Hospitality Company was established in its former name (Saudi Hotels and Resort Areas Company) as a Saudi joint-stock company based on the Council of Ministers' Decision No. 1776 on the 18th of Dhu Al-Hijjah 1395 AH (Royal Decree No. 69 on the 28th of Rajab 1395 AH) under the Commercial Registration No. 1010010726 on the 6th of Muharram 1397 AH, registered in Riyadh with a capital of 1 billion Saudi Riyals. The Company's purposes according to the Statute are represented as follows:

01

Construction, ownership, management, operation, investment, purchase, participation, rental, and lease of hotels, restaurants, hotel suites, rest houses, entertainment centers, travel and tourism agencies, and private beaches of all levels and sizes, in cities, highways and tourist areas.

02

Ownership and purchase of lands, real estates and properties, as well as their development, division and sorting. Construction of residential, commercial and hotel buildings, in addition to their sale, conveyance, or lease, and their utilization by all means of utilization and real estate management, for the benefit of the Company or others; and performance of the operation and maintenance work.

03

Provision of services to the Umrah pilgrims and the visitors of the Prophet's Mosque.

04

Exercise of all the basic and intermediate work required to carry out, process and initiate the various aspects of the activities of the aforementioned work, in accordance with the purposes for which they are intended.

05

Achievement of a high level of service, and the services provided in such locations, and their processing in accordance with their degree in a manner approved by the Board of Directors.

06

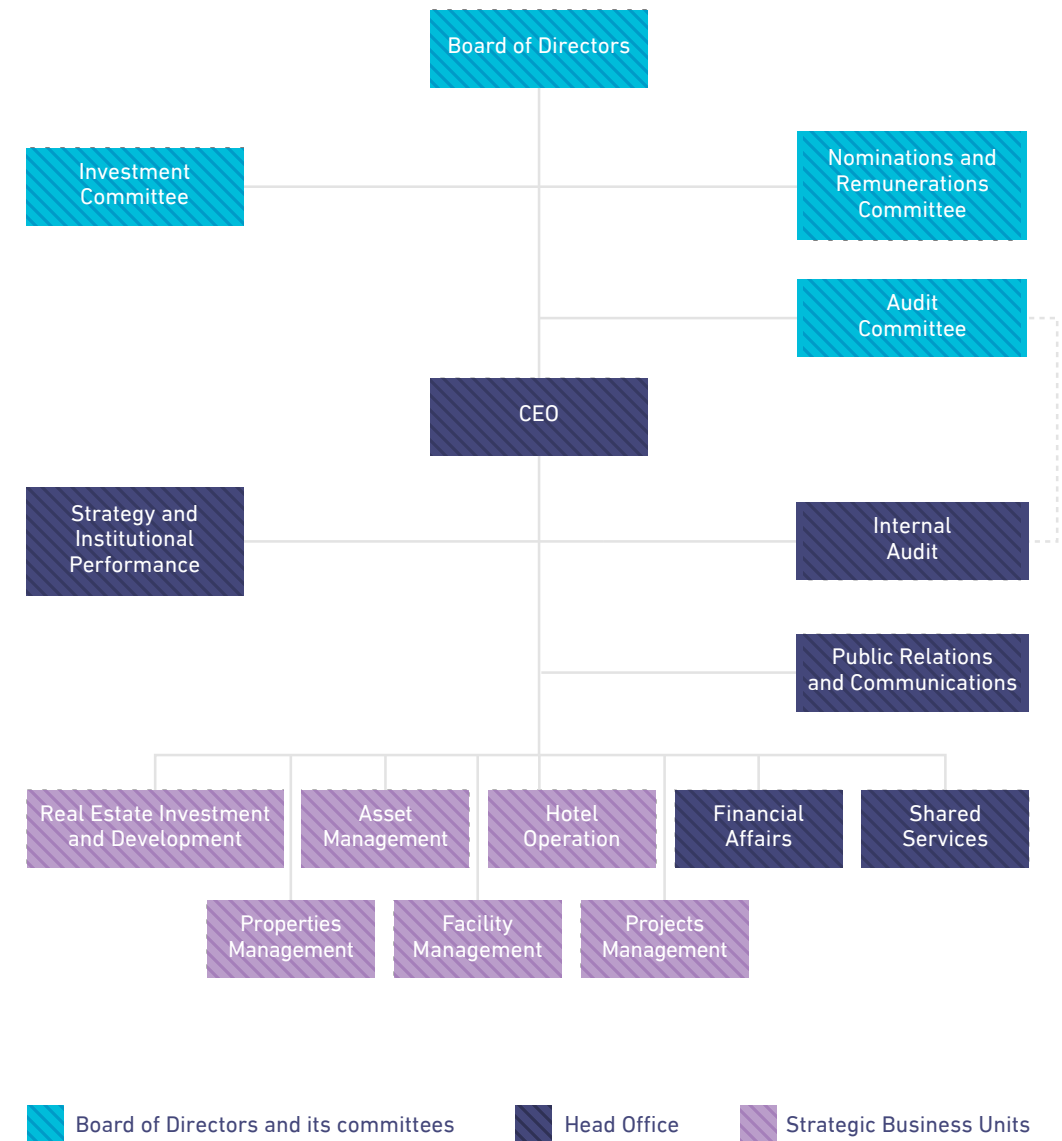
The Company performs the above-mentioned work, directly or in partnership with others, and is entitled to conclude all the necessary contracts to ensure the proper execution of these works.

1.2 Strategic Direction

The Company continued to implement the strategic direction it announced in 2013, as follows:

- Follow-up with the implementation of the growth plan in the Company-owned properties portfolio, which focuses on the development of a group of hotels that will be managed under international brands in a number of target cities; in addition to the expansion projects in a number of currently existing strategic properties; along with developing luxurious residential compounds in privileged locations.
- Expand the spread of the "Makarem" brand dedicated to the Makkah and Medina markets up to 10,000 rooms by 2028.
- Expand the spread of the "Shada" brands, which offer heritage hospitality experiences in a contemporary manner within the serviced apartments and medium-sized hotels sector; in which an acquisition of a majority stake was completed at the beginning of the year; to spread across the Kingdom's regions up to more than 3,400 rooms by 2025.
- The Company is also working on a plan to develop accommodation products that target the expected tourism demand in a range of tourist destinations in the Kingdom.
- Focus on developing a business model to raise the efficiency and build the capacities in a manner that serves the expansion plans and enhances the Company's profitability in light of changes in the business environment and the high operating costs; in addition to adopting the best technical standards and quality management systems, and exploring the digitization opportunities within the business model in a manner that enhances the operations' performance and develops the guest and customer experiences.

1.3 Organizational Structure



1.4 2020 Highlights

Dur Hospitality Company continued its journey in implementing its strategic plan for investment and development in the hospitality sector, and the following is a brief overview of the highlights experienced by the Company in 2020:

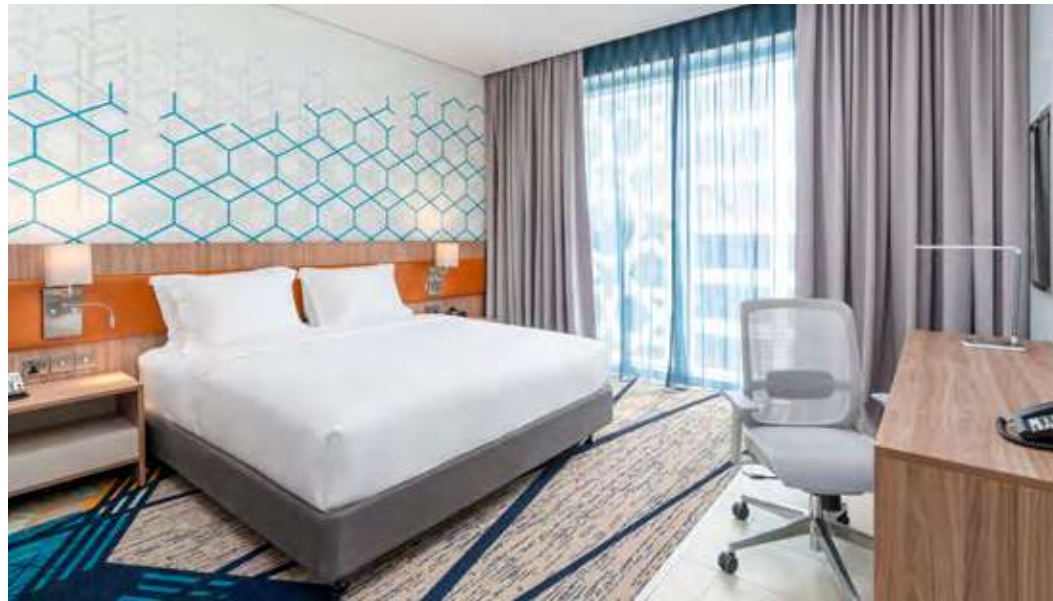
- 01 Opening of the Holiday Inn & Suites Al-Jubail
- 02 Completion of Renovation Works of Makarem Ajjad Hotel
- 03 Expansion of Riyadh Airport Marriott Hotel
- 04 Launch of the First Phase for the Renovation Works of the Crowne Plaza Riyadh Palace Hotel
- 05 Hosting the Saudi Hotel Investment Conference (SHIC)
- 06 Makarem's Participation in the Arabian Travel Market and the World Travel Market 2020
- 07 Launch of the Safe Stay Program
- 08 Introduction of the "Winnow Vision" Technology for the First Time in the Saudi Hospitality Sector



01

Opening of the Holiday Inn & Suites Al-Jubail

In continuation of its ambitious expansion strategy, the Company launched the "Holiday Inn Hotel & Suites Al-Jubail" in the Jubail Industrial Zone; to be the latest hotel facility to be added to its hotel portfolio and real estate facilities. The hotel was built on a land of 10,000 m2, and it contains 144 suites and rooms ranging between single and double rooms and suites with a kitchen to cater to long-stay guests' needs.



02

Completion of Renovation Works of Makarem Ajyad Hotel

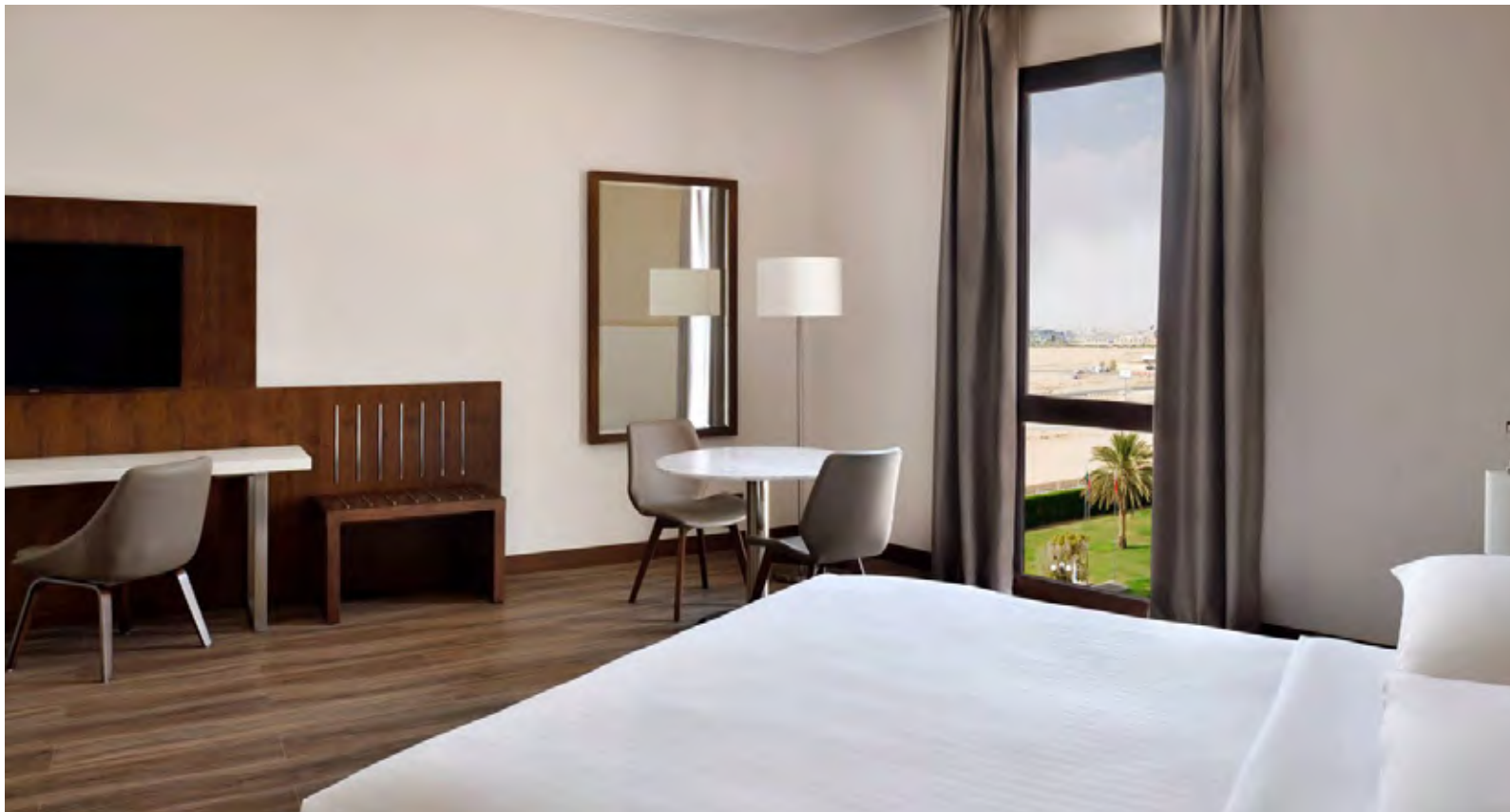
The Company was able to complete the total renovation of the Makarem Ajyad Hotel in Makkah. The renovation included the hotel's rooms and suites in full and the main lobby, public lounges, and some main facilities and elevators according to the latest designs.



03

Expansion of Riyadh Airport Marriott Hotel

Last year, the Company opened the new expansion of the Airport Marriott Hotel; as the hotel's absorptive capacity increased to 339 rooms and suites, and the current expansion building contained a luxurious women's health center. In 2018, the Company completed the hotel's renovation works and launched it under the new name "Riyadh Airport Marriott Hotel".



04

Launch of the First Phase for the Renovation Works of the Crowne Plaza Riyadh Palace Hotel

The first phase of the Crowne Plaza Riyadh Palace Hotel's renovation works has been launched to become a new look, to provide the highest standards of luxurious hospitality to the guests of the five-star hotel, which consists of 304 rooms. The renovation works included 28 suites, 4 double rooms, and 4 executive suites, and that was after renovating some of the hotel's other facilities, such as indoor lounges, restaurants, meeting rooms, and event halls. The hotel's renovation works will continue; to cover all the rooms and suites. It should be noted that 70% of the hotel's ownership belongs to the Dur Hospitality Company, which operates it according to a franchise agreement with the IHG Global Company.





05

Hosting the Saudi Hotel Investment Conference (SHIC)

The Company hosted the Saudi Hotel Investment Conference (SHIC), pursuant to its sponsorship as a strategic partner. SHIC was held on the 21st and 22nd of January at the Riyadh Airport Marriott Hotel under the theme of "Transform Tomorrow" under the Ministry of Tourism's auspices. The SHIC was attended by more than 500 prominent figures in the tourism and hospitality sector and a selection of industry experts.

06

Makarem's Participation in the Arabian Travel Market and the World Travel Market 2020

Makarem Hotels participated in the Arabian Travel Market's events between the 1st and 3rd of June 2020 and the World Travel Market in its virtual form held between the 9th and 11th of November 2020. Makarem's participation in these exhibitions came under the umbrella of the Saudi Tourism Authority. These events focused on how to restore and strengthen the business ties with clients, develop the communication network, and discuss how the travel and tourism industry will recover after the economic recession it witnessed during the Coronavirus pandemic.



07

Launch of the Safe Stay Program

The Company launched the Safe Stay Program, which adopts the highest health protection standards and includes a critical application of the protocols in line with the WHO recommendations and the competent authorities in the Kingdom to provide the highest protection level for the guests and employees.

08

Introduction of the "Winnow Vision" Technology for the First Time in the Saudi Hospitality Sector

The Company revealed its adoption of the "Winnow Vision" technology for the first time in the Kingdom at the Riyadh Airport Marriott Hotel. "Winnow Vision" is considered an advanced technology based on artificial intelligence; to detect excess foods in hotel kitchens, and it provides instant feedback, thus enabling food and beverage departments to make decisions that improve food preservation and reduce its surplus.



02 Business Sectors

- 2.1 Company's Portfolio
- 2.2 Projects Sector
- 2.3 Hotel Operation
- 2.4 Dur Communities
- 2.5 Shada Hospitality
- 2.6 Human Resources
- 2.7 Information Technology (IT)
- 2.8 Digital Transformation
- 2.9 Corporate Social Responsibility



2.1 Company's Portfolio

Dur Hospitality's properties sector consists of four main categories, namely:

2.1.1

Properties owned by the Company, and managed by other operators

2.1.2

Properties Owned or leased by the company, managed by "Makarem" and "Dur Communities" and "Shada Hospitality" Company

2.1.3

Properties invested by the Company, and managed by the company or other operators

2.1.4

Properties owned by others, and managed by "Makarem" and "Dur Communities" and "Shada Hotels" Company

These sectors are detailed below:



2.1.1 Properties owned by the Company, and managed by other operators



01

Riyadh Marriott Hotel

418

Rooms & suites

5-Star

Located in Riyadh

Operator: Marriott International Company



Marriott Courtyard Hotel – Diplomatic Quarter

02

286

Rooms & suites

Located in Riyadh

Operator: Marriott International Company



Marriott Executive Apartments

03

118

Suits

Located in Riyadh

Operator: Marriott
International Company

2.1.2 Properties Owned or leased by the company, managed by “Makarem” and “Dur Communities” and “Shada Hotels” Company

01

Makarem Ayyad Makkah Hotel

411

Rooms & suites

5-Star

Located in Makkah

Operator: Dur Hotel Operation Management
under Makarem Brand





**Makarem
Annakheel Village**

83 Villas **21** Hotel apartments **43** Rooms & suites

Located in Jeddah
Operator: Dur Hotel Operation Management
under Makarem Brand

02

**Holiday Inn
Tabuk Hotel**

83 Rooms & suites
4-Star
Located in Tabuk
Operator: Dur Hotel
Operation Management

03





04

Riyadh Airport Marriott Hotel

339

Rooms & suites

5-Star

Located in Riyadh

Operator: Dur Hotel

Operation Management



05

Crowne Plaza Riyadh Palace Hotel

304

Rooms & suites

4-Star

Located in Riyadh

Operator: Dur Hotel

Operation Management

Darraq Homes

434

Residential units

Located in the Diplomatic Quarter in Riyadh
Operator: Dur Properties Management and
Facilities Management





Dur Al-Wadi Residential Compound

66
Residential units

Located in Riyadh
Operator: Dur Properties
Management and
Facilities Management



07





Dur Al-Sharq Residential Compound

08

19 59

Villas Rooms

Located in Riyadh
Operator: Dur Properties Management and Facilities Management

Awal Plaza

20,000^{m²}

Located in Riyadh
Operator: Dur Properties Management and Facilities Management

09



Dur Twaiq Residential Compound

485

Residential units

Located in Jeddah
Operator: Dur Properties Management and Facilities Management

10





11

Dara Al-Salam

50

Residential units

Located in Jeddah
Operator: Shada Hospitality



12

Shada Hotel – Al-Salamah 2

88

Residential units

Located in Jeddah
Operator: Shada Hospitality

Dara Quraish

28

Residential units

Located in Jeddah
Operator: Shada Hospitality



13

2.1.3 Properties invested by the Company, and managed by other operators



Marriott Hotel Diplomatic Quarter

80

Rooms

Located in the Diplomatic Quarter
Operator: Marriott International Company

01



Marriott Executive Apartments Diplomatic Quarter

144

Hotel apartments

Located in the Diplomatic Quarter
Operator: Marriott International Company

02

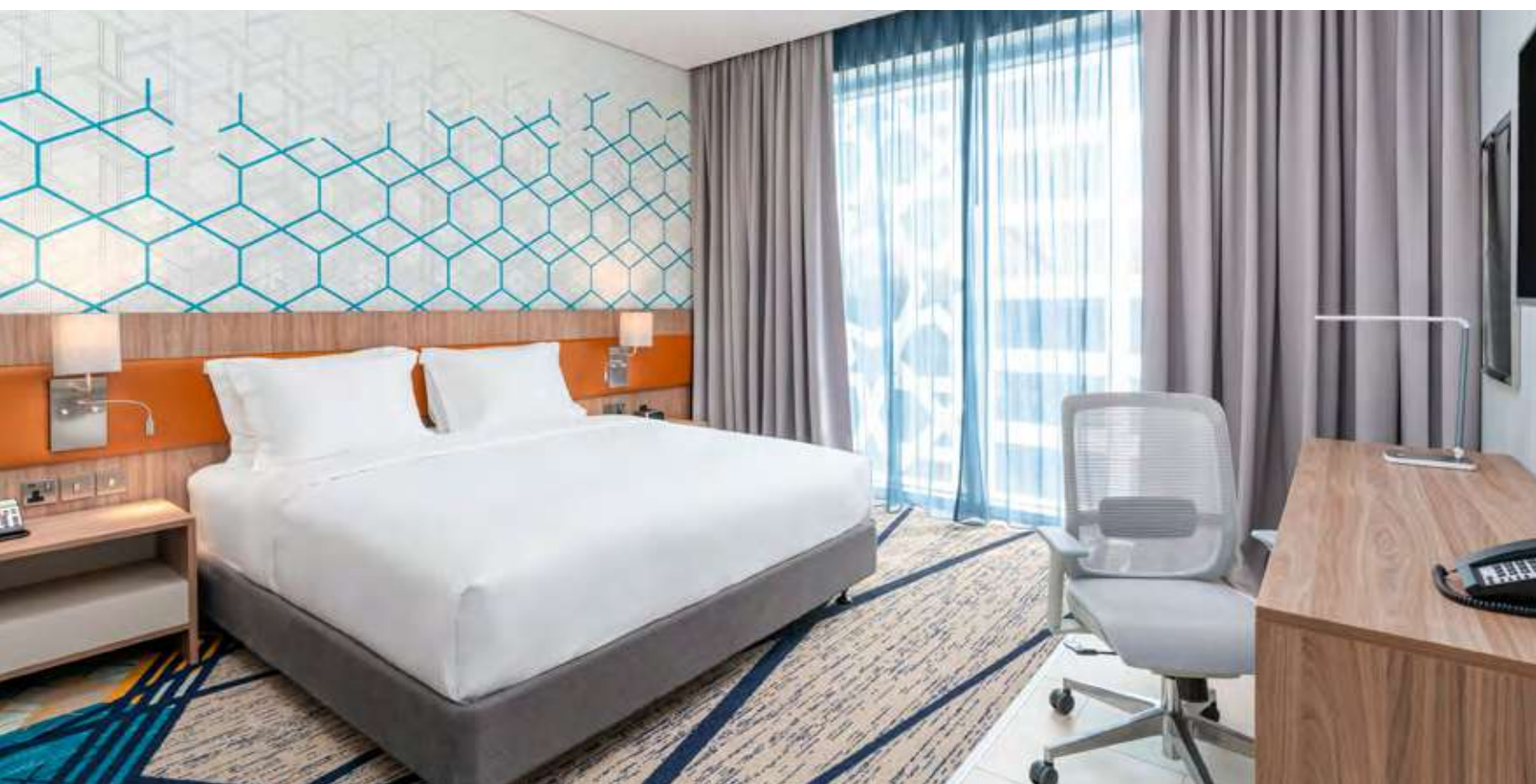
Holiday Inn & Suites Al-Jubail

144

Rooms & suites

Located in Jubail

Operator: Dur Hotel Operation Management



2.1.4 Properties owned by others, and managed by “Makarem” and “Dur Communities”



01 Makarem Umm Al-Qura Hotel

336

Rooms & suites

5-Star

Located in Makkah

Operator: Dur Hotel Operation Management under Makarem Brand



Makarem Mina Hotel

294

Rooms & suites

4-Star

Located in Makkah

Operator: Dur Hotel Operation Management under Makarem Brand

02

Makarem Al-Bait Hotel

270

Rooms & suites

4-Star

Located in Makkah

Operator: Dur Hotel Operation Management under Makarem Brand





04 Makarem Al Shorofat Hotel

104

Rooms & suites

3-Star

Located in Makkah

Operator: Dur Hotel Operation

Management under Makarem Brand



06

Dur Al-Rawdah Compound

28

Furnished residential villas

Located in Jeddah

Operator: Dur Properties Management and Facilities Management

05

Dur Al-Andalus Compound

30

Furnished residential villas

Located in Jeddah

Operator: Dur Properties Management and Facilities Management



Dur Bader Compound

40

Furnished residential villas

Located in Riyadh
Operator: Dur Properties Management and Facilities Management



Dur Al-Yasmin Compound

09

171

Furnished residential villas

Located in Jeddah
Operator: Dur Properties Management and Facilities Management



08 Dur Al-Maather Compound

73

Furnished residential villas

Located in Riyadh
Operator: Dur Properties Management and Facilities Management

Dara Hamra

29

Residential units

Located in Jeddah

Operator: Shada Hospitality

Shada Hotel –
Al-Shatea

94

Residential units

Located in Jeddah

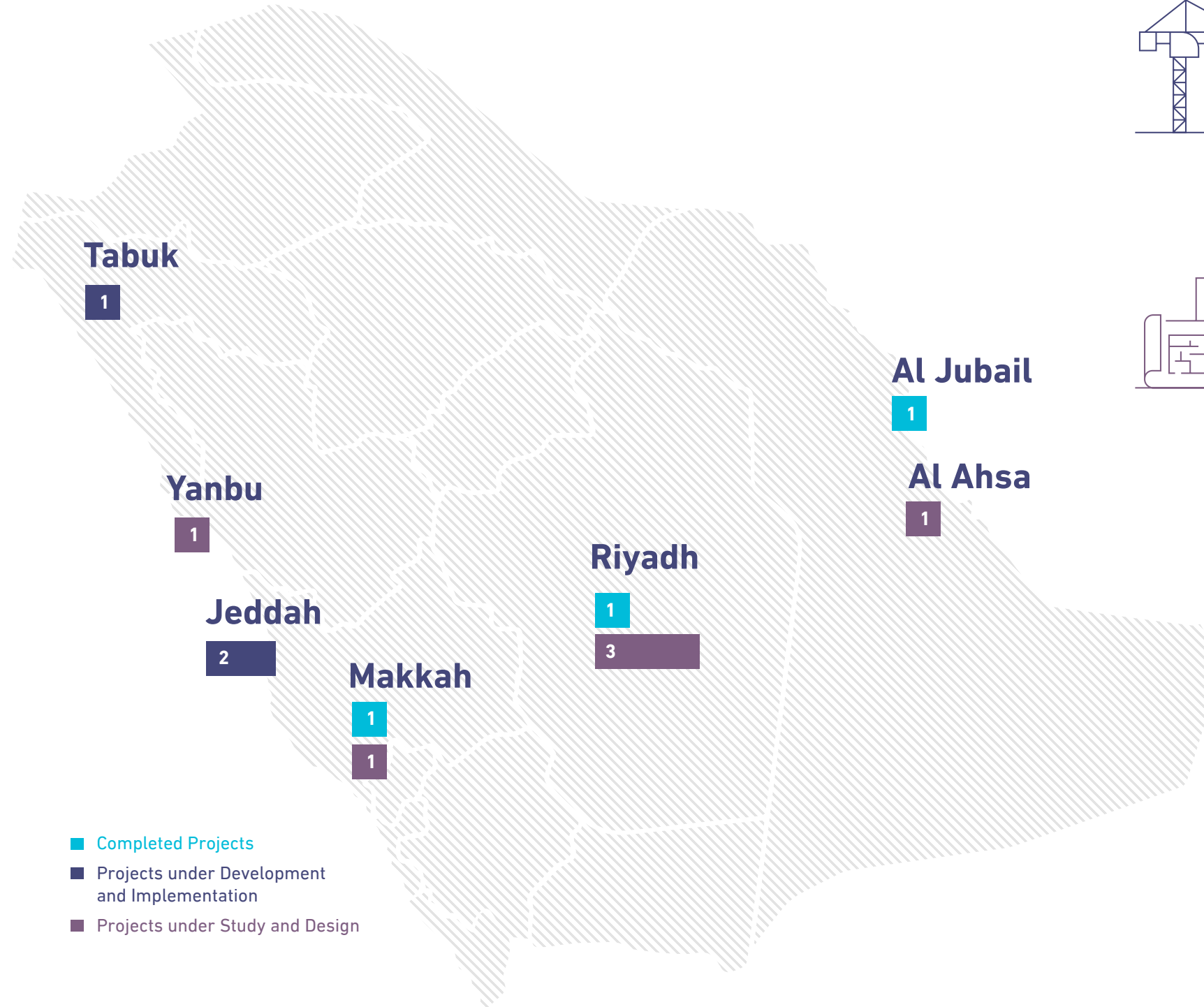
Operator: Shada Hospitality



2.2 Projects Sector

The hotel and real estate development sector is the main and vital focus to implement the Company's projects; as it is responsible for the planning, the studies, the design and the implementation; in addition to developing and modernizing the existing projects and facilities, by using the Dur Company's experience to keep up with the modern methods and the local and international technologies in the development and implementation field.

The following is a breakdown of the projects completed during the year, in addition to the projects under development and implementation; along with the projects that are still under study and design:



Completed Projects

3 Projects

1. Development of the Holiday Inn & Suites Al-Jubail.
2. Renovation of Makarem Ajjad Makkah Hotel.
3. Expansion of Riyadh Airport Marriott Hotel.



Projects under Development and Implementation

3 Projects

1. Development of hotel apartments and an events hall in Holiday Inn Tabuk Hotel
2. Expansion of Makarem Annakheel Village.
3. Development of Jeddah Courtyard Hotel and Residence Inn.



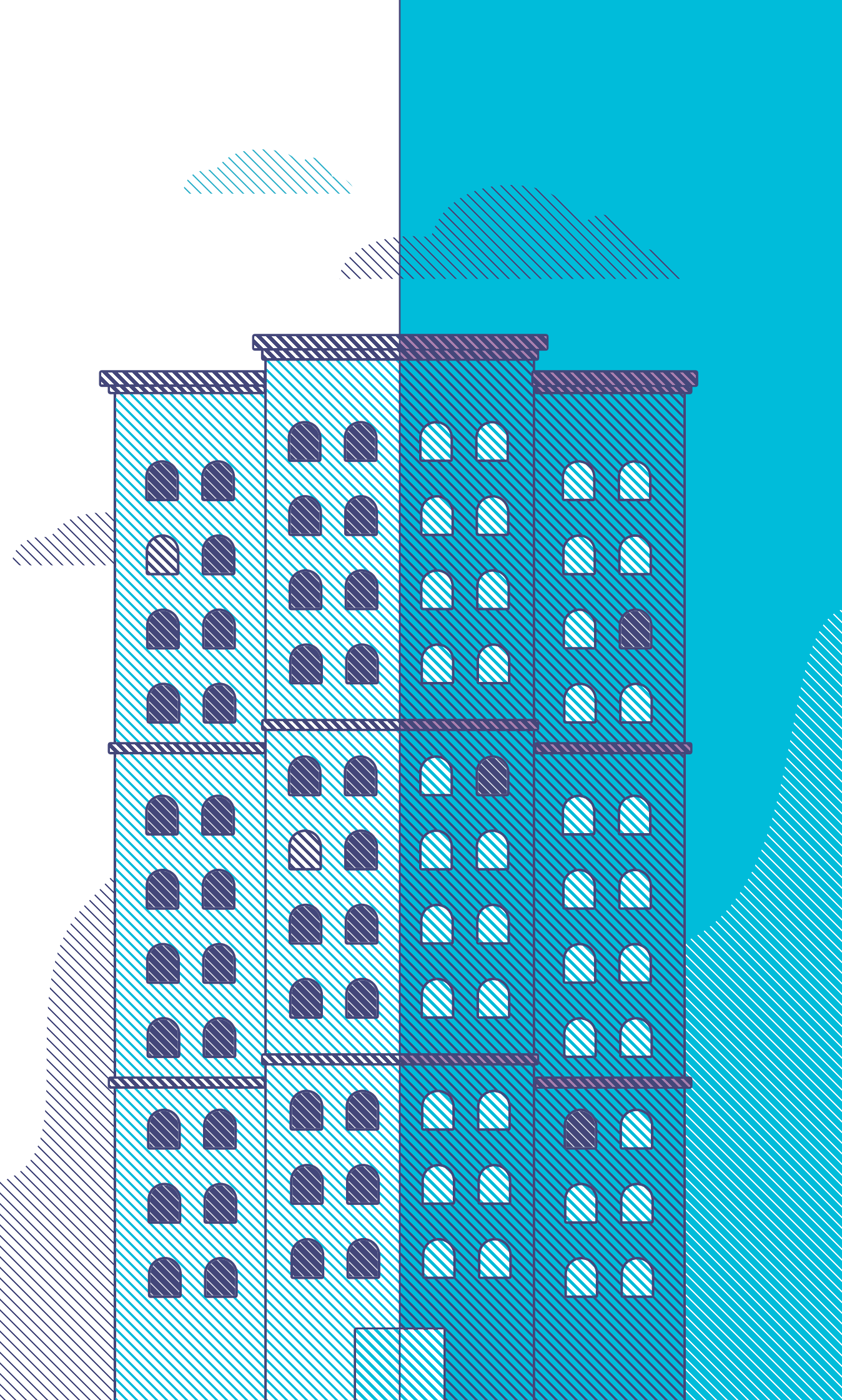
Projects under Study and Design

6 Projects

1. Development and renovation of the public areas at Crowne Plaza Hotel – Phase II.
2. Development of Holiday Inn Al-Ahsa Hotel and suites.
3. Expansion of the Makarem Ajjad Makkah Hotel.
4. Development of Yanbu Courtyard Hotel and Residence Inn.
5. Design of a luxury villas compound (King Khaled Road Land in Riyadh)
6. Development of Dur Al-Hada Compound in Riyadh.

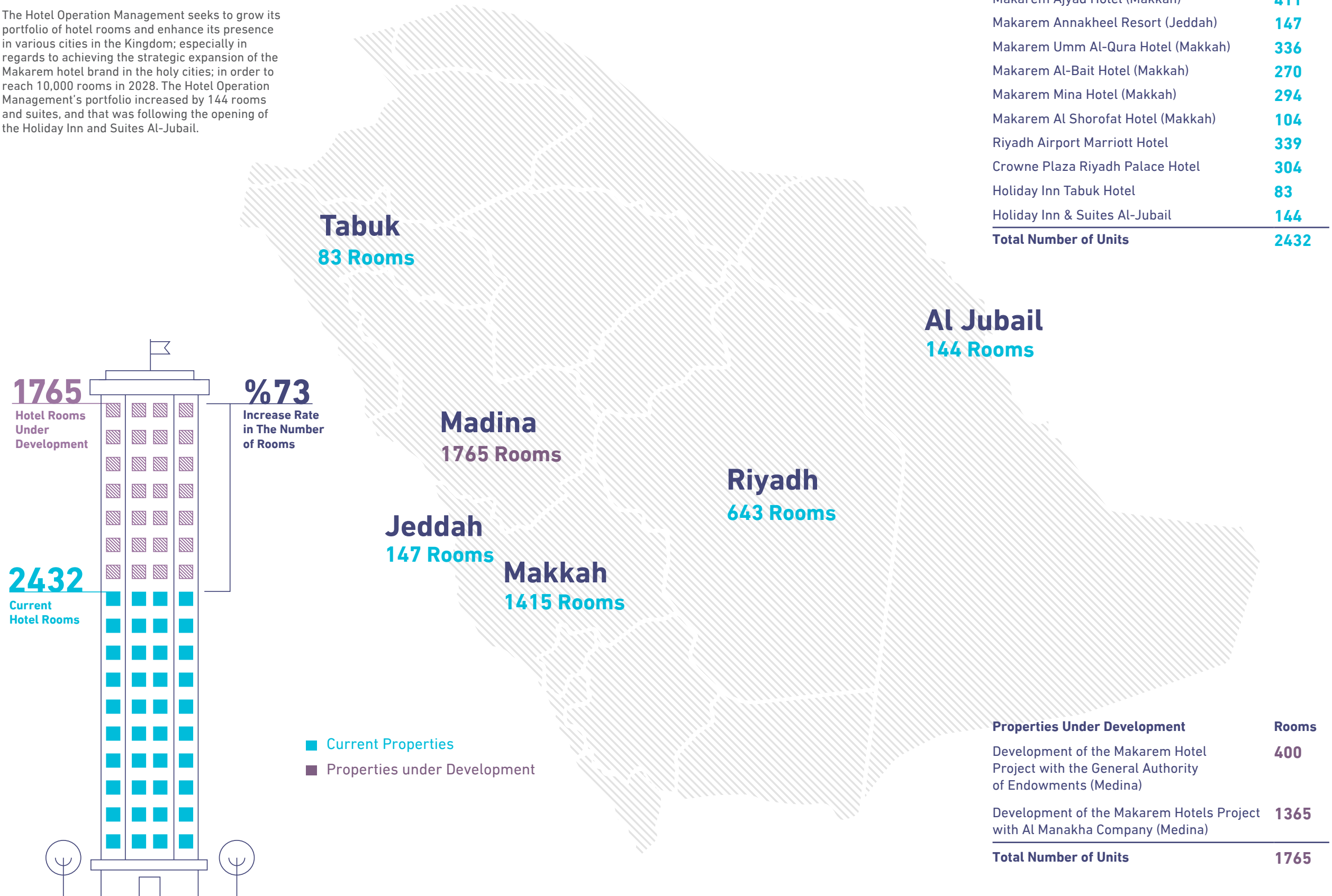
2.3 Hotel Operation

The Hotel Operation Management represents the administrative and operational arm for the hotels in Dur Hospitality Company, through which the Company created the Saudi hotel brand "Makarem"; in order to be specialized in serving the guests of Makkah and Medina. It was keen on adhering to the global standards; along with establishing strong partnerships with the top global hotel operators such as: Intercontinental Hotels Group (IHG) and Marriott International.



2.3.1 Strategic Expansion:

The Hotel Operation Management seeks to grow its portfolio of hotel rooms and enhance its presence in various cities in the Kingdom; especially in regards to achieving the strategic expansion of the Makarem hotel brand in the holy cities; in order to reach 10,000 rooms in 2028. The Hotel Operation Management's portfolio increased by 144 rooms and suites, and that was following the opening of the Holiday Inn and Suites Al-Jubail.



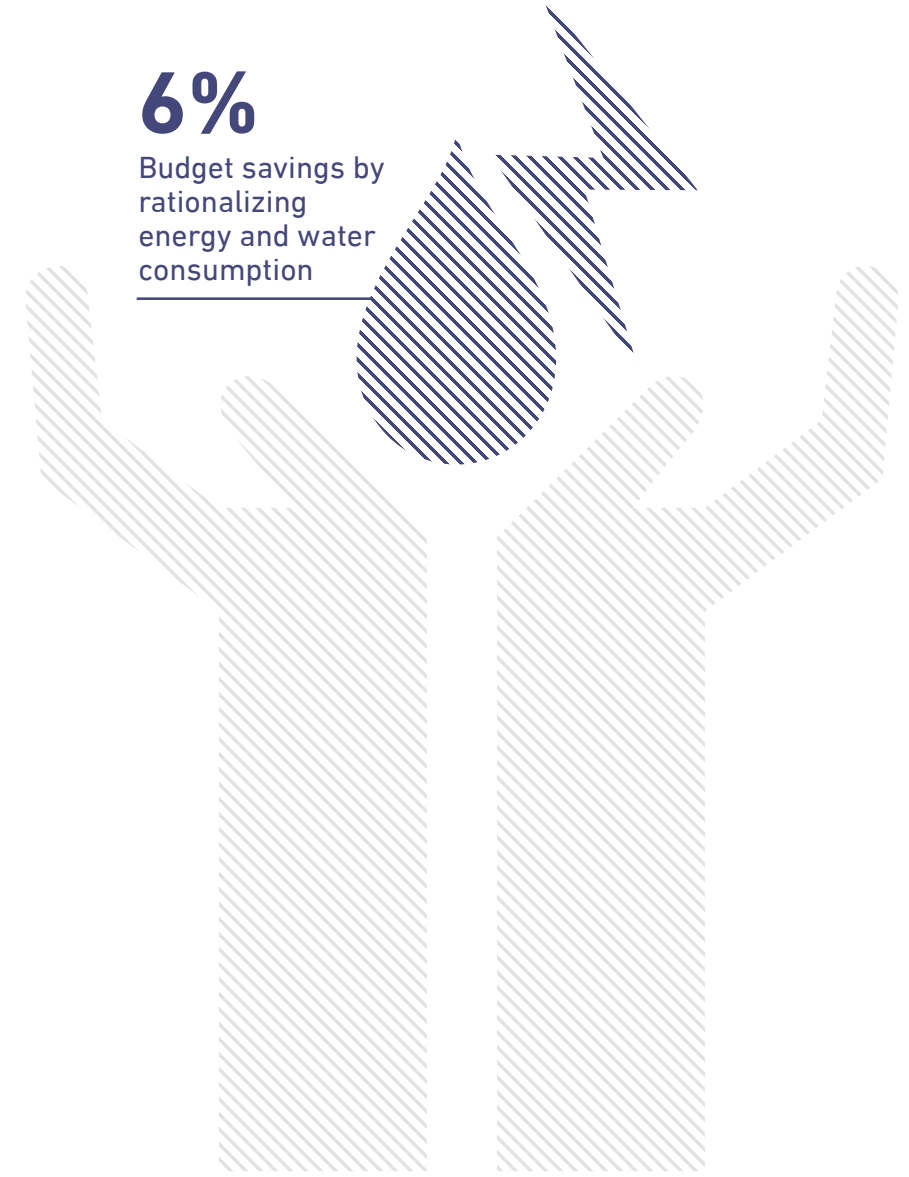
2.3.2 Operational Excellence

In 2020, the Hotel Operation Management continued to strengthen and develop the bonding with its guests, along with improving the efficiency and profitability despite the increased competition and the economic challenges caused by the pandemic. The latest technology systems and applications were used in the hospitality sector; in order to contribute in raising the operational efficiency and improving the revenues; along with raising the satisfaction level for both guests and employees. The following is a summary of the main indicators that are relied upon to achieve operational excellence:



A. Energy Conservation Systems

Through the control and monitoring systems and raising awareness on the energy and water consumption, the Hotel Operation Management was able to maintain the energy and water consumption rate to reach about 6% of the budget.



B. Guest Service and Performance Measurement Systems

The Hotel Operation Management works on measuring the performance of its services by applying indicators and systems that help in raising the guests' experience level; and the following is a summary for such systems:



Quality Assurance
(Quality Control)



Winnow
(Food Surplus
Management Solutions)



Market Data and
Benchmarking
(Market Data
and Benchmarking)



OTA Insight
(Smart Revenue
Management Database)



Property & Food and Beverage
Management System
(Hotel and Restaurant
Management System)



Enables Real-time Online Hotel
Availability, Reservations and OTAs &
Wholesaler Distribution
(Enable Real-time Hotel Availability,
Manage Reservations and Connect
Travel Agencies Online)



The GuestBook
(Loyalty Program)



Customer Data Platform and
Properties Tag Management
(Customer Data Platform)



ReviewPro
(Guests Reviews and Quality
Control Program)



alacarte
(Menu Management Solutions)



Financial planning, controlling and
managing reporting solutions



IcePortal
(Ensure the quality of the hotel photos
on the sites)



Peakon
(Employee Engagement Index)



Financial Management Solution
(Financial Management)

C. Safe Stay Program

In line with our commitment to apply the highest prevention and protection measures for our guests, we have launched the Safe Stay Program, which includes three key phases:

First Phase:

Conclude partnerships with several international authorities specialized in providing the highest hygiene and prevention standards, including the Ecolab & Diversey companies.

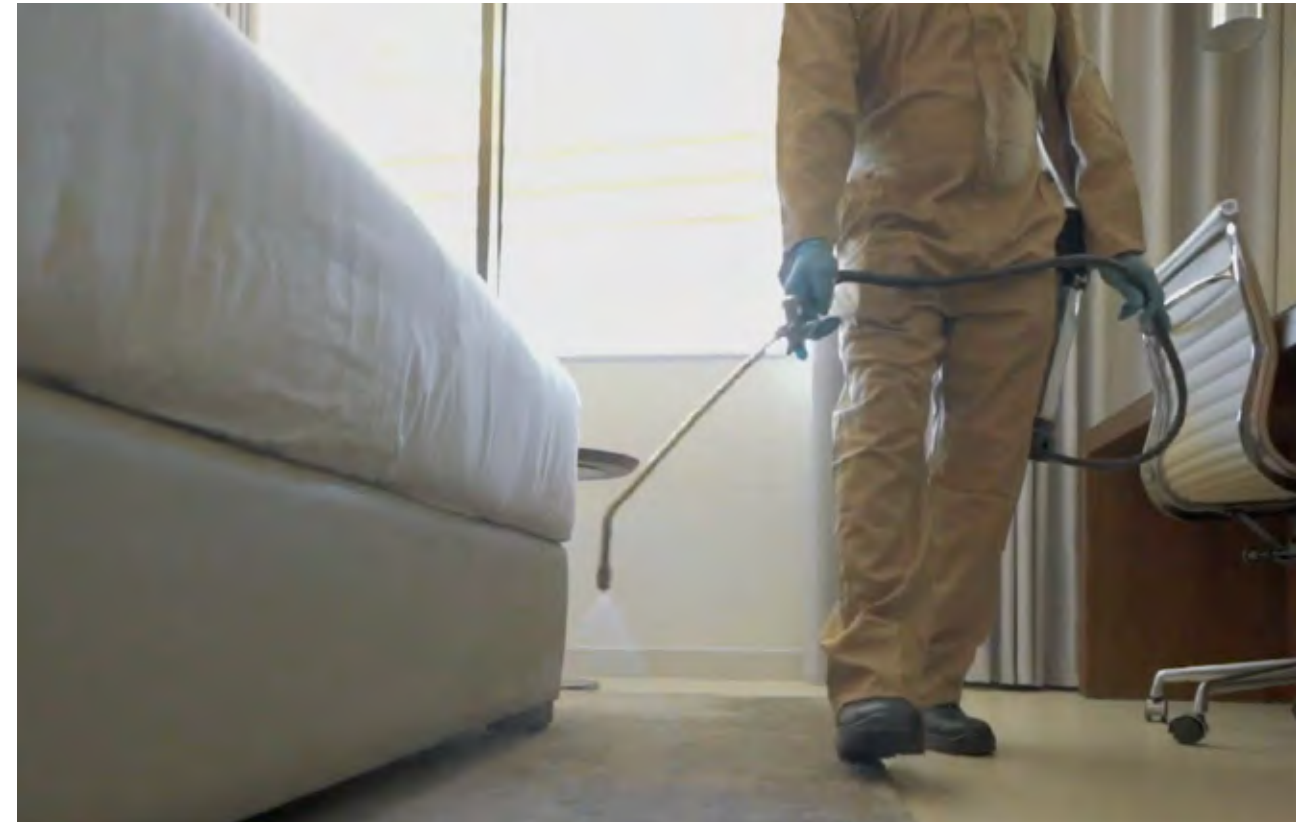


Second Phase:

Adopt the Ministry of Health's safety and prevention measures that we have taken for the safety of our guests.

Third Phase:

Train our employees on the necessary measures to deal with the reality of the Coronavirus pandemic, in cooperation with the Lobster Ink Company.



JOUR

مجتمعات دور
Dur Communities

2.4 Dur Communities

Dur Communities represents the administrative and operational arm of Dur Hospitality's residential real estate and facilities; through which operation, maintenance, cleanliness and security services are provided; in addition to the marketing, sales and leasing services, the support services, and the quality control for residential compounds; as it harnesses its extensive experience in the hospitality and asset management field by providing operational and management solutions to the investors in the real estate sector.

Dur Communities includes 9 residential compounds spread across key areas in Saudi Arabia; as they include 1,405 residential units of various categories and sizes, green spaces, and sports and recreational facilities managed in high professionalism.

One of the most prominent residential projects is "Darraq Homes", which is a high-end integrated residential project that contains luxury residential units of modern villas and fully furnished apartments of various spaces. Darraq, whose name is derived from the high-end house, provides its residents with privileges, pleasure and welfare in the Diplomatic Quarters in Riyadh; in addition to taking advantage of the public facilities, the parks, the model schools, the sports clubs and the private recreation and entertainment centers.

The Company has inaugurated the high-end "Dur Al-Wadi" Residential Compound, which extends over an area of more than 5,000 m², and enjoys a strategic location overlooking Wadi Hanifa Al-Khalb, and it is only 6 minutes away from the Diplomatic Quarter in the capital Riyadh. The Compound offers an attractive family environment with an integrated service system, and it is equipped with various facilities such as sports clubs, an indoor swimming pool and a children's playground.

Darraq Homes	434 Residential Units
Dur Bader Compound	40 Residential Units
Dur Al-Sharq Compound	78 Residential Units
Dur Al-Andalus Compound	30 Residential Units
Dur Al-Rawdah Compound	28 Residential Units
Dur Al-Yasmin Compound	171 Residential Units
Dur Al-Maather Compound	73 Residential Units
Dur Al-Wadi Residential Compound	66 Residential Units
Dur Twaiq Residential Compound	485 Residential Units
Total Number of Units	1,405 Residential Units



2.5 Shada Hospitality

Shada Hospitality has strengthened the Dur Hospitality's portfolio by entering for the first time in the hotel apartments' category, and offering more options for the guests seeking this category of hotel products. Headquartered in Jeddah, Shada Hotels provides management and operation services to the hotel facilities, including hotels and hotel apartments. It is characterized by its young Saudi staff, and its uniqueness through providing unique hospitality services and modern designs inspired by the rich Saudi culture, which helped it in reaching high customer satisfaction rates.

Shada Hospitality manages two hotel brands, namely Shada Hotels and Dara Hotel Suites.

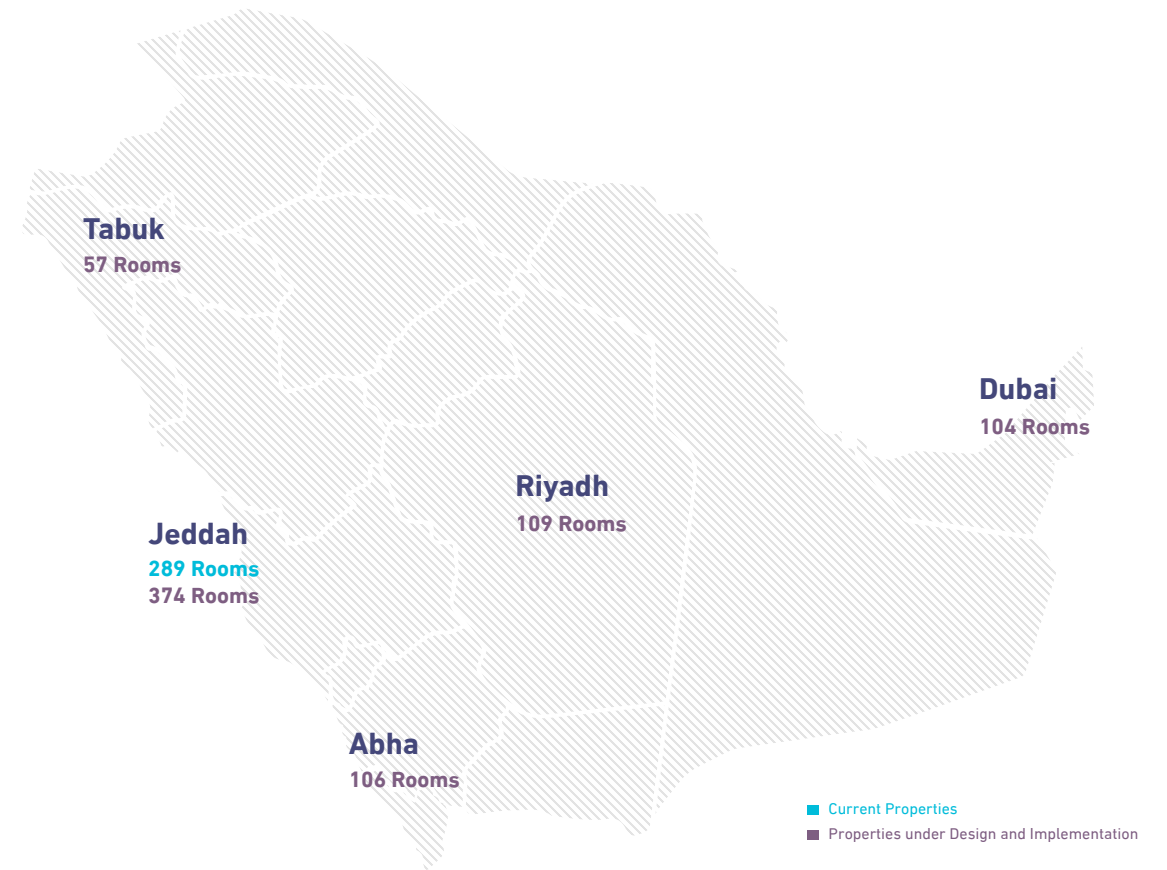


2.5.1 Current Properties

Shada Hotel – Al-Salamah 2	88 Keys
Dara Al-Salam	50 Keys
Shada Hotel - Al-Shati	94 Keys
Dara Quraish	28 Keys
Dara Hamra	29 Keys
Total Number of Units	289 Keys

2.5.2 Properties under Design and Implementation

Shada Hotel – Jumeirah Park	104 Keys
Shada Hotel – Al-Khalidiyah	110 Keys
Shada Hotel –Al-Tahlia	80 Keys
Dara Hotel Suites –Al-Areen	106 Keys
Dara Hotel Suites – Al-Rayan	50 Keys
Dara Hotel Suites –Hira	44 Keys
Dara Hotel Suites – Tabuk	57 Keys
Dara Hotel Suites – Qurtoba – Riyadh	59 Keys
Dara Hotel Suites – Kings Avenue – Jeddah Corniche	140 Keys
Total Number of Units	790 Keys



2.6 Human Resources

Motivating employees and providing them with a suitable work environment encourage their creativity and accomplishment; in order to achieve the Company's strategy and their expansion plans.

2.6.1 Employment and Saudization

In 2020, the Company rationalized the recruitment processes; in order to cope with the challenges regarding the spread of the Coronavirus, and focused its efforts on maintaining and developing the national competencies by maintaining a 38.3% Saudization rate.

The Company has also been able, thanks to God, to maximize the use of the government initiatives supporting the private sector; in order to deal with the Coronavirus pandemic, which had a significant impact on mitigating its financial impact on the Company in general.



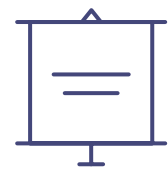
38%

Saudization rate
in 2020

2.6.2 Training and Development

To enhance the employees' competencies and skills and prepare them to deal with the Coronavirus pandemic, 612 training programs were implemented, and 910 employees participated therein, with a total of 7,252 hours of training; and that is by maximizing the use of free and supported e-training resources from the various government agencies, such as the Ministry of Tourism and the Dorob website; in addition to the global private authorities, such as Udemey and Edx.

Furthermore, at the beginning of 2020, the first batch of trainees graduated from the Dur Hospitality Academy, and that is through the "Qualification of the Food and Beverage Service Officer" Program; and they joined their jobs in the Company's hotels.



612 Training Programs

910 Participated employees

7252 Hours of training



2.6.3 Work Environment during the Coronavirus Pandemic

Due to the exceptional effects of the Coronavirus crisis, the Company has paid great attention to mitigating the impact of this crisis on the employees and the Company; in order to ensure business continuity and achieve high productivity levels; along with ensuring that all recommendations from the competent authorities are implemented through the formation of a special work team that has made many objectives and achievements, the most important of which are as follows:

- Organizing the transition to remote work mechanisms, while issuing many tips and instructions to the employees and the management team; thus leading to the work's continuation in an efficient manner.
- Applying the ongoing job engagement plan with the employees through the communication and motivation messages issued by the CEO and Senior Management in the Company; in addition to implementing many internal activities from work teams and committees, and increasing the messages through the internal social media "Yammer"; all in order to keep the employees informed about the latest work developments and motivate them to work at high productivity levels.
- Implementing a special questionnaire for the employees; in order to survey their opinions and suggestions on the measures taken by the Company to deal with the challenges of the Coronavirus crisis during the remote work period and after returning to the workplaces.
- Preparing a comprehensive manual to organize the return to the workplaces, explaining the precautionary measures applied in the Company and the communication methods during the post-return period to the workplaces.

Some internal systems and procedures were developed to build on the successful experiences during the crisis period; the most important of which is the rationalization of expenditures in many operational aspects, and the adoption of training methods that contribute in achieving higher added value at a lower cost; in addition to studying the adoption of remote work mechanisms for the jobs that are commensurate with them.

2.7 Information Technology (IT)

Through the IT Management, the Company made several achievements in activating and launching important initiatives, most notably:



1. Activate the remote work mechanisms and methods and ensure that all the IT systems and applications remain effective during the Coronavirus crisis; thanks to the available technical capabilities and the continuous efforts to provide secure access to these systems, whether hosted on the cloud or internal computing environment.



2. Rationalize the IT operating expenses during the period of low operation levels at some of the Company's properties; due to the Coronavirus pandemic crisis.



3. Success in holding remote meetings for the Board of Directors and the Company's General Shareholders Assembly during the pandemic period; in line with the Capital Market Authority's recommendations in this regard.



4. Ensure the effectiveness of the cybersecurity systems applied in the Company; and that is by taking preventive measures and conducting tests from external parties to ensure that there is no exposure to any technical security incident.



5. Develop internal regulations to reflect the requirements of applying the amendment to the Value-Added Tax (VAT) and the Withholding Tax, and the automation of the matrix of powers for the procurements; furthermore, the electronic accreditation was activated and facilitated in the System by e-mail.



6. Work has been completed to link the Company's projects budget to the System.



2.8 Digital Transformation

Dur Hospitality Company continues its strategy to achieve comprehensive digital transformation in its various operations; in order to enhance its operational and administrative capabilities, and contribute in improving the services' quality at various levels. The following are models of the technologies adopted to achieve the Company's digital transformation, which was launched in 2020:

1. Microsoft's Power BI software was approved; in order to increase data efficiency and consolidate the business intelligence methodology.
2. Provision of the hotel check-in and check-out technology through self-service kiosks.
3. Provision of the Kart n go self-service technology for the stores inside the hotels.
4. Provision of the Ala carte technology to display the restaurant menu and order directly to reduce the "contact" with the direct hospitality products and services.
5. Winnow Technology: It is an artificial intelligence-enabled food surplus reduction technology to increase operational efficiency and data accuracy; thus helping the chef in preparing food and beverages in specific quantities.



2.9 Corporate Social Responsibility

Dur Hospitality Company takes pride in being one of the leaders in the corporate social responsibility field in Saudi Arabia.

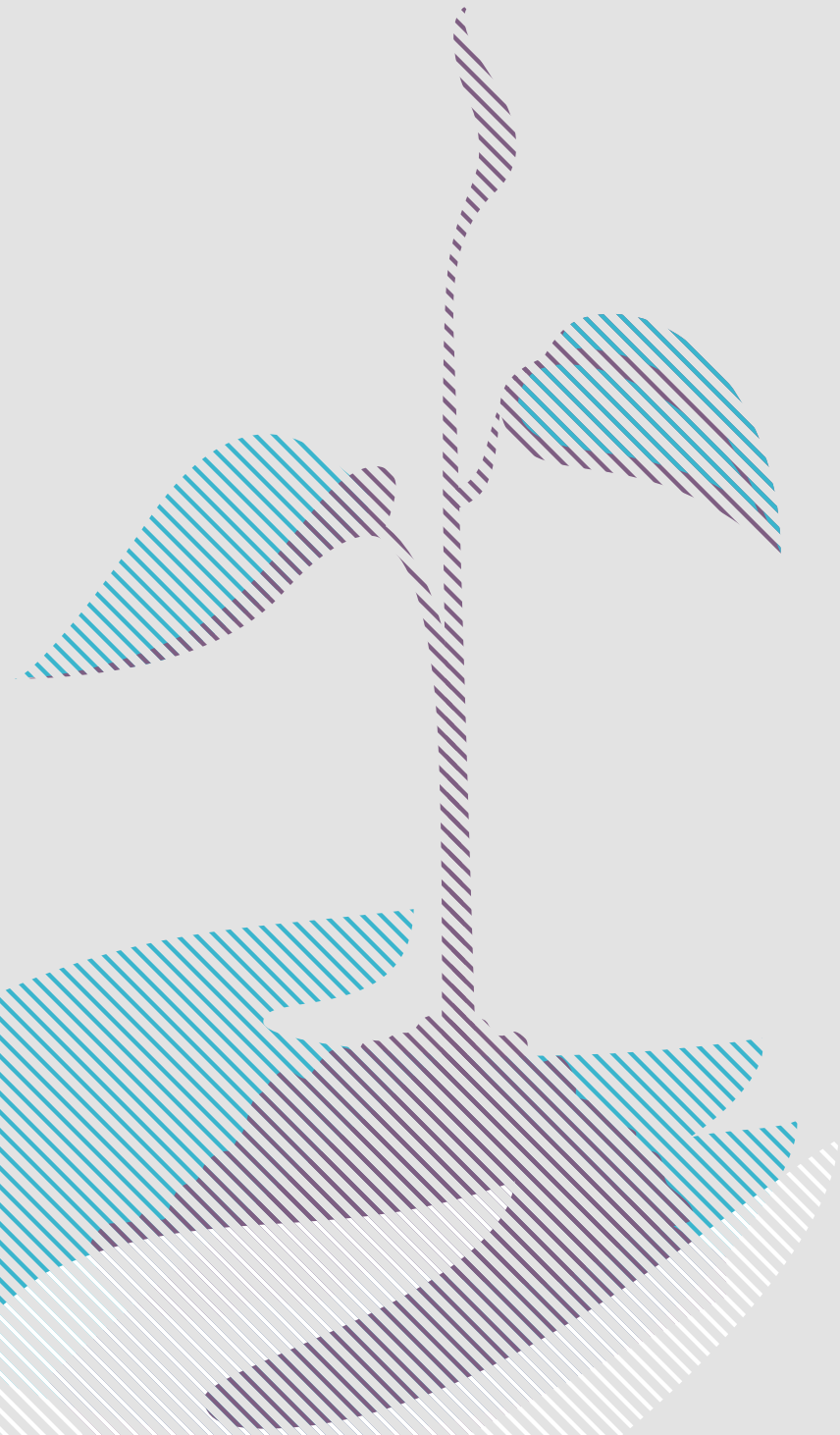
The basic premise of all the corporate social responsibility initiatives is to utilize the Company's resources, properties, expertise, and human potential, and direct them to serve the community under the "Athar" brand. Three key fields were identified in the social responsibility strategy, namely:

First Field:
Environment Protection and Natural Resources Conservation

Second Field:
National Cadres Empowerment

Third Field:
Social Activities Support

The following is an overview of the corporate social responsibility initiatives (Athar) achieved during 2020:





Hosting Chinese Umrah Pilgrims

In collaboration with the Calling Chinese Office belonging to the Cooperative Office for Call and Guidance in Al-Naseem District, 88 Chinese Muslim pilgrims were hosted in our hotels in Makkah at the beginning of 2020, as part of the Company's corporate social responsibility initiatives for hosting new and needy Muslim pilgrims and Umrah pilgrims.

Hosting
88
Umrah Pilgrims



"Support an Orphan with your Old Device" Initiative

In cooperation with the Charity Committee of Orphans Care "Ensan" and "Tadweer" for the recycling of electronic and electrical devices, the Dur Hospitality Company contributed in supporting the "Support an Orphan with your Old Device" Initiative. This Initiative aims to preserve the environment and protect the community from the harmful effects of the electronic and electrical waste; as the Company was able to collect 520 kg of waste electronic and electrical devices.

Collected
520kg
of electronic waste



Warmth Campaign

For the fourth consecutive year, more than 7,500 pieces of linen, curtains, pillows and towels have been collected from the Riyadh Airport Marriott Hotel and the Makarem Ajyad Makkah Hotel and donated them to charities.

Donated
7,500
curtains, pillows
and towels



03 Financial Statements and Business Results

- 3.1 Business Results for the Previous Five Years
- 3.2 Comparison of the Current Year's Operating Results with the Previous Year
- 3.3 Assets and Liabilities for the Previous Five Years
- 3.4 Changes to the Shareholders' Equity for the Previous Five Years
- 3.5 Loans
- 3.6 Key Revenue-Contributing Activities
- 3.7 Revenues' Geographical Analysis
- 3.8 Entitled Statutory Payments
- 3.9 Profits Distribution Policy
- 3.10 Risks



3.1 Business Results for the Previous Five Years

The statement below shows a summary of the business results for the last five years:

Statement (in Thousands Saudi Riyals)	2016	2017	2018	2019	2020
Total Revenue	499,213	483,604	454,062	553,846	442,319
Revenue Cost	(352,117)	(353,093)	(345,981)	(434,669)	(381,495)
Gross Profit	147,096	130,511	108,081	119,177	60,824
Operating Profit	116,165	95,344	69,532	78,725	5,754
Net Profit	111,495	90,631	57,462	53,004	(49,494)

3.2 Comparison of the Current Year's Operating Results with the Previous Year

The statement below shows the fundamental differences in the operating results compared to the previous year:

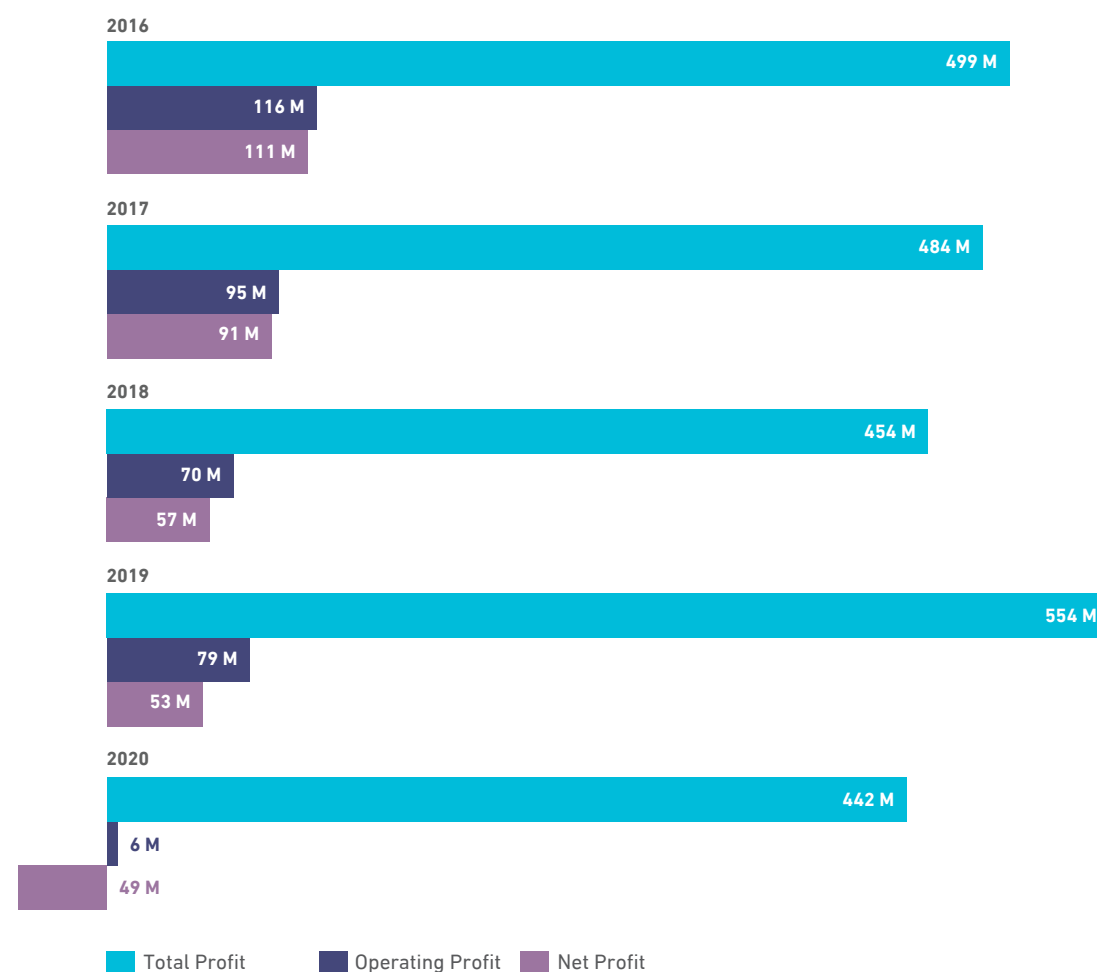
Statement (in Thousands Saudi Riyals)	2019	2020	Change	Change Percentage
Total Revenue	553,846	442,319	(111,527)	(20.1%)
Revenue Cost	(434,669)	(381,495)	(53,174)	(12.2%)
Total Profit	119,177	60,824	(58,353)	(49.0%)
Sales and Marketing Expenses	(1,714)	(1,474)	(240)	(14.0%)
General and Administrative Expenses	(38,738)	(53,596)	14,858	38.4%
Operating Profit	78,725	5,754	(72,971)	(92.7%)
Financial Burdens	(23,337)	(33,241)	9,904	42.4%
Financial Burdens of Lease Contract Liabilities	(15,948)	(15,758)	(190)	100.0%
Finance Revenue	1,608	324	(1,284)	(79.9%)
Other Revenue	18,311	630	(17,681)	(96.6%)
Investments Losses in Invested Companies using the Equity Method	(1,342)	(1,739)	397	29.6%
Additional Burdens from Legal Obligations	-	-	-	-
Profit before Zakat	58,017	(44,030)	(102,047)	(175.9%)
Zakat	(5,250)	(7,579)	2,329	44.4%
Net Profit	52,767	(51,609)	(104,376)	(197.8%)
Company's Shareholders	53,004	(49,494)	(102,498)	(193.4%)
Non-Controlling Equity	(237)	(2,115)	1,878	792.4%
	52,767	(51,609)	(104,376)	(197.8%)

The Board of Directors approved the Company's final financial results for 2020, which recorded a decline in the total revenue; due to the suspension of the Umrah and Hajj season for 1441 AH, and the decline in the demand for hotels by the business sector and the individuals; due to precautionary actions and the measures taken to reduce the spread of the Coronavirus (COVID-19).

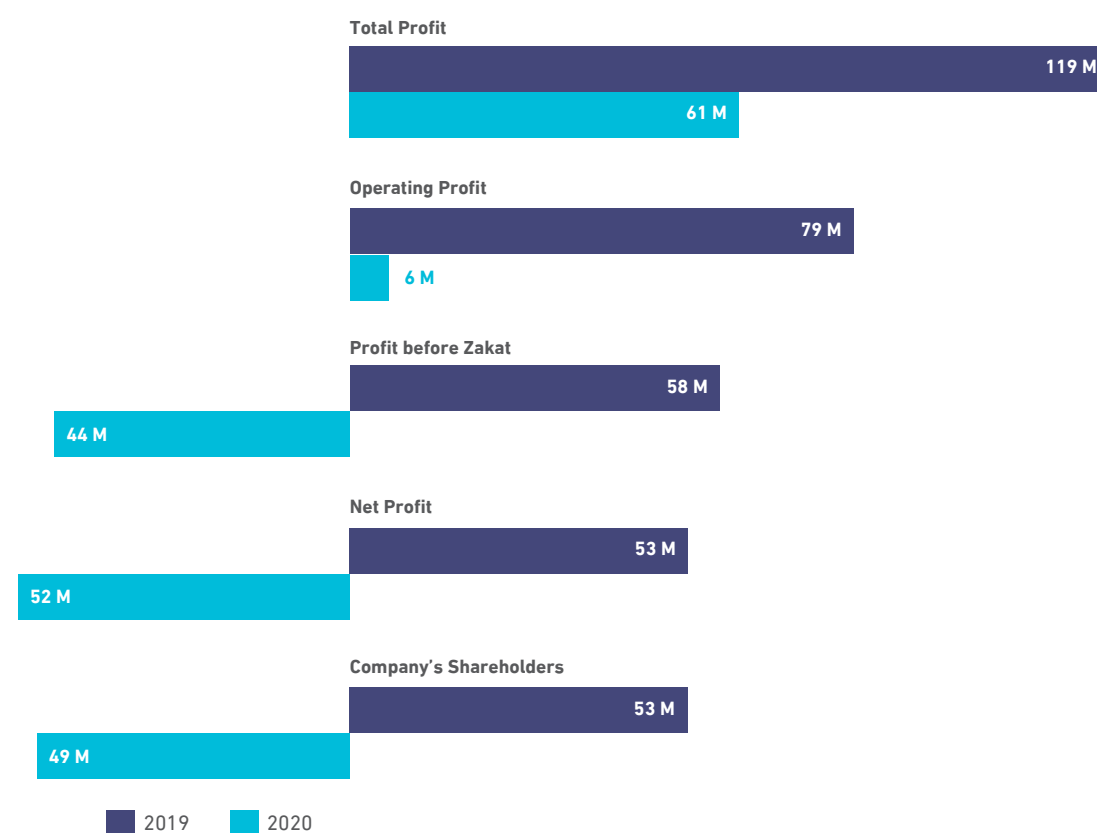
The Company's total revenue from the main activities for 2020 amounted to SAR (442) million, i.e. a decline of SAR (111) million compared to

2019; while the operating profit amounted to SAR (5.7) million riyals, i.e. a decline of SAR (72.9) million compared to the previous year. The Company's net loss during 2020 was SAR (49.5) million compared to the net profit of SAR (53) million for the previous year 2019. It should be noted that the Company has succeeded in 2020 - thanks to God - in rationalizing the expenses to a minimum; in addition to improving the revenues by leasing a number of new residential units that became operational during the year

Financial Results for the Last Five Years



Current Year's Operational Results Compared to Last Year's Results

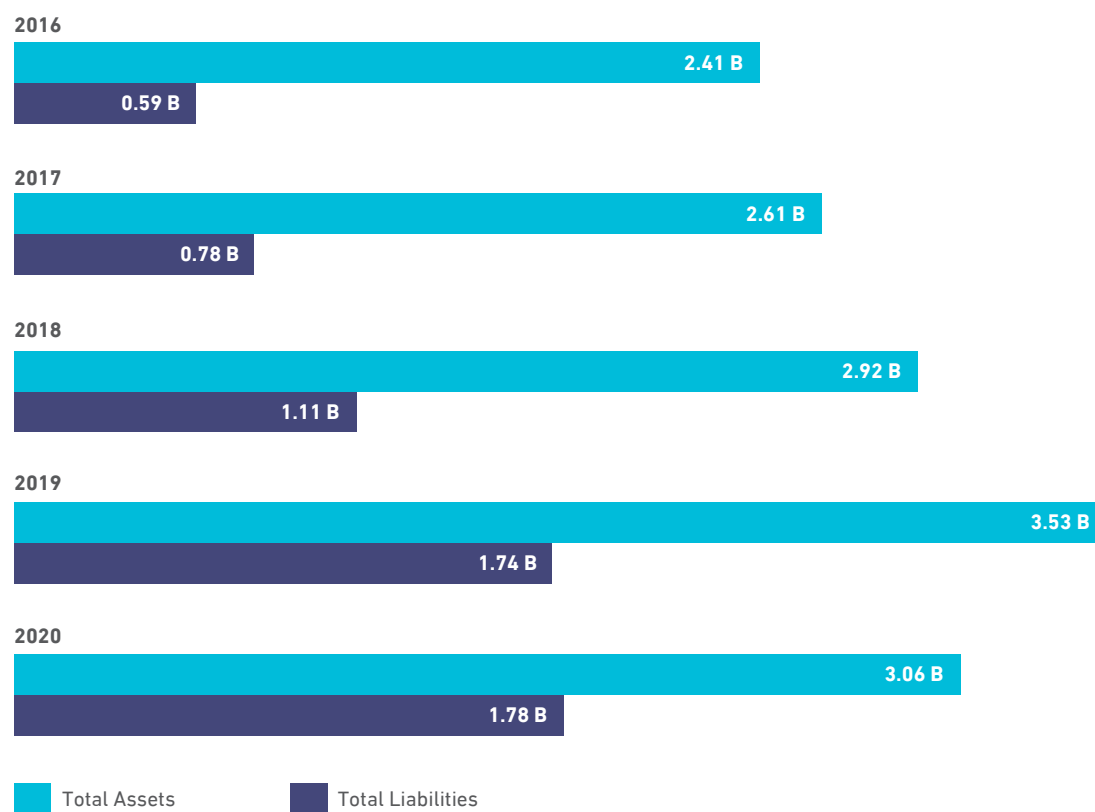


3.3 Assets and Liabilities for the Previous Five Years

%The following statement represents the assets and liabilities for the previous five years:

Statement (in Thousands Saudi Riyals)	2016	2017	2018	2019	2020
Total Current Assets	315,774	302,941	312,333	356,150	361,312
Total Non-Current Assets	413,414	416,830	717,612	679,195	418,867
Net Property and Equipment	1,677,267	1,886,311	1,894,298	2,492,482	2,698,425
Total Assets	2,406,455	2,606,082	2,924,243	3,527,827	3,478,604
Total Current Liabilities	251,754	294,409	401,239	471,862	540,144
Total Non-Current Liabilities	338,950	486,442	712,006	1,264,216	1,240,730
Total Liabilities	590,704	780,851	1,113,245	1,736,078	1,780,874
Total Shareholders' Equity	1,778,458	1,787,621	1,774,665	1,741,401	1,639,330
Non-Controlling Equity	37,293	37,610	36,333	50,347	58,400
Total Liabilities and Shareholders' Equity	2,406,455	2,606,082	2,924,243	3,527,826	3,478,604
Shareholders' Equity to Assets Ratio	74%	69%	61%	49%	47%

Assets and Liabilities for the Previous Five Years



3.4 Changes to the Shareholders' Equity for the Previous Five Years

The following statement illustrates the changes in the shareholders' equity over the past five years:

Year	Shareholders' Equity (in Thousands Saudi Riyals)	Increase (Decline)	Change Percentage (%)
2020	1,639,330	(102,072)	(5.9%)
2019	1,741,402	(33,263)	(1.9%)
2018	1,774,665	(12,956)	(0.7%)
2017	1,787,621	9,163	0.5%
2016	1,778,458	(17,704)	(1.0%)

3.5 Loans

حصلت الشركة على عدة قروض لتمويل مشاريع مختلفة وذلك على النحو التالي:

Loan Grantor Name	Loan Principle Amount	Loan Term	Total Amount Withdrawn from the Loan	Paid Amounts during the Year	Total paid Amounts	Company's Total Indebtedness by the End of 2020
Riyad Bank*	703,000,000	سنوات 5 - 7	618,213,008	29,333,334	29,333,334	588,879,674
Banque Saudi Fransi** (BSF)	296,900,000	سنوات 3 - 5	286,900,000	57,031,428	135,210,000	151,690,000
SABB Bank	171,679,000	سنوات 5	138,315,177	6,449,724	6,449,724	131,865,453
Arab National Bank (ANB)	400,000,000	سنوات 1 - 7	197,940,306	36,470,000	36,470,000	161,470,306
Total	1,571,579,000		1,241,368,491	129,284,485	207,463,058	1,033,905,433

It should be noted that:

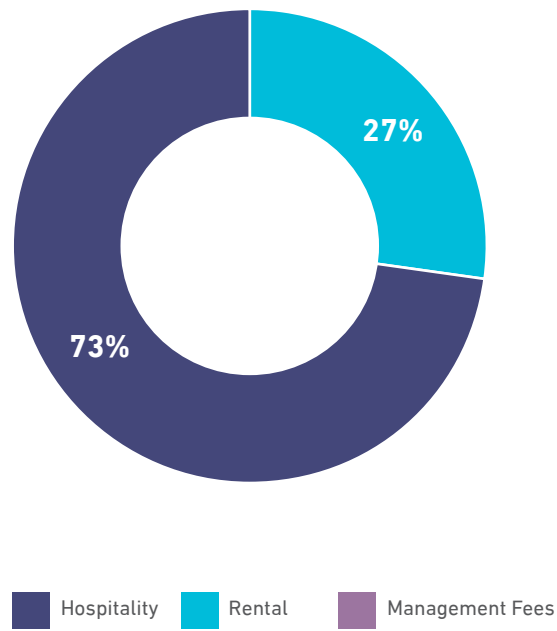
* Eng. Abdullah Mohammed Al-Issa is considered a relevant party; as he is the Chairman of the Board of Directors of the Riyad Bank.

** Mr. Badr bin Abdullah Al-Issa is considered a relevant party; due to his membership at the Board of Directors of the Banque Saudi Fransi.

3.6 Key Revenue-Contributing Activities

The following statement represents the contribution of the Company's three key activities to its revenues for 2020:

Sector	Sector Revenue (in Thousand Riyals)	Percentage (%)
Hospitality	321,034	73%
Rental	119,618	27%
x	1,668	0%
Total	442,320	100%



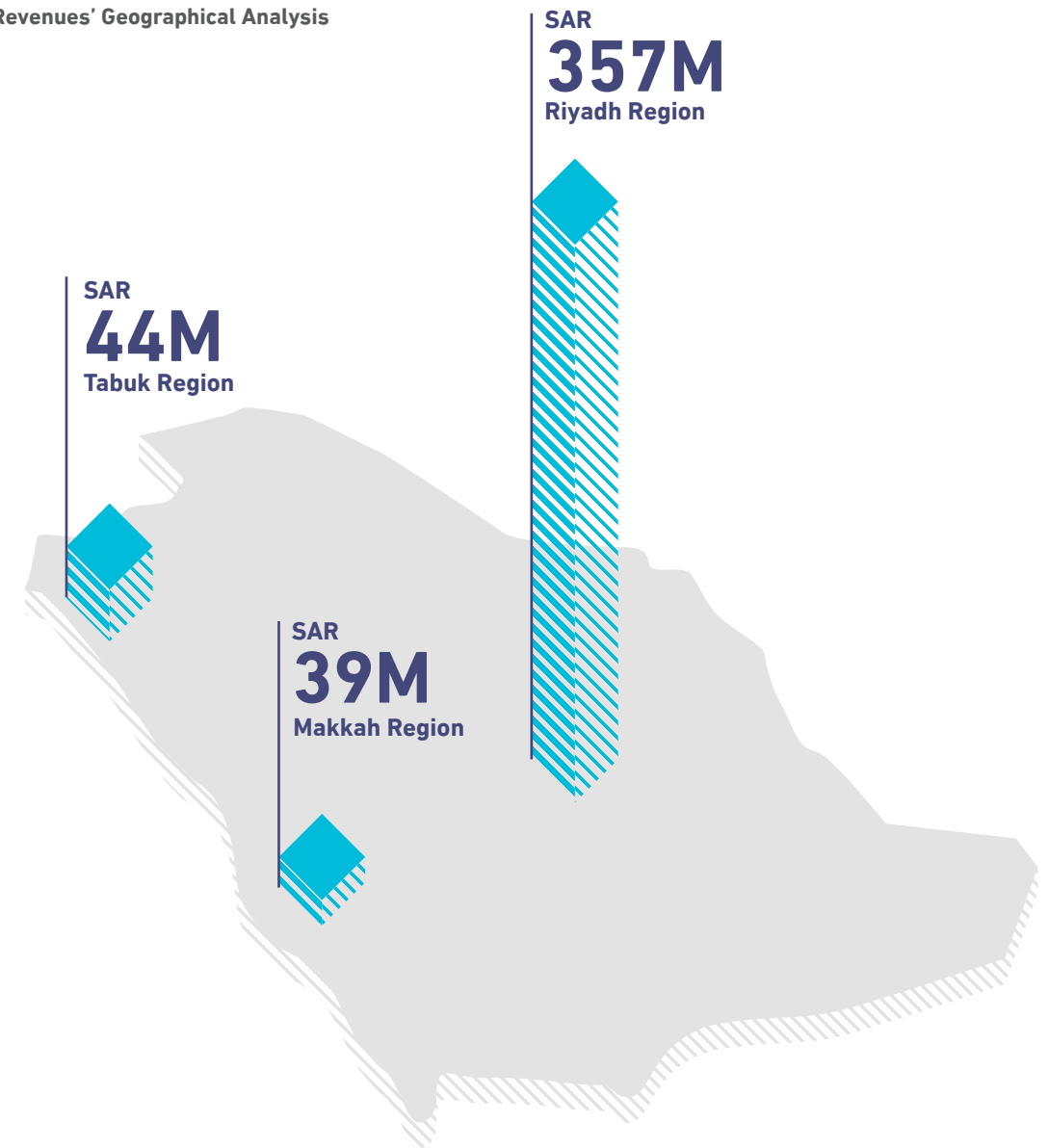
3.7 Revenues' Geographical Analysis

Dur Hospitality's revenues are distributed in three major geographical areas within the Kingdom: Riyadh, Makkah and Tabuk, and the revenues of each region during the fiscal year 2020 were as follows:

Region (In Thousands of Saudi Riyals)	Revenues
Riyadh	357,909
Makkah	44,748
Tabuk	39,662
Totalal	442,319

*The Company does not have any branches or properties outside Saudi Arabia.

Revenues' Geographical Analysis



3.8 Entitled Statutory Payments

The statutory payments entitled to the Company and its subsidiary companies until the end of the fiscal year 2020 were as follows:

Statement	Entitled Amount by the End of the Year (Saudi Riyal)
Social Insurance Subscriptions	978,925
Zakat	7,579,300
Value-Added Tax (VAT)	798,037

3.9 Profits Distribution Policy

1. The Company's annual net profits are distributed after deducting all the general expenses and the other costs, as stipulated in Article (42) of its Statute, according to the following:

- The legally imposed zakat will be retained.
- (10%) of the net profit will be retained; in order to form a statutory reserve; and the Ordinary General Assembly may suspend this retention when the aforementioned reserve reaches (30%) of the capital.
- Afterwards, a down-payment will be distributed to the shareholders from the remainder equivalent to (5%) of the paid-up capital.
- The Ordinary General Assembly may then form other reserves to the extent that achieves the Company's interest or ensures fixed profits to the shareholders.
- Afterwards, the remainder will be wholly or partially distributed to the shareholders as an additional share of profits or to be carried over to the coming years, as decided by the Shareholder's Ordinary General Assembly. The Board of Directors, with the authorization of the Shareholders' Ordinary General Assembly, which is renewed each year, may distribute interim profits on a semi-annual or quarterly basis, in accordance with the controls issued by the competent authority.

The Board of Directors, with the authorization of the Shareholders' Ordinary General Assembly, which is renewed each year, may distribute interim profits on a semi-annual or quarterly basis, in accordance with the controls issued by the competent authority.

2. The Board of Directors recommended not to distribute dividends to shareholders for the financial year 2020 to support and strengthen the financial position of the company. The company has not achieved profits this year, due to the repercussions of the Coronavirus pandemic.
3. If the Company approves the distribution of the profits in accordance with the Statute, the shareholder will be entitled to his share of the profits, according to the General Assembly's decision issued in this regard. The decision will specify the entitlement date and the distribution date, and the profits will be eligible to the shareholders registered in the shareholders' registers at the end of the specified entitlement date. The competent authority will determine the maximum period during which the Board of Directors must implement the General Assembly's decision regarding the distribution of profit to the shareholders.

3.10 Risks

The potential risks that the Company may face are as follows:

Market Risk and the Nature of the Business Activity

The potential market risks and the risks associated with the Company's business activity are as follows:

1. The outbreak of epidemics, whether internally or globally, which affect the global economies; thus negatively affecting the Company's various activities, such as the outbreak of the novel Coronavirus epidemic (COVID-19).
2. The Hajj and Umrah seasons are affected by the external organizational conditions or factors.
3. The increased competition in the hotel market in Riyadh and Makkah, which may affect the performance of the Company's hotels in these two cities.
4. The change in the policies and regulations of the relevant government agencies, especially the labor office systems and the jobs Saudization rate.
5. The rise in the basic services' fees and prices, such as energy, water, consumables and other new fees.
6. The external and economic factors that may affect the projects' development and completion, such as the different exchange rate in the target markets.
7. The economic conditions and the low oil prices that may lead to a reduction in the public spending.

Credit Risks

These are the risks resulting from the failure of one party in fulfilling its financial obligations when they are due; thus causing financial losses to the other party; as the risks related to financial assets that are likely to be exposed to credit risk concentration are mainly concentrated on the banks' cash and the trade receivables. The cash owned by the Company is deposited in local banks with a good credit rating; therefore the credit risk associated with the cash deposits is limited, and the credit risk related to the trade receivables is limited; because most of the Company's dealings are concentrated with clients with strong financial positions. The Company's Management monitors and follows up with the balances of the trade receivables; in order to reduce any credit risks associated thereto, follow up with their collection, and take any necessary measures to maintain the Company's rights.

Currency Risks

It is represented by the fluctuation in the monetary value of the assets and the financial obligations in foreign currencies, and since all the Company's essential dealings are made in Saudi riyals, the currency and exchange rate risks, to which the Company is exposed, are very limited.

Commission Rate's Fair Value Price and Cash Flows Risks

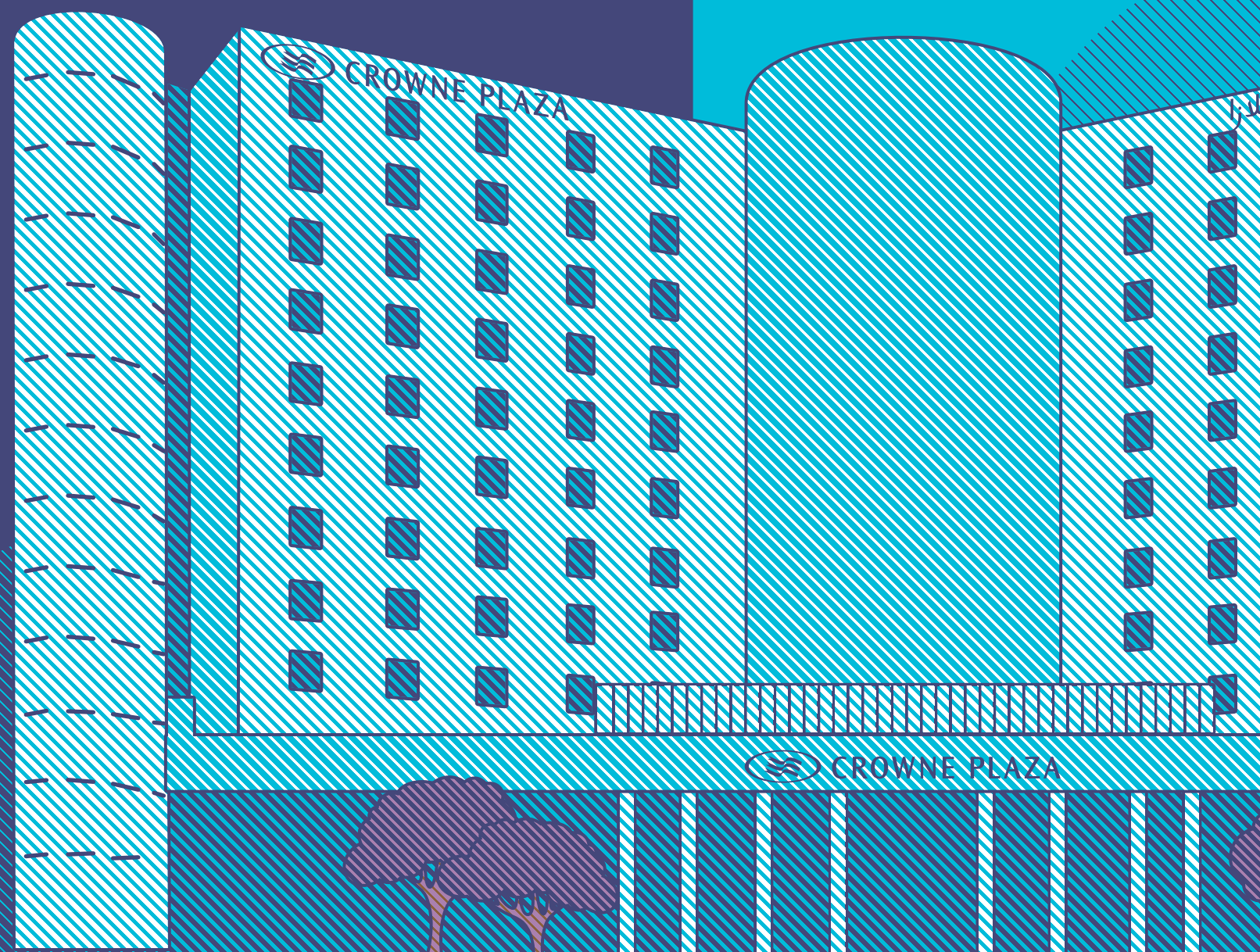
It is the exposure to various risks associated with the impact of the prevailing commission rate fluctuations on the Company's financial position and cash flows. The Company's commission rate risk arises from Islamic Murabaha, short-term bank loans, and long-term debt, which are at floating commission rates. All debts and deposits are subject to repricing on a regular basis. The Management monitors the changes in the commission rates and it believes that the commission rate's fair value and cash flows risks are not significant for the Company.

Liquidity Risks

They are risks regarding the Company's inability to provide the funds needed to meet its financial instruments' obligations; as the liquidity risks arise from the inability to sell a financial asset quickly at a sum close to its fair value. Liquidity risks are managed by monitoring them on a regular basis; in order to ensure that there is sufficient liquidity by following the expected collection schedules for the receivables from the clients; in addition to the bank financing instruments available to the Company; in order to meet its future obligations as they arise.

04 Disclosure and Transparency

- 4.1 Application of the Provisions of the Corporate Governance Regulation
- 4.2 Board Members
- 4.3 Board Committees
- 4.4 Executive Management
- 4.5 Subsidiary Companies
- 4.6 Disclosures
- 4.7 Annual Audit Results for the Effectiveness of the Company's Internal Control Procedures
- 4.8 Dealings with the Relevant Parties
- 4.9 Senior Executives
- 4.10 Statement of the Number of the Company's Requests for the Shareholders' Register, and the Dates and Reasons for such Requests



Pursuant from the keenness of Dur Hospitality's Board of Directors on its relationship with the shareholders, the partners, the investors and the stakeholders, and in its belief in the importance of disclosure and transparency and its commitment thereto, the Board of Directors is pleased to provide you with the main disclosures; in addition to the financial results, which were previously explained according to the Corporate Governance Regulation issued by the esteemed Saudi Capital Market Authority, and the other relevant regulations as follows:

4.1 Application of the Provisions of the Corporate Governance Regulation

of the Corporate Governance Regulation, except for the "Guidance Articles", for the The Company applies all the mandatory provisions following reasons:

Article	Paragraph	Content	Non-Application Reasons
41	-	Develop the necessary mechanisms to assess the performance of the Board, its members, committees and executive management annually by the Board of Directors – based on the Nominations Committee's suggestion.	The Company is currently completing the procedures to achieve this.
70	-	Form a Risk Management Committee.	The Company currently applies the tasks and competencies related to this Committee through the Board of Directors and the Audit Committee.
71	1	Develop the Risk Management Committee's specializations and tasks.	
72	-	Risk Management Committee's meetings	
83	1-4	Develop clear and written policies and procedures to regulate the relationship with the stakeholders; in order to protect them and maintain their rights by the Board of Directors.	Work is under way to submit it to the Board for approval.
85	2 and 3	2) Create programs that grant employees shares in the Company or a share of the profits they made; in addition to pension programs; and establish an independent fund to spend on these programs. 3) Establish social institutions for the Company's employees.	The Company is currently studying the status of these programs.
87	-	Based on the Board's suggestion, the Ordinary General Assembly develops a policy to ensure a balance between its objectives and those that the society aspire to achieve; in order to develop the society's social and economic conditions.	The Company is currently carrying out initiatives that support the objective of this policy, and the Board of Directors will study its status as a proposal to be submitted to the General Assembly.
88	1-4	Develop programs and identify the means necessary to launch the Company's initiatives in the social work field.	The Company is currently implementing some of the programs mentioned in this Article.
95	-	Form a competent Corporate Governance Committee.	All that is stated in the Article will be taken into account when forming the Committee.

4.2 Board Members

4.2.1 Formation of the Board of Directors and its Members' Ownership in the Company

The Board of Directors consists of (9) members, and the following table shows the formation of the Company's Board of Directors, their membership capacity and their ownership in the Company at the beginning and end of 2020:

Name	Membership Capacity	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Change
Eng. Abdullah Bin Mohammed Al- Issa (Board Chairman)	Non-Executive	1,449	1,449	-
Mr. Fahad Bin Abdullah Al-Kassim (Deputy Chairman)	Non-Executive	1,100	1,100	-
Dr. Saleh Bin Ali Al-Hathloul	Non-Executive	1,000	1,000	-
Mr. Jihad Bin Abdulrahman Al-Qadi (Public Investment Fund Representative)	Non-Executive	16,628,458	16,628,458	-
Mr. Talal Bin Abdul Mohsen Al-Malafekh (Public Pension Agency Representative)	Independent	1,743,215	1,743,215	-
Mr. Abdullah bin Abdulrahman Al Shamrani (General Organization for Social Insurance Representative)	Non-Executive	4,950,591	4,950,591	-
Mr. Badr bin Abdullah Al- Issa	Non-Executive	1,485	1,485	-
Mr. Musaab bin Suleiman Al-Muhaidib	Independent	1,000	1,000	-
Mr. Ibrahim bin Ali Al-Abboud (Al-Nefae Investment Group Representative)	Independent	24,100	1,000	23,100

- The Board of Directors acknowledges that, with the exception of the Company's shares owned by the Board members stated in the table above, there are no special interests, option rights, subscription rights, or associations for the Board members, or their spouses or minor children in the Company or its subsidiaries, whether in the Company's shares, or any associations with direct or indirect employment contracts, etc.
- There are no shares owned by the Board members' spouses and their minor children in the Company, and there are no shares owned by representatives of the legal persons in the Board of Directors, their spouses and minor children.

4.2.2 The Names of the Companies inside or outside the Kingdom, where the Company's Board Member is a member of its Current and Former Board or one of its Directors:

S.N	Name	الشركات الحالية	Legal Entity	Former Companies	Legal Entity
1	Eng. Abdullah Bin Mohammed Al- Issa	1. Riyadh Bank 2. Saudi Basic Industries Company (SABIC) 3. Etihad Etisalat Company (Mobily)	Listed Joint-Stock Company	1. Arabian Cement Company 2. National Medical Care Company (Care) 3. National Shipping Company of Saudi Arabia (NSCSA) 4. Saudi Arabian Mining Company (Ma'aden)	Listed Joint-Stock Company
		1. Assila Investment Company	Closed Joint-Stock Company	1. Jadwa Investment Company	Non-Listed Joint-Stock Company
		1. Clariant Company	Non-Saudi Joint Stock	2. Cement Products Industries Company 3. National Chemical Carriers Company	
2	Mr. Fahad Bin Abdullah Al-Kassim	1. Savola Group 2. Jarir Marketing Company 3. Dallah Healthcare Company 4. Arriyadh Development Company	Listed Joint-Stock Company	1. Bank Albilad	Listed Joint-Stock Company
		1. Fahad Abdullah Abdulaziz Al-Kassim & Sons Trading and Investment Co 2. Saudi Heritage Hospitality Company 3. Dr. Mohammed Rashid Al Faqih & Partners Company 4. Rakin Najd International Investment Company 5. Al-Rajhi United Real Estate Investments Company (Executive) 6. Alargan Projects Company 7. Mohammed Abdulaziz Al Habib & Sons Holding Company	Non-Listed Joint-Stock Company	1. Abdullatif Alissa Group Holding 2. Naqel Company	Non-Listed Joint-Stock Company
		1. Al Rajhi Alpha Investment 2. Raj Real Estate Company 3. National General Automotive Company		Limited Liability Company Government Institution	
		1. Gulf Basqat Company 2. Amwal Financial Consultants Company 3. Ariz Commercial Investment Company 4. Abdullah Ibrahim Mohamed Al Subeaei Holding Company (AIMS)	Limited Liability Company	1. General Saudi Post Corporation	Government Institution
		1. Century 21 & Co. for Real Estate Valuation	Professional Company		
		1. Fahad Abdullah Al-Kassim Office for Review and Auditing	Professional Office		
		1. Fincorp Investment Holding Company	Closed Joint-Stock Company غير سعودية		
3	Dr. Saleh Bin Ali Al-Hathloul	1. Saleh Al-Hathloul Development Company Ltd.	Limited Liability Company	N/A	
		1. Rua Al Madinah Company	Closed Joint-Stock Company		
4	Mr. Jihad Bin Abdulrahman Al-Qadi	1. Hotel Management Company	Closed Joint-Stock Company	N/A	
		1. ASMA Capital Company 2. Islamic Development Bank Infrastructure Fund	Financial companies - licensed by the Central Bank of Bahrain		
5	Mr. Talal Bin Abdul Mohsen Al- Malafekh	N/A		1. National Company for Tourism - Syahya	Non-Listed Joint-Stock Company
6	Mr. Abdullah bin Abdulrahman Al Shamrani		N/A		

S.N	Name	الشركات الحالية	Legal Entity	Former Companies	Legal Entity
7	Mr. Badr bin Abdullah Al- Issa	1. Savola Group 2. Banque Saudi Fransi 3. Almarai Company	Listed Joint-Stock Company	1. Knowledge Economic City	Listed Joint-Stock Company
		1. Savola Foods Company 2. United Sugar Company (USC) 3. Panda Retail Company 4. Afia International Company	Non-Listed Joint-Stock Company	1. Saudi Fransi Capital Company 2. MASIC Holding Company 3. Savola Packaging Systems 4. Kanan International Real Estate Development Company 5. Alaqeeq Real Estate Company 6. Sukoon International Company 7. Assila Investment Company	Non-Listed Joint-Stock Company
8	Mr. Msaab bin Suleiman Al-Muhaidib	1. Al-Hassan Ghazi Ibrahim Shaker Company 2. Middle East Paper Company (MEPCO)	Listed Joint-Stock Company	1. National Manufacturing Company	Listed Joint-Stock Company
		1. Several Companies from Al Muhaidib Group 2. Goldman Sachs Saudi Arabia 3. Masdar Building Materials 4. Al Muhaidib Group for Entertainment Sector 5. Sidra Investment Company 6. Ebdaa Entertainment Company 7. Endeavor Saudi Arabia 8. Saudi Crafts and Handicrafts Co. 9. Saudi Shooting Federation 10. Daily Meals Company 11. Sabbar Company 12. Family Business Council – Gulf (FBCG) 13. INSEAD French University Association, Saudi Section	Non-Listed Joint-Stock Company	1. Al Rayan Company 2. Al-Badia Cement Company 3. Al-Latifia Contracting Company 4. Thabat Contracting Company 5. World Youth Presidency Organization, Saudi Section 6. Al Muhaidib Social Foundation	Non-Listed Joint-Stock Company
9	Mr. Ibrahim bin Ali Al-Abboud	N/A		1. Al-Nefaie Investment Group	Closed Joint-Stock Company

Note: All the companies mentioned in the table above are Saudi companies, except otherwise mentioned in front of them.

4.2.3 Board Members' Names, Current and Former Positions, Qualifications and Expertise:

S.N	Name	Current Position	Former Position	Qualifications	Expertise
1	Eng. Abdullah Bin Mohammed Al- Issa	Businessman – Board Chairman of Assila Investment Company	CEO of the Assila Investment Company	He holds a Master's Degree in Engineering Management and a Bachelor's Degree in Industrial Engineering from Southern Methodist University, USA.	He has long practical experience in the banking, real estate, food and hospitality fields since 1981.
2	Mr. Fahad Bin Abdullah Al-Kassim	Board Chairman of the Amwal Financial Consultants Company, and an (Executive) Board Member of the Al-Rajhi United Real Estate Investments Company	CEO of the Amwal Financial Consultants Company	He holds a Bachelor's Degree in Management Sciences specializing in accounting at the King Saud University, and completed the Management and Leadership Program at Oxford University.	He has more than 25 years of practical experience in the financial and management consultancy, auditing, and executive management of health and commercial institutions. He is also a board member in a number of companies, and a member in several committees, including (Investment, Audit, Governance, Nominations and Remuneration), and held many leadership and executive positions in a number of global and local accounting companies and offices.
3	Dr. Saleh Bin Ali Al-Hathloul	Board Chairman of the Saleh Al-Hathloul Development Company Ltd.	Undersecretary of the Ministry of Municipal and Rural Affairs.	He holds a Ph.D. in Architecture and Environmental Studies from the Massachusetts Institute of Technology in the United States, and a Master's degree in Urban Design Architecture from Harvard University and a Bachelor's degree in Architecture from King Saud University.	He held several positions, most notably Professor and Head of the Architecture Department at the King Saud University, and the Undersecretary of the Ministry of Municipal and Rural Affairs.
4	Mr. Jihad Bin Abdulrahman Al-Qadi	Senior Department Manager - Local Real Estate Investments in the Public Investment Fund	Head of Business Development - Saudi Economics and Development Securities Company (SEDCO)	He holds a Master's Degree in Business Administration from the Hult International Business School and a Bachelor's Degree in Economics from the King Saud University, and has received a number of executive programs from several prestigious universities.	He has practical experience in the banking and investment sector since 2003, which includes working in the Investment Management at the NCB Capital Company, along with working in the Wealth Management at the Jadwa Investment Company, and in the Treasury Management at the NCB Capital Company, and at the Saudi Economics and Development Securities Company, up until reaching his current position at the Public Investment Fund.
5	Mr. Talal Bin Abdul Mohsen Al-Malafekh	Director General of Administrative Services at the Public Pension Agency	Director General of the Finance and Budget Affairs at the Public Pension Agency	He received a Master's Degree in Financial Management from the Curtin University in Australia in 2008, and attended the Integrated Leadership Development Program	He has more than 27 years of practical experience in the private and government sectors, and in the financial and administrative work through developing the financial and economic policies; along with developing financial plans and strategies, participating in many committees specialized in financial policies and strategic planning, and attending many financial and administrative development programs and workshops.
6	Mr. Abdullah bin Abdulrahman Al Shamrani	Digital Development Director at the General Organization for Social Insurance	IT Strategy and Institutional Structure Program Director at the General Organization for Social Insurance	He holds a Master's Degree in Information Systems Management and a Master's Degree in Financial Accounting from Monash University in Australia, along with a Bachelor's Degree in Computer Science from Colorado State University in the United States; and he completed several executive and leadership programs in various fields and from global leading entities.	He has more than 12 years of practical experience, in which he moved between several technical and management roles; the most recent of which is the leadership of the Digital Transformation Program in the General Organization for Social Insurance.
7	Mr. Badr bin Abdullah Al- Issa	CEO of the Assila Investment Company	CEO of the Amyas Holding Company, and CFO of the Assila Investment Company	He holds a Master's in Business Administration from the Rice University in the United States and he is a Certified Financial Analyst (CFA).	He has practical experience in the analysis, financial investment and business leadership fields since 2001 (J.P Morgan - UK, SABIC America, Savage Design Group, HSBC Saudi Arabia Limited, Amyas Holding, and Assila Investment Company).
8	Mr. Musaab bin Suleiman Al-Muhaidib	CEO of the Al Muhaidib Group for the Entertainment Sector, and Board Chairman of the Sidra Investment Company	General Manager of Masdar Building Materials	He holds a Master's of Business Administration from the University of Liverpool in the United Kingdom and a Bachelor's Degree in Business Administration (major in Finance) from the University of Miami, Florida, USA; along with attending the scientific program on business development and venture capital, London Business School, UK.	He has more than 18 years of practical experience in the strategic business development and growth, mergers and acquisitions, project leadership and real estate operations fields. He held many leadership and executive positions in several government positions, and public and private commercial and industrial companies. He also has extensive experience in the presidency and membership of the board of directors of major companies; along with experience in business development, strategic insights, venture capital development, and sales and marketing in many fields. He has the ability to identify and invest business opportunities and effective communication leadership skills.
9	Mr. Ibrahim bin Ali Al-Abboud	Sales and Marketing Manager at the Al-Nefaie Investment Group	Acting CEO of the Al-Nefaie Investment Group	He holds a Bachelor's Degree in Accounting from King Saud University.	He has more than 18 years of experience, starting with the Al Rajhi Financial Company in the Brokerage Management, after which he moved to Al-Nefaie Investment Group and was promoted to being the CEO of the Company.

4.2.4 The Committee Members' Names, Current and Former Positions, Qualifications and Expertise (outside the Board and the Executive Management):

S.N	Name	Current Position	Former Position	Qualifications	Expertise
1	Mr. Ibrahim Bin Salem Al-Ruwais	Currently retired, member of several boards of directors and joint-stock committees.	Financial Advisor, and Internal Auditor of the Public Pension Agency	He holds a Bachelor's Degree in Accounting from the Faculty of Administrative Science at the King Saud University in 1982, and he received many study courses and seminars in his work field within and outside the Kingdom.	Mr. Ibrahim moved between a number of important jobs and positions during his career; as he started in the General Accounting Department at the Ministry of Finance in 1402 AH, and he graduated in many jobs and positions until he moved to work at the Public Pension Agency from 1424 AH until his retirement on 20/02/1439 AH.
2	Mr. Abdulrahman bin Abdullah Dehaim (from outside the Board)	Member of several boards of directors in joint stock companies	Executive Deputy Chairman in the Dur Hospitality Company	He holds a Bachelor's Degree in Accounting from the Faculty of Administrative Science at the King Saud University in 1982, and he received many study courses and seminars in the accounting, management and leadership fields from within and outside the Kingdom.	Mr. Abdulrahman moved between a number of important jobs and positions during his career; as he joined the General Organization of Social Insurance, the Saudi House of Advisory Services, and the Dur Hospitality Company, in which he worked from 1986 to 2014.
3	Mr. Fawzi Bin Abdulrahman Bubshait (Outside the Board)	Vice President of Human Resources at the Ma'aden Company	Acting Vice President of Human Resources at the Ma'aden Company	He holds three Master's degrees, one in the Human Resources Management from Mays Business School in Texas, one in Education from the University of Minnesota, and the last in Computer Engineering from King Fahd University of Petroleum and Minerals (KFUPM), from which he obtained a Bachelor's Degree in Computer Engineering.	He has more than 30 years of practical experience in the human resources management and development field; as he worked in the human resources sector in the leading oil and industrial companies, such as Saudi Aramco and Chevron, before joining the Ma'aden Company in January 2012 as the Director of the Talent Management, the Organization's Design and the Change Management. In 2013, he was promoted to Acting Vice President of the Human Resources, and then he became the Vice President of Human Resources in 2016. He is a member of the Board of Directors of the Saudi Technical Institute for Mining.

4.2.5 The Actions taken by the Board of Directors to inform its Members, particularly Non-Executives, of the Shareholders' Suggestions and Observations about the Company and its Performance:

The Board of Directors authorized the Company to take the necessary measures to enable shareholders to communicate their suggestions and observations through the communication channels available at the "Investor Relations Management" which are as follows:

Tel: **011/4816666, Extension No. (500)** Mobile: **0504277630** Fax: **4801666/011** Email: **IR@Dur.sa**

4.2.6 Board Meetings' Attendance Record for 2020:

The following statement indicates the record of the Board members' attendance of its meetings in 2020:

Name	Number of Meetings: 6 Meetings						Total
	First Meeting 18/02/2020	Second Meeting 12/04/2020	Third Meeting 03/06/2020	Fourth Meeting 01/09/2020	Fifth Meeting 02/11/2020	Sixth Meeting 16/12/2020	
Eng. Abdullah Bin Mohammed Al- Issa	✓	✓	✓	✓	✓	✓	6
Mr. Fahad Bin Abdullah Al-Kassim	✓	✓	✓	✓	✓	✓	6
Dr. Saleh Bin Ali Al-Hathloul	✓	✓	✓	✓	✓	✓	6
Mr. Jihad Bin Abdulrahman Al-Qadi	✓	✓	✓	✓	✓	✓	6
Mr. Talal Bin Abdul Mohsen Al-Malafekh	✓	✓	✓	✓	✓	✓	6
Mr. Abdullah bin Abdulrahman Al Shamrani	✓	✓	✓	✓	✓	✓	6
Mr. Badr bin Abdullah Al- Issa	✓	✓	✓	✓	✓	✓	6
Mr. Musaab bin Suleiman Al-Muhaidib	✓	✓	✓	✓	✓	✓	6
Mr. Ibrahim bin Ali Al-Abboud	✓	✓	✓	✓	✓	✓	6

Late General Assembly Meeting Date: 12/04/2020

4.2.7 A Statement of the Dates of the Shareholders' General Assemblies held during fiscal year 2020 and the Names of the Board Members present for these Meetings:

Name	Number of Assemblies: One Meeting
	The 51st Ordinary General Assembly Meeting on 12/04/2020
Eng. Abdullah Bin Mohammed Al- Issa	✓
Mr. Fahad Bin Abdullah Al-Kassim	✓
Dr. Saleh Bin Ali Al-Hathloul	✓
Mr. Jihad Bin Abdulrahman Al-Qadi	✓
Mr. Talal Bin Abdul Mohsen Al-Malafekh	✓
Mr. Abdullah bin Abdulrahman Al Shamrani	✓
Mr. Badr bin Abdullah Al- Issa	✓
Mr. Musaab bin Suleiman Al-Muhaidib	✓
Mr. Ibrahim bin Ali Al-Abboud	✓

4.2.8 Remunerations and Compensations allocated to the Board Members

In 2020, the Board members received the following remunerations and allowances:

Name	Fixed Remunerations			Variable Remunerations	
	Certain Amount	Board Meeting Attendance Allowance	Total	Periodic Remunerations	Overall Total
First: Independent Members					
Mr. Talal Bin Abdul Mohsen Al- Malafekh	200,000	42,000	242,000	-	242,000
Mr. Musaab bin Suleiman Al-Muhaidib	200,000	21,000	221,000	-	221,000
Mr. Ibrahim bin Ali Al-Abboud	200,000	21,000	221,000	-	221,000
Total	600,000	84,000	684,000	-	684,000
Second: Non-Executive Members					
Eng. Abdullah Bin Mohammed Al- Issa	200,000	18,000	218,000	200,000	418,000
Mr. Fahad Bin Abdullah Al-Kassim	200,000	30,000	230,000	-	230,000
Mr. Jihad Bin Abdulrahman Al-Qadi	200,000	51,000	251,000	-	251,000
Mr. Abdullah bin Abdulrahman Al Shamrani	200,000	21,000	221,000	-	221,000
Dr. Saleh Bin Ali Al-Hathloul	200,000	30,000	230,000	-	230,000
Mr. Badr bin Abdullah Al- Issa	200,000	27,000	227,000	-	227,000
Total	1,200,000	177,000	1,377,000	200,000	1,577,000
Overall Total	1,800,000	261,000	2,061,000	200,000	2,261,000

Note that the remunerations mentioned in the table above represent the remuneration of the Board members for 2019, which was disbursed in 2020 after the approval of the Shareholders' General Assembly. As for the meetings attendance allowances, they are in the form of allowances for attending the Board members' meetings for 2020.

4.2.9 Committee Members Remunerations:

	*Fixed Remunerations (Except the Meetings Attendance Allowance)	Meetings Attendance Allowance	Total
Audit Committee Members			
Mr. Talal Bin Abdul Mohsen Al- Malafekh (Committee Chairman)	75,000	24,000	99,000
Mr. Jihad Bin Abdulrahman Al-Qadi	75,000	21,000	96,000
Mr. Ibrahim Bin Salem Al-Ruwais (from outside the Board)	75,000	24,000	99,000
Mr. Abdulrahman bin Abdullah Dehaim (from outside the Board)	75,000	21,000	96,000
Total	300,000	90,000	390,000
Nominations and Remunerations Committee's Members			
Mr. Musaab bin Suleiman Al-Muhaidib (Committee Chairman)	75,000	3,000	78,000
Mr. Abdullah bin Abdulrahman Al Shamrani	75,000	3,000	78,000
Mr. Ibrahim bin Ali Al-Abboud	75,000	3,000	78,000
Mr. Fawzi Bin Abdulrahman Bubshait (From outside the Board)	75,000	3,000	78,000
Total	300,000	12,000	312,000
Investment Committee Members			
Mr. Fahad Bin Abdullah Al-Kassim	75,000	12,000	87,000
Dr. Saleh Bin Ali Al-Hathloul	75,000	12,000	87,000
Mr. Badr bin Abdullah Al- Issa	75,000	12,000	87,000
Mr. Jihad Bin Abdulrahman Al-Qadi	75,000	12,000	87,000
Total	300,000	48,000	348,000
Overall Total	900,000	150,000	1,050,000

Note that the remunerations mentioned in the table above represent the remuneration of the Board Committee members for 2019, which was disbursed in 2020. As for the attendance allowances, they are in the form of allowances for attending the Committee members' meetings for 2020.

4.2.10 Remuneration Policy for the Board and Emerging Committees Members

The Company's disbursement of the remunerations described above is based on the following:

- In exchange for his membership, the Board member will be entitled to an annual remuneration of no more than SAR 200,000 per member, or as determined by the Shareholders' General Assembly based on the Board of Directors' suggestion.
- The Board and Emerging Committees member will be entitled to an attendance allowance of SAR 3,000 for each meeting he attends; and the Company will bear the travel, accommodation and transportation expenses when any member of the Board of Directors and its emerging committees attend one of the Board or committees meetings held outside the city of his residence.
- The Board of Directors may approve other remunerations, whether periodically or annually, for the members of the Board of Directors and its emerging committees.
- The Members of the emerging committees are entitled to an annual remuneration of no more than SAR 100,000; provided that the Committee member is not a Company employee.

Note that these remunerations did not deviate from the approved remuneration policy's controls.

4.3 Board Committees

First: Remunerations and Nominations Committee

The Committee held a single meeting in 2020 and submitted its reports to the Board of Directors. The Remunerations and Nominations Committee consists of the following:

S.N	Name	Position	First Meeting 16/02/2020	Total
1	Mr. Musaab bin Suleiman Al-Muhaidib	Chairman	✓	1
2	Mr. Abdullah bin Abdulrahman Al Shamrani	Member	✓	1
3	Mr. Ibrahim bin Ali Al-Abboud	Member	✓	1
4	Mr. Fawzi Bin Abdulrahman Bubshait	Member	✓	1

Remunerations and Nominations Committee's Tasks and Specializations

A) Remunerations

1. Prepare a remuneration policy for the Board and Committees members and the Senior Executives, and make a recommendation for it to the Board of Directors; in order to be approved by the Ordinary General Assembly.
2. Audit the Remuneration Policy on a periodic basis; in order to ensure that it is suitable to the changes that may occur to the relevant legislations and regulations, the Company's strategic objectives, the skills and qualifications needed to achieve it; and make a recommendation to the Board of Directors regarding the proposed changes to this Policy.
3. Make a recommendation to the Board of Directors regarding the remunerations of its Board and Committees members and the Senior Executives; in accordance with the Policy approved by the Company's Ordinary General Assembly.
4. Prepare an annual report on the remunerations granted to the Board and Committees members and the Senior Executives.
5. Identify the types of remunerations granted to the Company's employees and make a recommendation for them.

B) Board of Directors

1. Prepare a policy and criteria for the membership of the Board of Directors, and make a recommendation to the Board on them; in order to be approved by the Company's Ordinary General Assembly.
2. Recommend the Board of Directors to be nominated for the Board's membership, in accordance with the approved membership policy.
3. Conduct an annual audit for the needed requirements from suitable skills for the Board's membership.
4. Prepare a description of the capabilities and qualifications required for the Board's membership and the assumption of executive management positions.
5. Determine the period that the member must allocate for the Board's work.
6. Audit the Board Membership Policy to ensure that it is suitable for the changes that may occur to the relevant legislations and regulations, the Company's strategic objectives, the skills and qualifications needed to achieve it; and make a recommendation to the Board of Directors regarding the proposed changes to this Policy.
7. Study the conflicts of interest cases for those wishing to run for the Board's membership and make a recommendation on them.
8. Study the Board's structure and make recommendations regarding the changes that can be made.
9. Identify the weaknesses and strengths in the Board of Directors, and propose solutions to address them; in accordance with the Company's interest.
10. Establish procedures in the event of the vacancy in the Board or Emerging Committees member position, and make a recommendation on them.
11. Recommend the Board of Directors to use the performance standards; in order to assess the work of the Board of Directors, its members and its emerging committees.

C) Board Members:

1. Determine the time the member must allocate for the Board's work.
2. Ensure the independence of the independent members on an annual basis, and the absence of any conflict of interests if the member serves as a board member in another company.
3. Develop a job description of the executive, non-executive and independent members.
4. Recommend the Board of Directors to re-nominate or dismiss a Board member or members of its committees.

D) Induction Program for New Members

Recommend the Board of Directors to develop an induction program for the new Board members; in order to cover the Company's activity, the nature of its business and its financial and legal aspects.

E) Senior Executives

1. Recommend the Board of Directors to develop suitable policies and standards for the appointment of senior executives; along with identifying the required capabilities and skills and auditing them on a periodic basis; in order to ensure that they are suitable for the changes that may occur to the Company's strategic objectives, and the skills and qualifications needed to achieve them.
2. Develop a job description of the Senior Executives, audit the Company's organizational structure, and make recommendations regarding the changes that can be made.
3. Develop the job succession procedures in the event of a vacancy in one of the senior executives' positions and make a recommendation on them.

Second: Audit Committee

In 2020, the Audit Committee held (8) meetings and the Audit Committee consists of the following:

الاسم م	First Meeting 29/01/2020	Second Meeting 17/02/2020	Third Meeting 05/05/2020	Fourth Meeting 23/08/2020	Fifth Meeting 03/11/2020	Six Meeting 05/11/2020	Seventh Meeting 08/12/2020	Eighth Meeting 30/12/2020	Total
1 Mr. Talal Al- Malafekh (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	8
2 Mr. Jihad Al-Qadi	✓	✓	✓	✓	✓	X	✓	✓	7
3 Mr. Ibrahim Al-Ruwais	✓	✓	✓	✓	✓	✓	✓	✓	8
4 Mr. Abdulrahman Dehaim	✓	✓	✓	✓	✓	X	✓	✓	7

Audit Committee's Tasks and Specializations

The Audit Committee is responsible for monitoring the Company's work and verifying the safety and integrity of its reports, the financial statements and the internal control systems, and the Committee's tasks include in particular the following:

A) Financial Reports:

- Audit the Company's financial statements and announcements regarding its financial performance and make a recommendation to the Board of Directors on them.
- Study the unusual issues contained in the financial statements and make a recommendation on them, if necessary.
- Provide a technical opinion on whether the Board report and the Company's financial statements were prepared in accordance with the statutory requirements specifying their preparation and submission method.
- Look into any matters raised by the Company's CFO, his deputy, the Company's Compliance Officer or the Auditor.
- Audit the accounting estimates in the core issues contained in the financial reports.
- Audit the Company's financial and accounting policies, give an opinion thereon, and make a recommendation to the Board of Directors on them.

B) Study of the Internal Control Systems:

- Audit the internal and financial control systems and the risk management systems, and ensure their effectiveness through periodic reports submitted from the Internal Audit Management or others on the adequacy and effectiveness of internal and financial control systems and the risk management systems; along with following up with the implementation of the recommendations and the corrective actions for the observations contained therein.
- Prepare a report to the Board of Directors that includes its opinion on the adequacy of these systems and its recommendations to address the fundamental issues and any recommendations for the development of these systems in regards to their other work within their specialization.

C) Internal Audit Management:

- Study and audit the periodic reports provided by the Internal Audit Management, and follow up with the implementation of the corrective actions for the observations therein.
- Supervise and monitor the Internal Audit Management's work, along with verifying its effectiveness in performing its tasks and responsibilities.
- Recommend to the Board of Directors to appoint or dismiss the Internal Audit Management's Director and assess his performance on an annual basis.
- Recommend to the Board of Directors to adopt the organizational structure and job description of the Internal Audit Management, and to ensure its independence in the Company's organizational structure.
- Study the annual audit plan with the Internal Audit Management and adopt it.

D) Auditor:

- Recommend to the Board of Directors to nominate and dismiss auditors, determine their fees, assess their performance, and audit their scope of work and contract terms.
- Audit the plan and work of the Company's Auditor, and verify his compliance with the statutory controls his work.
- Verify the Auditor's independence and effectiveness of his work, in the light of the statutory controls governing it.
- Answer the inquiries of the Company's Auditor and provide the necessary support to enable him to perform his tasks.
- Study the Auditor's reports and observations on the financial statements and follow up with what has been taken thereon.

E) Compliance Assurance:

- Audit the regulatory bodies' reports on the Company's compliance with the regulations and instructions, and ensure that the necessary actions are taken.
- Audit the contracts and dealings proposed to be conducted by the Company with the relevant parties, and submit its views in this matter to the Board of Directors.
- Verify the Company's compliance with relevant systems, regulations, policies and instructions.
- Submit and recommend to the Board of Directors the necessary actions to be taken in the matters that the Board deems necessary to take action thereon.

F) Observations Provision Arrangements :

- Develop the appropriate mechanism through which the Company's employees are able to provide their observations on any violation of the Company's internal regulations, including those related to the preparation of the Company's financial statements; provided that this mechanism ensures that the observation provider's rights will not be violated due to its submission.
- Develop the appropriate procedures to carry out and follow up with the observations made by the Company's employees, and ensure the independence of these procedures.

Third: Investment Committee

In 2020, the Investment Committee held (4) meetings and submitted its reports to the Board of Directors. The Committee consists of the following:

S.N	Name	Position	First Meeting 27/01/2020	Second Meeting 01/06/2020	Third Meeting 30/08/2020	Fourth Meeting 02/12/2020	Total
1	Mr. Fahad Bin Abdullah Al-Kassim	Chairman	☑	☑	☑	☑	4
2	Dr. Saleh Bin Ali Al-Hathloul	Member	☑	☑	☑	☑	4
3	Mr. Badr bin Abdullah Al- Issa	Member	☑	☑	☑	☑	4
4	Mr. Jihad Bin Abdulrahman Al-Qadi	Member	☑	☑	☑	☑	4

Investment Committee's Tasks and Specializations

1. Work with the Executive Management to develop the Company's investment strategy and policy, in accordance with the nature of its work, activities and risks, and make a recommendation on them.
2. Audit the investment strategy and policy on a periodic basis; in order to ensure their suitability to the changes that may occur to the external environment in which the Company operates, or the legislations governing its business or its strategic objectives, or others, and make a recommendation to the Board of Directors regarding the changes proposed for this policy.
3. Conduct a general supervision for the Company's investment activities and develop appropriate procedures to measure and assess the investment performance.
4. Study and assess the investment opportunities proposed by the Company's management in regards to the following dealings and make a recommendation on them:
 - A. Mergers or acquisitions of companies, businesses or assets.
 - B. Termination, sale, transfer of ownership or exit from or dispose of an existing investment.
 - C. Joint projects under a partnership agreement or joint ventures.
 - D. Investment in new or existing projects or expansion projects and the projects' expansions in which the Company has an interest.
 - E. Investment opportunities that the Company's management wishes to enter into.
 - F. Study the financing possibilities of the above-mentioned dealings.
5. Ensure that the proposed investment opportunities comply with the relevant systems, regulations and instructions.
6. Identify and prioritize the proposed investment offers.
7. Study the periodic reports from the Executive Management on the progress of the approved investment opportunities.

4.4 Executive Management

The Company's Executive Management, which is delegated by the Board of Directors, manages the Company's business; represented by the CEO and assisted by its deputies, heads of sectors and subsidiary companies. This Management assumes all the executive responsibilities of the Company's activities including the operational,

financial, administrative, technical, informatics, risk management aspects, and all the activities related to the Company's work. Furthermore, the Management assists in the follow-up of some of the exceptional works and tasks and implements committees formed by the Company's Executive Management when needed.

4.4.1 Statement of the Company's Senior Executives in 2020:

Name	Capacity
Mr. Sultan bin Bader Al-Otaibi	CEO
Mr. Amin Bin Abdullah Al Bukhari	CFO
Mr. Musaed bin Abdullah Alqasim	CSSO
Mr. Ahmed bin Mubarak Baharethah	Accounting Management Director and Board Secretary

4.4.2 Statement of Ownership of the Senior Executives, their Spouses and Minor Children in the Company's Shares during 2020*:

**There are no shares owned by the Senior Executives' spouses and their minor children in the Company.

4.4.3 Statement of the Compensations and Remunerations for Five Senior Executives during 2020 **:

Fixed Remunerations				Variable Remunerations							Total Executives' Remuneration for the Board, if any	Grand Total
Salaries	Allowances	In-kind Benefits	Total	Periodic Remunerations	Profits	Short-term Incentive Plans	Long-term Incentive Plans	Awarded Shares	Total	End of Service Gratuity		
3,921,067	1,485,435	-	5,406,502	1,206,617	-	-	-	-	-	-	-	6,613,119

* The CEO and CFO are among the list of the senior executives.

** The Company has disclosed the remunerations and compensations of the senior executives in accordance with Paragraph (B) of Article (60) of the Rules on the Offer of Securities and Continuing Obligations; as the Company requested from the CMA to continue disclosing the senior executives' full remunerations contained in Subparagraph (B) of Paragraph (4) of Article (93) of the Corporate Governance Regulations; in order to avoid any harm to the Company as a result of the human capital's competitiveness.

4.4.4 Statement of the Senior Executives' CVs on 31/12/2020:

S.N	Name	Current Position	Former Position	Qualifications	Expertise
1	Mr. Sultan bin Badr Al-Otaibi	CEO of the Company	Vice-President of Properties and Assets	He holds a Master's Degree in Hotel Hospitality from the Emirates Academy of Hospitality Management, in partnership with the University of Lausanne, Switzerland, and a Bachelor's Degree in Accounting from the King Saud University in Riyadh, and he took three specialized courses in the Cornell University	He has more than (20) years of experience in the finance and business leadership fields in the hotel and real estate sectors.
2	Mr. Amin Bin Abdullah Al Bukhari	CFO	CFO – Yanbu Cement	He holds a Master's degree in Accounting from Stetson University in Florida, USA, and a Bachelor's degree in Accounting from the King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran.	He has more than 15 years of experience in the finance field; as he served as the CFO of the Yanbu Cement and the CFO of several companies including Savola, SEDCO Holding, King Abdullah Science and Technology City and the National Bank (NCB).
3	Mr. Musaed bin Abdullah Alqasim	CSSO	CHRO	He holds a Master's degree in Business from University of Hull, UK, and a Bachelor's degree in English from Imam Mohammed Ibn Saud Islamic University (IMSUI).	He has more than 18 years of experience in the Human Resource field; as he served as the CHRO of MA'ADEN.
4	Mr. Ahmed bin Mubarak Baharethah	Accounting Management Director and Board Secretary	Head of Accounts Department	He holds a Bachelor's Degree in Accounting from the King Saud University in Riyadh	He has more than (30) years of experience in the accounting and business leadership fields in the hotel sector.

4.5 Subsidiary Companies

The number of subsidiaries and other companies invested by Dur Hospitality Company reached (16) limited liability companies (except for the "Saudi Heritage Hospitality Company", which is a closed

joint-stock company), established and operated all its activities within the Kingdom of Saudi Arabia. Its purposes are concentrated on the hotel and real estate activities as follows:

S.N	Subsidiary Company	Main Activity	Establishment Year	Capital (SAR)	Properties owned by the Subsidiary Company	Dur's Contribution Rate (%)	Company's Total Revenue for 2020 (SAR)
1	Makkah Hotels Company	Accommodation	1982	165,600,000	Makarem Ajjad Makkah Hotel	99.44%	9,922,026
2	Annakheel for Tourist Areas Company	Accommodation – Real Estate	1992	59,250,000	Makarem Annakheel Village in Jeddah	98.73%	26,538,719
3	Tabuk Hotels Company	Accommodation	1985	27,300,000	Holiday Inn Tabuk Hotel	97.14%	39,662,003
4	Saudi Hotels Services Company	Accommodation	1976	70,000,000	Riyadh Palace Hotel in Riyadh	70%	21,575,779
5	Shada Hospitality	Accommodation – Real Estate	2019	40,000,000	A number of properties in Makkah and Medina Regions	60%	7,229,119
6	Real Estate City Tower Company	Accommodation – Real Estate	2020	25,000	Construction of a hotel building in Medina	49%	Activity has not started
7	National Company for Tourism (Syahya)	Accommodation – Real Estate	1989	422,000,000	A number of properties in the Asir Region	1.65%	-
8	Saudi Heritage Hospitality Company (Nuzul)	Accommodation	2015	62,500,000	Under Liquidation	25%	(1,738,937)
9	Security Source Company	Safety and Security	2015	100,000	-	95%	
10	Jude Alia Company	Building and Construction	2014	100,000	-	100%	
11	Al Sawaed Al Kareemah Company	Support Services Provision	2015	100,000	-	95%	
12	Ambassadors Hotel Accommodation Company	Accommodation	2018	100,000	Marriott Hotel and the Marriott Hotel Apartments in the Diplomatic Quarters	100%	
13	Waha Dara Company Ltd.	Accommodation	2018	100,000	-	100%	
14	Medina Hotels Company	Hotel – Real Estate	1983	1,000,000	-	50%	
15	Dur Makarem Company	Visas and Visits Services	2018	100,000	-	100%	
16	Dur Communities Company	Real Estate	2019	100,000	-	100%	
17	Al-Sarh Al-Aneek Company	Operation and Maintenance	2019	100,000	-	100%	

These subsidiary companies has not registered any revenues yet

We would like to note that there are no debt instruments issued to any of the above subsidiary companies.

4.6 Disclosures

Given the Company's commitment to disclose all the important information regarding the performance of its business activities and the statement of its financial results with all transparency, the following is a description of these disclosures:

- The Company's Board of Directors acknowledges the following:
 - The account records were prepared in a proper manner.
 - The internal control system was properly developed and effectively implemented.
 - There is no shred of doubt about the Company's ability to continue its activities.
- There are no differences from the accounting standards issued by the Saudi Organization for Certified Public Accountants.
- The Company did not receive any communication of any interest in the voting rights category belonging to persons (except Company's Board members, the Senior Executives and their relatives) who have informed the Company of these rights under Article (45) of the CMA's Registration and Listing Rules.
- The Company does not have any categories, transferable debt instruments, contractual securities, subscription right memoranda or similar rights issued or granted by the Company during the fiscal year.
- The Company has no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right

memoranda or similar rights issued or granted by the Company.

- There is no refund, purchase or cancellation by the Company or its subsidiaries of any refundable debt instruments.
- There are no arrangements or agreements under which a member of the Company's Board of Directors or a senior executive waives any salary or compensation.
- There are no arrangements or agreements under which one of the Company's shareholders waives any rights in the profits.
- There are no specific investments or set-side reserves established for the benefit of the Company's employees, except the incentive remunerations provisions and the end-of-service gratuity provided by the Saudi Labor System; as the end-of-service gratuity for the employees of Dur Hospitality Company amounted to SAR (59,915,810) as on the 31st of December 2020.
- There is reservation made by the Chartered Accountant on the annual financial statements about a filed lawsuit by the company against one of the financial institutions, the Company is disputing the validity of some of agreements with a local financial institution.
- The Board of Directors did not recommend the replacement of the Chartered Accountant before the end of the period for which he was assigned.
- There are no penalties, sanctions or precautionary restrictions imposed on the Company by the regulatory, statutory, supervisory or judicial authorities during the fiscal year 2020.

4.7 Annual Audit Results for the Effectiveness of the Company's Internal Control Procedures

The Company is constantly working on the development of the internal control system and its effective implementation; as the Company has an Internal Audit Management that ensures the application of the appropriate control systems, determines the general perception of the risks facing the Company and deals with them with transparency, and it also audits the Company's various operations according to the approved

audit plan, views all the documents and dealings, and submits its reports periodically to the Audit Committee and the Board of Directors.

The Internal Audit Management submitted reports during the year on the results of its work and its recommendations; as it became clear that there were no substantive observations requiring any corrective action, and the observations contained therein were being followed up and avoided.

4.8 Dealings with the Relevant Parties

There are no new contracts in which the Company is a party therein, and has an interest for some Board members, the CEO, the CFO or anyone associated with any of them, with the exception of the following:

A. The 10-year management and operation contracts that are automatically renewed for the Al-Andalus Residence Compound, Makarem Umm Al-Qura Hotel, Makarem Al-Bait Hotel, Al-Rawdah Residence Compound, Al Jazira Badr Compound, and Al-Yasmin Residential Compound owned by Assila Investment Company, which is managed by Chairman Eng. Abdullah Bin

Mohammed Al-Issa and the Board Member Mr. Badr Bin Abdullah Al-Issa. It is worth mentioning that these contracts are management and operating contracts under which the Company operates these properties in exchange for a specified percentage of the total revenue and a specified percentage of the total operating profit for each properties. The Company received a total fee of SAR (1,049,957) during 2020 compared to SAR (2,839,320) in the previous year 2019 for the management and operation of these properties.

The following statement illustrates the breakdown of these fees:

Statement (SAR)	Contract Year	2020	2019
Dur Al-Andalus Compound	1995	190,352	117,148
Makarem Umm Al-Qura Hotel	2008	71,385	777,917
Dur Al-Rawdah Compound	2010	259,225	296,688
Makarem Al-Bait Hotel	2008	2,954	362,748
Dur Bader Compound	1998	116,348	777,493
Dur Al-Yasmin Compound	2014	409,693	507,326
Total		1,049,957	2,839,320

B. Since the "Assila Investment Company" and the "Abdullah Bin Mohammed Al-Issa & Sons" Company are among the shareholders of Dur Hospitality Company, it should be noted that Eng. Abdullah bin Mohammed Al-Issa (Chairman) and Mr. Badr Bin Abdullah Al-Issa (Board Member)

have an interest in the Assila Investment Company; while they also have an interest in the Abdullah Bin Mohammed Al-Issa & Sons Company. The statement below explains the change in the ownership of the shares of these companies during 2020:

Name	Number of Shares at the Beginning of the Year	Number of Shares at the End of the Year	Change	Ownership Rate at the End of the Year
Assila Investment Company	27,143,784	27,143,784	-	27.1%
Abdullah Bin Mohammed Al-Issa & Sons	28,982	28,982	-	0.03%

C. On 10/06/2015, a contract was signed between the Dur Hospitality Company and the Assila Investment Company, which is managed by the Board Chairman Eng. Abdullah Bin Mohammed Al-Issa and the Board Member Mr. Badr Bin Abdullah Al-Issa, under which the Assila

Company rents an office space of (400 m2) at the Courtyard Marriott Hotel owned by Dur Hospitality Company for an annual rent of SAR (400,000) for a period of three calendar years, renewed automatically.

D. The following is a statement for the amounts of the dealings with the relevant parties and the resulting balance during the two fiscal years ended on the 31st of December 2019 and 2020:

First: Amount entitled from the Relevant Parties:

Nature of the Dealings	Dealings Amounts		Balance	
	2020	2019	2020	2019
Dur Al-Yasmin Compound	409,693	507,326	1,371,199	1,047,797
Makarem Al-Bait Hotel	2,559	362,748	94,378	532,125
Makarem Umm Al-Qura Hotel	70,552	777,917	206,596	928,775
Makarem Al-Maarifa Company	-	-	-	-
Dur Al-Maather Compound	552,977	85,540	490,654	1,319,543
Others	127,343	689,849	204,982	1,007,089
Total			2,367,809	4,835,329

Second: Amount entitled to the Relevant Parties:

Nature of the Dealings	Dealings Amounts		Balance	
	2020	2019	2020	2019
Al-Jazira and Al-Daoudia Compounds	-	-	18,460,369	18,460,369
Al-Madina Hotels Company Ltd.	-	-	14,651,496	14,651,496
Dur Al-Rawdah Compound	259,225	296,617	2,336,959	2,636,782
Makarem Mina Hotel	152,910	229,367	1,016,133	1,169,043
Dur Al-Andalus Compound	190,352	117,147	849,258	1,006,709
Others	-	287,261	660,001	235,906
Total			37,974,216	38,160,305

4.9 Major Shareholders

Dur Hospitality did not receive any notice of ownership during 2020, in accordance with Article (45) of the Registration and Listing Rules. In any case, the following shareholders owned at least 5% of the Company's capital by the end of 2020:

Shareholder	Shared owned at the Beginning of the Year	Shared owned at the End of Year	Ownership Rate at the End of the Year
Assila Investment Company	27,143,784	27,143,784	27.1%
Public Investment Fund	16,628,458	16,628,458	16.6%
Sheikh Mohammed bin Ibrahim Al-Issa	12,001,449	12,001,449	12%

4.10 Statement of the Number of the Company's Requests for the Shareholders' Register, and the Dates and Reasons for such Requests

Number of the Company's Requests for the Shareholders' Register	Request Date	Request Reasons
1	05/01/2020	Company's Procedures
2	14/01/2020	Company's Procedures
3	14/01/2020	Company's Procedures
4	14/01/2020	Company's Procedures
5	14/01/2020	Company's Procedures
6	11/02/2020	Company's Procedures
7	02/03/2020	General Assembly
8	01/04/2020	Company's Procedures
9	08/04/2020	General Assembly
10	12/04/2020	General Assembly
11	13/04/2020	Profits File
12	03/05/2020	Company's Procedures
13	15/06/2020	Company's Procedures
14	01/07/2020	Company's Procedures
15	05/08/2020	Company's Procedures
16	31/08/2020	Company's Procedures
17	04/10/2020	Company's Procedures
18	01/11/2020	Company's Procedures
19	07/12/2020	Company's Procedures

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