



السعودية لتمويل المساكن
SAUDI HOME LOANS

**Announcement by the Saudi Home Loans
Company (SHL) of its intention to list its shares
on the Saudi Stock Exchange (Tadawul)**



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Announcement by the Saudi Home Loans Company of its intention to float and list its shares on the Saudi Stock Exchange (Tadawul)

The leading company in integrated real estate financing solutions

- Saudi Home Loans Company (SHL), a closed joint stock company, and the pioneer in the field of real estate finance in the Kingdom of Saudi Arabia, which was incorporated in 1428H (corresponding to 2007G) in Riyadh, announces its intention to offer its shares in an initial public offering and to list them on the main market of the Saudi Stock Exchange "Tadawul" provided that the Offer Shares represent thirty percent (30%) of the Company's total shares.
- The Capital Market Authority "CMA" approved the request of Saudi Home Loans Company to offer thirty million (30,000,000) ordinary shares, which represent 30% of the Company's shares, whose capital is (1,000,000,000) one billion Saudi riyals for public subscription on 29/12/2021G provided that the final Offer Price shall be determined for all subscribers at the end of the book-building period, in preparation for listing of the shares of the Saudi Home Loans Company on the main market of Saudi Stock Exchange "Tadawul".
- The entire Offer Shares will be allocated to the Participating Entities. In the event that there is sufficient demand from Individual Subscribers, the Financial Advisor shall have the right to reduce the number of Offer Shares allocated to the Participating Entities to 90% and allocate 10% to Individual Subscribers. The final price of the offering will be determined after completion of the book-building process.

This announcement launches an ambitious transformation phase that is added to the Company's success and development story, as well as its excellent record of major achievements, and enhances its leading position in the Kingdom's real estate finance sector, in the context of its unrelenting efforts to expand its customer base through a portfolio of investment projects taking advantage of the great development in the investment environments of the real estate sector, in tandem with the wise government directions to secure proper housing for all segments of the Saudi society, and offer several programs and various facilities.

Company Overview

Saudi Home Loans Company assumes a leading position in the Islamic real estate financing industry in the Saudi market. The Company provides real estate financing solutions to the retail sector under the supervision of a Sharia Board composed of elite experts in the field of Islamic finance to ensure the legitimacy of the products and their compliance with the provisions of Islamic Sharia.

Since its establishment, the "Saudi Home Loans Company" has sought to meet the basic housing needs of customers in the Saudi market and help them find solutions to finance their homes while adhering to the provisions of Islamic Sharia. "Saudi Home Loans Company" has managed to make a qualitative leap in terms of achievements, satisfaction of the local and expatriates customer needs and enrich their experience as a supreme goal it seeks to achieve, through relentless pursuit for the benefit of society and the individual by various products.

The most important activities in which the Saudi Home Loans Company operates

The main business of the Company is based on the real estate finance activity for individuals in accordance with the Real Estate and Rental Finance Law and the Finance Companies Control Law and its Implementing Regulations and related regulations and the rules and instructions issued by the competent authorities. The Company exercises its activities in accordance with the applicable regulations after obtaining the necessary licenses from the competent authorities to carry out and conduct the following activities:

- Financing and purchasing homes, residential lands, and apartments in the Kingdom of Saudi Arabia.
- Financing real estate that is developed by all companies working in the field of real estate development.
- Financing the establishment of commercial and industrial projects.
- Securing and managing the transferred assets of the owners and third parties as a security, and it is also entitled to sell and buy real estate for the financing purposes for which the Company was established, with the exception of Makkah and Madinah.

Competitive Advantages of the Company

Global professional practices for integration of performance and maximizing impact and achievements

→ A leading Company in the Field of Real Estate Finance:

Through a journey full of achievements over the past decade, Saudi Home Loans Company has been able to consolidate its position as one of the most distinguished and stable financing companies.

→ Fast and Streamlined Procedures:

The Company aims to continuously improve, accelerate and increase the efficiency of the services provided to its current and potential customers. Therefore, the Company is constantly working on developing technical systems and increasing the spread of sales channels, where best practices are used in the exploitation of digital platforms.

→ Senior Management with Extensive Experience:

The Company's senior management team has extensive experience in the banking, financial and real estate finance fields, and each member has a record of outstanding achievements in the financial and operational aspects, as they held senior and leadership positions in various banks, financial companies, and government sectors.

→ Innovation:

A talented and experienced team is working to enrich the products offered by the Company with a high-end set of innovative services and products that may exceed the aspirations of customers and aim to provide adequate housing for customers, in line with the Kingdom's vision 2030 by building a vibrant community and an enabling environment.

→ An upward path with ambitious national vision

The total size of the Saudi real estate finance market amounted to 607 billion Saudi riyals based on the mortgage loans payable to all mortgage service providers in 2020G. Commercial banks accounted for the largest part of the market, with a market share of nearly 70.5%, while the real estate finance companies contributed to 4% approximately, while the Real Estate Development Fund represented the remaining 25.5%.

→ Total compliance with Corporate Governance requirements

The Saudi Home Loans Company is committed to applying the internal regulations and an integrated governance policy in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the Saudi Central Bank, with the exception of some provisions related to listed companies because the Company is in the process of offering its shares in the Exchange. The Company continues to implement strategic growth plans and adopt the principle of efficient operational operations, with the aim of maximizing revenues and reducing costs, within a strong and comprehensive governance framework, to institutionalize the Company's policies and procedures. The roles, duties and responsibilities of the Board of Directors, Board committees, Executive Management, and General Assemblies have been developed in line with the applicable regulations such as Corporate Governance Regulation and the Companies Law.

Strong financial performance and promising growth opportunities in line with the growth in the real estate sector

Saudi Home Loans is on a growth path, SHL has leveraged the ongoing growth in the residential real estate market, recording significant rise in the number of Homes financed as well as the total originations from fiscal year 2018G onwards. The recorded growth in the past years highlights the Company's ability to reflect the growth in the Real Estate market in the Kingdom of Saudi Arabia in its returns to shareholders.

- Saudi Home Loans stands as the largest non-bank Mortgage lender in the Kingdom, with a gross portfolio size of 4 billion Saudi Riyals as of the end of the ninth month period 2021G.
- Saudi Home Loans saw significant growth in the number of homes financed from fiscal year 2018G to fiscal year 2021G, coupled with a higher growth in the value of loan originations in the same period.
- Highly favourable Debt/Equity (D/E) levels over the past three years, currently standing at 1.6x D/E as of the first half of 2021G. The relatively low level of D/E Highlights the Company's ability to continue the current growth path.
- Stable revenue from lease Income over the past 3 years with significant growth opportunities ahead in-line with the expected growth in the Real Estate Market in KSA.
- Net income after Zakat and income tax of CAGR 44.6% from fiscal year 2018 to fiscal year 2020. More recently, the Company recorded notable growth in first 9-months of 2021G. Net income recorded a growth of 48.1% year on year compared to the same period in 2020G.

Chief Executive Officer of the Saudi Home Loans Company

The IPO is a promising turning point towards greater success and prosperity

The CEO of the Saudi Home Loans Company, Mr. Bandar bin Saeed Al-Ghamdi, indicated that the step of offering the Company's shares for public subscription falls within the context of the major successes that the Company has achieved in a short period, based on the competencies of a team with extensive experience in this field, high productivity and keenness to achieve the Company's strategic goals.

"The announcement of our intention to list 30% of the Company's shares in the Saudi stock Exchange "Tadawul" represents the culmination of the Company's efforts to consolidate its position as a leading company in the field of Sharia-compliant real estate financing, in a way that contributes to increasing its returns at a steady and balanced pace, which contributes to boosting its leadership role in the real estate finance sector in the Kingdom of Saudi Arabia" The CEO added.

He also demonstrated that the Company is committed to applying the highest international quality standards in accordance with the provisions of Islamic Sharia. This comes in tandem with the great civilizational transformation towards achieving the Kingdom's Vision 2030, which touches positively all aspects of life in the Kingdom, especially in providing decent housing in terms of quality and specifications that provide citizens with multiple options of comfortable housing patterns that suit their evolving needs. "The Company is keen to create a productive work environment by creating a healthy work culture that encourages employees to cooperate and raise productivity and efficiency in performance. Further, the Company is also committed to the highest health and safety standards and controls in all its diverse work environments" Mr. Al-Ghamdi was quoted as saying.

"The Company implements an ambitious business strategy to enhance its leadership position in real estate finance industry to become the provider of choice of Islamic financing solutions for individuals through diversifying products that suit all targeted segments, in addition to increasing the size of the financing portfolio and the returns on assets by presenting its products to the widest range possible of customer segments" the CEO says and adds "While the Company is developing a risk management plan by analyzing and assessing potential risks and establish procedures to define the limits and controls, it also seeks to increase the targeted segments to reduce risks arising from some categories and diversify the categories in the financing portfolio as well".

Mr. Bandar Al-Ghamdi, CEO of the Saudi Home Loans Company, pointed out that the Company seeks to provide the best services to its customers by improving work procedures and mechanisms. It also endeavors to develop high-tech systems and increase the spread of sales channels, where best practices are used in exploiting communication channels with customers. The Company has also developed a plan for geographical marketing in the regions to cover the largest possible segments of potential customers in the Saudi market. Stemmed from the Company's keenness to expand the framework of work, it seeks to develop joint relations and collaborate with the relevant authorities, most notably Ministry of Housing, Real Estate Development Fund, National Housing Company and a number of other parties, for the purpose of diversifying its products, which serves the common interests with all parties.

Overview of the Offering

- The Offering consists of thirty million (30,000,000) ordinary shares, representing thirty percent (30%) of the Company's capital which amounted to one billion Saudi riyals (SR 1,000,000,000), for public subscription.
- The Company has appointed Riyadh Capital Company as Financial Advisor, Lead Manager, Bookrunner and Underwriter
- The subscription is limited to the following two tranches of investors:

Tranche (A): Participating Entities:

This segment includes the categories that are entitled to participate in Book-building in accordance with the instructions for book-building, including investment funds, companies, qualified foreign investors and GCC investors with legal personality. The number of shares that will be allocated to these categories is thirty million (30,000,000) ordinary shares representing (100%) of the total Offer Shares. In the event of a sufficient request by Individual Subscribers defined in the second Tranche, the Financial Advisor has the right to reduce the number of shares allocated to the participating parties to twenty-seven million (27,000,000) shares representing ninety percent (90%) of the total Offer Shares.

Tranche (B): Individual Investors:

This tranche includes Saudi natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi, who is entitled to subscribe to the Offer Shares in their names on her own behalf, on the condition that she provides proof that she is divorced or widowed and the mother of her minor children. It also includes Any non-Saudi resident natural person (who has a bank account, and is entitled to open an investment account, with one of the receiving entities) or citizens of the GCC states who have a bank account, and are entitled to open an investment account, with one of the receiving entities. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is demonstrated to have occurred, then the law shall be enforced against the applicant. A maximum of (3,000,000) three million Offer Shares, representing 10% of the total Offer Shares, shall be allocated for Individual Investors provided that the Participating Categories subscribe to all Offer Shares allocated to them. If Individual Investors do not fully subscribe for the full number of allocated shares, the Financial Advisor is entitled to reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.

How to apply for subscription:

Participating Categories (Entities)

Participating categories have the right to apply to participate in the book-building process by filling in the application form that will be provided by the Bookrunner to the investors of the participating categories during the order book process. After the initial allotment, the Bookrunner will provide subscription forms to the participating entities, which they must fill out in accordance with the instructions issued for this.

Individual Subscribers

Subscription Application Forms will be available during the Offering Period with the Lead Manager and branches the Receiving Agents. Subscription Application Forms shall be completed in accordance with the Subscription Terms and conditions. Individual Investors who have recently participated in a recent initial public offering can also subscribe through the Internet, banking telephone or ATMs of the Receiving Agents that offer any or all such services to its customers, provided that:

1. The Individual Investor has a bank account with a Receiving Agent which offers such services.
2. There have been no changes to the Individual Investor's personal or private information since he/she last participated in an Offering.

Financial Advisor, Lead Manager, Bookrunner and Underwriter



Riyad Capital Company

For more information and inquiries, please contact any of the following:

| Company | Name | Email | Role |
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This announcement is not an offering document for the purposes of the Rules on the Offer of Securities and Continuing Obligations and should not be construed as an offering document. Neither the Authority nor the Saudi Tadawul Company assumes any responsibility for the contents of this announcement, does not give any assurances regarding its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss resulting from what is contained in this announcement or from reliance on any part of it.

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There is no guarantee that the Offering will take place. Your financial decisions should not be based on the Company's intent with respect to the Offering at this stage. It should be noted that the purchase of the shares to which this announcement relates may expose the investor to a significant risk of losing the entire invested amount. Therefore, persons considering investment should consult an investment advisor or an authorized person who specializes in advising on such investments and the suitability of the offering for the person concerned.

The Financial Advisor is working exclusively for the Company and not for the benefit of any other person in connection with the Offering. The Financial Advisor will not consider any other person as its client in connection with the Offering and will not be liable to anyone other than the Company for providing the protections guaranteed to its respective clients, nor will it be responsible for providing any advice in relation to the Offering, the contents of this announcement, or any transaction, arrangement or order matter referenced in this announcement.

The Company has prepared the content of this announcement and is solely responsible for it. Neither the Financial Adviser nor any of its affiliates or any of its directors, officers, employees, advisors or agents accept any responsibility whatsoever, nor does it make any representation or warranty, express or implied, as to the correctness, accuracy, completeness or truthfulness of the information in this announcement (or regarding whether any omission of information in this announcement) or any other information relating to the Company or its affiliates or sister companies, whether in written, oral, visual or electronic form, has been omitted, regardless of how it was transmitted or made available, or for any loss arising from any use of this announcement or any of its contents, or otherwise arising in connection with the foregoing.

In connection with the Offering, the Financial Adviser and any of its affiliates may acquire as principal a portion of the securities related to the Offering, and in that capacity may hold such securities or other shares of the Company or related investments connected with the Offering or otherwise, as well as their purchase or sell them or put them up for sale for their own account. Accordingly, references in the Prospectus to the Company's shares issued, offered, subscribed, acquired, allotted or otherwise dealt with, once published, shall be read as including any issuance, offering, subscription, acquisition or allotment or transacted by the Financial Adviser or any of its affiliates acting in that capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing agreements (including swaps or contracts for difference) with investors in relation to shares that the Financial Advisor or any of its affiliates may acquire, own or dispose of from time to time. The Financial Adviser does not intend to disclose the size of any such investments or transactions other than as agreed with any applicable legal or statutory obligation in this respect.



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