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SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

**(UNAUDITED) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
PERIOD ENDED 31 MARCH 2026**

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

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Professional LLC
Paid Capital One Million Saudi Riyals
C.R. No. 4030291245
122, Prince Faisal Bin Turki St.
Creativity Commercial Center
Al Murabba District
P.O.Box 489, Riyadh 11411
Kingdom of Saudi Arabia
T: 011 408 1811 / 408 1801
F: 011 408 1836
Head Office - Jeddah
www.elayouty.com

Independent Auditor's review report on the interim condensed consolidated financial statements

**To the Shareholders of
Saudi Real Estate Company
(A Saudi Joint Stock Company)
Riyadh – Kingdom of Saudi Arabia**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Real Estate Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (together "the Group") as at March 31, 2026, and the related interim condensed statements of profit or loss and other comprehensive income for the three-month period ended March 31, 2026, the interim condensed changes in equity and the interim condensed cash flows for three months then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard (34) - "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim-condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards in Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.


SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)


Interim condensed consolidated statement of financial position as of 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	31 March 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment, net		33,566	35,548
Investments properties, net	5	5,834,994	5,696,155
Intangible assets, net		4,500	5,219
Investment in associates and a joint venture	6	136,882	419,127
Investments in equity instruments designated at FVOCI	7	1,181,182	236,323
Right-of-use assets		197,947	204,884
Properties available for sale, non-current portion	8	407,226	386,705
TOTAL NON-CURRENT ASSETS		7,796,297	6,983,961
CURRENT ASSETS			
Properties available for sale	8	240,087	243,603
Inventories		48,098	48,534
Prepaid expenses and other receivables, net		140,290	139,517
Trade receivables, net		426,110	369,450
Investments in equity instruments designated at FVOCI – Current		74,102	77,201
Short-term bank deposits		150,000	-
Cash and cash equivalents		1,328,555	1,552,604
TOTAL CURRENT ASSETS		2,407,242	2,430,909
TOTAL ASSETS		10,203,539	9,414,870
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	3,750,000	3,750,000
Share premium		222,700	222,700
Statutory reserve	10	720,000	720,000
Contractual reserve		10,051	10,051
Other reserves		68,717	73,693
Retained earnings		1,005,404	521,811
Equity attributable to equity holders of the parent company		5,776,872	5,298,255
Non-controlling interests		346,575	307,575
TOTAL EQUITY		6,123,447	5,605,830
NON-CURRENT LIABILITIES			
Term loan, non-current portion	11	2,107,665	1,939,183
Loan from Ministry of Finance, non-current portion	12	496,654	588,143
Lease liabilities, non-current portion		241,347	233,424
Employees' defined benefit obligations		57,011	60,763
TOTAL NON-CURRENT LIABILITIES		2,902,677	2,821,513
CURRENT LIABILITIES			
Term loan, current portion	11	134,389	129,279
Loan from Ministry of Finance, current portion	12	176,443	169,908
Lease liabilities, current portion		20,235	20,150
Trade payables		170,356	149,596
Unearned revenue		94,939	85,191
Accrued expenses and other payables		509,709	384,620
Zakat provision	13	71,344	48,783
TOTAL CURRENT LIABILITIES		1,177,415	987,527
TOTAL LIABILITIES		4,080,092	3,809,040
TOTAL LIABILITIES AND EQUITY		10,203,539	9,414,870


Chief Financial Officer
Fahad Alaslami


Chief Executive Officer
Abdullah Abudawood


Chairman
Naif Alhamdan

The accompanying notes from (1) to (18) form an integral part of these interim condensed consolidated financial statements.

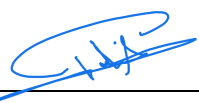
SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)


Interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

	Note	For the three-months period ended 31 March	
		2026 (Unaudited)	2025 (Unaudited)
Revenue		319,822	628,075
Cost of revenue		(160,474)	(318,383)
GROSS PROFIT		159,348	309,692
Selling and marketing expenses		(1,405)	(2,316)
General and administration expenses		(204,134)	(64,012)
OPERATING (LOSS) / PROFIT		(46,191)	243,364
Share of profit of associates and a joint venture	6	8,052	9,231
Gains on remeasurement of investment held after loss of significant influence	6	640,404	-
Other income		9,776	7,202
Financial charges		(57,955)	(65,514)
PROFIT BEFORE ZAKAT		554,086	194,283
Zakat	13	(39,418)	(17,222)
PROFIT FOR THE PERIOD		514,668	177,061
ATTRIBUTABLE TO:			
Shareholders of the parent company		475,668	135,173
Non-controlling interest		39,000	41,888
		514,668	177,061
Basic and diluted earnings per share of net profit for the period attributable to shareholders of the parent company (in Saudi Riyals)	14	1.27	0.36
Other comprehensive income			
Net change in fair value of investments in equity instruments designated at FVOCI	7	412	63,435
Share of other comprehensive loss of associates and a joint venture	6	2,537	-
Other comprehensive income for the period		2,949	63,435
Total comprehensive income for the period		517,617	240,496
Attributable to:			
Shareholders of the parent company		478,617	198,608
Non-controlling interest		39,000	41,888
		517,617	240,496


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The accompanying notes from (1) to (18) form an integral part of these interim condensed consolidated financial statements.


SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)


Interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2026


(In Saudi Riyals Thousands, unless otherwise indicated)

	<i>Attributable to equity holders of the parent company</i>						Total	Non-controlling	Total equity
	Share capital	Share Premium	Statutory Reserve	Contractual Reserve	Other reserves	Retained earnings			
As at 1 January 2025 (Audited)	3,750,000	222,700	720,000	10,051	128,477	147,815	4,979,043	203,733	5,182,776
Net income for the period	-	-	-	-	-	135,173	135,173	41,888	177,061
Other comprehensive income	-	-	-	-	63,435	-	63,435	-	63,435
Total comprehensive income for the period	-	-	-	-	63,435	135,173	198,608	41,888	240,496
As of 31 March 2025 (unaudited)	3,750,000	222,700	720,000	10,051	191,912	282,988	5,177,651	245,621	5,423,272

	<i>Attributable to equity holders of the parent company</i>						Total	Non-controlling	Total equity
	Share capital	Share Premium	Statutory Reserve	Contractual Reserve	Other reserves	Retained earnings			
As at 1 January 2026 (Audited)	3,750,000	222,700	720,000	10,051	73,693	521,811	5,298,255	307,575	5,605,830
Net income for the period	-	-	-	-	-	475,668	475,668	39,000	514,668
Other comprehensive income	-	-	-	-	2,949	-	2,949	-	2,949
Total comprehensive income for the period	-	-	-	-	2,949	475,668	478,617	39,000	517,617
Disposal of Group's share from other comprehensive income related to an associate after loss of significant influence	-	-	-	-	(7,925)	7,925	-	-	-
As of 31 March 2026 (unaudited)	3,750,000	222,700	720,000	10,051	68,717	1,005,404	5,776,872	346,575	6,123,447


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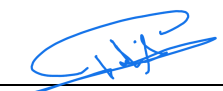
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SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

Interim condensed consolidated statement of cash flows for the three-month period ended 31 March 2026
(In Saudi Riyals Thousands, unless otherwise indicated)

	For the three-months period ended 31 March	
	2026 (Unaudited)	2025 (Unaudited)
Cash flows from operating activities:		
Income for the period before zakat	554,086	194,283
Adjustments for non-cash items:		
Depreciation of properties, equipment, investment properties and right-of-use assets	23,486	22,563
Amortisation of intangibles assets	719	673
Finance charge	57,955	65,514
Provision of employees defined benefit obligations	884	7,485
Gains on remeasurement of investment held after loss of significant influence	(640,404)	-
Gains on disposal of property and equipment	(115)	-
Share of profit of associates and a joint venture	(8,052)	(9,231)
	<u>(11,441)</u>	<u>281,287</u>
Adjustments in working capital:		
Trade receivables	(56,660)	303,240
Prepayments and other receivables	(773)	(154,367)
Inventories	436	(1,792)
Properties available for sale	(17,005)	63,944
Trade payables	20,760	(36,619)
Unearned revenue	9,748	(11,407)
Accruals and other credit balance	106,177	(2,976)
	<u>51,242</u>	<u>441,310</u>
Employees' defined benefit obligations paid	(4,636)	(530)
Zakat paid	(16,857)	(55,548)
Net cash flows generated from operating activities	<u>29,749</u>	<u>385,232</u>
Investing activities:		
Proceeds from disposal of property, equipment	115	-
(Paid) / Proceeds from short-term deposits	(150,000)	300,000
Payments of investment in associates	(8,110)	(43,914)
Payments for the purchase of property, equipment, investments properties and intangible assets	(153,406)	(82,844)
Net cash flows (used in) / generated from investing activities	<u>(311,401)</u>	<u>173,242</u>
Financing activities:		
Proceeds from term loan	173,592	-
Payment made to meet the Group's obligations against lease liabilities	(1,575)	(1,576)
Amounts paid for loans from banks and the Ministry of Finance loan	(84,954)	(178,419)
Financial charges paid	(29,460)	(114,202)
Net cash flows generated from / (used in) financing activities	<u>57,603</u>	<u>(294,197)</u>
Change in cash and cash equivalents	<u>(224,049)</u>	<u>264,277</u>
Cash and cash equivalents at the beginning of the period	1,552,604	1,076,758
Cash and cash equivalents at the end of the period	<u>1,328,555</u>	<u>1,341,035</u>


Chief Financial Officer
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The accompanying notes from (1) to (18) form an integral part of these interim condensed consolidated financial statements.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Note to the interim condensed consolidated financial statement (unaudited) for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

1. GROUP INFORMATION

Saudi Real Estate Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company, whose shares are publicly traded on the Saudi Stock Exchange. The Company was established pursuant to Royal Decree number M/58 dated 17 Rajab 1396H (corresponding to 15 July 1976), registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010012539 dated 17 Jumada al-Akhir 1397H (corresponding to 4 June 1977). The Company's head office address is Olaya Road, P.O. Box 3572, Riyadh 11481, Kingdom of Saudi Arabia.

The Company is licensed to engage in the activities of buying and selling land and real estate, subdividing them, conducting off-plan sales, as well as managing and leasing residential and non-residential properties, whether owned or rented.

The major shareholder of the Parent Company is the Public Investments Fund (PIF) which owns 64.58% of the Company's shares, while the remaining shares, which represent 35.42%, are owned by several shareholders with less than 5% ownership.

The company follows the Gregorian calendar as its fiscal year so that the fiscal year begins on January 1 and ends on December 31 of the same year. These interim condensed consolidated financial statements have been prepared to cover the first quarter of the fiscal year ending on 31 March 2026. The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, the fiscal year ending on 31 December 2025.

Saudi Real Estate Company has invested in the following subsidiaries which are included in these interim condensed consolidated financial statements:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Year of incorporation</u>	<u>Ownership percentage (Directly or indirectly)</u>	
				<u>2026</u>	<u>2025</u>
Saudi Real Estate Construction Company (A)	KSA	Constructions works	2016	100%	100%
Saudi Real Estate Infrastructure Company (B)	KSA	Infrastructure works	2017	60%	60%
Saudi Korean Company for Maintenance and Properties Management (C)	KSA	Maintenance, operation and management of facilities	2017	60%	60%
Al Widyan Saudi Real State Company (D)	KSA	Developing Al Widyan project but no activity carried out during the year	2018	100%	100%
Alinma Alakaria Real Estate Fund (E)	KSA	Under liquidation	2019	100%	100%
Hodood Real Estate Investment Company (F)	KSA	Asset Preservation Company but no activity carried out during the year	2022	100%	100%
Creativity Hub Company for Co-Working Spaces (G)	KSA	Shared workspace rental company but no activity carried out during the year	2025	100%	100%

(A) Saudi Real Estate Construction Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010466367 dated 15 Rabi Al Awal 1438H (corresponding to 14 December 2016). The Company is engaged in buildings construction and maintenance, construction projects management, detailed engineering designing, purchasing materials and executing the projects.

(B) Saudi Real Estate Infrastructure Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010469561 dated 6 Rajab 1438H (corresponding to 3 April 2017). The Company is engaged in road, bridge, and tunnel works, earthworks, and construction, extension, cleaning, maintenance and operation of water, sewerage and drainage networks. Also, construction, extension, and maintenance of distribution networks and stations for electrical power and gas, and telecommunication networks and communication towers, construction and maintenance of public parks and irrigation systems, dam construction and maintenance and sale of ready-mix concrete.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Note to the interim condensed consolidated financial statement (unaudited) for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

1. GROUP INFORMATION (CONTINUED)

1.3. Subsidiaries (Continued)

(C) Saudi Korean Company for Maintenance and Properties Management is a mixed liability company registered in the Kingdom of Saudi Arabia under commercial registration number 1010612687 dated 11 Safar 1439H (corresponding to 31 October 2017). The Company is engaged in operation and maintenance of buildings in accordance with the license issued from the General Investment Authority number (10214381076997) dated 29 Shawwal 1438 (corresponding to 23 July 2017).

(D) Al Widyah Saudi Real Estate Company is a closed joint stock company sole owner registered in the Kingdom of Saudi Arabia under commercial registration number 1010455071 dated 16 Dhul Qi'dah 1439H (corresponding to 29 July 2018). It is licensed to engage in general construction activities for residential and non-residential buildings, renovation of residential and non-residential buildings, buying and selling of land and real estate, land subdivision, off-plan sales activities, and the management and leasing of owned or leased residential and non-residential properties. The Company did not conduct any business activities during the current fiscal year

(E) Alinma Alakaria Real Estate Fund is a private fund created by an agreement between Inma for Investment (the "Fund Manager") a subsidiary of Alinma Bank and investors ("unit holder") in the Fund according to Shariah standards and controls approved by the Shariah Board of the Fund Manager. The principal investment objective of the Fund is to provide investors with capital growth over the medium and long-term by investing primarily in the real estate and related sectors in the Kingdom of Saudi Arabia. The Fund has appointed Al Inma Bank to act as its custodian, administrator and registrar of the Fund. The Fund was established during 2019 as per approval from the Capital Market Authority (CMA). During December 31, 2020, Saudi Real Estate Company has signed an agreement to terminate and liquidate the Fund. During December 31, 2022, all major assets of Fund has been transferred to to Hodood Real Estate Investment Company which is wholly owned by the Parent Company. The Group's management is in the process of completing all the legal procedures for liquidating the Fund.

(F) Hodood Real Estate Investment Company (sole owner limited liability company wholly owned by the Parent Company) with a capital of 10,000 Saudi Riyals. It was established during October 2022 under commercial registration number 101836057 dated on 24 October 2022 (corresponding to 28 Rabi' Al-Awwal 1444H) issued in Riyadh. The objective of the Company is transferring the title deeds of Alinma Alakaria Real Estate Fund to Hodood Real Estate which is fully owned by Parent Company.

(G) Creativity Hub Company for Co-Working Spaces a single shareholder limited liability company wholly owned by the Parent Company with a share capital of SR 10,000. The unified national number is 7050841902 in the CR dated on 22 July 2025 (corresponding to 27 Muharram 1447H). The objective of the Company is to engage in business incubators and accelerators activities.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") endorsed in the Kingdom of Saudi Arabia ("KSA") and other pronouncements that are issued by SOCPA.

The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, for the year ended on 31 December 2025. The interim condensed consolidated financial statements do not include all the information and disclosures required to prepare annual consolidated financial statements in accordance with International Financial Reporting Standards but selected explanatory notes have been included to indicate material events and transactions to understand the changes in the financial position and financial performance of the Group since 31 December 2025. The interim period is an integral part of the full fiscal year however, the results of the interim period operations may not be a fair indication of the results of the full year operations.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared using the accrual basis of accounting, going concern concept under the historical cost basis, except for investment in equity instruments designated at FVOCI, in addition to Employee defined benefit obligations measured using the Projected Unit Credit Method.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Note to the interim condensed consolidated financial statement (unaudited) for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

2. BASIS OF PREPARATION (CONTINUED)

2.3 Functional and presentation currency

The interim condensed consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Group. All values are rounded to the nearest thousand, unless otherwise indicated.

2.4. Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements requires management to make judgments, estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant estimates made by management when applying the Group's accounting policies and significant sources of estimation uncertainty are not materially different from those disclosed in the most recent annual consolidated financial statements.

2.5. Basis of consolidation financial statements

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2026, as stated in note (1). Subsidiaries are entities controlled by the group. Control exists when the Group is exposed to risk, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Risk exposure, or rights, to variable returns from its involvement with the investee.
- The ability to influence the returns of the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control. Consolidation of subsidiaries begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, revenue and expenses of subsidiaries acquired or disposed during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the investee.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, revenue, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation of the interim condensed consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the interim condensed statement of profit or loss. Any investment retained is recognised at fair value.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

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Note to the interim condensed consolidated financial statement (unaudited) for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

There are no new standards released during the period however, several amendments applied for the first time in January 01, 2026, which are detailed in the Consolidated Financial Statements as at 31 December 2025 but have no material effect on the Group's interim condensed consolidated financial statements, these amendments did not require a change in accounting policies or retroactive adjustments as a result of the application of these amended Standards to the Group's interim condensed consolidated financial statements as at 31 March 2026.

5. INVESTMENT PROPERTIES

Investment properties are stated at cost less accumulated depreciation and any impairment losses. At the end of each financial year, the fair value of investment properties is determined through valuations performed by independent valuers accredited by the Saudi Authority for Accredited Valuers ("TAQEEM"). All of the Company's assets are located in the Kingdom of Saudi Arabia. The following is a summary of movements in investment properties during the period / year:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Net book value at the beginning of the period / year	5,696,155	5,538,691
Additions during the period / year	152,128	299,394
Assets transferred to an associate during the period / year	-	(17,467)
Transferred to properties available for sale	-	(44,893)
Depreciation expense during the period / year	(13,289)	(79,570)
Net book value at the end of the period / year	5,834,994	5,696,155

Investment properties include certain buildings constructed on land leased from the Royal Commission for Riyadh City under lease agreements with terms ranging from 28 to 99 years. They also include assets with a carrying amount of SR 3.2 billion, which are pledged to the Ministry of Finance and two local banks as collateral for loans and credit facilities granted to the Group.

5.A. Lands not available for used

Certain land parcels owned by the Group are currently not available for use or development due to various reasons, including factors related to their locations and others subject to ongoing studies by specialized committees to resolve these matters. Management is engaging with the relevant government agencies and committees to address these issues and enable the use of these lands. The impact on the net realizable value of these lands remains uncertain and depends on the final outcomes of the studies conducted by the assigned committees. In any case, management does not expect the Group to incur any losses related to this matter. The carrying amount of these lands is SR 438 million as of 31 March 2026 (31 December 2025: SR 438 million).

5.B. Al Widyan project

During 2021, management was informed by the relevant government agencies that one of the Group's land parcels, allocated to the Al-Widyan project, is located within an area currently under study for development. This may result in a significant change to the original project plan and could affect the net realizable value of the land. The impact of this study remains uncertain and depends on the final outcomes and future developments in the area. In any case, management does not expect the Company to incur any losses related to this matter. The carrying amount of the land and capital works in-progress is SR 2.9 billion as of 31 March 2026 (31 December 2025: SR 2.9 billion).

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

(A SAUDI JOINT STOCK COMPANY)

Note to the interim condensed consolidated financial statement (unaudited) for the three-month period ended 31 March 2026

(In Saudi Riyals Thousands, unless otherwise indicated)

6. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

The Group's investments in the associates and joint venture as at March 31, are as follow:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Riyadh Holding Company	-	297,306
Tilal Towers Development Real Estate Company	65,550	61,405
InfraRoad Contracting Company Ltd.	71,332	60,416
	136,882	419,127

The following is a summary of movement in investments in the associates and joint ventures during the year ended 31 March 2026:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period / year	419,127	312,273
Cash investments during the period / year	8,110	43,938
Transferred from investments properties during the period / year	-	17,467
Share of profits for the period / year	8,052	60,170
Share of other comprehensive income / (other comprehensive loss)	2,537	(4,722)
Dividends received during the period / year	-	(9,999)
Investments disposed of during the period / year	(300,944)	-
	136,882	419,127

During the financial period ended 31 March 2026, management assessed the Group's continuing significant influence over its investment in Riyadh Holding Company following the capital increase undertaken by Riyadh Holding Company and the entry of a new shareholder wholly owned by the principal shareholder, which resulted in a decrease in the Group's ownership interest from 16.67% to 13.09% and an increase in the principal shareholder's ownership concentration; based on management's assessment of all relevant facts and circumstances, it was concluded that the Group no longer retained significant influence effective from the date of the change and, accordingly, in accordance with IAS 28 *Investments in Associates and Joint Ventures*, the Group discontinued the application of the equity method, remeasured the retained investment at fair value at the date significant influence was lost, and recognized a non-cash and non-recurring remeasurement gain of SAR 640 million in the consolidated statement of profit or loss for the period, representing the difference between the fair value of the retained investment and its carrying amount at the date significant influence was lost, after which the retained investment was classified as an equity investment designated at fair value through other comprehensive income ("FVOCI") in accordance with IFRS 9 *Financial Instruments*.

7. INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AT FVOCI

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period / year	313,524	415,322
Additions during the period / year	941,348	-
Net change in fair value	412	31,324
Disposals during the year	-	(133,122)
At the end of the period / year	1,255,284	313,524

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES

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7. INVESTMENT IN EQUITY INSTRUMENTS DESIGNATED AT FVOCI (CONTINUED)

The investment in Um Al Qura Company for Development and Reconstruction was classified as current assets, in light of the management's intention to terminate from this investment within the twelve months following the date of the consolidated statement of financial position, which is in line with the partial sales that carried out during the year of 2025, and in accordance with the investment management strategy adopted by the Group. The following is a classification of investments held at FVOCI in the consolidated statement of financial position:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Current assets	74,102	77,201
Non-current assets	1,181,182	236,323
	1,255,284	313,524

The table below shows the Group's investments in equity instruments held at fair value through other comprehensive income:

	Ownership		Fair value	
	31 March 2026	31 December 2025	31 March 2026	31 December 2025
Riyadh Holding Company	13.09%	-	941,348	-
Economic Knowledge City Developers	9.48%	9.48%	91,234	89,818
Um Al Qura Company for Development and Reconstruction	0.31%	0.31%	74,102	77,201
Dar Al Tamleek Company	9.18%	9.18%	50,820	50,820
Kinan International Real Estate Development Company	2.11%	2.11%	73,363	73,363
United Arabian Flat Glass Company	4.10%	4.10%	24,372	22,283
Taiba Investment Company	0.001%	0.001%	45	39
			1,255,284	313,524

8. PROPERTIES AVAILABLE FOR SALE

Below is a breakdown of the developed properties and ready-to-sale for customers:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Cost of ready-to-sale units	17,942	17,942
Cost of land available for sale	-	572
Cost of land and capital works in-progress related to developed properties	629,371	611,794
	647,313	630,308

The table below shows the classification of the developed properties between current assets and non-current assets:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Current	240,087	243,603
Non-current	407,226	386,705
	647,313	630,308

The developed properties are stated at the lower of cost or net realizable value. Developed properties are classified as current assets if completed or expected to be completed within 12 months, otherwise, they are classified as non-current assets.

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9. SHARE CAPITAL

As at 31 March 2026, and 31 December 2025, the Company's share capital amounting to SR 3,750 million and is divided into 375 million shares of SR 10 each.

10. STATUTORY RESERVE

The statutory reserve included in the interim condensed consolidated financial statements was required in accordance with the previous Companies' Law and the previous Articles of Association of the Company. As a result of amendments to the Companies' Law and the Company's Articles of Association, the requirement to set aside a statutory reserve was cancelled.

11. TERM LOAN

During the financial year of 2015, the Group obtained term loan from a local bank. In June 2022, the Group rescheduled the loan, provided that the loan principal amounting to SR 2.068 billion will be repaid in equal semi-annual instalments over eight years after a four-year grace period from the date of the rescheduling agreement. The first instalment will be paid on December 2026 and the last instalment is paid in June 2034. The loan complies with the Sharia committee of the bank and is subject to prevailing commission rates among Saudi banks (SIBOR) plus an agreed profit margin. The Group has mortgaged a some of land as a guarantee in exchange for this loan. During 2025, the Group has signed an agreement of bank facilities with a local bank with a total value of SR 700 million, in order to finance its existing and new projects and support working capital requirements. The loan complies with the Sharia committee. The Group has provided guarantees for these facilities, including promissory notes and mortgages on some of its real estate. The management believes that it has the willingness, ability and financial solvency to repay the loan in accordance with the terms of the agreement and within the agreed dates. Term bank loans have been classified within current and non-current liabilities according to the loan repayment dates based on the agreements signed with the lending banks as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Current liabilities	134,389	129,279
Non-current liabilities	2,107,665	1,939,183
	2,242,054	2,068,462

12. LOAN FROM MINISTRY OF FINANCE

The following is a summary of the movement during the period / year:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period / year	758,051	914,889
Paid during the period / year	(84,954)	(156,838)
At the end of the period / year	673,097	758,051

The balance of the loan from the Ministry of Finance has been classified under current and non-current liabilities according to the instalment payment dates as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Current portion	176,443	169,908
Non- current portion	496,654	588,143
	673,097	758,051

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13. ZAKAT

The movement in provision for Zakat for the period / year is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
At the beginning of the period / year	48,783	78,355
Charged for the period / year	39,418	61,677
Paid during the period / year	(16,857)	(91,249)
At the end of the period / year	71,344	48,783

14. EARNING PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period. There is no difference between basic and diluted earnings per share, due to the absence of financial instruments that may have a diluting effect on earnings per share.

The following table reflects the net profit for the year and number of shares used in the basic and diluted loss per share computations:

	For three-month period ended March 31,	
	2026 (Unaudited)	2025 (Audited)
Profit for the period attributable to shareholders of the Parent Company	475,668	135,173
Weighted average number of ordinary shares	375,000	375,000
Basic and diluted earnings per share	1,27	0.36

15. SEGMENTAL INFORMATION

For management purposes, the Group's operational segments have been determined based on internal reports that are regularly reviewed by the key operational decision-maker for the purpose of allocating resources and assessing performance. The Group's operations are organized primarily based on the nature of the products and services rendered, and its operational sectors for which reports are prepared are as follows:

- A. Rental sector
- B. Property sales sector
- C. Infrastructure projects sector
- D. Construction projects sector
- E. Facility management sector

The operating segment performance is evaluated based on total profit / (loss), which is the indication used by management to evaluate performance and making decisions regarding resource allocation. Certain general operating expenses, including general and administrative expenses and marketing expenses, as well as finance charges, revenue and other expenses, are recorded and track on a lump-sum basis and are not allocated to operating sectors. This is because such allocation does not reliably reflect the actual performance of each segment. Assets and liabilities are not presented at the operating segment level. They are managed and tracked according to the accounting records of the legal entities, including mortgaged real estate related to financing arrangements. Their performance is not reviewed or evaluated on a segment basis by the principal operating decision-maker but is considered within the overall financial position of the Group. The material activities of the Group are carried out within the Kingdom of Saudi Arabia, and therefore the Group does not present separate geographical information.

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15. SEGMENTAL INFORMATION (CONTINUED)

The following is a summary of the financial information for the operating segments, which is consistent with the Group's consolidated financial statements as at 31 March 2026:

As at 31 March 2026	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Total
Revenue	78,853	43,288	174,288	3,347	20,046	319,882
Cost of revenue	(40,973)	(18,906)	(80,527)	(3,013)	(17,055)	(160,474)
Gross profit / (loss)	37,880	24,382	93,761	334	2,991	159,348

As at March 31, 2025	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Total
Revenue	88,872	305,948	218,273	-	14,982	628,075
Cost of revenue	(55,728)	(141,982)	(106,806)	(3,561)	(10,306)	(318,383)
Gross profit / (loss)	33,144	163,966	111,467	(3,561)	4,676	309,692

16. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period.

17. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events after the date of the interim condensed consolidated financial statements on 31 March 2026, that may have a material impact on them.

18. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorized for issue on Dhu al-Qi'dah 24, 1447H (corresponding to May 11, 2026) by the Board of Directors.