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Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE-MONTH AND SIX-MONTH PERIODS
ENDED 30 JUNE 2025**

Saudi Real Estate Company and its Subsidiaries
(A Saudi Joint Stock Company)

Interim condensed consolidated financial statements for the three- and six-month periods ended 30 June 2025

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Independent Auditor's review report on the interim condensed consolidated financial statements**(1/2)**

**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 Saudi Joint Stock Company ("the Company") and its subsidiaries ("collectively referred to as the "Group"), as of 30 June 2025 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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.

Emphasis of Matters

We draw attention to note (6-A) to the interim condensed consolidated financial statements for the period ended June 30, 2025, as stated therein, certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialized committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net recoverable value of these lands is still uncertain and depends on the final results of the study by the assigned committees. The carrying value of these lands amounted to SR 438 million as of June 30, 2025 (December 31, 2024: SR 438 million).

Independent Auditor's review report on the interim condensed consolidated financial statements (Continued)**(2/2)**

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

Emphasis of Matters (Continued)

Also We draw attention to note (6-B) to the interim condensed consolidated financial statements for the period ended June 30, 2025, as stated therein, it has come to management's attention that the land which was designated for the Al Widyah project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a substantial change to the original project's plan and may impact the land's recoverable value. The effect of the extent of this study remains uncertain and is dependent on finalizing the study and future development by the government agencies' plan. The carrying value of the land as at June 30, 2025, amounted to SR. 2.9 billion (December 31, 2024: SR 2.9 billion).

No modified conclusion has not been expressed in respect of the above matters.

**Jeddah: August 09, 2025
Safar 15, 1447 H**

**FOR EL SAYED EL AYOUTY & CO.**

Abdullah Ahmad Balamash
Certified Public Accountant
License No. (345)


Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)


Interim condensed consolidated of financial position as of 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	30 June 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment - Net		30,905	28,602
Investments properties - Net	6	5,617,814	5,538,691
Intangible assets - Net		6,657	7,370
Investment in associates	5	363,767	298,792
Investment in a joint venture		28,756	13,481
Investments in equity instruments held at FVOCI		482,002	415,322
Right-of-use assets		203,450	210,708
Developed properties – non-current portion	7	326,061	381,269
TOTAL NON-CURRENT ASSETS		7,059,412	6,894,235
CURRENT ASSETS			
Developed properties	7	356,358	267,327
Trade receivables - Net		216,246	530,684
Prepaid expenses and other debit balances		425,052	348,432
Short-term bank deposits		-	300,000
Inventories		11,735	11,638
Cash and cash equivalents		1,359,308	1,076,758
TOTAL CURRENT ASSETS		2,368,699	2,534,839
TOTAL ASSETS		9,428,111	9,429,074
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	3,750,000	3,750,000
Share premium		222,700	222,700
Statutory reserve	9	720,000	720,000
Contractual reserve		10,051	10,051
Other reserves		195,157	128,477
Retained earnings		377,434	147,815
Equity attributable to equity holders of the parent company		5,275,342	4,979,043
Non-controlling interests		248,106	203,733
TOTAL EQUITY		5,523,448	5,182,776
NON-CURRENT LIABILITIES			
Term loans	10	2,068,462	2,068,462
Loan from Ministry of Finance - non-current portion	11	673,097	758,051
Employees' defined benefit obligations		54,482	42,250
Lease liabilities - non-current portion		239,306	226,548
TOTAL NON-CURRENT LIABILITIES		3,035,347	3,095,311
CURRENT LIABILITIES			
Trade payables		133,029	188,435
Accrued expenses and other credit balance		435,645	525,877
Unearned revenue		95,057	87,781
Loan from Ministry of Finance – current portion	11	163,373	156,838
Short-term bank loan	12	-	100,000
Lease liabilities - current portion		13,815	13,701
Zakat provision	13	28,397	78,355
TOTAL CURRENT LIABILITIES		869,316	1,150,987
TOTAL LIABILITIES		3,904,663	4,246,298
TOTAL LIABILITIES AND EQUITY		9,428,111	9,429,074


Chief Financial Officer


Acting Chief Executive Officer


Chairman

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 profit or loss for three and six months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)


	Note	For the three-month period from		For the six-month period from	
		1 April to 30 June		1 January to 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Revenue		488,986	382,326	1,117,061	809,904
Cost of revenue		(250,954)	(257,027)	(569,337)	(555,529)
Gross profit		238,032	125,299	547,724	254,375
Selling and marketing expenses		(20,265)	(17,593)	(36,223)	(25,189)
General and administration expenses		(44,415)	(49,416)	(94,785)	(93,128)
Operating profit		173,352	58,290	416,716	136,058
Other income		10,212	11,069	17,414	28,436
Share of profit of associates	5	1,632	5,877	3,570	7,959
Share of profit of a joint venture		7,982	1,834	15,275	2,813
Dividends on investments held at FVOCI		-	1,642	-	1,642
Finance charge		(54,076)	(59,291)	(119,590)	(124,890)
Profit before zakat		139,102	19,421	333,385	52,018
Zakat expense		(14,171)	(7,008)	(31,393)	(15,183)
Net profit for the period		124,931	12,413	301,992	36,835
Profit / (loss) attributable to:					
Shareholders of the parent company		94,446	(14,190)	229,619	(11,272)
Non-controlling interest		30,485	26,603	72,373	48,107
		124,931	12,413	301,992	36,835
Basic and diluted profit / (loss) per share from the net profit / (loss) for the period attributable to the Shareholders of the parent company (Saudi Riyals)	14	0.25	(0.04)	0.61	(0.03)



Chief Financial Officer



Acting Chief Executive Officer



Chairman

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 other comprehensive income for three- and six-months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

	Note	For the three-month period from 1 April to 30 June		For the six-month period from 1 January to 30 June	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Net profit for the period		124,931	12,413	301,992	36,835
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Net change in fair value of investments in equity instruments held at FVOCI		3,245	(26,260)	66,680	966
Other comprehensive income / (loss) for the period		3,245	(26,260)	66,680	966
Total other comprehensive income / (loss) for the period		128,176	(13,847)	368,672	37,801
Total comprehensive income / (loss) for the period attributable to:					
Shareholders of the parent company		97,691	(40,450)	296,299	(10,306)
Non-controlling interest		30,485	26,603	72,373	48,107
		128,176	(13,847)	368,672	37,801



Chief Financial Officer



Acting Chief Executive Officer



Chairman

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 six months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

	Equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
	<u>Share capital</u>	<u>Share Premium</u>	<u>Statutory reserve</u>	<u>Contractual reserve</u>	<u>Other reserves</u>	<u>Accumulated losses</u>	<u>Total</u>		
As at 1 January 2024 (Audited)	3,750,000	222,700	720,000	10,051	113,276	(67,248)	4,748,779	134,016	4,882,795
Net loss for the period	-	-	-	-	-	(11,272)	(11,272)	48,107	36,835
Other comprehensive income	-	-	-	-	966	-	966	-	966
Total other comprehensive loss for the period	-	-	-	-	966	(11,272)	(10,306)	48,107	37,801
The non-controlling interest's share of a subsidiary's dividends	-	-	-	-	-	-	-	(20,000)	(20,000)
Balance as at 30 June 2024 (Unaudited)	3,750,000	222,700	720,000	10,051	114,242	(78,520)	4,738,473	162,123	4,900,596

	Equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
	<u>Share capital</u>	<u>Share Premium</u>	<u>Statutory reserve</u>	<u>Contractual reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total</u>		
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 profit for the period	-	-	-	-	-	229,619	229,619	72,373	301,992
Other comprehensive income	-	-	-	-	66,680	-	66,680	-	66,680
Total other comprehensive income for the period	-	-	-	-	66,680	229,619	296,299	72,373	368,672
The non-controlling interest's share of a subsidiary's dividends	-	-	-	-	-	-	-	(28,000)	(28,000)
Balance as at 30 June 2025 (Unaudited)	3,750,000	222,700	720,000	10,051	195,157	377,434	5,275,342	248,106	5,523,448



Chief Financial Officer



Acting Chief Executive Officer



Chairman

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 cash flows for six months period ended June 30, 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Cash flows from operating activities		
Profit before zakat	333,385	52,018
Adjustments for non-cash items:		
Depreciation of properties, equipment, investment properties and right-of-use assets	40,442	34,184
Amortization of intangible assets	1,413	2,027
Finance charge	119,590	124,890
Provision for employees' defined benefit obligations	12,907	8,712
Gains on disposal of investments properties	(188,649)	-
Share in profit of associates	(3,570)	(7,959)
Share in profit of a joint venture	(15,275)	(2,813)
	300,243	211,059
Working capital adjustments:		
Trade receivables	314,438	15,589
Prepaid expenses and other debit balance	(76,620)	(17,451)
Inventories	(97)	6,830
Developed properties	(33,823)	(191,525)
Trade payables	(55,406)	27,604
Accrued expenses and other credit balance	(10,134)	24,646
Unearned revenue	7,276	48,606
	445,877	125,358
Employees' defined benefit obligations paid	(675)	(3,588)
Zakat and Tax paid	(81,351)	(18,898)
Net Cash flows generated from operating activities	363,851	102,872
Cash flows from investing activities:		
Proceeds from short-term deposits	300,000	-
Proceeds from disposal of investments properties	230,773	-
Payments of investment in a joint venture	-	(2,975)
Payments of investment in associates	(43,939)	-
Payments for the purchase of property, plant, equipment, and investments properties	(174,900)	(24,986)
Net Cash flows generated from / (used in) investing activities	311,934	(27,961)
Cash flows from financing activities:		
Payment made to meet the Group's obligations against asset lease	(1,576)	100,000
Non-controlling interest's share of subsidiaries' dividends	(28,000)	(20,000)
Amounts paid for loans from banks and the Ministry of Finance loan	(178,419)	(71,884)
Finance charge paid	(185,240)	(122,285)
Net cash flows used in financing activities	(393,235)	(114,169)
Net change in cash and cash equivalents	282,550	(39,258)
Cash and cash equivalents at the beginning of the period	1,076,758	837,669
Cash and cash equivalents at the end of the period	1,359,308	798,411



Chief Financial Officer



Acting Chief Executive Officer



Chairman

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)

Notes to interim condensed consolidated financial statements for six months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

1. CORPORATE 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 31 December of the same year.

The Company invested in the following subsidiaries included in these consolidated financial statements

<u>Name</u>	<u>Location</u>	<u>Principal activities</u>	<u>Year of incorporation</u>	<u>Ownership percentage</u>	
				<u>2025</u>	<u>2024</u>
Saudi Real Estate Construction Company (A)	KSA	Constructions & maintenance	2016	100%	100%
Saudi Real Estate Infrastructure Company (B)	KSA	Constructions & maintenance	2017	60%	60%
Saudi Korean Company for Maintenance and Properties Management (C)	KSA	Maintenance and operation	2017	60%	60%
Al Widyan Saudi Real State Company (D)	KSA	Developing Al Widyan project	2018	100%	100%
Alinma Alakaria Real Estate Fund (E)	KSA	Development of real estate	2019	100%	100%
Hodood Real Estate Investment Company (F)	KSA	Not commenced its activities	2022	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)

Notes to interim condensed consolidated financial statements for six months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

1. CORPORATE INFORMATION (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 Widyān 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 Thul-Qi'dah 1439H (corresponding to 29 July 2018). The Company is engaged in electricity work, gardens and parks maintenance, building construction, maintenance and operation of buildings, maintenance works, the operation of water and sanitation networks, the construction of roads, the construction of bridges, the construction of tunnels, the purchase, sale and lease of land and real estate, development and real estate investment activities, maintenance and operation of hospitals, medical centers and government and private clinics.

(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 the group ("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 on 25 Jumada Al-Ula 1440H (corresponding to 31 January 2019) as per approval from the Capital Market Authority (CMA). The terms and conditions of the Fund were issued on 25 Jumada Al-Ula 1438H (corresponding to 31 January 2019). During 2020, the Group has signed an agreement to terminate and liquidate the Fund. During 2022, all assets of Fund has been transferred to Hodood Real Estate Investment 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.

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 2024. 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 2024. 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)

Notes to interim condensed consolidated financial statements for six months period ended 30 June 2025

(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

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2025, 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),
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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, income 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, income, 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 income. Any investment retained is recognised at fair value. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity in these subsidiaries.

Saudi Real Estate Company and its Subsidiaries

(A Saudi Joint Stock Company)

Notes to interim condensed consolidated financial statements for six months period ended 30 June 2025

(In Saudi Riyals Thousands, unless otherwise indicated)

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 2024.

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, 2025, which are detailed in the Consolidated Financial Statements as at 31 December 2024 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 30 June 2025.

5. INVESTMENT IN ASSOCIATES

The Group owns 16.67% interest in Riyadh Holding Company; a limited liability company registered in the Kingdom of Saudi Arabia. The Group's interest in the associate is accounted for using the equity method in these interim condensed consolidated financial statements, given the Group's significant influence over the investee. The Group also owns a share of 25% as of the date of the interim condensed consolidated financial position statement in Al-Tilal Towers Real Estate Development Company, a limited liability company in which Riyadh Holding Company owns a share of 25% and Riyadh Development Company owns a share of 50%. The Group's stake in Al-Tilal Towers Real Estate Development Company is accounted for using the equity method in these interim condensed consolidated financial statements, given that the Group has significant influence over the investee.

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period / year	298,792	295,024
Additions	61,405	–
Share of the Group on the profits of associates for period / year	3,570	45,433
Share of the Group in other comprehensive income for period / year	–	(31,666)
Dividends received during period / year	–	(9,999)
At the end of the period / year	363,767	298,792

6. INVESTMENT PROPERTIES

Investment properties are stated at cost less accumulated depreciation. At the end of each financial year, the fair value of investments properties is measured according to the evaluation process carried out by independent valuers' valuation performed by independent valuers accredited by Saudi Authority for Accredited Valuers. All of the Company's assets are located in the Kingdom of Saudi Arabia. The following is the carrying value of the assets constituting investment properties as of:

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Lands	3,776,507	3,836,097
Buildings	797,125	814,144
Decoration and fixture	196,158	173,131
Capital work-in-progress	848,024	715,319
At the end of the period / year	5,617,814	5,538,691

Investment properties include some buildings constructed on a land leased from the Royal Commission for Riyadh City under lease contracts ranging from 28 to 99 years. It also includes certain lands having carrying value of SR 2.9 billion are pledged against an Islamic loan from a local bank that is compatible with the provisions of the Sharia Committee of the bank. Moreover, other assets owned by the group with a book value of SR 306 million were mortgaged against a loan from Ministry of Finance.

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6. INVESTMENT PROPERTIES (CONTINUED)

6-A. Lands not available for used

Certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialised committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net realisable value of these lands is still uncertain and depend on the final results of the study by the assigned committees. In any case, the management do not expect to incur losses related to this matter. The carrying value of these lands amounted to SR. 438 million as of 30 June 2025 (31 December 2024: SR. 438 million).

6-B. Al Widyan project

During 2021, it came to management's attention that the land dedicated to Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a fundamental change to the original project's plan and may impact the land's realisable value. The effect of the extent of this study remains uncertain and dependent on future developments by the relevant government agencies' plan. The management believes that there will be no losses to be incurred related to this matter. The carrying value of the related land and capital works-in-progress amounted to SR 2,9 billion as of 30 June 2025 (31 December 2024: SR 2,9 billion).

7. DEVELOPED PROPERTIES

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Cost of ready-to-sale units	17,942	17,942
Cost of land and capital works in-progress related to developed properties	664,477	630,654
	682,419	648,596

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	356,358	267,327
Non-current portion	326,061	381,269
	682,419	648,596

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

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8. SHARE CAPITAL

As of 30 June 2025 and 31 December 2024 the Company's share capital amounting to SR 3,750 million and is divided into 375 million shares of SR 10 each.

9. STATUTORY RESERVE

The statutory reserve presented in the condensed consolidated interim financial statements was required under the previous Companies Law and the Company's previous by-laws. However, following amendments to the previous Companies Law and the Company's by-laws, the requirement to appropriate a statutory reserve has been removed.

10. LONG-TERM BANK LOAN

During 2015, the Company obtained loan from a local bank. In June 2022, the Company rescheduled the loan for the second time, provided that the loan principal amounting to 2.068 billion Saudi riyals will be repaid in equal semi-annual instalments over eight years after a four-year grace period from the date of the rescheduling agreement, so that the first instalment will be paid on December 2026 and the last instalment is paid on June 2034, provided that the loan is subject to prevailing commission rates among Saudi banks (SIBOR) plus an agreed profit margin, and the company has mortgaged a piece of land in exchange for the long-term loan granted to it. The long-term bank loan balance has been classified as non-current liabilities according to the agreed repayment dates.

11. LOAN FROM MINISTRY OF FINANCE

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period / year	914,889	1,058,657
Paid during the period / year	(78,419)	(143,768)
At the end of the period / year	836,470	914,889

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	163,373	156,838
Non- current portion	673,097	758,051
	836,470	914,889

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12. SHORT-TERM BANK LOAN

During the second quarter of fiscal year ending 31 December 2024, the Group obtained a short-term loan from a local bank amounting to SR 100 million, secured by a promissory note. The loan was repaid during the first quarter of the financial year ending 31 December 2025.

13. ZAKAT PROVISION

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

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
At the beginning of the period / year	78,355	85,959
Charge for the period / year	31,393	17,818
Paid during the period / year	(81,351)	(25,422)
At the end of the period / year	28,397	78,355

14. EARNING PER SHARE

Basic and diluted 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.

The following table reflects the profit and shares data used in the basic and diluted profit per share computations for the three-month period ended 30 June:

	For the three-month period ended on June 30		For the six-month period ended on June 30	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Profit / (loss) for the period attributable to equity holders of the Parent Company	94,446	(14,190)	229,619	(11,272)
Weighted average number of ordinary shares	375,000	375,000	375,000	375,000
Profit / (loss) per share for the period (Saudi Riyals)				
Basic and Dilute earnings per share	0.25	(0.04)	0.61	(0.03)

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15. SEGMENTAL INFORMATION

For management purposes, the Group consists of business units based on its products and services and has five reportable segments, as follows:

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

Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the consolidated financial statements. The activities of the Group and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia. Below is a breakdown of the segment information:

<u>30 June 2025</u>	<u>Rental</u>	<u>Property sales</u>	<u>Infrastructure projects</u>	<u>Construction projects</u>	<u>Facility management</u>	<u>Upon disposal</u>	<u>Total</u>
Revenue	181,268	491,845	412,286	124,574	69,121	(162,033)	1,117,061
Operating cost	(83,099)	(241,482)	(227,007)	(126,085)	(52,787)	161,123	(569,337)
Total Assets	4,159,967	4,111,320	998,865	96,614	61,345	-	9,428,111

<u>30 June 2024</u>	<u>Rental</u>	<u>Property sales</u>	<u>Infrastructure projects</u>	<u>Construction projects</u>	<u>Facility management</u>	<u>Upon disposal</u>	<u>Total</u>
Revenue	167,163	78,491	495,301	77,537	54,252	(62,840)	809,904
Operating cost	(80,145)	(47,990)	(364,982)	(83,799)	(40,690)	62,077	(555,529)
31 December 2024							
Total Assets	3,555,099	4,782,681	916,719	138,517	36,058	-	9,429,074

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 30 June 2025, that may have a material impact on them.

18. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorized for issue on Safar 15, 1447H (corresponding to 9 August 2025) by the Board of Directors.