

**SAUDI REAL ESTATE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

SAUDI REAL ESTATE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS INDEX  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
AND INDEPENDENT AUDITOR'S REVIEW REPORT

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**the shareholders of  
Saudi Real Estate Company  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Saudi Real Estate Company** ("the Company") and its subsidiaries (together "the Group") as of 31 March 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the and changes in equity and cash flows for the three - months period then ended, and a summary of significant accounting policies 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 this interim condensed consolidated financial information 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 interim condensed consolidated 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 as of 31 March 2023 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

**Other matter**

The Company's interim condensed consolidated financial statements for the three-months period ended 31 March 2022, were reviewed by another independent auditor, who expressed an unmodified conclusion on 24 May 2022 corresponding 23 Shawwal 1443H.

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**Emphasis of Matters**

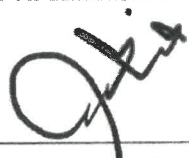
We draw attention to note (6-A) to the interim condensed consolidated financial statements the three-months period ended 31 March 2023, as stated therein, certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate 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 realizable value of these lands is still uncertain and depend on the final results of the study by the assigned committees. The carrying value of these lands amounted to SR 417 million as of 31 March 2023 (31 December 2022: SR417 million)

We further draw attention to note (6-B) to the interim condensed consolidated financial statements. As stated therein, during the period; it has come to management's attention that the land which was designated for the 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 realizable value. The effect of the extent of this study remains uncertain and is dependent on future development by the relevant government agencies' plan.

The carrying value of the land and capital work-in-progress amounted to SR 2.168 million and 760 million Saudi riyals respectively as of 31 March 2023. (31 December 2022: SR 2,168 million and SR 760 million respectively)

Our review conclusion has not been modified in respect of the above matters.

**For Al-Kharashi & Co.**



**Abdullah S. Al Msned**  
License No. (456)



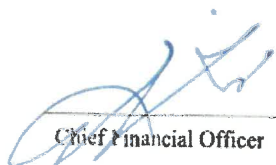
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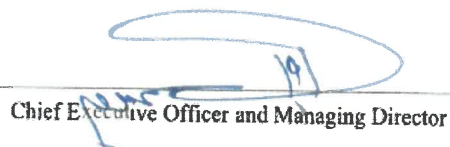
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SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

		For the three-months period ended 31 March	
	Notes	2023 (Unaudited)	2022 (Unaudited)
Revenue		392,973	282,135
Cost of revenue		(264,705)	(214,775)
<b>Gross profit</b>		<b>128,268</b>	<b>67,360</b>
Selling and marketing expenses		(11,359)	(22,516)
General and administrative expenses		(38,419)	(41,806)
<b>Operating income</b>		<b>78,490</b>	<b>3,038</b>
Share of profit of an associate	5	2,823	2,886
Other income		8,075	242
Financial charges		(57,509)	(20,599)
<b>Income / (loss) before zakat</b>		<b>31,879</b>	<b>(14,433)</b>
Zakat for the period	11	(7,641)	(8,796)
<b>Income / (loss) for the period</b>		<b>24,238</b>	<b>(23,229)</b>
<b>Income / (loss) attributable to:</b>			
Equity holders of the parent company		8,866	(29,451)
Non-controlling interests		15,372	6,222
		<b>24,238</b>	<b>(23,229)</b>
<b>Earnings / (loss) per share from the net profit / (loss) for the Period attributable to the shareholders of the company</b>			
Basic and diluted (Saudi Riyals)	12	0.02	(0.12)

  
Chief Financial Officer

  
Chief Executive Officer and Managing Director

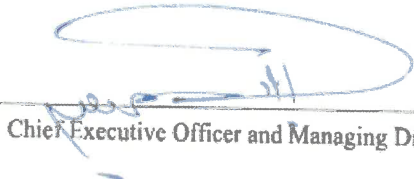
  
Chairman, Board of Directors

The attached notes 1 to 15 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  
(UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

		For the three-months period ended 31 March	
	Notes	2023 (Unaudited)	2022 (Unaudited)
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>24,238</b>	<b>(23,229)</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of zakat):</i>			
Net change in fair value of investments in equity instruments designated at FVOCI		-	(514)
Share of other comprehensive income of an associate	5	(530)	-
<b>Total other comprehensive loss for the period</b>		<b>(530)</b>	<b>(514)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>23,708</b>	<b>(23,743)</b>
<b>Total comprehensive income / (loss) Attributable to:</b>			
Equity holders of the parent company		8,336	(29,965)
Non-controlling interests		15,372	6,222
		<b>23,708</b>	<b>(23,743)</b>

  
Chief Financial Officer

  
Chief Executive Officer and Managing Director

  
Chairman, Board of Directors

The attached notes 1 to 15 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 FINANCIAL POSITION  
AS AT 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		24,218	19,535
Investments properties	6	5,393,550	5,381,156
Intangible assets		11,944	12,812
Investment in an associate	5	280,307	278,014
Investments in equity instruments designated at FVOCI		297,453	297,453
Right-of-use assets		139,040	139,875
Contract assets		-	106,646
Trade receivables - non-current		-	22,171
Developed properties - non-current	7	-	922,470
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,146,512</b>	<b>7,180,132</b>
<b>CURRENT ASSETS</b>			
Developed properties	7	1,034,216	69,565
Inventories		42,012	54,114
Prepayments and other debit balance		200,004	223,551
Trade receivables		312,504	154,990
Cash and cash equivalents		1,042,741	1,170,541
<b>TOTAL CURRENT ASSETS</b>		<b>2,631,477</b>	<b>1,672,761</b>
<b>TOTAL ASSETS</b>		<b>8,777,989</b>	<b>8,852,893</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	8	3,750,000	3,750,000
Share Premium		222,700	222,700
Statutory reserve		720,000	720,000
Contractual reserve		10,051	10,051
Other reserves		39,316	39,846
Accumulated losses		(126,016)	(134,882)
<b>Equity attributable to equity holders of the parent company</b>		<b>4,616,051</b>	<b>4,607,715</b>
Non-controlling interests		100,935	85,563
<b>TOTAL EQUITY</b>		<b>4,716,986</b>	<b>4,693,278</b>
<b>NON-CURRENT LIABILITIES</b>			
Term bank loans	9	2,068,462	2,068,462
Loan from Ministry of Finance	10	986,773	1,058,657
Lease liabilities		134,421	133,169
Employees' defined benefit obligations		23,045	22,317
Contracts liabilities		-	109,664
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,212,701</b>	<b>3,392,269</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		79,474	73,182
Accruals and other credit balance		405,766	348,713
Unearned revenue		143,919	134,888
Loan from Ministry of Finance – current portion	10	137,233	130,698
Lease liabilities - current portion		5,852	5,852
Zakat provision	11	76,058	74,013
<b>TOTAL CURRENT LIABILITIES</b>		<b>848,302</b>	<b>767,346</b>
<b>TOTAL LIABILITIES</b>		<b>4,061,003</b>	<b>4,159,615</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,777,989</b>	<b>8,852,893</b>

  
Chief Financial Officer

  
Chief Executive Officer and Managing Director

  
Chairman, Board of Directors

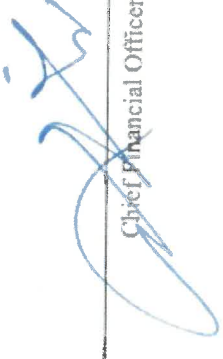
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**SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023**  
**(In Saudi Riyals Thousands, unless otherwise indicated)**

	<i>Attributable to equity holders of the parent company</i>						<i>Non-controlling Interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share Premium</i>	<i>Statutory Reserve</i>	<i>Contractual Reserve</i>	<i>Other reserves</i>	<i>Accumulated Losses</i>	<i>Total</i>	
As at 1 January 2022 (Audited)	2,400,000	-	720,000	10,051	75,857	(245,421)	2,960,487	2,998,547
loss for the period	-	-	-	-	-	(29,451)	(29,451)	(23,229)
Other comprehensive loss for the period	-	-	-	-	(514)	-	(514)	(514)
Total comprehensive loss for the period	-	-	-	-	(514)	(29,451)	(29,965)	(23,743)
As of 31 March 2022 (unaudited)	2,400,000	-	720,000	10,051	75,343	(274,872)	2,930,522	2,974,804

	<i>Attributable to equity holders of the parent company</i>						<i>Non-controlling Interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share Premium</i>	<i>Statutory Reserve</i>	<i>Contractual Reserve</i>	<i>Other reserves</i>	<i>Accumulated Losses</i>	<i>Total</i>	
As at 1 January 2023 (Audited)	3,750,000	222,700	720,000	10,051	39,846	(134,882)	4,607,715	4,693,278
Net income for the period	-	-	-	-	-	8,866	8,866	24,238
Other comprehensive loss for the period	-	-	-	-	(530)	-	(530)	(530)
Total comprehensive income for the period	-	-	-	-	(530)	8,866	8,336	23,708
As of 31 March 2023 (unaudited)	3,750,000	222,700	720,000	10,051	39,316	(126,016)	4,616,051	4,716,986

  
Chief Financial Officer

  
Chief Executive Officer and Managing Director

  
Chairman, Board of Directors

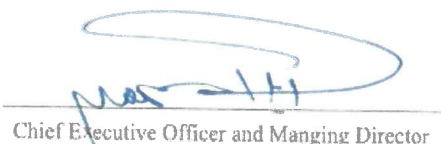
The attached notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.



SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

	For the three-months period ended 31 March	
	2023	2022
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
Income / (loss) for the period before zakat	31,879	(14,433)
<i>Adjustments to reconcile income / (loss) for the period before zakat to net cash flows:</i>		
Depreciation of properties, equipment, investment properties and right-of-use assets	16,008	18,105
Amortisation of intangibles assets	1,084	901
Provision of employees' defined benefit obligations	1,626	1,948
Share in profit of an associate	(2,823)	(2,886)
	47,774	3,635
<i>Working capital increase/decrease:</i>		
Trade receivables	(135,343)	83,021
Prepayments and other debit balance	23,547	78,649
Inventories	12,102	(22,223)
Developed properties	(42,181)	(685,822)
Contract assets	106,646	340
Trade payables	6,292	9,764
Accruals and other credit balance	57,053	51,059
Unearned revenue	9,031	(11,159)
Contract liabilities	(109,664)	9,318
<b>cash flows used in operating activities</b>	(24,743)	(483,418)
Employees' defined benefit obligations paid	(898)	(1,652)
Zakat paid	(5,596)	(10,519)
<b>cash flows used in operating activities</b>	(31,237)	(495,589)
<b>Cash flows from investing activities:</b>		
Additions to intangible assets	(216)	-
Additions to property and equipment, investments properties	(30,998)	(10,198)
<b>cash flows used in investing activities</b>	(31,214)	(10,198)
<b>Cash flows from financing activities:</b>		
Proceeds from term bank loans and MOF loans	-	397,227
Paid of term loans and MOF loans	(65,349)	(70,380)
<b>cash flows (used in) / generated from financing activities</b>	(65,349)	326,847
<b>decrease in cash and cash equivalents</b>	(127,800)	(178,940)
Cash and cash equivalents at the beginning of the period	1,170,541	454,797
<b>Cash and cash equivalents at the end of the period</b>	1,042,741	275,857

  
Chief Financial Officer

  
Chief Executive Officer and Managing Director

  
Chairman, Board of Directors

The attached notes 1 to 15 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 THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

## 1. GENERAL

### 1.1 Corporate information and activities

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-Akhirah 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's duration is 130 Gregorian years and it started from the date of issuing the commercial registration, it could always be extended by the unusual General Assembly resolution before the duration ends by one year.

The major shareholder of the Company and its subsidiaries (the "Group") is the Public Investments Fund (PIF) which owns 64.57% of the Group's shares, while the remaining shares, which represent 35.43%, are owned by several shareholders with less than 5% ownership.

### 1.2 Fiscal year

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 December 2023. 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 December 31, 2022.

### 1.3 Major activities of the Company

The Company is engaged in ownership of land suitable for construction and development, construction of residential and commercial buildings, for the purpose of selling or leasing out and providing project management services, purchase, production, necessary materials and equipment for construction and all related works.

### 1.4 Subsidiaries

The interim condensed consolidated financial statements include the accounts of the parent company and the following subsidiaries, which are fully incorporated and operate in the Kingdom of Saudi Arabia:

Name	Country of incorporation	Principal activities	Year of incorporation	Ownership percentage (directly or indirectly)	
				2023	2022
Saudi Real Estate Construction Company (SRECC)	i Saudi Arabia	Constructions and maintenance	2016	100%	100%
Saudi Real Estate Infrastructure Company (SREIC)	ii Saudi Arabia	Constructions and maintenance	2017	60%	60%
Saudi Korean Company for Maintenance and Properties Management (SAKOM)	iii Saudi Arabia	Maintenance and operation	2017	60%	60%
Al Widyān Saudi Real State Company (WSREC)	iv Saudi Arabia	Developing Al Widyān project	2018	100%	100%
Alinma Alakaria Real Estate Fund	v Saudi Arabia	Development of real estate	2019	100%	100%
Hodood Real Estate Investment Company	vi Saudi Arabia	Not commenced its activities	2022	100%	100%

(i) 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 Awwal 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, it manages under the license of the General Investment Authority No. 10206371070302 dated 6 Shawwal 1437H) corresponding to 11 July 2016.) On February 28, 2021, the Group acquired an additional 40% stake in the Saudi Real Estate Development Company, increasing its ownership percentage to 100%.

**SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES**  
**(A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023**  
**(In Saudi Riyals Thousands, unless otherwise indicated)**

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**1. GENERAL (continued)**

**1.4 Subsidiaries (continued)**

(ii) 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, and dam construction and maintenance and sale of prefabricated concrete.

(iii) Saudi Korean Company for Maintenance and Properties Management is a limited 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).

(iv) Al Widyan Saudi Real Estate Company is a closed joint stock company owned by one person 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.

(v) Alinma Alakaria Real Estate Fund is 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 principle 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 its assets has been transferred Hodood Real Estate Investment Company. The Group's management is in the process of completing all the legal procedures for liquidating the Fund.

(vi) Hudood Real Estate Investment Company (sole owner limited liability Company wholly owned by the group) It was established during October 2022 under commercial registration number (101836057) dated on 24 October 2022 corresponding to 28 Rabi' al-Awwal 1444H, with a capital of 10 ,000 Saudi riyals, divided into 1,000 shares of equal value, and the value of each share is 10 Saudi riyals. Saudi Real Estate Company owns all the shares of the company with the aim of transferring the title deeds of the Real Estate Development Fund to Hudood Real Estate which is fully owned by Saudi Real Estate Company, the head office of the company is located in Riyadh.

**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 2022. 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 2022. 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.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES  
(A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2023  
(In Saudi Riyals Thousands, unless otherwise indicated)

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**2. BASIS OF PREPARATION (continued)**

**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 and employees end of service benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.

**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 of 31 March 2023 as stated in note (1.4).

Subsidiaries are entities controlled by the group. Control exists when the Group is exposed, 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.

Generally, there is a presumption that a majority of voting rights results 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(s) 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.

Income 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.



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**3. SUMMARY OF SIGNIFICANT 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 2022.

**4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

There are no new standards released during the period however, several amendments applied for the first time in 1 January 2023, which are detailed in the Consolidated Financial Statements as at 31 December 2022 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 2023.

**5. INVESTMENT IN AN ASSOCIATE**

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 consolidated financial statements, as the Group has significant influence on the associate.

The following table illustrates the summarised financial information of the Group's investment in Riyadh Holding Company:

	<b>31 March 2023</b> <b>(Unaudited)</b>	<b>31 December 2022</b> <b>(Audited)</b>
At the beginning of the period/year	<b>278,014</b>	277,235
Share of the company on the profits for period / year	<b>2,823</b>	17,000
Share of other comprehensive income for period / year	<b>(530)</b>	(6,222)
Dividends received for period/year	<b>-</b>	(9,999)
At the end of the year	<b>280,307</b>	278,014

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## 6 INVESTMENTS 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:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Lands	3,377,819	3,377,819
Buildings	869,420	863,954
Decoration and fixture	313,378	311,408
Capital work-in-progress	832,933	827,975
At the end of the year	5,393,550	5,381,156

Investment properties include some buildings constructed on a land leased from the Royal Commission for Riyadh City under lease contracts ranging from 99 to 28 years. It also includes certain lands having carrying value of SR 2 billion are pledged against an Islamic loan from a local bank that is compatible with the provisions of the Sharia Committee of the bank.

### 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 results of the study by the assigned committees. The carrying value of these lands amounted to SR 417 million as at 31 March 2023 (31 December 2022: SR 417million).

### 6-B Al Widyan project

During 2021, it has come to management's attention that the land which was designated for the 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 is dependent on future development by the relevant government agencies' plan. The carrying value of the land and capital work-in-progress amounted to SR 2,168 million and SR 760 million respectively as at 31 March 2023 (31 December 2022: SR 2,168 million and SR 760 million respectively).

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## 7. DEVELOPED PROPERTIES

The following is movement of developed properties and ready-to-sale for customers during period / the year ended at:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period/year	992,035	554,405
Additions during the period / year	52,133	964,825
Cost of sales during period / year	(9,952)	(527,195)
At the end of the year	1,034,216	992,035

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	1,034,216	69,565
Non-current portion	-	922,470
	1,034,216	992,035

- 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.

## 8. SHARE CAPITAL

The Company's share capital amounting to SR 3,750 million as at 31 March 2023 and 31 December 2022 and is divided into 3750 million shares of SR 10 each. During the year ending on December 31, 2022, the company's capital shares were offered at \$1.6 billion, and shares were offered, the company's capital, 11.8 riyals, the value of a share, in addition to this product that is to be produced from the type of capital 2, 43 million Saudi riyals and subscription expenses of 20.3 million Saudi riyals.

On May 18, 2022, the approval of the capital increase was approved by the Ordinary General Assembly, and the company completed the offering procedures by collecting the entire capital increase, the new procedures, the legal procedures, to increase the capital, and the commercial registry



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## 9. TERM BANK LOANS

During 2016 the Group obtained Islamic long-term loan from a local bank amounting to SR 2.12 billion and was repayable one time at the end of the agreement period in May 2019. During March 2020 the Company has rescheduled the loan under which the loan is repayable in an instalment of SR 450 million due in May 2020 and remainder of the loan amounting to SR 1.6 billion will be repayable in equal annual instalments in five years after a grace period of two years. The first instalment was due in November 2021 and the last instalment is due in May 2026.

## 10. LOAN FROM MINISTRY OF FINANCE

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	1,189,355	1,318,419
Finance cost during the period / year	-	3,712
Paid during the period / year	(65,349)	(132,776)
At the end of the period / year	1,124,006	1,189,355

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Current portion	137,233	130,698
Non-current portion	986,773	1,058,657
	1,124,006	1,189,355

## 11. ZAKAT

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

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	74,013	76,947
Charge for the period / year	7,641	18,166
Paid during the period / year	(5,596)	(21,100)
At the end of the period / year	76,058	74,013

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**12. EARNING / (LOSS) PER SHARE**

Basic and diluted loss per share is calculated by dividing the loss 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 income / (loss) and share data used in the basic and diluted loss per share computations for the three-month period ended 31 March:

	2023	2022
Income / (loss) attributable to equity holders of the Parent Company	8,866	(29,451)
Weighted average number of ordinary shares (share)	375,000	240,000
Basic and diluted Income per share (SR)	0.02	(0.12)

**13. SEGMENTAL INFORMATION**

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

- A. Residential sector
- B. Commercial sector
- C. Service
- D. Headquarter

Segment performance is evaluated based on income or loss and is measured consistently with income or loss in the interim condensed consolidated financial statements. However, the Group's financing (including finance costs) are managed on a Group basis and are not allocated to operating segments and revenue.

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:

<b>31 March 2023:</b>	<b>Residential</b>	<b>Commercial</b>	<b>Services</b>	<b>Headquarter</b>	<b>Total</b>
Revenue	202,489	40,142	150,342	-	392,973
Operation cost	142,532	20,167	102,006	-	264,705
Assets	2,395,491	5,399,767	536,437	446,294	8,777,989
<b>31 March 2022:</b>					
Revenue	145,246	28,794	108,095	-	282,135
Operation cost	115,647	16,363	82,765	-	214,775
<b>31 December 2022:</b>					
Assets	2,413,903	5,441,269	540,560	457,161	8,852,893

**14. 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 2023, that may have a material impact on them.

**15. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on 2 Dhual-Qa'dah 1444H (corresponding to 22 May 2023).