

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**  
**with INDEPENDENT AUDITOR'S REPORT**

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**

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## KPMG Professional Services Company

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جدة 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

# Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company

## Opinion

We have audited the consolidated financial statements of Jabal Omar Development Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

Impairment of property, plant and equipment and investment properties	
See note 5 and 6 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>As detailed in note 5 and note 6 of the consolidated financial statements the Group's property, plant and equipment and investment property (the "Properties") amounted to SR 24.5 billion as at 31 December 2024 (31 December 2023: SR 24.9 billion). The Group reviews its investments in Properties for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If such events or changes in circumstances are identified, management performs an analysis to compare the carrying value of the Properties (at the level of each cash generating unit) with the corresponding recoverable amount (being the higher of fair value less cost of disposal and value in use).</p> <p>The determination of the recoverable amount is inherently a complex process that involves the use of various assumptions and the exercise of considerable judgment. Such assumptions and judgments are set out in note 5 to the consolidated financial statements. Accordingly, the determined recoverable amount is often highly sensitive to such assumptions and judgments, and variations therein may have a material impact on the consolidated financial statements. Additionally, the audit effort associated with the evaluation of the Properties requires specialized skills and knowledge.</p> <p>Accordingly, we have identified the valuation assessment of Properties to be a key audit matter.</p>	<p>We obtained the valuation assessment carried out by management and performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated management's assessment of the existence of impairment indicators.</li> <li>• Assessed the appropriateness of the process of identification of CGUs, and the identified CGUs, for which the valuation assessment was performed.</li> <li>• Assessed the competence, capabilities and objectivity of the Valuer engaged by management.</li> <li>• Tested the mathematical accuracy of the calculations included within management's valuation assessment.</li> <li>• Involved our internal valuation specialist who performed the following procedures: <ul style="list-style-type: none"> <li>- Reviewed the methodology applied by the Valuer and management, to assess whether valuation approach used and methodology adopted by the Valuer is appropriate; and</li> <li>- Assessed the reasonableness and appropriateness of certain significant assumptions and judgments used by the Valuer and management.</li> </ul> </li> <li>• Checked the accuracy of the input data used by management to estimate the value-in-use based on discounted cash flow models.</li> <li>• Assessed management's sensitivity analysis around the impact of any change in key assumptions used on the recoverable amount of the CGUs.</li> <li>• Assessed the adequacy and appropriateness of the related disclosures in the accompanying consolidated financial statements.</li> </ul>

# Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shareholders.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Audit Committee, are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent Auditor's Report

To the Shareholders of Jabal Omar Development Company (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Jabal Omar Development Company** ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### KPMG Professional Services Company



Ebrahim Oboud Baeshen  
License No: 382

Jeddah, 16 March, 2025  
Corresponding to: 16 Ramadan, 1446h



**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**

	Note	2024 SR'000	2023 SR'000
<b>Assets</b>			
Property, plant and equipment	5	20,994,097	21,356,632
Intangible assets		1,016	359
Investment properties	6	3,527,274	3,507,787
Equity-accounted investee	7	140,894	127,982
Other assets	10	10,566	11,509
Restricted cash	9	69,435	109,950
<b>Non-current assets</b>		<b>24,743,282</b>	<b>25,114,219</b>
Financial investment	8	268,816	267,259
Properties for development and sale	11	--	21,069
Trade and other receivables	12	835,030	342,608
Other assets	10	35,894	18,743
Restricted cash	9	222,007	296,596
Cash and cash equivalents	9	595,655	298,848
Assets held for sale	5 (b)	853,803	923,356
<b>Current assets</b>		<b>2,811,205</b>	<b>2,168,479</b>
<b>Total assets</b>		<b>27,554,487</b>	<b>27,282,698</b>
<b>Equity</b>			
Share capital	13.1	11,800,229	11,545,342
Share premium	13.2	920,207	627,596
Statutory reserve	13.3	108,506	108,506
Retained earnings		236,701	35,822
Reserve for advances to certain founding shareholders	13.4	(285,514)	(285,674)
<b>Equity attributable to Owners of the Company after subordinated perpetual instrument</b>		<b>12,780,129</b>	<b>12,031,592</b>
Subordinated perpetual instrument	14(a)	689,668	689,668
<b>Equity attributable to Owners of the Company before subordinated perpetual instrument</b>		<b>13,469,797</b>	<b>12,721,260</b>
Non - controlling interest		1,544	1,560
<b>Total equity</b>		<b>13,471,341</b>	<b>12,722,820</b>



Muhammad Jawad  
Chief Financial Officer



Abdulrahman A. Bajunaid  
Chief Executive Officer



Saeed Mohammed AlGhamdi  
Chairman of the Board of Director

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements



**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**As at 31 December 2024**

	Note	2024 SR'000	2023 SR'000
<b>Liabilities</b>			
Loans and borrowings	14	10,952,910	11,048,007
Employee benefits	15	48,380	40,959
Other non-current liabilities	16	787,568	834,782
Zakat payable	18	173,592	--
<b>Non-current liabilities</b>		<b>11,962,450</b>	<b>11,923,748</b>
Loans and borrowings	14	1,156,582	678,503
Trade payable and other current liabilities	17	795,735	1,471,941
Zakat payable	18	168,379	485,686
<b>Current liabilities</b>		<b>2,120,696</b>	<b>2,636,130</b>
<b>Total liabilities</b>		<b>14,083,146</b>	<b>14,559,878</b>
<b>Total equity and liabilities</b>		<b>27,554,487</b>	<b>27,282,698</b>

 Muhammad Jawad Chief Financial Officer	 Abdulrahman A. Bajunaid Chief Executive Officer	 Saeed Mohammed AlGhamdi Chairman of the Board of Director
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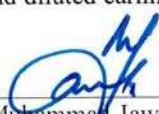

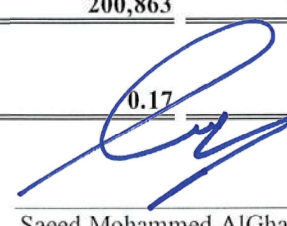
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**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the year ended 31 December 2024**

	Note	2024 SR'000	2023 SR'000
Revenue	20	1,901,395	1,326,723
Cost of revenue	21	(1,293,616)	(925,673)
<b>Gross profit</b>		<b>607,779</b>	<b>401,050</b>
Other operating income	23	756,231	397,713
Selling and marketing expenses		(11,752)	(4,190)
General and administration expenses	22	(466,159)	(218,188)
(Charge) / reversal of expected credit losses	12.3	(49,284)	47,790
Other operating expenses		--	(738)
<b>Operating profit</b>		<b>836,815</b>	<b>623,437</b>
Finance costs	24	(711,852)	(385,942)
Finance income	24	109,004	14,541
Change in fair value of financial instruments carried at fair value through profit or loss	27	(23,094)	(16,503)
Other income		--	22,000
Share of results from equity-accounted investee	7	12,913	1,330
<b>Profit for the year before Zakat</b>		<b>223,786</b>	<b>258,863</b>
Zakat	18	(23,712)	(221,383)
<b>Profit for the year</b>		<b>200,074</b>	<b>37,480</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement loss on employee benefits	15	789	(1,658)
<b>Total comprehensive income for the year</b>		<b>200,863</b>	<b>35,822</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		200,090	37,480
Non-controlling interest		(16)	--
		<b>200,074</b>	<b>37,480</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		200,879	35,822
Non-controlling interest		(16)	--
		<b>200,863</b>	<b>35,822</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share	25	0.17	0.03
 Muhammad Jawad Chief Financial Officer	 Abdulrahman A. Bajunaid Chief Executive Officer	 Saeed Mohammed AlGhamdi Chairman of the Board of Director	

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements


**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2024**

	Attributable to the equity holders of the Company						Non-controlling interests SR'000	Total equity SR'000
	Share capital SR'000	Share premium SR'000	Statutory reserve SR'000	Retained earnings SR'000	Reserve for advances to certain founding shareholders SR'000	Equity attributable to Owners of the Company before subordinated perpetual instrument SR'000	Subordinated perpetual instrument SR'000	Equity attributable to Owners of the Company after subordinated perpetual instrument SR'000
Balance at 1 January 2023 (Restated)	11,545,342	627,596	108,506	--	(285,960)	11,995,484	689,668	12,685,152
Profit for the year	--	--	--	37,480	--	37,480	--	37,480
Other comprehensive income	--	--	--	(1,658)	--	(1,658)	--	(1,658)
<i>Total comprehensive income for the year</i>	--	--	--	35,822	--	35,822	--	35,822
Payments received against advances to certain founding shareholders (note 13.4)	--	--	--	--	286	286	--	286
Balance at 31 December 2023	11,545,342	627,596	108,506	35,822	(285,674)	12,031,592	689,668	12,721,260
Profit for the year	--	--	--	200,090	--	200,090	--	200,090
Other comprehensive income	--	--	--	789	--	789	--	789
<i>Total comprehensive income for the year</i>	--	--	--	200,879	--	200,879	--	200,879
Issue of share capital under debt to equity swap (note 13.1)	254,887	292,611	--	--	--	547,498	--	547,498
Payments received against advances to certain founding shareholders (note 13.4)	--	--	--	--	160	160	--	160
Balance at 31 December 2024	11,800,229	920,207	108,506	236,701	(285,514)	12,780,129	689,668	13,469,797

  
Muhammad Jawad  
Chief Financial Officer

  
Abdulrahman A. Bajunaid  
Chief Executive Officer

  
Saeed Mohammed AlGhamdi  
Chairman of the Board of Director


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**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2024**

	Note	2024 SR'000	2023 SR'000
<b>Cash flows from operating activities</b>			
Profit for the year before Zakat		223,786	258,863
<u>Adjustments for:</u>			
Depreciation on property, plant and equipment	5	355,462	262,767
Depreciation on investment properties	6	33,798	20,681
Amortization of intangible assets		333	524
Impairment of property, plant and equipment	22	302,258	71,166
Provision for employee benefits	15	12,841	10,239
Charge / (reversal) for expected credit losses	12.3	49,284	(47,790)
Loss / (gain) from disposal of property, plant and equipment		357	(152)
Share of results from equity-accounted investee	7	(12,913)	(1,330)
Finance costs	24	711,852	385,942
Finance income	24	(24,385)	(14,541)
Impact of Zakat liability deferral	18 (c)	(84,619)	--
Gain on disposal of assets held for sale	23	(747,843)	(390,427)
Change in fair value of financial instruments carried at fair value through profit or loss	27	23,094	16,503
		<u>843,305</u>	<u>572,445</u>
<u>Changes in:</u>			
Other assets		(15,121)	51,231
Properties for development and sale		21,069	--
Trade and other receivables		44,536	83,840
Other non-current liabilities		(47,214)	(150,300)
Trade payables and other current liabilities		<u>(221,226)</u>	<u>(377,531)</u>
<b>Cash from operating activities</b>		<b>625,349</b>	<b>179,685</b>
Interest paid		(974,473)	(525,526)
Employee benefits paid	15	(4,631)	(3,613)
Zakat paid	18	<u>(38,626)</u>	<u>--</u>
<b>Net cash used in operating activities</b>		<b><u>(392,381)</u></b>	<b><u>(349,454)</u></b>
<b>Cash flows from investing activities</b>			
Finance income received		23,298	14,447
Additions to property, plant and equipment	5	(286,217)	(780,780)
Additions to intangible assets		(990)	(310)
Proceeds from disposal of asset held for sale	5(b)	452,994	521,176
Proceeds from disposal of property, plant and equipment		49	161
<b>Net cash from / (used in) investing activities</b>		<b><u>189,134</u></b>	<b><u>(245,306)</u></b>

  
Muhammad Jawad  
Chief Financial Officer

  
Abdulrahman A. Bajunaid  
Chief Executive Officer

  
Saeed Mohammed AlGhamdi  
Chairman of the Board of Director

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**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**  
**For the year ended 31 December 2024**

	Note	2024 SR'000	2023 SR'000
<b>Cash flows from financing activities</b>			
Payments received against advances to certain founding shareholders	13.4	160	286
Proceeds from loans and borrowings	14(g)	1,217,944	750,516
Repayment of loans and borrowings	14(g)	(833,154)	(379,910)
<b>Net cash from financing activities</b>		<b>384,950</b>	<b>370,892</b>
<b>Net change in cash and cash equivalents</b>		<b>181,703</b>	<b>(223,868)</b>
Cash and cash equivalents at 1 January	9	705,394	929,262
<b>Cash and cash equivalents at 31 December</b>	9	<b>887,097</b>	<b>705,394</b>
<b><u>Major non-cash supplemental information:</u></b>			
Capitalization of borrowing cost on property, plant and equipment	5(e)	265,307	523,852
Capitalization of borrowing cost on investment property	6(a)	53,285	88,443
Transfer from investment properties to property, plant and equipment	6	--	1,607,816
Transfer to asset held for sale from property, plant and equipment	5(b)	255,934	923,356
Transfer from property, plant and equipment to properties for development and sale	5	--	6,845
Issue of share capital under debt to equity swap	13.1	547,498	--

  
Muhammad Jawad  
Chief Financial Officer

  
Abdulrahman A. Bajunaid  
Chief Executive Officer

  
Saeed Mohammed AlGhamdi  
Chairman of the Board of Director

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements

**JABAL OMAR DEVELOPMENT COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**

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**1. REPORTING ENTITY**

Jabal Omar Development Company ("the Company" or "the Parent Company"), a Saudi Joint Stock Company, was established under the Regulations for Companies in the Kingdom of Saudi Arabia ("KSA") as per Royal Decree No. M/63, dated 18 October 2006 (corresponding to 25 Ramadan 1427H). The Ministerial Resolution No. 253/S dated 28 October 2007 (corresponding to 16 Shawal 1428H) declared the incorporation of the Company. The Company is registered in Makkah Al Mukkaramah City under Commercial Registration number 4031051838 dated 25 November 2007 (corresponding to 15 Dhul Qida 1428H). The Company's registered office is 6978 Ibrahim Al-Khalil Road Alshubaikah District 3655, Makkah 24231.

The Company's and its subsidiaries' (the "Group") main activity is to own Jabal Omar area adjacent to the western side of the Holy Mosque in Makkah and develop it into plots of land to manage, invest, sell and lease them for the Group's interest ("Project") along with carrying out operations necessary for construction, maintenance, management, demolishing, surveying, and furnishing hotels, commercial facilities and staff residences, as well as importing and exporting hotels equipment and furniture, and operating the hotels. For administrative purposes the Project has been disaggregated into different phases and zones with the latter being consistent with the master title deed approved by the Makkah Development Authority.

The Group's envisioned Project comprises of seven phases, where each phase has multiple zones. The Group has completed development work and commenced operations for three phases while the Group has substantially developed the fourth phase but the completion of development for this phase still requires a sizable amount of investment to be ready for their intended use. Management has no plans to begin development in the fifth and sixth phases. As of the reporting date all undeveloped lands in these two phases have either been sold or are intended to be sold and accordingly classified as such. The Group has a plan but not yet commenced development of the seventh phase.

These consolidated financial statements include the financial statements of the Company and its subsidiaries (together referred to as the 'Group'). Subsidiaries are entities controlled by the Group. The Group is incorporated in the Kingdom of Saudi Arabia except for Jabal Omar Sukuk Company Limited which is incorporated in the Cayman Island. The Company has the following dormant subsidiaries:

<i><b>Name of the Subsidiary</b></i>	<i><b>Registration Number</b></i>	<i><b>Registration date</b></i>	<i><b>Ownership interest</b></i>	<i><b>Financial year end</b></i>	<i><b>Principal activities</b></i>
Sahat For Facility Management Company	4031210499	22 October 2017 (corresponding to 02 Safar 1439H)	100%	31 December	Real estate services
Warifat Hospitality Company	4030298569	1 January 2018 (corresponding to 14 Rabi II 1439H)	90%	31 December	Hospitality services
Jabal Omar Sukuk Company Limited	334209	12 March 2018 (corresponding to 24 Jumada Al Thani 1439H)	100%	31 December	Issuance of sukuk

The Company has branch commercial registrations to engage in hospitality activities as per the Saudi Commission for Tourism and National Heritage's ("SCTA") letters. These consolidated financial statements include the results of the operating activities relating to the following hotels in addition to its three non-operational branches bearing commercial registration numbers 4030291056, 40301097883 and 40301098207.

**JABAL OMAR DEVELOPMENT COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**

**1. REPORTING ENTITY (continued)**

<i>Name</i>	<i>Commencement of operation</i>	<i>Registration number</i>	<i>Registration date</i>	<i>SCTA's-letter No.</i>	<i>SCTA's-letter date</i>
Jabal Omar Hilton Suites Hotel (Hilton Suites Makkah)	01 July 2014 (corresponding to 4 Ramadan 1435H)	4031077081	25 May 2013 (corresponding to 15 Rajab 1434H)	AVM/5887/34	04 March 2013 (corresponding to 22 Rabi II 1434H)
Jabal Omar Hyatt Regency Hotel (Hyatt Regency)	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031087547	09 September 2014 (corresponding to 14 Dhul Qida 1435H)	8957	25 May 2014 (corresponding to 26 Rajab 1435H)
Jabal Omar Conrad Hotel (Conrad)	30 July 2016 (corresponding to 25 Shabaan 1437H)	4031091636	29 April 2015 (corresponding to 10 Rajab 1436H)	9347	16 March 2015 (corresponding to 25 Jumada I 1436H)
Jabal Omar Hilton Hotel (Hilton Convention)	31 March 2017 (corresponding to 3 Rajab 1438H)	4031097174	10 August 2016 (corresponding to 07 Dhul Qida 1437H)	16474	19 July 2016 (corresponding to 14 Shawwal 1437H)
Jabal Omar Doubletree by Hilton Hotel (Double Tree by Hilton)	01 August 2019 (corresponding to 29 Dhul Qida 1440H)	4031214815	15 May 2018 (corresponding to 29 Shaban 1439H)	1651	14 May 2018 (corresponding to 28 Shaban 1439H)
Jabal Omar Marriott Hotel	22 June 2015 (corresponding to 5 Ramadan 1436H)	4031085088	07 May 2014 (corresponding to 8 Rajab 1435H)	AVM/8332/35	17 March 2014 (corresponding to 16 Jumada I 1435H)
Jabal Omar Address Al Bawaba Makkah (Address)	06 June 2023 (corresponding to 17 Dhul Qidah 1444H)	4031215100	28 May 2018 (corresponding to 9 Ramadan 1439H)	10006429	16 May 2023 (corresponding to 26 Shawwal 1444H)
Jabal Omar Jumeirah Hotel	03 September 2023 (corresponding to 18 Safar 1445H)	4031247845	28 February 2021 (corresponding to 16 Rajab 1442H)	10002521	28 August 2023 (corresponding to 12 Safar 1445)

**2. BASIS OF ACCOUNTING**

**2.1 Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA) (collectively referred to "IFRS as endorsed in KSA").

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. BASIS OF ACCOUNTING (continued)**

**2.1 Statement of compliance (continued)**

The Group has elected to present a single statement of profit or loss and other comprehensive income (herein after also referred to as “Statement of profit or loss”) and presents its expenses by function.

**2.2 Basis of preparation**

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention using the accrual basis of accounting except for the following items which are measured as follows:

<u>Items</u>	<u>Measurement basis</u>
Employee benefits	Present value of the defined benefit obligation using projected credit unit method
Financial investment at fair value through profit or loss	Fair value

The consolidated financial statements of the Group are presented in Saudi Riyals (SR), which is also the functional currency of the Company. All amounts have been rounded off to the nearest thousands (SR ‘000), unless when otherwise stated.

**2.3 Going concern basis of accounting**

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities in the normal course of business including the mandatory repayment terms of the banking facilities as disclosed in note 14. Based on the Group’s financial performance for the year ended 31 December 2024, especially on account of the full operation of two new hotels (note 1) and sale of Properties (note 5), together with the operating budgets for the forthcoming year coupled with Group’s plan to sell further Properties, the cash flow forecast for the 12-month period after the statement of financial position date depicts a net positive cashflow position without the presence of any material uncertainties.

**2.4 Significant accounting judgments, estimates and assumptions**

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

**2.4.1 Judgements and estimates**

**a) *Going concern***

The Group exercises judgement in assessing the Group’s ability to continue as a going concern. The foregoing assessment includes preparation of a cashflow forecast for the 12-month period from the reporting date.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**

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

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

**2.4.1 Judgements and estimates (continued)**

***b) Allocation of cost of land, construction and infrastructure assets to Properties***

The Group exercises judgment in determining ‘a reasonable basis’ for allocating cost of land, construction and infrastructure assets to its owner-occupied properties, investment properties and properties under development for the purpose of determining respective carrying values. For this purpose, management identifies built-up area as a reasonable basis that consistently depicts the benefit attributable to respective class of asset. Moreover, management has identified certain infrastructure assets constructed and located across all phases/zones which are not reasonably allocable to any specific Properties since these provide benefits pervasively to all the Properties of the Company. As such, for impairment testing purposes such infrastructure are assessed on an aggregate basis.

***c) Useful lives and residual value of property, plant and equipment, intangible assets and investment properties***

The Group’s management estimates useful lives and residual value of its property, plant and equipment, intangible assets and investment properties for calculating depreciation and amortisation after considering the expected usage of the assets, their physical wear and tear, and technical obsolescence. Management periodically reviews the estimated useful lives and residual value to ensure that they both are consistent with the expected pattern of economic benefits received from these assets.

***d) Determining the timing of recognition of gain or loss on the sale of non-current assets***

The Group evaluates the timing of recognition of gain or loss on the sale of non-current assets based on a careful analysis of the rights and obligations, as well as the timing of the transfer of ‘control’ under the terms of the contract and legal advice from the Group’s legal counsels. For the purpose, management determines ‘control’ of an asset as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset including the ability to prevent others from directing the use of and obtaining the benefits from such asset and probability of collecting the consideration under the contract. Benefits of an asset are the potential cash flows (inflows or savings in outflows) that can be obtained directly or indirectly by the customer in many ways, such as by:

- (a) using the asset to produce goods or provide services (including public services);
- (b) using the asset to enhance the value of other assets;
- (c) using the asset to settle liabilities or reduce expenses;
- (d) selling or leasing the asset; and
- (e) pledging or mortgaging the asset to secure a loan.

The Group has generally concluded that contracts relating to the sale of non-current assets are recognized at a point in time when control of the asset transfers.

***e) Zakat***

The determination for Zakat provision involves significant management judgement that involves calculation of the Zakat base and Zakat-able profits in accordance with the Zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Group. In determining the best estimate of the amount payable to Zakat, Tax and Customs Authority (“ZATCA”), the Group has applied judgement and interpretation of the ZATCA requirements for calculating Zakat.

***f) Recognition and classification of joint arrangement***

The Group exercises judgment in its assessment of whether an arrangement represents a joint arrangement for this purpose the Group considers, among other factors, whether decisions about the relevant activities of the investee entity require the unanimous consent of the parties sharing control and whether the Group's investment in such arrangements should be classified as a joint operation or a joint venture.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. BASIS OF ACCOUNTING (continued)**

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

**2.4.1 Judgements and estimates (continued)**

***f) Recognition and classification of joint arrangement (continued)***

In making this judgement on the classification of the joint arrangement, the Group considers whether the investee is a separate legal entity and whether terms of the contractual arrangement between the parties to the joint arrangement specify that the parties have rights to the assets, and obligations for the liabilities relating to the arrangement including whether the arrangement establishes an allocation of revenues and expenses on the basis of relative performance of each party of the joint arrangement.

***g) Assessment of the impact of restrictions on bank account***

The Group exercises judgement in its assessment of the impact of restrictions placed on the access and/or use of funds placed in bank accounts due to contractual arrangements. Bank accounts with restrictions on use that are procedural in nature and expected to be removed by the counter party upon Group's request on perfunctory basis, are included in the cash and cash equivalents in the statement of cash flows. However, for the purposes of statement of financial position such bank accounts are presented under 'Restricted cash'.

**2.4.2 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

***a) Allocation of transaction price for revenue from hotel operations***

The Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. For bundled services/products from Group's hotel operations, the Group sells the services / products (i.e. room rent, food and beverages and other associated services) at a discount to the aggregate stand-alone selling prices of the services/products in the bundle, for the purpose of which the Group estimates the standalone selling prices based on the estimate of the price that the customer would be willing to pay in the market for the service/product. Considering that the standalone selling prices from room rent are highly variable the Group uses residual approach for allocation of transaction price to food and beverages and other associated services in the bundled sale.

***b) Valuation of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal (cost of disposal is an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located (herein after referred to as "Demolition Cost")), and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows for operating and underdeveloped non-financial assets are derived from the approved budgets and / or expert third party independent forecasts and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 5(g)(ii).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. BASIS OF ACCOUNTING (continued)**

**2.4 Significant accounting judgments, estimates and assumptions (continued)**

**2.4.2 Assumptions and estimation uncertainties (continued)**

**c) *Employees' terminal benefits plan***

The cost of the employees' terminal benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary growth, withdrawal rate, mortality rates, normal retirement age and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end. The most sensitive parameters are discount rate and future salary growth. In determining the appropriate discount rate, the management considers the market yield on high quality corporate/government bonds. Future salary growth is based on expected future inflation rates, seniority, promotion, demand and supply in the employment market. The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Refer note 15 for key actuarial assumptions used and sensitivities related to measurement of defined benefit obligations related to employee benefits.

**d) *Expected credit losses (ECL) on financial assets measured at amortized cost***

The Group uses appropriate methods to calculate ECLs for financial assets measured at amortized cost. The impairment of financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward-looking information that would impact the credit risk of its customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of respective counter party's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in note 27.

**3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

**Amendments to Standards**

The following table lists the Standards that are required to be applied for annual period beginning after 1 January 2024. The adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<b><u>Standard / Interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning after the following date</u></b>
IAS 1	Classification of liabilities as current or non-current – Amendments to IAS 1	1 January 2024
IAS 1	Non-current liabilities with covenants – Amendments to IAS 1	1 January 2024
IFRS 16	Lease Liability in a Sales and Leaseback – Amendments to IFRS 16	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

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**3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)**

**Standards and Amendments Issued but Not Yet Effective**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements of the Group are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective, and the Group is currently analysing the impacts of these forthcoming pronouncements.

<b><u>Standard / Interpretation</u></b>	<b><u>Description</u></b>	<b><u>Effective from periods beginning after the following date</u></b>
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 & IAS 7	Annual Improvements to IFRS	1 January 2026
IFRS 18	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

**4. MATERIAL ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. Certain comparative amounts have been reclassified or re-presented during the current year for better presentation.

**4.1 Interest in equity-accounted investees**

The Group's interest in equity-accounted investees comprise interest in joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group's investment in its joint venture is accounted for using the equity method. Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.2 Property, plant and equipment**

***Recognition and measurement***

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) including borrowing costs, where applicable, and any directly attributable cost, such as site preparation cost, delivery, installation costs and relevant professional fees. Lands and capital work in progress are measured at cost less any accumulated impairment losses.

Property, plant and equipment includes infrastructure assets such as pathways, roads, drainage and water supply systems, lamp posts, etc. that do not ordinarily generate cash flows independent of the operating properties of the Group but are owned by the Group.

When parts of property, plant and equipment are significant in comparison to the total cost of the item and such parts have a useful life different from other parts, the Group recognizes such parts as individual assets and depreciates them accordingly.

***Subsequent costs***

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred.

***Depreciation***

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land and capital work in progress are not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

	<u>2024</u>	<u>2023</u>
Building	85	85
Central district cooling system	30	30
Equipment	10 – 85	10 – 85
Infrastructure assets	20 – 85	20 – 85
Furniture and fixtures	10 - 12	10 - 12
Other assets	4 - 8	4 - 8

***Derecognition***

An item of property, plant and equipment is derecognized when disposed or where no future economic benefits are expected to arise from its use or disposal. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2024**

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.2 Property, plant and equipment (continued)**

***Capital work-in-progress***

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property, plant and equipment or intangible assets (depending on the nature of the project), once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management.

The cost of an item of capital work in progress comprises its purchase price, construction / development cost and any other costs directly attributable to the construction or acquisition of an item including consultancy, demolition, levelling of site, cutting rocks, supervision, construction work and other costs attributable to assets transportability to the site and readiness to operate for the intended purpose. Depreciation generally commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset category.

**4.3 Investment properties**

Properties held for long-term rental yields or for capital appreciation or both as well as those held for undetermined future use but not for sale in the ordinary course of business, and not occupied by the Group is classified as investment properties. Investment properties include equipment, fixtures and fittings, office equipment and furniture which are an integral part of property classified as such. Investment properties also include property that is being constructed or developed for future use as investment properties.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and capital work-in-progress which is stated at cost less accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the assets including borrowing cost, where applicable. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use.

Depreciation on investment properties is charged to statement of profit or loss using the straight-line method to allocate their costs over their estimated useful lives. The estimated useful lives of investment properties for the current and comparative periods are as follows:

	<b><u>2024</u></b>	<b><u>2023</u></b>
• Building	<b>85</b>	85
• Equipment	<b>16-20</b>	16-20
• Infrastructure assets	<b>20-85</b>	20-85

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**For the year ended 31 December 2024**

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.4 Financial instruments**

**Financial assets**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Other financial assets are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

Financial assets owned by the Group have been classified under the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss.

***Financial assets at amortized cost***

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents, restricted cash, trade receivables, contract assets and other receivables.

***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are recognized as other income in the statement of profit or loss when the right of payment has been established.



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**For the year ended 31 December 2024**

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.4 Financial instruments (continued)**

***Impairment***

For trade receivables, contract assets and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any recourse available with the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. All financial liabilities of the Group are recognized at amortized cost which includes loans and borrowing, trade payable, contract accruals, other liabilities and due to related parties.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest method. The effective interest amortization is included as 'finance costs' in the statement of profit or loss.

***Derecognition***

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss. If the group issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments represent consideration paid. Accordingly, the financial liability is derecognized. The equity instrument issued are measured at fair value.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.4 Financial instruments (continued)**

*Modification of financial assets and financial liabilities*

**Financial assets**

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different (referred to as ‘substantial modification’), then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value.

**Financial liabilities**

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms, e.g. changes in fixed interest rates initiated by banks, if the loan contract entitles banks to do so and the Group have an option to either accept the revised rate or redeem the loan at par without penalty. The Group treats the modification of an interest rate to a current market rate using the guidance on floating-rate financial instruments. This means that the effective interest rate is adjusted prospectively.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors.

**4.5 Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset’s fair value less cost of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognized in profit or loss. Non-current assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the profit or loss.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.6 Leases**

**Group as a lessor**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group leases out its investment property. All leases are classified as operating leases from a lessor perspective. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

**4.7 Non-current assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and regulatory expense. Once classified as held-for-sale, associated assets are no longer depreciated.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Moreover, management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Assets classified as held for sale are presented separately in the statement of financial position.

**4.8 Cash and cash equivalents**

Cash and cash equivalents for the purpose of the statement of financial position include cash in hand, cash held in unrestricted bank accounts and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents for the purpose of the statement of cash flows include cash and cash equivalents as presented in the statement of financial position together with cash held in certain restricted bank accounts (note 2.4.1.g).

**4.9 Restricted cash (at bank)**

Cash at bank that is subject to certain restrictions on use does not form part of cash and cash equivalents for the purposes of statement of financial position and are presented under 'Restricted cash'.

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.10 Zakat**

The Company and its Saudi Arabian subsidiaries are subject to Zakat in accordance with the regulations of Zakat, Tax and Customs Authority (“ZATCA”). Provision for Zakat for the Company and Zakat related to the Company’s ownership in the Saudi Arabian subsidiaries is charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

**4.11 Revenues**

Revenue is measured based on the consideration specified in a contract with a customer. The Group has analyzed its business activities and applied the five-step model prescribed by IFRS 15 Revenue from Contracts with Customers to each material line of business, as outlined below:

***Sale of development properties***

Sale of development properties primarily represents units in hotels / accommodations. Revenue recognition regarding the sale of such units is determined by the contractual terms and conditions for each arrangement where the control of the underlying asset has transferred to the customer.

***Rental income from investment properties***

Rental income arising from operating leases on investment properties is recognized in the statement of profit or loss on a straight-line basis over the term of the lease. When the Group provides incentives to its customers in the form of rent-free period, the incentive is recognized as a reduction of the total rental income over the entire lease term, on a straight-line basis.

***Revenue from hotel operations***

Revenue from hotel operations comprises revenue from rooms, food and beverages and other associated services provided by the hotel to its customers. The revenue is recognized net of discounts, applicable taxes, and municipality fees on an accrual basis.

***Sale of accommodation***

The contract to provide accommodation is established when the customer books accommodation. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night is determined at the time of booking. Performance obligations are satisfied over time, and revenue from hotel services is recognized daily, as the rooms are occupied, and services are rendered. Guest deposits received in advance of hotel stays are recorded as contract liability in the Group statement of financial position.

***Sale of food and beverage and other associated services***

The contract is established when the customer orders the food and beverage item (goods) or requests for hotel accommodation associated services (service) where the performance obligation is the provision of goods or satisfaction of service by the hotel. The performance obligation is satisfied when the goods or service are consumed by the customer and revenue is recognized at this point at the price for the items purchased or services acquired. Settlement is made on the same day, and consequently, there are no contract assets or liabilities.

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**For the year ended 31 December 2024**

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**4. MATERIAL ACCOUNTING POLICIES (continued)**

**4.12 Borrowings costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until the time such assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All other borrowing costs are expensed in the period in which they occur.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Borrowing cost is capitalized from the commencement of the development work until the date of practical completion, i.e., when substantially all of the development work is completed. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted.

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**5. PROPERTY, PLANT AND EQUIPMENT**

	<u>Lands (d)</u> <u>SR'000</u>	<u>Buildings</u> <u>SR'000</u>	<u>Central District</u> <u>Cooling</u> <u>System (a)</u> <u>SR'000</u>	<u>Equipment</u> <u>SR'000</u>	<u>Furniture and</u> <u>fixtures and</u> <u>other assets</u> <u>SR'000</u>	<u>Infra-structure</u> <u>assets</u> <u>SR'000</u>	<u>Capital work in</u> <u>progress</u> <u>SR'000</u>	<u>Total</u> <u>SR'000</u>
<b>Cost:</b>								
Balance at 01 January 2023	2,887,794	4,207,847	1,019,022	1,971,810	492,011	429,057	10,390,950	21,398,491
Additions during the year (note 5 (e))	--	39	18,861	692	6,159	--	1,485,669	1,511,420
Disposals during the year	--	--	--	--	(466)	--	--	(466)
Transfer from CWIP (note 5 (c))	--	3,244,879	--	1,440,543	453,337	--	(5,138,759)	--
Transfer to assets held for sale (note 5 (b))	(377,842)	--	--	--	--	--	(545,514)	(923,356)
Transfer to properties for development and sale (note 11)	--	--	--	--	--	--	(6,845)	(6,845)
Transfer from investment properties (note 6)	--	394,237	--	188,961	--	38,371	1,083,282	1,704,851
<b>Balance at 31 December 2023</b>	<b>2,509,952</b>	<b>7,847,002</b>	<b>1,037,883</b>	<b>3,602,006</b>	<b>951,041</b>	<b>467,428</b>	<b>7,268,783</b>	<b>23,684,095</b>
Additions during the year (note 5 (e))	--	235	--	3,264	13,738	--	534,287	551,524
Disposals during the year	--	--	--	--	(1,688)	--	--	(1,688)
Transfer from CWIP (note 5 (c))	--	899,171	--	417,022	131,236	40,187	(1,487,616)	--
Transfer to assets held for sale (note 5 (b))	(125,906)	--	--	--	--	--	(130,028)	(255,934)
<b>Balance at 31 December 2024</b>	<b>2,384,046</b>	<b>8,746,408</b>	<b>1,037,883</b>	<b>4,022,292</b>	<b>1,094,327</b>	<b>507,615</b>	<b>6,185,426</b>	<b>23,977,997</b>
<b>Accumulated depreciation and impairment:</b>								
Balance at 1 January 2023	--	434,795	187,908	443,681	264,175	62,359	504,034	1,896,952
Impairment / transfers, net (note 5 (c) and 22)	--	(7,294)	--	(1,357)	(349)	--	80,166	71,166
Depreciation for the year (note 21 and 22)	--	66,031	34,856	96,744	56,713	8,423	--	262,767
Disposals during the year	--	--	--	--	(457)	--	--	(457)
Transfer from investment properties (note 6)	--	31,581	--	57,936	--	7,518	--	97,035
<b>Balance at 31 December 2023</b>	<b>--</b>	<b>525,113</b>	<b>222,764</b>	<b>597,004</b>	<b>320,082</b>	<b>78,300</b>	<b>584,200</b>	<b>2,327,463</b>
Impairment / transfers, net (note 5 (c) and 22)	--	324,258	--	174,917	44,571	(8,553)	(232,935)	302,258
Depreciation for the year (note 21 and 22)	--	96,203	35,802	122,901	91,695	8,861	--	355,462
Disposals during the year	--	--	--	--	(1,283)	--	--	(1,283)
<b>Balance at 31 December 2024</b>	<b>--</b>	<b>945,574</b>	<b>258,566</b>	<b>894,822</b>	<b>455,065</b>	<b>78,608</b>	<b>351,265</b>	<b>2,983,900</b>
<b>Net book value:</b>								
<b>At 31 December 2024</b>	<b>2,384,046</b>	<b>7,800,834</b>	<b>779,317</b>	<b>3,127,470</b>	<b>639,262</b>	<b>429,007</b>	<b>5,834,161</b>	<b>20,994,097</b>
<b>At 31 December 2023</b>	<b>2,509,952</b>	<b>7,321,889</b>	<b>815,119</b>	<b>3,005,002</b>	<b>630,959</b>	<b>389,128</b>	<b>6,684,583</b>	<b>21,356,632</b>

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

- a. The Group signed an agreement ("the Agreement") with the Central District Cooling Company ("CDCC") a joint venture for the construction, operation and maintenance of the District Cooling System ("DCS") for 26.5 years from the date of final commissioning of DCS which became effective on 31 December 2014.
- b. As at the reporting date, certain plots of land meeting the criteria for being classified as asset held for sale under IFRS 5 have been presented as assets held for sale in these consolidated financial statements. Movement in assets held for sale is as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Opening balance of assets held for sale	923,356	130,749
Transferred from property, plant and equipment (note 5)	255,934	923,356
Sold during the year	<u>(325,487)</u>	<u>(130,749)</u>
Closing balance of assets held for sale	<u>853,803</u>	<u>923,356</u>

The closing balance of assets held for sale includes 3 land parcels located in the phase 5 and 6 of the Project. During the year ended 31 December 2024, the Group entered into sales agreement for 3 of the land parcels with unrelated third parties, the details of which are as follows:

During the year ended 31 December 2024, the Group entered into sale agreements with respect to the following land parcels:

- Land plot located in Phase 6 having a carrying amount of SR 325.5 million for a value of SR 1,073.3 million. As of 31 December 2024, the sale transaction meets the conditions for recognition of income in the books of the Group. Moreover, as per the terms of the sale agreement, Group has received payment of SR 420 million by 31 December 2024, while the remaining amount of SR 653.3 is due to be received during 2025 and is recorded under 'trade and other receivables'.
  - Land plot located in Phase 5 having a carrying amount of SR 165.5 million for a value of SR 659.9 million against which the Group has received an advance payment of SR 33 million classified as 'contract liability' under trade payable and other current liabilities. As of 31 December 2024, this transaction did not meet the conditions for recognition of income in the books of the Group, however, based on the terms of the agreement the sale is expected to be recognized during 2025 resulting in an estimated gain of SR 494.4 million.
  - Land plot located in Phase 6 having a carrying amount of SR 432.3 million for a value of SR 1,350.6 million. As of 31 December 2024, this transaction did not meet the conditions for recognition of income in the books of the Group, however, based on the terms of the agreement the sale is expected to be recognized during 2025 resulting in an estimated gain of SR 918.3 million.
- c. These represents transfers between capital work in progress and other components of property, plant and equipment based on commissioning of new properties.
- d. Land (the 'Land') represents plots situated in the Jabal Omar area, which were received by the Company from the founding shareholders (the 'Owners') against issuance of its shares at nominal value of SR 10 per share by virtue of a Royal Decree (the 'Decree') (note 1). Valuation of land was prepared and approved by Development Commission of Makkah Al Mukkaramah. Legal formalities for the transfer of title deeds from the Owners were completed. The Company had intended to complete the procedures for transferring any remaining title deeds in the name of the Company and issue corresponding shares, as and when their Owners would complete the related statutory and legal documentation (the 'documentation'). However, due to the physical location of the Project and peculiarities attached to the land ownership around Haram area, there were certain plots without identified title deeds.



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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

Accordingly, Owners of plots amounting to SR 359 million remained unable to complete the documentation even after several years post incorporation of the Company. During 2016, the Company recognized remaining unrecorded land in its consolidated financial statements considering the following:

- In respect of the Owners who could not submit their legal title deeds, pursuant to the transfer arrangement, Makkah Construction and Development Company ("MCDC") subscribed for shares in the Company on behalf of those Owners. This mechanism was ratified by the Decree (note 1) and therefore legal ownership of the land is with the Group; and
- During 2020, the competent authorities issued a unified title deed in the name of the Company for the entire area of the Group's Project which amounts to 235,869.11 square meters.

Due to the fact that MCDC subscribed for the shares on behalf of Owners who could not submit their legal title deeds, a corresponding payable to MCDC was recognized. The amount payable to MCDC was initially planned to be settled as and when Owners who could not submit their title deeds earlier, would do so, with a corresponding re-allocation in shareholding between MCDC and such Owner. During the current year, the shareholders of the Company resolved to settle the remaining amount payable to MCDC, which amounted to SR 310 million as of 30 September 2024, by way of share capital issuance.

- e. During the year ended 31 December 2024, an amount of SR 265.3 million (31 December 2023: SR 523.9 million) was capitalized as borrowing cost for the construction of property, plant and equipment included in capital work in progress. Further, the capitalization rate used to determine the amount of borrowing cost to be capitalized is the weighted average interest rate applicable to the Group's general borrowing during the year, which in this case is 7.62% per annum (2023: 8% per annum).
- f. As of 31 December 2024, the Group's property, plant and equipment having a carrying value amounting to SR 16,780 million (31 December 2023: 15,372 million) were collateralized against loans and borrowings (note 14).
- g. In prior and current financial periods, management identified indicators of impairment and carried out an impairment testing exercise for its non-current assets held as part of property, plant and equipment and investment properties ('Properties'). As part of this assessment, management engaged 'Square Meter for Real Estate Evaluation' as valuation expert accredited by the Saudi Authority for Accredited Valuers (TAQEEM) for the determination of the value in use and fair value less cost to disposal ('fair values') of the relevant CGUs to which its Properties correspond. Management has considered such fair values and value in use for assessing the recoverable amounts of the Properties which have then been compared with the respective carrying amounts of the CGUs (in case of fair value, represented by different zones; and in case of value in use, represented by hotels and commercial centers). In the determination of fair values, management has taken into account a market participant's ability to generate economic benefits by using the Properties in their highest and best use or by selling it to another market participant that would use the Properties in its highest and best use'. Such highest and best use assessment considers possible uses of the Properties that are physically possible, legally permissible and financially feasible. Moreover, any costs ancillary to or associated with the possible uses are also estimated and considered in the fair value assessment. As such, as at the reporting date, management has determined that the fair values of certain Properties are maximized in the event of the sale of associated land less any associated cost of demolition of adjacent structures. Accordingly, while different zones (note 1) may include one or more Properties that are capable of generating largely independent cashflows, however, from the perspective of the highest and best use, it has been determined that the relevant CGUs are represented by each distinct zones, whereby such distinct zones represents specific parcel / plot of land (over which construction may or may not have been carried out) and such zones are distinctly physically separated by surrounding infrastructure such roads, pathways, etc. This is because any structures constructed over such zones that include developments such as hotels and commercial centers are physically interconnected. The fair value measurement for all of the property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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**5. PROPERTY, PLANT AND EQUIPMENT (continued)**

**5(g)(i) Summary of Impaired CGUs:**

<u>S.No</u>	<u>Valuation approach</u>	<u>CGU description</u>	<u>Carrying amount, net 31 December 2024</u>	<u>Accumulated impairment 31 December 2024</u>	<u>Key assumptions</u>
			SR'000	SR'000	
1	<b>Market approach</b> Recoverable amount based on immediate sale of lands under fair value less cost of disposal method.	Operating Hotels and Commercial Centers <sup>1</sup>	<b>11,371,252</b> <b>(2023: 8,303,813)</b>	<b>685,641</b> <b>(2023: 419,149)</b>	<ul style="list-style-type: none"> <li>Relevant comparable transactions</li> <li>Adjustments applied and weightages allocated to comparable transaction.</li> <li>Demolition cost</li> </ul>
2	<b>Income approach</b> Recoverable amount based on Discounted Cash Flow (DCF) model for determining value in use.	Operating Hotel	<b>3,448,962</b> <b>(2023: 2,979,454)</b>	<b>387,783</b> <b>(2023: 352,017)</b>	<ul style="list-style-type: none"> <li>Discount rate</li> <li>Average occupancy rate</li> <li>Average daily rate</li> <li>Budgeted EBITDA</li> <li>Cost to complete</li> <li>Growth rate of cashflows including terminal growth rate</li> </ul>
			<b>14,820,214</b> <b>(2023: 11,283,267)</b>	<b>1,073,424</b> <b>(2023: 771,166)</b>	

<sup>1</sup>This includes certain hotel and commercial center currently under construction/development.

**5(g)(ii) Significant Inputs / Assumption used in the Valuation of Property, Plant and Equipment and Investment Properties:**

<u>Valuation approach</u>	<u>Input/assumption description</u>	<u>Value</u>	<u>Sensitivity</u>
Market approach	Demolition cost rate per square meter (in SR)	130 - 275	+/- 0.5%
	Relevant comparable transactions (actual transactions) *	SR 170,000 per square meter to SR 323,000 per square meter	N/A
	Adjustments applied to comparable transaction	Various adjustments applied based on the similarity / dissimilarity of the subject property with the comparable	+/- 5%
Income approach	Discount rate *	8.00%	+/- 1%
	Average occupancy rate *	25% - 84.5%	+/- 1%
	Average daily rate (in SR) *	661 – 1,310	+/- 5%
	EBITDA *	50% - 55%	+/- 1%
	Commercial lease rate per square meter for commercial center classified under investment properties (in SR)	3,263 – 5,525	+/- 1%
	Growth rate of cashflows and land value at disposal	2%	+/- 1%

\*Represents sensitive assumptions

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**6. INVESTMENT PROPERTIES**

Investment properties comprise of commercial centers. All the investment properties held by the Group are for the purpose of generating rental income and it does not hold any investment properties with undetermined future use.

	<u>Land</u> SR'000	<u>Buildings</u> SR'000	<u>Equipment</u> SR'000	Infrastructure <u>assets</u> SR'000	Capital work in <u>progress</u> SR'000	<u>Total</u> SR'000
<b>Cost:</b>						
Balance at 1 January 2023	1,339,673	879,983	370,336	92,335	2,556,016	5,238,343
Transfer to property, plant and equipment (note 5)	--	(394,237)	(188,961)	(38,371)	(1,083,282)	(1,704,851)
Additions during the year (note 6 (a))	--	--	--	--	88,443	88,443
Balance at 31 December 2023	1,339,673	485,746	181,375	53,964	1,561,177	3,621,935
Transfer from CWIP	--	388,889	198,567	--	(587,456)	--
Additions during the year (note 6 (a))	--	--	--	--	53,285	53,285
<b>Balance at 31 December 2024</b>	<b>1,339,673</b>	<b>874,635</b>	<b>379,942</b>	<b>53,964</b>	<b>1,027,006</b>	<b>3,675,220</b>
<b>Accumulated depreciation:</b>						
Balance at 1 January 2023	--	60,578	107,975	21,949	--	190,502
Transfer to property, plant and equipment (note 5)	--	(31,581)	(57,936)	(7,518)	--	(97,035)
Depreciation for the year (note 21 and 22)	--	7,788	11,406	1,487	--	20,681
Balance at 31 December 2023	--	36,785	61,445	15,918	--	114,148
Depreciation for the year (note 21 and 22)	--	11,344	21,406	1,048	--	33,798
<b>Balance at 31 December 2024</b>	<b>--</b>	<b>48,129</b>	<b>82,851</b>	<b>16,966</b>	<b>--</b>	<b>147,946</b>
<b>Net book value:</b>						
<b>At 31 December 2024</b>	<b>1,339,673</b>	<b>826,506</b>	<b>297,091</b>	<b>36,998</b>	<b>1,027,006</b>	<b>3,527,274</b>
At 31 December 2023	1,339,673	448,961	119,930	38,046	1,561,177	3,507,787

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. INVESTMENT PROPERTIES (continued)**

- a. During the year ended 31 December 2024, there was SR 53.3 million capitalized as borrowing costs for the construction of investment properties included in capital work in progress (2023: SR 88.4 million). Further, the capitalization rate used to determine the amount of borrowing costs to be capitalized is the weighted average interest rate applicable to the Group's general borrowings during the period, which in this case is 7.62% per annum (31 December 2023: 8% per annum).
- b. Capital work in progress represents assets under construction relating to commercial centers and infrastructure development work on the associated lands.
- c. Deprecation charged for the year has been allocated to cost of revenue.
- d. As of 31 December 2024, the Group's investment property having carrying value amounting to SR 1,560 million (31 December 2023: 1,546 million) were mortgaged as collateral against loans and borrowings.
- e. Amounts recognized in statement of profit or loss for investment properties are as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Rental income from operating leases	<u>174,254</u>	<u>121,101</u>
Direct operating expenses on property that generated rental income	<u>(79,287)</u>	<u>(68,221)</u>

There were no direct operating expenses on investment properties that did not generate rental income during 2024 and 2023.

- f. The fair value of investment property was determined by an independent external valuation expert accredited by the Saudi Authority of Accredited Valuer (TAQEEM), having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every 12 months. The fair value measurement for investment properties of SR 5,078 million (2023: 4,448 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4 and note 5 (g)(ii) respectively).
- g. Revenues are derived from a large number of tenants and no single tenant represents more than 10% of the Group's revenues.
- h. As at 31 December 2024, the Group has Nil contractual obligation for future repairs and maintenance which are not recognized as liability.

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**7. EQUITY-ACCOUNTED INVESTEE**

This represents Group's 40% investment in a joint venture arrangement in Central District Cooling Company ("CDCC"), which is principally engaged in the business of providing central district cooling system services. CDCC has share capital consisting solely of ordinary shares, which are held directly by the Group. CDCC is not publicly listed. Principal place of business of the joint venture is Makkah, Kingdom of Saudi Arabia ("KSA"). CDCC is structured as a separate vehicle and the Group has a residual interest in the net assets of CDCC. Accordingly, the Group has classified its interest in CDCC as a joint venture. The information disclosed reflects the amounts presented in the financial statements of the joint venture. Summarized financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows.

Summarized statement of financial position of joint venture:

<b>'000 SAR</b>	<b>2024</b>	<b>2023</b>
<b>Percentage ownership interest</b>	<b>40%</b>	<b>40%</b>
Non-current assets	733,339	757,906
Current assets (including cash and cash equivalents – 2024: SR 2,763, 2023: SR 1,987)	307,599	276,881
Non-current liabilities (including non-current financial liabilities from conventional sources excluding trade and other payables and provisions – 2024: SR 42,800, 2023: SR 44,007)	(391,596)	(411,908)
Current liabilities (including current financial liabilities from conventional sources excluding trade and other payables and provisions – 2024: SR 237,857, 2023: SR 233,098)	(257,646)	(250,495)
Net assets (100%)	391,696	372,384
Net assets allocable to the shareholders in the ratio of the equity interest	352,236	319,954
Group's share of net assets (40%)	140,894	127,982

Summarized Statement of profit or loss of joint venture:

	<b>2024</b>	<b>2023</b>
Revenue	97,839	94,625
Depreciation and amortisation	(1,862)	(1,862)
Finance costs	(40,697)	(40,950)
Zakat and income tax expense	(7,286)	(6,220)
Other expenses	(35,316)	(33,092)
Other comprehensive income	--	--
Profit and total comprehensive income (100%)	12,678	12,501
Profit and total comprehensive income (40%)	5,071	5,000
Prior year profit adjustment in current year	7,842	(3,670)
Group's share of profit and total comprehensive income (40%)	12,913	1,330

**8. FINANCIAL INVESTMENT**

	<u>Note</u>	<u>Carrying value</u>		<u>Unrealized profit/(loss)</u>	
		<u>2024</u> <u>SR'000</u>	<u>2023</u> <u>SR'000</u>	<u>2024</u> <u>SR'000</u>	<u>2023</u> <u>SR'000</u>
<b>Current assets</b>					
Fair value through profit or loss	a	268,816	267,259	1,557	(16,503)

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**8. FINANCIAL INVESTMENT (continued)**

- a) This represents investment in 20 million units (31 December 2023: 20 million units) of Al Bilad Makkah Hospitality Fund ("the investee") which is a private placement closed ended real estate investment fund domiciled in KSA and managed by Al Bilad Investment Company. The objective of the investee is to acquire interest in properties situated in Makkah in order to generate income and capital growth. The investee prepares and publishes financial statements on semi-annual basis under which it reports net asset value of the fund based on the fair value of these investment properties, as determined by two independent valuers (referred to as 'Indicative NAV'), fair valued using level 3 unobservable inputs. Management believes that it is a reasonable approximation of the fair value of the investee since such indicative NAV is based on the fair value of the core assets of the investee. As per the management financial statements of the investee for the year ended 31 December 2024, the Indicative NAV per unit amounts to SR 13.44 / unit (31 December 2023: SR 13.36 / unit), which has accordingly been used as a valuation basis of the Group's investment as at 31 December 2024.

Refer note 27 for information about the methods and assumptions used in determining fair value including the valuation techniques used in measuring fair values for financial instruments.

**9. CASH AND CASH EQUIVALENTS**

	<b><u>2024</u></b> <b>SR'000</b>	<b><u>2023</u></b> <b>SR'000</b>
Cash in hand	<b>1,171</b>	1,545
Cash at banks (note (b))	<b>588,629</b>	593,899
Term deposits (note (a))	<b><u>297,297</u></b>	<u>109,950</u>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>887,097</b>	705,394
Less: Restricted cash - non - current (note (b))	<b>(69,435)</b>	(109,950)
Less: Restricted cash - current (note (b))	<b><u>(222,007)</u></b>	<u>(296,596)</u>
<b>Cash and cash equivalents in the statement of financial position</b>	<b><u><u>595,655</u></u></b>	<u><u>298,848</u></u>

- a) These represent deposits placed in Murabaha deposits with commercial banks having original maturity of three months.
- b) The cash is currently held in accounts with banks having credit rating of "A-". The fair value of cash and cash equivalents and restricted cash approximates the carrying value at 31 December 2024 and 31 December 2023.

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**10. OTHER ASSETS**

	<u>2024</u> SR'000	<u>2023</u> SR'000
<b>Classified under non-current assets:</b>		
Accrued lease receivable (note 10.1)	<u>10,566</u>	<u>11,509</u>
<b>Classified under current assets:</b>		
Prepaid expenses	13,786	12,114
Accrued lease receivable (note 10.1)	5,000	5,000
Other	<u>17,108</u>	<u>1,629</u>
	<u><b>35,894</b></u>	<u><b>18,743</b></u>

- 10.1 Accrued lease receivable represents rent receivable from Central District Cooling Company ('CDCC') for the operating lease of land given by Jabal Omar for the purpose of construction of the District Cooling System in accordance with a Mega Plant Site Agreement.

Rental income recognized by the Group during 2024 amounted to SR 4.1 million (2023: SR 4.1 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Less than one year	5,000	5,000
One to two years	5,000	5,000
Two to three years	5,000	5,000
Three to four years	5,000	5,000
Four to five years	5,000	5,000
More than five years	<u>57,500</u>	<u>62,500</u>
<b>Total</b>	<u><b>82,500</b></u>	<u><b>87,500</b></u>

**11. PROPERTIES FOR DEVELOPMENT AND SALE**

These represent properties for sale as residential units for future sale in the ordinary course of Group's operations. Movement for the year ended 31 December is as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Opening balance	21,069	21,069
Transfers from property, plant and equipment (note 5)	<u>--</u>	<u>6,845</u>
	21,069	27,914
Less: Charged to cost of revenue (note 11.1)	<u>(21,069)</u>	<u>(6,845)</u>
	<u><b>--</b></u>	<u><b>21,069</b></u>

- 11.1 Properties for development and sale amounting to SR 21.1 million (31 December 2023: SR 6.8 million) are charged to cost of revenue under "cost of property for development and sale".



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**12. TRADE AND OTHER RECEIVABLES**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Receivables from contract with customers	98,985	26,874
Receivables from rental income	127,182	78,298
Receivable from land sale (note 5 (b))	653,329	--
Amount due from related party	18,086	27,763
Contract assets (note 12.1)	23,165	24,684
Advances to suppliers (note 12.2)	7,925	75,538
VAT receivables	--	156,224
Other receivables	1,392	623
Less: Allowance for expected credit loss (note 12.3)	(95,034)	(47,396)
	<u>835,030</u>	<u>342,608</u>

The carrying value of Group's receivables (including contract assets) may be affected by changes in the credit risk of the counterparties. It is not the practice of the Group to obtain collateral over third party receivables and these are, therefore, unsecured.

The Group's trade receivables (receivable from contract with customers and rental income) are concentrated in the Kingdom of Saudi Arabia. As at 31 December 2024, five largest customers account for 83% (31 December 2023: 68%) of the outstanding trade receivables.

12.1 Contract assets relate facilities management cost yet to be billed to customers, and unbilled hotel accommodation charges. Upon billing of invoice, contract assets are reclassified to trade receivables. The Group also recognizes a loss allowance for contract assets in accordance with IFRS 9.

12.2 Advances to suppliers mainly include advances for undertaking repair and maintenance of infrastructure work.

12.3 The allowance for expected credit loss against trade and other receivables is as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Receivables from contract with customers	30,005	15,326
Receivables from rental income	65,029	32,070
	<u>95,034</u>	<u>47,396</u>

Movement in allowance for credit losses against trade and other receivables are as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Opening balance	47,396	99,801
Charge / (reversal) for the year	49,284	(47,790)
Write off during the year	(1,646)	(4,615)
Closing balance	<u>95,034</u>	<u>47,396</u>

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**13. CAPITAL AND RESERVES**

**13.1 Share capital**

<i>Number of shares unless otherwise stated Figures in '000</i>	<b>Ordinary shares</b>	
	<b>2024</b>	<b>2023</b>
In issue at 1 January	<b>1,154,534</b>	1,154,534
Issue of shares under debt-to-equity swap agreement (note 13.1.1)	<b>25,489</b>	--
In issue at 31 December, fully paid	<b>1,180,023</b>	1,154,534
Authorised shares – par value SR 10	<b>SR 11,800,229</b>	SR 11,545,342

13.1.1 During the year ended 31 December 2024, the Company entered into a debt-to-equity swap agreement (“Debt to equity swap” or the “Swap”) for the settlement of certain amounts owed by the Company to Makkah Construction and Development Company (amounting to SR 310 million) and Central District Cooling Company (amounting to SR 238 million) via issuance of ordinary shares in the Company. The swap price amounted to SR 21.48 per share resulting in issuance of 25.5 million shares with a corresponding increase in share capital and share premium of SR 255 million and SR 293 million respectively.

**13.2 Share premium**

Below is the movement in share premium reserve for the year ended 31 December:

	<b><u>2024</u> SR'000</b>	<b><u>2023</u> SR'000</b>
Share premium balance as of 1 January	<b>627,596</b>	627,596
Impact of Debt-to-equity swap (note 13.1.1)	<b>292,611</b>	--
Share premium balance as of 31 December	<b>920,207</b>	627,596

**13.3 Statutory reserve**

In accordance with Company’s By-Laws and the applicable regulations, the shareholders may resolve to form reserves to the extent that serves the Company’s interest or ensures, as far as possible, consistent distribution of dividends to the shareholders. The reserve is not available for distribution as dividends, except for where the shareholders resolve via a General Assembly to distribute them or transfer back to the retained earnings.

**13.4 Reserve for advances to certain founding shareholders**

This represents amounts advanced to certain founding shareholders (“the founders”) in prior years, duly approved by the shareholders and stipulated in the By-laws of the Company, and subsequently ceased via shareholder resolution in their extraordinary general assembly meeting dated 28 March 2016 (corresponding to 19 Jumada Al Thani 1437H).

The advances are adjustable against future dividend distributions by the Company to the founders and / or against the proceeds from disposal of Company’s shares held by the founders. During the year ended 31 December 2024, the Company received and adjusted SR 0.16 million (31 December 2023: SR 0.3 million) against advances from certain founders.

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**14    LOANS AND BORROWINGS**

The following notes provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortized cost. All loans and borrowings of the Group are Shari'a-compliant Islamic facilities. For information about the Group's exposure to interest rate and liquidity risk, refer note 27.

	<u><b>2024</b></u> <b>SR'000</b>	<u><b>2023</b></u> <b>SR'000</b>
Loans and borrowings	<b>12,075,373</b>	11,433,470
Accrued commission	<b>78,227</b>	345,238
Less: Deferred financial charges	<u><b>(44,108)</b></u>	<u>(52,198)</u>
	<b>12,109,492</b>	11,726,510
Current portion	<u><b>(1,156,582)</b></u>	<u>(678,503)</u>
Non-current portion	<u><b>10,952,910</b></u>	<u>11,048,007</u>

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**14. LOANS AND BORROWINGS (continued)**

Below is the summary of the loans and borrowings arrangement of the Group along with details of any associated collateral:

<b>31 December 2024</b>	<b>Non-current portion*</b>	<b>Current portion*</b>	<b>Facility limit</b>	<b>Last restructuring date</b>	<b>Repayment period</b>	<b>Repayment term</b>	<b>Collateral</b>	<b>Carrying amount of the Collateral (note 5(f), 6(d)) SR '000</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>					
<b>Secured bank loans</b>								
Government loan (note (a))	1,656,314	(19,132)	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,164,079
Syndicate loan (note (b))	5,907,618	84,984	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	9,564,350
Facility from a local bank (note (c))	643,000	72,868	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,355,874	164,223	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,969,559
Facility from a local bank (note (e))	--	729,262	1,900,000	--	Earlier of sale of collateral assets or 24-Jan-26	Bullet payment	Refer note (e)	337,527
<b>Unsecured bank loans</b>								
Facility from a local bank (note (f))	1,426,087	132,502	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	10,988,893	1,164,707						
Less: Deferred financial charges	(35,983)	(8,125)						
	<u>10,952,910</u>	<u>1,156,582</u>						
<b>31 December 2023</b>	<b>Non-current portion*</b>	<b>Current portion*</b>	<b>Facility limit</b>	<b>Last restructuring date</b>	<b>Repayment period</b>	<b>Repayment term</b>	<b>Collateral</b>	<b>Carrying amount of the Collateral (note 5(f), 6(d)) SR '000</b>
	<b>SR '000</b>	<b>SR '000</b>	<b>SR '000</b>					
<b>Secured bank loans</b>								
Government loan (note (a))	1,500,057	--	1,500,057	14-Nov-21	31-Mar-31	Bullet payment	Refer note (a)	6,451,474
Syndicate loan (note (b))	5,891,811	225,988	5,898,890	23-Oct-21	31-Dec-24 to 30-Sep-30	Quarterly	Refer note (b)	8,323,016
Facility from a local bank (note (c))	785,800	176,234	1,000,000	--	23-Jan-23 to 27-Jan-30	Semi-Annual	Refer note (c)	304,139
Facility from a local bank (note (d))	1,463,000	216,077	1,600,000	28-Aug-22	28-Feb-24 to 28-Aug-27	Semi-Annual	Refer note (d)	1,839,872
<b>Unsecured bank loans</b>								
Facility from a local bank (note (f))	1,451,361	68,380	1,600,000	--	3-Nov-24 to 3-May-36	Semi-Annual	--	--
	11,092,029	686,679						
Less: Deferred financial charges	(44,022)	(8,176)						
	<u>11,048,007</u>	<u>678,503</u>						

\*these balances include accrued commission

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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**14. LOANS AND BORROWINGS (continued)**

- a) During 2021, the Group entered into a loan restructuring agreement with Ministry of Finance ('MoF') that involved significant modifications of the loan terms, including waiver of the entire accrued and unpaid commission of SR 457 million as of the date of agreement, capitalization of commission for certain period before commencing repayments, revision in commission rates, conversion of SR 1.5 billion of the total existing loan amount into a new unsecured Shariah-compliant subordinated perpetual instrument ("Perpetual instrument"), and maturity extension of the remaining secured borrowing facility amounting to SR 1.5 billion to 31 March 2031, repayable as a bullet payment ("Bullet Loan").

The SR 1.5 billion Perpetual instrument does not carry a contractual maturity nor does the government entity hold a contractual right to redemption or repayment in the ordinary course of Group's business.

Moreover, the Group may elect not to make any of the profit payments, except in the event of distribution of dividend to ordinary shareholders, and such non-payment of profit shall neither accumulate nor be considered an event of default.

The Group has analysed the Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity at its fair value on the date of debt conversion.

Pursuant to receipt of binding term sheets from MoF, confirmation from the facility agent and approval of Board of Directors (BoD) of acceptance of term sheets, the Group derecognized the old facility and recognized new facilities during 2021.

The Group has pledged its properties in phase 3 and certain plots of lands in phase 7 to the lender as mortgage against the loan. The facility includes financial covenant requiring the Group to ensure that the loan-to-value (LTV) ratio must not exceed 100% at the end of each financial year. The Group is in compliance with this covenant as at 31 December 2024.

- b) The Group has pledged its properties in phase 2, phase 4 and phase 5 to the lender as mortgage against the loan. Furthermore, the Group has also issued a promissory note in favor of the syndicate amounting to SR 6.1 billion.

The facility contains financial covenant stating that the Group shall ensure the LTV ratio does not exceed 90% following the end of each financial year. The Group is in compliance with this covenant as at 31 December 2024.

- c) The Group has pledged certain plots of land in phase 7 to the lender as mortgage against the loan. The facility contains financial covenant stating that the coverage rate of mortgaged properties shall not be less than 120% of the outstanding amount of loan at the end of each financial year. The Group is in compliance with this covenant as at 31 December 2024.

- d) During the year ended 31 December 2022, the Group restructured its existing facilities with a local bank pursuant to which, the Group entered into a new facility agreement amounting to SR 1,600 million through modification of the previously obtained facilities. The Group recognized modification losses amounting to SR 79.2 million, as a result of facilities rescheduled during the year ended 31 December 2022.

The Group has pledged one property in phase 1 to the lender as mortgage against the loan. The facility contains financial covenants requiring the Group to ensure that the debt service cover ratio (EBITDA to Debt Service) to not fall below 120% and coverage of mortgaged property to not fall below 130% of total outstanding facilities as at the end of each financial year. The Group is in compliance with these covenants as at 31 December 2024.

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**14. LOANS AND BORROWINGS (continued)**

- e) During the year ended 31 December 2024, the Group has entered into Murabaha facility arrangement of SR 1.9 billion with a local bank comprising of long-term financing facility secured against two properties in phase 6 as mortgage against the loan. This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility. While the facility is repayable at the earlier of sale of collateralized properties or 24 January 2026, however, as of the reporting date all collateralized property have been sold, refer note 5(b)
- f) This loan is secured against the guarantee provided by the Government to the lender. There are no financial debt covenants related to the facility.
- g) During the year ended 31 December 2024, total drawdowns against loans and borrowings amounted to SR 1,218 million (2023: SR 751 million), repayments amounted to SR 833 million (2023: SR 380 million), while total finance cost paid amounted to SR 974 million (2023: SR 526 million).

**15 EMPLOYEE BENEFITS**

The Group operates an unfunded defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Balance at 1 January	40,959	32,675
<b><i>Included in profit or loss</i></b>		
Current service cost	11,182	8,956
Interest cost	1,778	1,272
Past service cost	(119)	--
Curtailment loss	--	11
	12,841	10,239
<b><i>Included in other comprehensive income</i></b>		
- Actuarial (gain) / loss arising from:		
• demographic assumptions	542	(495)
• financial assumptions	(523)	--
• experience adjustment	(808)	2,153
	(789)	1,658
<b><i>Other</i></b>		
Benefits paid	(4,631)	(3,613)
Balance at 31 December	48,380	40,959

During 2024, the pension arrangements were adjusted to reflect new legal requirements in KSA regarding the retirement age. As a result of the plan amendment, the Group's defined benefit obligation decreased by SR 0.12 million (31 December 2023: Nil). A corresponding past service credit was recognized in profit or loss during 2024.

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**15. EMPLOYEE BENEFITS (continued)**

**Actuarial assumptions**

The following were the principal actuarial assumptions applied at the reporting date:

	<u>2024</u>	<u>2023</u>
Discount rate (%)	<b>5.33%</b>	4.61%
Future salary growth (%)	<b>4.98%</b>	4.41%

At 31 December 2024, the weighted-average duration of the defined benefit obligation was 6.42 years (31 December 2023: 6.44 years).

Expected future payments are discounted using market yields at the end of the reporting period of high-quality government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<u>2024</u>		<u>2023</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
Discount rate (1% movement)	<b>(2,868)</b>	<b>3,239</b>	(2,428)	2,819
Future salary growth (1% movement)	<b>3,406</b>	<b>(3,070)</b>	2,961	(2,600)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

**16 OTHER NON-CURRENT LIABILITIES**

	<u>2024</u>	<u>2023</u>
	<u>SR'000</u>	<u>SR'000</u>
Payable to CDCC (note (a))	<b>711,688</b>	734,412
Retention payable (note 17 (a))	<b>65,490</b>	83,694
Refundable deposits (note (b))	<b>4,477</b>	6,367
Others	<b>5,913</b>	10,309
	<b><u>787,568</u></b>	<b><u>834,782</u></b>

- a) This represents payable to CDCC in relation to construction and operation of cooling plant (for provision of cooling facilities) to the Group at pre-agreed rates.
- b) Refundable deposits are received in connection with lease of commercial centers which are to be settled at the end of the corresponding lease contract.

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**17 TRADE PAYABLE AND OTHER CURRENT LIABILITIES**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Trade payable	130,776	548,941
Contract liability (note (b))	207,255	236,988
Contractor accrued balances	42,329	58,986
Accrued expenses and other liabilities	249,983	182,823
Amount due to related party	49,038	259,848
Retention payable (note (a))	93,944	148,126
Advances from customers	7,266	36,229
VAT payable	15,144	--
	<u>795,735</u>	<u>1,471,941</u>

- a) Retention payables consist of amount due to be settled to contractors based on agreed terms. The amount has been classified as under current and non-current based on expected date of settlement.
- b) Contract liability includes advance rent from commercial centers for which revenue is recognized over time.

**18 ZAKAT PAYABLE**

During the year ended 31 December 2024, the Group has recorded Zakat charge of SR 23.7 million for the current year (31 December 2023: SR 221.4 million).

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

	<u>2024</u> SR'000	<u>2023</u> SR'000
Opening balance	485,686	285,058
Charge for the year		
- Current year	23,712	33,005
- Prior year	--	188,378
	23,712	221,383
Advance settlement	(49,110)	(20,755)
Modification gain on payment plan	(84,619)	--
Unwinding of modification gain	4,928	--
Payments made during the year	(38,626)	--
<b>Closing balance</b>	<u>341,971</u>	<u>485,686</u>
Current portion	<u>168,379</u>	<u>485,686</u>
Non-current portion	<u>173,592</u>	<u>--</u>



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**18. ZAKAT PAYABLE (continued)**

Significant components of Zakat base are as follows:

		<u>2024</u> SR'000	<u>2023</u> SR'000
Equity as at 31 December		<b>13,685,774</b>	12,971,112
Add: provisions and other adjustments		<b>12,107,206</b>	13,582,859
Less: carrying amount of long-term assets		<b>(24,875,601)</b>	(25,545,692)
Zakat base	A	<b>917,379</b>	1,281,193
Zakat-able income for the year	B	<b>415,297</b>	272,914
Zakat for the current year @ 2.5% on higher of A and B		<b>23,712</b>	32,813
Zakat on investment in fund		--	192
<b>Charge for the year – current year</b>		<b>23,712</b>	33,005

Certain items have been adjusted in accordance with the applicable regulations to arrive at the Zakat base. Zakat is computed at a rate of 2.5% applied to the amount that is the higher of adjusted net income (Zakat-able income) and Zakat base.

**Status of assessments**

- a) The Group has filed Zakat returns for all years up to and including 31 December 2023. Zakat assessments have been finalized with Zakat, Tax and Customs Authority (“ZATCA”) for all years up to 31 December 2018.
- b) During the year ended 31 December 2024, ZATCA issued new Zakat regulations through Ministerial Resolution No. 1007, dated 29 February 2024. These regulations became effective from 1 January 2024 and provided Zakat payers the option to apply the new rules to financial years prior to 1 January 2024, subject to ZATCA's approval. Accordingly, the Group has chosen to adopt the new Zakat regulations and has submitted a corresponding application to ZATCA, along with revised returns for the years 2019 to 2022, which have been accepted by ZATCA. Subsequent to the foregoing, all previous assessments and decisions by ZATCA's various committees, including the Settlement Committee, have been rescinded for the years for which revised returns were filed under the new regulations, however, these resubmissions remain open for assessment in future.
- c) During the year ended 31 December 2024, ZATCA approved a payment plan in relation to a previously concluded assessment for all years up to 31 December 2018, whereby ZATCA had raised an additional Zakat liability of SR 354 million to the Group in prior year. As per the foregoing payment plan, the additional Zakat liability is payable in quarterly installments commencing from September 2024 and ending in June 2033. The Group has recorded a modification gain of SR 84.6 million in respect of the revised present value of the Zakat obligation based on the approved payment plan (recognized under finance income).

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**19. RELATED PARTY TRANSACTIONS AND BALANCES**

Significant transactions with related parties in the ordinary course of business included in the consolidated financial statements for the year ended 31 December and balances arising therefrom are summarized below:

<u>Related party and relationship</u>	<u>Nature of transaction</u>	<u>2024</u> SR'000	<u>2023</u> SR'000
Central District Cooling Company (Joint venture)	Cooling charges	54,053	41,062
	Concession payable related finance charges	43,638	44,410
	Rental income	4,057	4,057

Balances arising from transactions with related parties are as follows:

<u>Related party and relationship</u>	<u>Nature of balance</u>	<u>2024</u> SR'000	<u>2023</u> SR'000
Central District Cooling Company (Joint venture)	Other non-current liabilities (note 16)	711,688	734,412
	Other assets (note 10)	15,566	16,509
	Trade and other receivables (note 12)	18,086	27,763
	Trade payable and other current liabilities (note 17)	49,038	259,848

Key management personnel comprise chief executive officer and heads of departments. Compensation of the group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined Benefit plan.

<u>Description</u>	<u>Nature of transaction</u>	<u>2024</u> SR'000	<u>2023</u> SR'000
Board of Directors	Meeting attendance fee	2,185	2,432
Key Management Personnel	Short term employee benefits	15,694	17,751
	Post-employment benefits	2,002	418

**20. REVENUE**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Revenue from contract with customers	1,727,141	1,205,622
Revenue from rental income	174,254	121,101
	<u>1,901,395</u>	<u>1,326,723</u>

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**20. REVENUE (continued)**

**20.1 Disaggregation of revenue**

Set out below is the revenue disaggregated by type of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments. Further, the Group's revenue is earned in Kingdom of Saudi Arabia ('KSA').

	<b>For the year ended 31 December</b>							
	<u>Operating Hotels</u>		<u>Commercial centers</u>		<u>Properties for development and sale</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b><u>Revenue from contract with customers:</u></b>								
Sale of properties for development and sale	--	--	--	--	<b>116,872</b>	63,815	<b>116,872</b>	63,815
Hotel operations								
- Room rent	<b>1,310,296</b>	884,392	--	--	--	--	<b>1,310,296</b>	884,392
- Other services	<b>299,973</b>	257,415	--	--	--	--	<b>299,973</b>	257,415
<b><u>Revenue from rental income:</u></b>								
Lease of commercial center shops	--	--	<b>174,254</b>	121,101	--	--	<b>174,254</b>	121,101
	<b><u>1,610,269</u></b>	<u>1,141,807</u>	<b><u>174,254</u></b>	<u>121,101</u>	<b><u>116,872</u></b>	<u>63,815</u>	<b><u>1,901,395</u></b>	<u>1,326,723</u>
<b><u>Timing of revenue recognition:</u></b>								
Point-in-time	<b>299,973</b>	257,415	--	--	<b>116,872</b>	--	<b>416,845</b>	257,415
Over time	<b>1,310,296</b>	884,392	<b>174,254</b>	121,101	--	63,815	<b>1,484,550</b>	1,069,308
<b>Total revenue</b>	<b><u>1,610,269</u></b>	<u>1,141,807</u>	<b><u>174,254</u></b>	<u>121,101</u>	<b><u>116,872</u></b>	<u>63,815</u>	<b><u>1,901,395</u></b>	<u>1,326,723</u>

**20.2** The customers for operating hotels are represented by various diversified members of general public from all over the world. The customers for commercial centers are represented by shop owners in KSA. While the customer for properties for development and sale are largely represented by members of general public. There is no significant concentration of revenue to specific customers in any of the segments.

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**20. REVENUE (continued)**

**20.3 Operating lease - Group as lessor**

The future minimum rentals receivable under operating leases contracted for as at the reporting date but not recognized as receivables, are as follows:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Less than one year	144,837	175,525
One to two years	79,617	144,837
Two to three years	55,756	79,617
Three to four years	51,487	55,756
Four to five years	44,832	51,487
More than five years	112,465	157,297
Total	<u>488,994</u>	<u>664,519</u>

**21. COST OF REVENUE**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Cost of property for development and sale	30,168	11,183
Commercial center operating costs	45,489	54,418
Hotel operating cost	840,538	592,729
Depreciation and amortization	377,421	267,343
	<u>1,293,616</u>	<u>925,673</u>

**22. GENERAL AND ADMINISTRATION EXPENSES**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Employee related costs and travelling expenses	51,850	59,608
Depreciation and amortization	12,172	16,629
Impairment of property, plant and equipment, net (note 5)	302,258	71,166
Withholding taxes	623	3,812
Professional and consultancy fees (note 22.1)	26,217	18,887
Attendance fee for board meetings	2,185	2,432
Hotels pre-operating expenses	318	19,989
Others	70,536	25,665
	<u>466,159</u>	<u>218,188</u>

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**22. GENERAL AND ADMINISTRATION EXPENSES (continued)**

**22.1** Professional and consultancy fees include auditor's remuneration, details of which are provided below:

	<u>2024</u> SR'000	<u>2023</u> SR'000
Audit fee	3,523	3,230
Non-audit fee	45	545
	<u>3,568</u>	<u>3,775</u>

**23. OTHER OPERATING INCOME**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Gain on disposal of asset held for sale (refer note 5(b))	747,843	390,427
Others	8,388	7,286
	<u>756,231</u>	<u>397,713</u>

**24. FINANCE COSTS AND FINANCE INCOME**

**Finance cost:**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Finance cost on loans and borrowings	973,025	953,828
Finance cost on other non-current liabilities	57,419	44,410
	<u>1,030,444</u>	<u>998,238</u>
Finance cost capitalized as borrowing cost incurred on qualifying assets (note 5(e) and 6(a))	(318,592)	(612,296)
	<u>711,852</u>	<u>385,942</u>

**Finance income:**

	<u>2024</u> SR'000	<u>2023</u> SR'000
Finance income on Murabaha deposits	24,385	14,541
Modification gain on Zakat liability deferral (note 18 (c))	84,619	--
	<u>109,004</u>	<u>14,541</u>

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**25. EARNINGS PER SHARE**

Basic earnings per share for the year ended 31 December 2024 and for the year ended 31 December 2023, have been computed by dividing the profit for the year attributable to the ordinary shareholders by weighted average the number of shares outstanding during the year. As there are no dilutive shares outstanding, basic and diluted losses per share are identical.

	<u>2024</u> SR'000	<u>2023</u> SR'000
Profit for the year attributable to owners of the Company	<u>200,090</u>	<u>37,480</u>
Weighted average number of outstanding shares (number in thousand) (note 25.1)	<u>1,158,584</u>	<u>1,154,534</u>
Earnings per share (SR) - Basic and diluted	<u>0.17</u>	<u>0.03</u>

**25.1 Weighted-average number of shares**

	<u>2024</u>	<u>2023</u>
<i>In thousand of shares</i>		
Issued shares at 1 January	1,154,534	1,154,534
Effect of shares issued Debt-to-equity swap (note 13.1.1)	4,050	--
Weighted average number of ordinary shares for the year ended 31 December	<u>1,158,584</u>	<u>1,154,534</u>

**26. SEGMENT REPORTING**

The Group has the following three strategic divisions which are its reportable operating segments. These divisions offer different products and/or services and are managed separately as they require different operational and marketing strategies. The Group's Chairman of Board and Group Chief Executive Officer (CEO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the Chief Operating Decision Makers (CODM) for the Group. The following summary describes the operations of each reportable segment.

<u>Reportable segments</u>	<u>Operations</u>
Operating hotels	Includes leasing of rooms, parking facilities and selling food and beverages ("the Hotels").
Commercial centers	Includes operating and leasing of commercial shopping malls ("the Commercial Centers").
Properties for development and sale	Includes construction and development of property and sale of completed dwellings.

Non-current assets of the Group are based in Saudi Arabia.

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**26. SEGMENT REPORTING (continued)**

Information regarding the results of each reportable segment is set out below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The following table represent the segment information for the year ended 31 December:

<b><u>Particulars</u></b>	<b><i>As at the year ended 31 December 2024</i></b>					
	<b><u>Operating hotels</u></b>	<b><u>Commercial centers</u></b>	<b><u>Properties for development and sale</u></b>	<b><u>Total for reportable segments</u></b>	<b><u>Other unallocated amounts</u></b>	<b><u>Consolidated total</u></b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
Property, plant and equipment	19,372,247	--	--	19,372,247	1,621,850	20,994,097
Investment properties	--	3,527,274	--	3,527,274	--	3,527,274
Asset held for sale	--	--	--	--	853,803	853,803
Other non-current assets (total)	--	--	--	--	221,911	221,911
Other current assets (total)	584,598	127,182	8,848	720,628	1,236,774	1,957,402
<b>Segment assets</b>	<b>19,956,845</b>	<b>3,654,456</b>	<b>8,848</b>	<b>23,620,149</b>	<b>3,934,338</b>	<b>27,554,487</b>
<b>Segment liabilities</b>	<b>361,089</b>	<b>39,815</b>	<b>6,895</b>	<b>407,799</b>	<b>13,675,347</b>	<b>14,083,146</b>

The statement of profit or loss items for the year ended 31 December 2024 are as follows:

<b><u>Particulars</u></b>	<b><u>Properties for development and sale</u></b>					
	<b><u>Operating hotels</u></b>	<b><u>Commercial centers</u></b>	<b><u>Properties for development and sale</u></b>	<b><u>Total for reportable segments</u></b>	<b><u>Other unallocated amounts</u></b>	<b><u>Consolidated total</u></b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>
Revenue	1,610,269	174,254	116,872	1,901,395	--	1,901,395
Cost of revenue	(840,538)	(45,489)	(30,168)	(916,195)	--	(916,195)
Depreciation and amortization	(343,623)	(33,798)	--	(377,421)	--	(377,421)
<b>Segment gross profit</b>	<b>426,108</b>	<b>94,967</b>	<b>86,704</b>	<b>607,779</b>	<b>--</b>	<b>607,779</b>
Depreciation and amortization	--	--	--	--	(12,172)	(12,172)
Impairment of financial assets	(16,948)	(32,336)	--	(49,284)	--	(49,284)
Impairment of non – financial assets	(302,258)	--	--	(302,258)	--	(302,258)
Finance Cost	--	--	--	--	(711,852)	(711,852)
Finance Income	--	--	--	--	109,004	109,004
Others	(318)	(4,576)	--	(4,894)	587,463	582,569
<b>Segment net profit / (loss) before zakat</b>	<b>106,584</b>	<b>58,055</b>	<b>86,704</b>	<b>251,343</b>	<b>(27,557)</b>	<b>223,786</b>

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**26. SEGMENT REPORTING (continued)**

<u>Particulars</u>	<i>As at the year ended 31 December 2023</i>					
	Operating	Commercial	Properties for	Total for	Other	Consolidated
	<u>hotels</u>	<u>centers</u>	<u>development</u>	<u>reportable</u>	<u>unallocated</u>	<u>total</u>
	SR'000	SR'000	and sale	segments	amounts	SR'000
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Property, plant and equipment	19,564,444	--	--	19,564,444	1,792,188	21,356,632
Investment properties	--	3,507,787	--	3,507,787	--	3,507,787
Asset held for sale	--	--	--	--	923,356	923,356
Other non-current assets (total)	--	--	--	--	249,800	249,800
Other current assets (total)	283,962	109,345	37,890	431,197	813,926	1,245,123
Segment assets	<u>19,848,406</u>	<u>3,617,132</u>	<u>37,890</u>	<u>23,503,428</u>	<u>3,779,270</u>	<u>27,282,698</u>
Segment liabilities	<u>371,376</u>	<u>27,761</u>	<u>15,796</u>	<u>414,933</u>	<u>14,144,945</u>	<u>14,559,878</u>

The statement of profit or loss items for the year ended 31 December 2023 are as follows:

<u>Particulars</u>	Operating	Commercial	Properties for	Total for	Other	Consolidated
	<u>hotels</u>	<u>centers</u>	<u>development</u>	<u>reportable</u>	<u>unallocated</u>	<u>total</u>
	SR'000	SR'000	and sale	segments	amounts	SR'000
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Revenue	1,141,807	121,101	63,815	1,326,723	--	1,326,723
Cost of revenue	(592,729)	(54,418)	(11,183)	(658,330)	--	(658,330)
Depreciation and amortization	(251,948)	(15,395)	--	(267,343)	--	(267,343)
Segment gross profit / (loss)	<u>297,130</u>	<u>51,288</u>	<u>52,632</u>	<u>401,050</u>	<u>--</u>	<u>401,050</u>
Depreciation and amortization	--	--	--	--	(16,629)	(16,629)
Impairment of financial assets	19,155	28,635	--	47,790	--	47,790
Impairment of non-financial assets	(71,166)	--	--	(71,166)	--	(71,166)
Finance Cost	--	--	--	--	(385,942)	(385,942)
Finance Income	--	--	--	--	14,541	14,541
Others	(20,727)	(3,949)	--	(24,676)	293,895	269,219
Segment net profit / (loss) before zakat	<u>224,392</u>	<u>75,974</u>	<u>52,632</u>	<u>352,998</u>	<u>(94,135)</u>	<u>258,863</u>

Revenue from operating business segment is generated from Kingdom of Saudi Arabia only.



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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS**

**27.1** The Group's principal financial liabilities comprise loans and borrowings and trade payables and other current liabilities as well as other non current liabilities. The main purpose of loans and borrowings and trade related liabilities is to finance the Group's operations and future capital expenditure. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in equity instruments.

The Group has exposure to the following risks arising from financial instruments:

- market risk;
- credit risk; and
- liquidity risk

**Risk management framework**

The Group management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. Audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management. The Group is continuously monitoring the evolving scenario and any further change in the risk management policies will be reflected in the future reporting periods.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. The Group's interest-bearing liabilities, which are mainly bank borrowings, at floating rates of interest, which are subject to re-pricing. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are significant. Interest bearing financial assets comprises of short term Murabaha deposits which are at fixed interest rates.

The interest rate profile of the Group's variable interest-bearing financial instruments as reported to the management of the Group is as follows:

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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**Interest rate risk (continued)**

'000 SAR

	Carrying amount	
	31 December 2024	31 December 2023
<b>Fixed rate instruments</b>		
Financial assets	297,297	109,950
	<b>297,297</b>	<b>109,950</b>
<b>Variable rate instruments</b>		
Financial liabilities	12,075,373	11,433,470
Effect of interest rate swaps	14,459	--
	<b>12,089,832</b>	<b>11,433,470</b>

Profit or loss is sensitive to higher/lower interest expense on borrowings as a result of changes in interest rates. The following table demonstrates the sensitivity to a reasonable possible change in interest rate on the Group's profit before zakat, through the impact of floating rate borrowings with all other variables held constant:

	2024 SR'000	2023 SR'000
Interest rate-increases by 100 basis points	120,754	111,020
Interest rate-decreases by 100 basis points	(120,754)	(111,020)

**Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and United States Dollars. The management believes that there is no currency risk arising from the transactions in currencies to which the Saudi Riyals is pegged. The Group's exposure to currency risk arising from currencies to which the Saudi Riyals is not pegged is not material to these consolidated financial statements.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from special commission rate risk (also referred to as interest rate risk or commission rate risk) or currency risk, whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market.

The Group's exposure to unit price risk arises from investments held by the Group and classified in the consolidated statement of financial position at fair value through profit or loss. The Group closely monitors price in order to manage price risk arising from investments in fund.

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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**Price risk (continued)**

The table below summarizes the impact of increases/decreases of the NAV of units on the Group's equity. The analysis is based on the assumption that the NAV of units had increased or decreased by 5% with all other variables held constant, and that all the Group's units moved in line with the market price.

	<b>Impact on profit or loss as at 31 December</b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>SR'000</b>	<b>SR'000</b>
NAV of the units-increases by 5%	<b>13,440</b>	13,363
NAV of the units-decreases by 5%	<b>(13,440)</b>	(13,363)

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, leading to a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, restricted cash, credit exposures to customers, including outstanding receivables, accrued rental income and contract assets.

Credit risk is managed on a Group basis. For trade receivables, accrued rental income and contract assets, internal risk control department assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by line management.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2024 and 31 December 2023 is equal to the respective carrying amounts as disclosed in notes 9 and 12.

Cash at banks are currently placed with banks having credit rating of "A-". Other receivables are considered to have low credit risk. Based on management's impairment assessment, there is no provision required in respect of these balances for all the years presented.

For trade receivables and contract assets, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables, accrued rental income and contract assets based on a provision matrix. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Further, the expected credit losses also incorporate forward-looking information.

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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**Credit risk (continued)**

*Tenant Receivables*

Tenants are assessed according to Group criteria prior to entering into lease arrangements. Credit risk is managed by requiring tenants to pay rentals and services to tenants in advance. The credit quality of the tenant is assessed based on an extensive credit rating scorecard at the time of entering into a lease agreement. Outstanding tenants' receivables are regularly monitored.

*Receivables resulting from the sale of properties for development and sale and contract assets*

Customer credit risk is managed by requiring customers to pay advances before the transfer of ownership, therefore, substantially eliminating the Group's credit risk in this respect.

The following table provides information about the exposure to credit risk and ECLs for receivables, contract assets and cash & cash equivalents:

<b>31 December 2024</b>	<b>Current</b>	<b>More than 1-30 days past due</b>	<b>More than 31-90 days past due</b>	<b>More than 91-180 days past due</b>	<b>More than 181-360 days past due</b>	<b>More than 360 days past due</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>		<b>SR'000</b>
Expected loss rate	0.06%	9.75%	29.52%	34.43%	38.87%	73.39%	5.26%
Gross carrying amount	1,627,887	11,568	24,209	16,357	39,547	88,276	1,807,844
Loss allowance	973	1,128	7,146	5,632	15,370	64,785	95,034
<b>31 December 2023</b>	<b>Current</b>	<b>More than 1-30 days past due</b>	<b>More than 31-90 days past due</b>	<b>More than 91-180 days past due</b>	<b>More than 181-360 days past due</b>	<b>More than 360 days past due</b>	<b>Total</b>
	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>	<b>SR'000</b>		<b>SR'000</b>
Expected loss rate	0.14%	2.07%	4.63%	6.46%	10.25%	64.87%	5.49%
Gross carrying amount	769,688	1,745	13,581	6,277	2,280	69,442	863,013
Loss allowance	1,044	36	629	406	234	45,047	47,396

**Liquidity Risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group.

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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**Liquidity risk (continued)**

Expected maturity of undiscounted cash flows of financial liabilities are as follows:

	Carrying values SR'000	Gross undiscounted value SR'000	up to 1 year SR'000	1 - 2 years SR'000	2- 5 years SR'000	More than 5 years SR'000
<b>31 December 2024</b>						
Loans and borrowings	12,109,492	15,949,435	1,812,890	1,498,717	3,873,724	8,764,104
Trade payable and other current liabilities	449,427	449,427	449,427	--	--	--
Other non-current liabilities	787,568	1,191,259	--	112,253	229,005	850,001
	<u>13,346,487</u>	<u>17,590,121</u>	<u>2,262,317</u>	<u>1,610,970</u>	<u>4,102,729</u>	<u>9,614,105</u>
<b>31 December 2023</b>						
Loans and borrowings	11,726,510	17,368,103	1,196,756	1,252,448	4,913,085	10,005,814
Trade payable and other current liabilities	1,198,869	1,198,869	1,198,869	--	--	--
Other non-current liabilities	834,782	1,354,853	--	96,151	277,567	981,135
	<u>13,760,161</u>	<u>19,921,825</u>	<u>2,395,625</u>	<u>1,348,599</u>	<u>5,190,652</u>	<u>10,986,949</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments. Refer to note 14 for unused credit facilities and note 9 for closing cash position of the Group.

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong base so as to maintain investor and creditor confidence and to sustain future development of the business; to provide returns for shareholders; and to optimize the capital structure to reduce cost of capital. The capital structure includes all components of shareholders' equity totaling SR 13,471 million at 31 December 2024 (31 December 2023: SR 12,723 million). The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Cash flow forecasting is performed by the management which monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Management is monitoring the cash capital position of the Company and is the process of considering the overall capital structure.

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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**Liquidity risk (continued)**

The Group's treasury department monitors capital on the basis of the gearing ratio. This ratio is calculated based on the net debt divided by total capital.

	<u>2024</u> SR'000	<u>2023</u> SR'000
Borrowings	12,109,492	11,726,510
Less: cash and cash equivalents	(595,655)	(298,848)
Less: restricted cash	(291,442)	(406,546)
Net debt (A)	11,222,395	11,021,116
Shareholders' equity (B)	13,471,341	12,722,820
Total capital (A+B)	24,693,736	23,743,936
Gearing ratio (A / (A+B))	0.45	0.46

**(a) Net debt reconciliation**

	Cash and cash equivalents (excluding restricted cash) SR'000	Restricted cash SR'000	Loans and Borrowings SR'000	Total SR'000
1 January 2023	340,384	588,878	(10,981,045)	(10,051,783)
Finance cost / others	--	--	(895,385)	(895,385)
Finance cost paid	--	--	520,526	520,526
Cash flows, net	(41,536)	(182,332)	(370,606)	(594,474)
31 December 2023	298,848	406,546	(11,726,510)	(11,021,116)
Finance cost / others	--	--	(972,664)	(972,664)
Finance cost paid	--	--	974,473	974,473
Cash flows, net	296,807	(115,104)	(384,791)	(203,088)
<b>31 December 2024</b>	<b>595,655</b>	<b>291,442</b>	<b>(12,109,492)</b>	<b>(11,222,395)</b>

**27.2 Fair value measurement of financial instruments**

**Recognized fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**27.2 Fair value measurement of financial instruments (continued)**

**Recognized fair value measurements (continued)**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. As at 31 December 2024 and 31 December 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

**Fair value hierarchy**

<b>For the year ended 31 December 2024</b>						
	<b><u>FVTPL</u></b>	<b><u>Amortized</u></b>				
	<b><u>SR'000</u></b>	<b><u>Cost</u></b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
		<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
<b><u>Financial assets</u></b>						
Cash and cash equivalents	--	<b>595,655</b>	--	--	--	--
Restricted cash	--	<b>291,442</b>	--	--	--	--
Trade and other receivables	--	<b>827,105</b>	--	--	--	--
Other assets	--	<b>17,108</b>	--	--	--	--
Financial investments at fair value through profit or loss	<b>268,816</b>	--	<b>268,816</b>	--	--	<b>268,816</b>
	<b>268,816</b>	<b>1,731,310</b>	<b>268,816</b>	--	--	<b>268,816</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**27.2 Fair value measurement of financial instruments (continued)**

**Fair value hierarchy (continued)**

	For the year ended 31 December 2023					
	<u>FVTPL</u>	<u>Amortized</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>SR'000</u>	<u>Cost</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b>Financial assets</b>						
Cash and cash equivalents	--	298,848	--	--	--	--
Restricted cash	--	406,546	--	--	--	--
Trade and other receivables	--	132,935	--	--	--	--
Other assets	--	1,629	--	--	--	--
Financial investments at fair value through profit or loss	267,259	--	267,259	--	--	267,259
	<u>267,259</u>	<u>839,958</u>	<u>267,259</u>	<u>--</u>	<u>--</u>	<u>267,259</u>

There are no transfers in the fair value levels during the year ended 31 December 2024.

Financial assets at FVTPL comprise investments in funds. The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

<b>Type</b>	<b>Valuation technique</b>
Funds Investment in non-public funds	Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund

Trade payable and other current liabilities include the unrealised marked-to-market value of an interest rate swap arrangement (having a fair value of SR 14.5 million as of 31 December 2024) as well as a price collar arrangement entered into by the Group as part of the Debt to equity swap arrangement with CDCC, maturing in 6 months from the swap date (having a fair value of SR 10.2 million as of 31 December 2024). Both the foregoing instruments are classified under level 1 of the fair value hierarchy while the change in fair value of these instruments together with the change in fair value in the financial investments at fair value through profit or loss are collectively included under 'Change in fair value of financial instruments carried at fair value through profit or loss' in the consolidated statement of profit or loss.

**Fair value measurements using significant unobservable inputs (level 3)**

	<u>2024</u>	<u>2023</u>
	<u>SR'000</u>	<u>SR'000</u>
Opening balance	267,259	283,762
Gain / (loss) recognised in profit or loss	1,557	(16,503)
Closing balance	<u>268,816</u>	<u>267,259</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**27. RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)**

**27.2 Fair value measurement of financial instruments (continued)**

**Valuation process**

In line with the Group's reporting dates, the Group's finance department determines fair value of the valuations of financial instruments required for financial reporting purposes, including level 3 fair values.

This team reports directly to the Chief Financial Officer (CFO). Refer note 8 for details on main level 3 inputs used by the Group.

**28. COMMITMENTS AND CONTINGENCIES**

- a) As at 31 December 2024, the outstanding capital commitments in respect of development of the Project amounted to SR 2,136 million (31 December 2023: SR 2,533 million).
- b) Refer note 18 for Zakat related contingencies.
- c) As at 31 December 2024, the contingencies against banks' letter of guarantees issued on behalf of the Group amounted to SR Nil (31 December 2023: SR 50 million).

**29. SUBSEQUENT EVENTS**

There have been no significant subsequent events since the year ended 31 December 2024 which would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

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

These consolidated financial statements have been approved and authorized to issue by the Board of Directors on 05 March 2025, corresponding to 05 Ramadan 1446h.