FROM SPACES TO PLACES

ANNUAL REPORT 2023

Since 1976

تاريخها يحكي

العقارية
AL AKARIA

العقارية
AL AKARIA

His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince and Prime Minister

King Salman bin Abdulaziz Al-Saud

Custodian of The Two Holy Mosques

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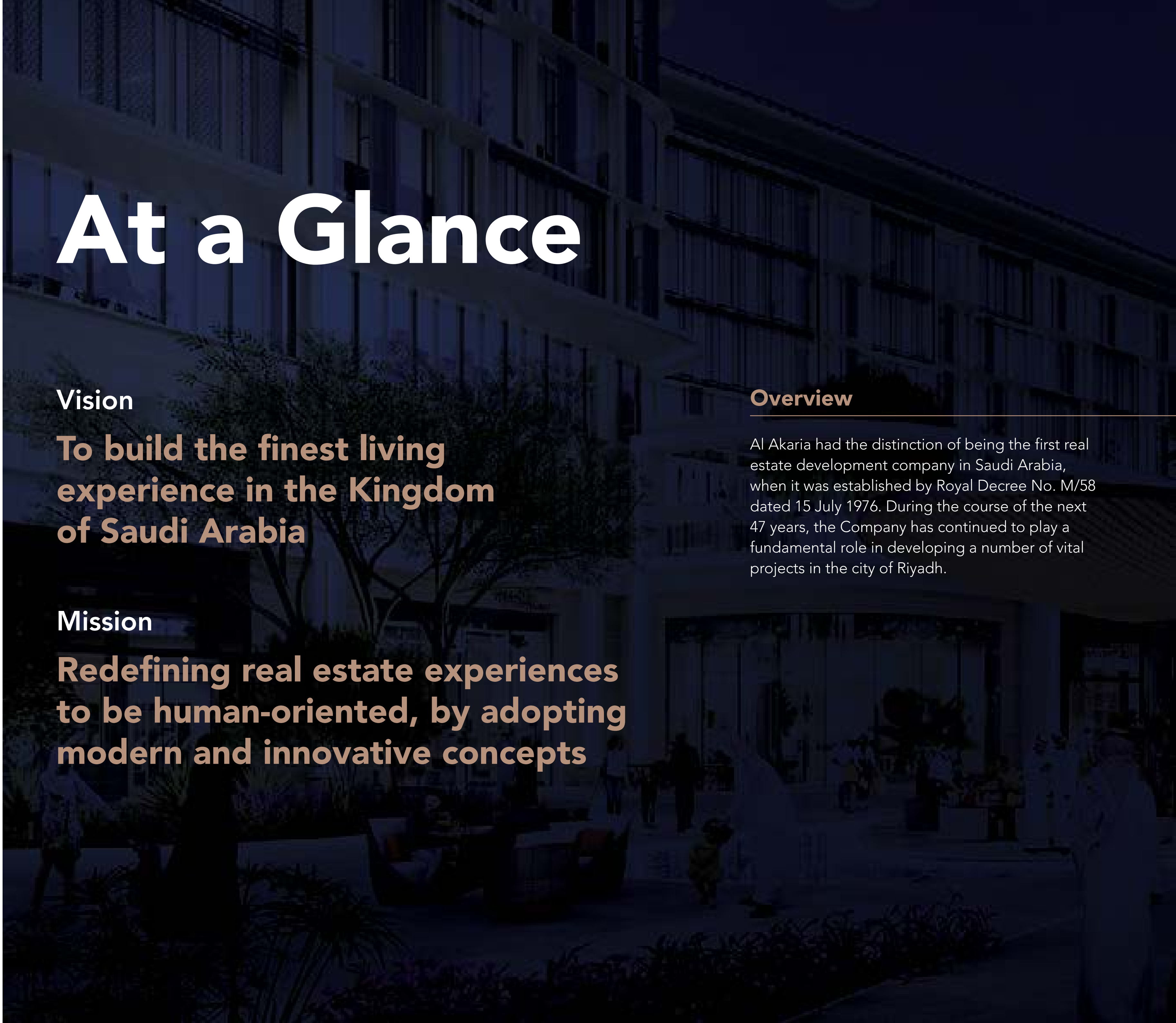


At a Glance

Vision

To build the finest living experience in the Kingdom of Saudi Arabia

Mission

Redefining real estate experiences to be human-oriented, by adopting modern and innovative concepts

Overview

Al Akaria had the distinction of being the first real estate development company in Saudi Arabia, when it was established by Royal Decree No. M/58 dated 15 July 1976. During the course of the next 47 years, the Company has continued to play a fundamental role in developing a number of vital projects in the city of Riyadh.

Al Akaria has also designed, constructed, and continues to maintain or manage a number of innovative projects within Riyadh. These include gated residential compounds, residences in the Diplomatic Quarters of Riyadh, malls and mixed-use commercial complexes, and office clusters. The Company's pioneering role, long history, and extensive experience in real estate development can also be seen in its work on several projects in Riyadh. Although its achievements were concentrated in Riyadh, it began expanding into different regions of the Kingdom through two distinct projects in Jeddah and Al-Ula. Many of these residential, retail, and commercial projects are deemed points of reference for aesthetics and architecture. Al Akaria has always aimed to establish an effective leadership role in raising the quality of life for Saudi citizens, and actively contributes to achieving the nation's socio-economic goals.

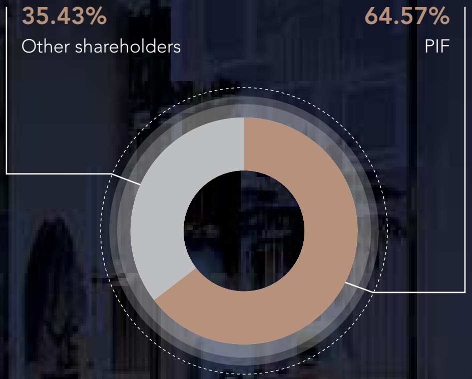
Sector Focus

- Residential Communities
- Mixed-use (+Hospitality) Destinations
- Business Office Park
- Masterplan (Land) Development
- Lifestyle Commercial Centers

Ownership Structure

Al Akaria is partly owned by the Public Investment Fund (PIF) as majority shareholders, while the remaining shares which represent 35.43%, are owned by other shareholders, each amounting to less than 5% of the total.

The PIF owns 64.57% of the Company's shares.



Subsidiaries

Al Akaria has three full-fledged subsidiaries incorporated and operational in Saudi Arabia.

The Company also owns Al Widyan Real Estate Saudi Company, and Hudoud Real Estate Investment Company.

Tamear

تعمير
TAMEAR

Al Akaria ownership **100%**

(Saudi Real Estate Construction Company)

Capital **SAR 34 Mn**

Primary activities

Building construction

Binyah

بنية
BINYAH

Al Akaria ownership **60%**

(The Saudi Real Estate Infrastructure Company, a partnership with Mohammed Al-Ali AlSwailem Trading and Contracting Company)

Capital **SAR 50 Mn**

Primary activity

Implementation of infrastructure works

Subsidiaries

Mumtalakat

Al Akaria ownership **60%**

(The Saudi Korean Company for Maintenance and Property Management, a joint venture with Posco E&C Saudi Arabia, and Posco O&M)

Capital **SAR 20 Mn**

Primary activities

Property maintenance and operations, and property management

Al Widyan

Al Akaria ownership **100%**

(Al Widyan Real Estate Saudi Company)

Capital **SAR 0.5 Mn**

Primary activities

Development of the Al Widyan project

Hudoud

Al Akaria ownership **100%**

(Hadoud Real Estate Investment Company)

Capital **SAR 0.01 Mn**

Primary activities

Real estate development

Highlights

Financial Prowess

Delivered a **23%** surge in gross profit amounting to **SAR 561 Mn**

Maintained a healthy debt to equity ratio at **0.64**

Gained **SAR 39 Mn** from time deposits

Subsidiaries' Achievements

Tamear – Completed contruction of Gate 8 and DQ 24 compound

Binyah – Completed the Triple Bay Area and Diriyah Gate II general earthworks

Mumtalakat – Entered into 9 new contracts for maintenance, cleaning, hospitality, operation and security

New Partnerships

Signed HMA with Hilton International

Partnered with Al Tahaluf Real Estate Company in JV

Entered new OMA with Unbox

Operational Outcomes

Achieved **35%** overall automation of services

Integrated the company and subsidiaries with ZATCA e-invoicing system

Won ARAMCO's CCC for cybersecurity measures

Vision's Projects

Signed new contracts with RCU and UDC

Signed new contracts with Diriyah gate through Binyah

Signing two agreements to develop a number of villas in the Sidra with Roshn

Signed new contracts with Qiddiya and Murabba through Binyah

Customer Care

Achieved **95%** timely response to calls

Raised tenant satisfaction level to **65%**

Responded to **15,000** customer calls

Resolved approximately **6,000** complaints

Employee Relations

Raised score to **66%** for employee satisfaction

Won MHRSD's Platinum Nitaqat certification

Achieved **67%** Saudization across senior management

Investor Focus

Recorded increase of **40%** in share price

Established new Compliance and Ethics Department

Launched Investor Relations Department

Institutional investor ownership increased by **1%**

Chairman's Overview

> Building on our financial prowess, projected revenues, and proven capabilities, the Company is well poised for the future.

Dear shareholders,

Since 1976, Al Akaria has maintained a track record of delivering prestigious residential, retail, and commercial projects in Saudi Arabia, and earned respect and reputation in the kingdom’s real estate industry. It pleases me to announce that through the course of 2023, Al Akaria has continued to build on our collective experience and expertise to deliver the quality that the Company is known for.

Based on our comprehensive 5-year corporate strategy, our teams have been marking improvements in financial and operational performance, optimizing our portfolio to best market advantage, participating in mega and giga projects, and gaining strengths across the entire value chain.

The Company actively supports Vision 2030 and the national roadmap for the future, with an emphasis on integrated spaces and sustainable urbanization. Al Akaria is also contributing to Saudi Arabia’s national housing strategy by providing more lands and building housing units for citizens, to raise the rate of home ownership and shape a resilient real estate landscape for the nation. Building on our financial prowess, projected revenues, and proven capabilities, the Company is well poised for the future.

Our sincere gratitude to King Salman bin Abdulaziz and Crown Prince Mohammad bin Salman for their vision and leadership in guiding Saudi Arabia into a bright and prosperous future.

I thank the Board of Directors, all our employees, and various stakeholders who are part of the Company’s journey, as we march alongside Saudi Arabia’s progressive vision and ambition.

Peace and blessings to you.

Naif bin Saleh Al Hamadan

Chairman of the Board

MD/CEO's Message

From SAR 11.42 to SAR 15.94, Al Akaria's share price surged by a remarkable 40% in 2023.

Dear shareholders,

It is with pride and pleasure that we present our operational progress, business achievements and financial statements in this annual report.

Throughout 2023, our teams implemented and executed well-defined strategies that mark progress on all our existing projects, and the signing of new proposals which include major developments that are taking shape across Saudi Arabia.

The Company's planned launches are designed around a portfolio mix that will secure a balanced revenue stream, with consistent rental income from leaseholds and substantial capital inflows from the off-plan sales of freehold properties. All these reinforce the Company's growth strategy to deliver quality, ensure positive cash flow, and create sustainable revenue streams.

In 2023, the Company's share price had a remarkable increase of 40%, surging from SAR 11.42 to SAR 15.94. This increase, which reflects a sterling financial performance, also serves as a vote of resounding confidence from investors. The newly established Investor Relations department emphasizes our ongoing commitment to transparent communication with investors, and responsible corporate practices.

My sincere appreciation and deep gratitude to all the members of our staff, our partners and associates, for their remarkable efforts to get us where we are today. I thank our shareholders and all our stakeholders for their continuous support, and standing by us. We can be fully confident about multiple achievements, as we move forward.

Ibrahim bin Mohamed Al Elwan

Managing Director and CEO

Strategic Context

Al Akaria Growth Strategy

In 2021, the Company adopted a new 5-year growth strategy which broadly aims to develop lands,from its land bank, and either sell it as developed residential plots or use them in commercial real estate projects.

In December 2023, the Company updated its strategy to reflect an ambition to expand its income-generating assets portfolio to stabilize income further in addition to improving the capital structure. This update has extended the strategy time frame to 2027 instead of 2025.

Pillar 1

Financial and operational improvements

- Restructuring debt and increasing capital
- Improving liquidity and profitability
- Enhancing the operational model
- Developing rapid response mechanisms for market needs and competitive advantage
- Improve capital structure

Pillar 2

Review and renewal of assets

- Improving the position and portfolio of lands
- Divesting from underperforming assets
- Regaining leadership position in Riyadh

Pillar 3

Enhance integration with subsidiaries

- Stocktaking of position and value addition
- Achieving stable growth by expanding market share and focusing on Vision 2030 projects
- Expanding on providing high quality integrated services

Pillar 4

Achieving sustainable growth

- Prioritise premium residential developments
- Refresh interest in medium-scale and mixed-use projects
- Harness opportunities with government-led mega/giga projects
- Expanding our IGA (Income Generating Assets) portfolio

CFO's Review

> Total gross profit increased by 23% over the previous year in spite of a 12% decrease in revenues.

Al Akaria has demonstrated a strong financial performance in 2023, driven by the high rates of progress achieved at various projects in addition to the strong performance of its subsidiaries.

As a result, total gross profit increased by 23% over the previous year in spite of a 12% decrease in revenues. Concurrently, there was a 30% increase in operating income and 26% increase in EBITDA.

In an environment of rising interest rates, the Company's finance costs increased by 65%, which negatively impacted net income by 11% and earnings per share by 47%. To counterbalance this, the finance team secured an advantageous gain of SAR 39 Mn from time deposits, which mitigated the higher finance costs. In anticipation of a gradual decline of interest rates, we are more optimistic about financing costs next year.

Another aspect of Al Akaria's strong financial position is highlighted by the improvement of our Current Ratio to 2.55, and the decrease of Debt-to-Equity Ratio to 0.64. This positive turn came on the back of the capital injection from the capital increase in 2022, and the effective restructuring of two major loans.

We expect an increase in revenues across all our business segments in 2024 – rentals, sales, and subsidiaries. This will strengthen our liquidity and further solidify Al Akaria's position as a leading player in the industry.

Fahad bin ayed Alaslami

Chief Financial Officer

Financial Performance

Snapshot

Revenue
SAR 2.1 Bn
2022
SAR
1.8 Bn

Gross profit
SAR 456.1 Mn
2022
SAR
561.1 Mn

EBITDA
SAR 325.0 Mn
2022
SAR
409.1 Mn

Net income
SAR 145.2 Mn
2022
SAR
128.6 Mn

ROAE
3.8%
2022
2.7%

Gross profit margin
22.2%
2022
30.9%

EBITDA margin
15.8%
2022
22.5%

Net profit margin
7.1%
2022
7.1%

Earnings per share
SAR 0.34
2022
SAR
0.18

Debt/equity
0.69
2022
0.64

Net debt
SAR 2.23 Bn
2022
SAR
2.44 Bn

Working capital
SAR 905.4 Mn
2022
SAR
1.35 Bn

Total assets
SAR 8.9 Bn
2022
SAR
8.9 Bn

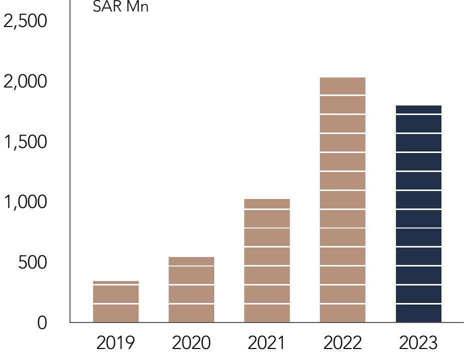
Total liabilities
SAR 4.2 Bn
2022
SAR
4.0 Bn

Consolidated Income Statement (Five-year summary)

Description	2019 SAR '000	2020 SAR '000	2021 SAR '000	2022 SAR '000	2023 SAR '000
Revenue	338,021	553,466	1,028,841	2,051,276	**1,814,225**
Cost of revenue	-166,387	-368,012	-681,345	-1,595,162	**-1,253,091**
Gross profit	171,634	185,454	347,496	456,114	**561,134**
General, administrative, selling and marketing expenses	-256,284	-224,161	-228,351	-196,376	**-223,919**
Operating profit/(loss)	-84,650	-38,707	119,145	259,738	**337,215**
Finance cost	-44,825	-17,294	-77,153	-149,208	**-245,592**
Other income	43,393	53,696	28,776	52,877	**66,294**
Profit/(loss) before zakat	-171,440	-129,128	112,293	163,407	**157,917**
Zakat	-12,687	-25,304	-31,770	-18,166	**-29,342**
Net income/(loss) for the year	-198,046	-159,093	80,523	145,241	**128,575**
Earnings per share	-0.78	-0.59	0.23	0.34	**0.18**

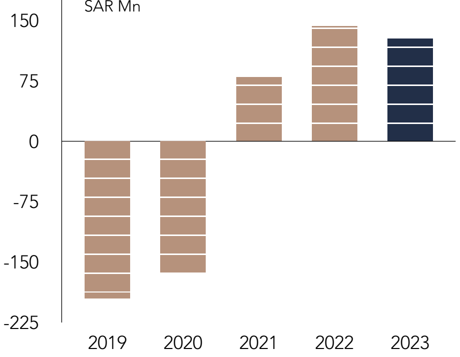
Revenue

SAR Mn



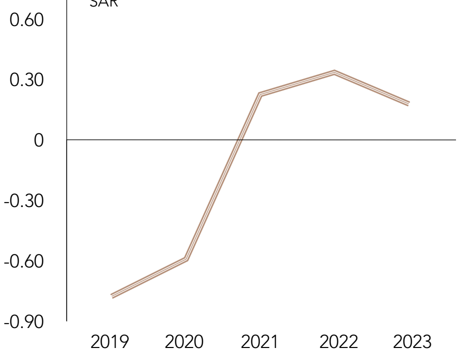
Net income/(loss)

SAR Mn



Earnings per share movement

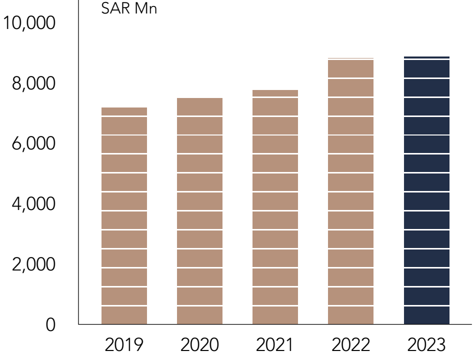
SAR



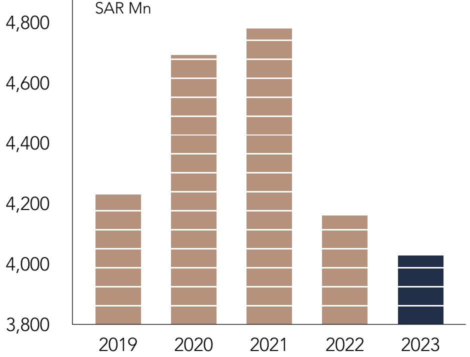
Consolidated Balance Sheet (Five-year summary)

Description	2019 SAR '000	2020 SAR '000	2021 SAR '000	2022 SAR '000	2023 SAR '000
Current assets	386,435	784,953	1,639,480	1,672,761	**2,211,702**
Non-current assets	6,812,619	6,753,585	6,141,161	7,180,132	**6,699,342**
Total assets	7,199,054	7,538,538	7,780,641	8,852,893	**8,911,044**
Current liabilities	3,488,891	2,784,525	3,078,179	767,346	**866,117**
Non-current liabilities	743,874	1,914,745	1,703,915	3,392,269	**3,162,132**
Total liabilities	4,232,765	4,699,270	4,782,094	4,159,615	**4,028,249**
Share capital	2,400,000	2,400,000	2,400,000	3,750,000	**3,750,000**
Statutory reserve	720,000	720,000	720,000	720,000	**720,000**
Retained earnings/(accumulated losses)	-159,043	-262,914	-245,421	-134,882	**-67,248**
Total equity	2,966,289	2,839,268	2,998,547	4,693,278	**4,882,795**
Total liabilities and equity	7,199,054	7,538,538	7,780,641	8,852,893	**8,911,044**

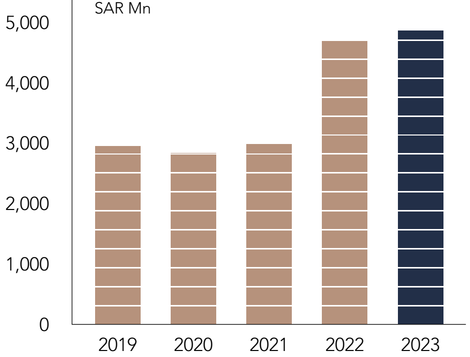
Total assets



Total liabilities



Total equity



Business Fundamentals

As a respected market pioneer with unique strengths and subsidiaries across the value chain, the Company has the experience and expertise to harness emerging opportunities, and create a solid foundation for Saudi Arabia's real estate ecosystem.

Operating Model

Real Estate Investment

We invest in real estate projects to sustain and grow the Company's assets and income generating portfolio, whilst recycling projects returns (from development properties) into future investments.

Property Development

We develop our real estate projects through our specialized development management, and work closely with top-tier architectural and engineering firms to deliver our projects within budget, time-schedule and targeted positioning.

Property Management

We manage our income-generating portfolio through our property management arm including all leasing and property administration activities, CRM, rent collection and reconciliation, etc.), and we contract with 3rd party service providers for facility management and security services.

Property Sales and Marketing

We launch our residential lands/units' sales through our in-house sales and marketing executives, whilst utilizing different sales and market platforms and channels with our marketing and branding agencies.

Corporate Overview

Target Markets

- Saudi Arabia with particular focus on Riyadh City, the capital of KSA.
- PIF newly established destinations.

Target Audience Segments

Mid and upper middle-income households seeking reasonably priced/contemporary housing units in master-planned communities.

Corporates and office occupiers seeking different sized office units within office park format supported with wide range of facilities/amenities and ample car parking.

Business and leisure travelers seeking upper upscale hospitality offering integrated with F&B, retail and hospitality services.

Households and individuals seeking retail and leisure dwelling experience that offers varied retail, food and beverage, and entertainment offerings.

Unique Advantages

Our services stand out due to our extensive experience, strategic approach, prestigious ownership, diversified revenues and integrated services ensuring unparalleled value and success in every interaction.

Unique Advantages

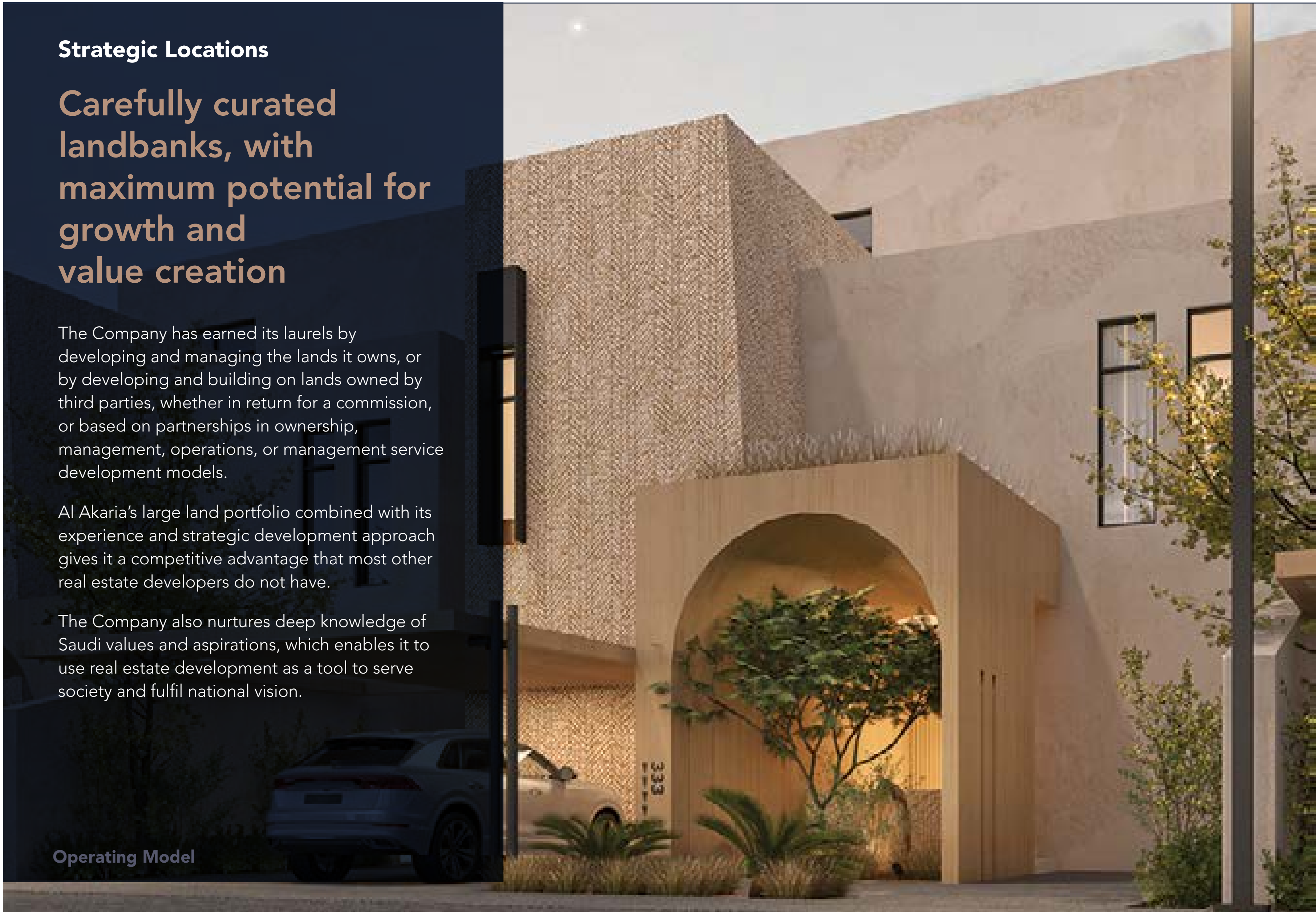
Extensive Experience

Pioneer in the market for 40 plus years, with expertise to identify and harness emerging opportunities

The Company is one of the oldest real estate firms in Saudi Arabia and has played a historic role in developing the real estate sector in the country, especially in the capital city of Riyadh. It is also one of the first companies in the Middle East to build commercial and residential complexes.

Al Akaria has designed, constructed, maintained, and managed several innovative projects across Saudi Arabia, which were ground-breaking in its time, and now serve as inspirational points of reference.

This sterling experience is twinned with the expertise required to undertake large projects and bring them to fruition, to the satisfaction of customers, partners, government authorities and various other stakeholders.



Strategic Locations

Carefully curated landbanks, with maximum potential for growth and value creation

The Company has earned its laurels by developing and managing the lands it owns, or by developing and building on lands owned by third parties, whether in return for a commission, or based on partnerships in ownership, management, operations, or management service development models.

Al Akaria’s large land portfolio combined with its experience and strategic development approach gives it a competitive advantage that most other real estate developers do not have.

The Company also nurtures deep knowledge of Saudi values and aspirations, which enables it to use real estate development as a tool to serve society and fulfil national vision.

Prestigious Ownership

Unique strengths from majority investment by PIF, promoters of Saudi Vision 2030

Al Akaria's substantial shareholder, Saudi Arabia's Public Investment Fund (PIF) is the sovereign wealth fund of Saudi Arabia. With estimated assets of close to US$ 800 Bn*, it is also among the largest sovereign wealth funds in the world.

PIF has a world-class investment portfolio that focusses on impactful and sustainable investments. As a catalyst of Saudi Vision 2030, PIF is driving the growth of new sectors, companies and projects across the nation.

Al Akaria continues to be an avid and active participant in this transformative journey.

**As of September 2023*

Diversified Revenues

Solid foundation for growth based on development, rental, sales, and related real estate activities

Among the many business activities that the Company carries out, the most prominent are the acquiring and development of lands that are suitable for construction, building, selling and leasing of residential, commercial and retail facilities. Concurrently, rental income from existing properties accounts for a significant portion of the Company's revenue.

This diversity translates into multipronged growth strategies that can respond quickly to market trends and customer demand, whether it is focus on middle and upper-middle income segments in the residential sector, community-type offices in the business sector, or entertainment and leisure in the retail sector.

Integrated Services

Subsidiaries across the real estate value chain, with comprehensive services and benefits

Al Akaria has established strategic partnerships with global and local real estate firms to create specialized subsidiaries, where it holds the majority share. These subsidiaries offer services such as property management, construction, and contracting. This integrated ecosystem enables the Company to efficiently undertake large-scale projects in alignment with Vision 2030 initiatives. Al Akaria's integrated value chain goes beyond conventional real estate services, owning related business units to ensure quality control and cost efficiency throughout the entire supply chain, from project development to after-sales services. Working with specialized businesses helps Al Akaria with several aspects of business:

- Improved business efficiency
- Increased productivity
- Optimized business processes
- Lower operational costs
- Higher levels of customer satisfaction
- Expansive market reach

Business Context

Market Landscape

The largest economy in the Middle East, Saudi Arabia recognizes the importance and impact of the real estate industry in steering economic diversification, creating jobs, and attracting foreign investment into the country. Buoyed by related factors such as a relatively young demographic, population growth, rapid urbanization, and increased disposable income, the real estate sector is experiencing remarkable growth. Concurrently, standardized regulations, easier access to financing and foreign investments are transforming the market.

In the last few years, the Saudi government has launched several initiatives to support the private sector, prominent among them a new role for the Public Investment Fund (PIF) to complement government spending within a coherent and integrated framework. The PIF now contributes to the development of specific sectors like real estate, and the implementation of mega projects.

Other initiatives include the public-private partnership Shareek Program, a phased unlocking of state-owned assets through the Privatization Program, and the National Investment Strategy (NIS) as a catalyst to deliver economic transformation.

These factors are also fueling unprecedented demand for prime real estate, particularly Grade A offices, logistics facilities, residential developments, and commercial complexes.

As the country marks progress towards achieving its Vision 2030 objectives, the real estate sector has emerged as a pivot in the nation's journey towards economic diversification and sustainable growth.

The Impact of Vision 2030

Saudi Arabia is currently engaged in some of the largest construction projects in the world, including NEOM, the USD 500 Bn new city in the northwest, the Red Sea Project on the west coast, the entertainment mega project Qiddiya, and several others in and around the capital, Riyadh. The government has plans to make Riyadh one of the 10th largest economic cities in the world by 2030. With oil and gas revenues boosting spending, financial mobilization is also underway in mass transit, research and development and other investments.

Influences on Sectoral Growth

- Scheduled plans for integrated cities
- Major developments in tourism and entertainment
- Rapid expansion of the mortgage market
- Thrust on increasing Saudi homeownership to 70%
- Plans to receive 100 million tourists by 2030
- Renewed focus on retail and hospitality

All these projects are taking shape within the framework of the long-term socio-economic development plan, Saudi Vision 2030, which aims for sustainable growth and economic diversification. These mega projects give a big fillip to the realty sector, as they aim to transform Saudi Arabia into a global tourism and investment destination, while enhancing the quality of life for its residents. The ambitious initiatives have already begun attracting substantial foreign direct investment, stimulating economic growth and job creation.

The ambitious Vision 2030 plan was introduced by Crown Prince Mohammed bin Salman in 2016 with the aim of revolutionizing various sectors, including real estate, and establishing Saudi Arabia as a global investment powerhouse. Since then, the diversification program has catapulted real estate to the forefront, as the country aims to reduce dependence on oil revenue, and develop a vibrant and sustainable economy.

Stable and Substantial Growth

The government's National Investment Strategy envisages approximately USD 1.3 Tn to be injected into the economy up to 2025, with a sizeable portion earmarked for infrastructure. The value of the real estate and infrastructure projects announced since 2016 has crossed USD 1.25 Tn, according to global real estate consultancy agency, Knight Frank.

Sectoral emphasis is on the creation of integrated cities, the development of the tourism and entertainment sectors, and the expansion of the mortgage market to increase homeownership for Saudi nationals to 70%.

Saudi Arabia aims to receive 100 million tourists by 2030 and is investing heavily in expanding its retail, hospitality and tourism sectors, which further boosts real estate growth.

Investments in Infrastructure

As Vision 2030 propels a momentous transition towards a sustainable future, infrastructure and urban planning have emerged as key components of its transformative goals. Saudi Arabia has announced a USD 1.3 Tn pipeline of infrastructure projects aimed at diversifying the economy, and to position itself as a global hub for investment and logistics.

The development agenda continues to create opportunities in a range of new areas such as smart cities, leisure and tourism, and clean energy projects strategically located across the country.

Mega public and private sector projects funded by the PIF, the royal commissions responsible for prime urban areas, related ministries, and the private sector are also driving a large number of new projects and opportunities.

In parallel, the Economic Cities Authority continues to drum up investor interest in older economic city projects in the country, with the specific aim of addressing social challenges like the shortage of affordable housing and lack of efficient transportation, among others.

Central to this vision is the significant expansion of smart infrastructure and digital transformation across all industries, fostering a rapid advancement in the nation's digital landscape.

Legislation and Regulation

- Real estate

  The Real Estate General Authority (REGA), which sits under the Ministry of Municipal and Rural Affairs and Housing (MOMRAH) are the main governing bodies overseeing Saudi Arabia’s real estate sector. REGA is tasked with registering all properties in the country, and supervising non-governmental real estate activity. It also arbitrates realty disputes at the Saudi Real Estate Arbitration Centre.

  The State Properties General Authority (formerly State Property Department), which falls under the remit of the Prime Minister’s Office, is in charge

of operating and maintaining the government’s real estate portfolio. Government property comprises a considerable portion of Saudi Arabia’s overall real estate portfolio, with ministries, governmental agencies and entities as majority shareholders.

- Construction

  The Saudi Contractors Authority (SCA) is the primary government institution for sectoral regulation, and reports to the Ministry of Commerce. Among other roles, it publishes data on the track record of individual contractors, to assist the public and construction clients in evaluating and choosing vendors.

  In the absence of specific construction laws, private sector parties typically agree on terms of contract and pricing methods among themselves, while government contracts fall under the purview of the Government Tenders and Procurements Law, which came into force in December 2019.

- Inclusivity and Financing

  PIF owns the Saudi Real Estate Refinance Company (SRC) which helps provide liquidity and funding solutions to primary mortgage originators and increases access to affordable financing for homebuyers.

  The Housing Program, an initiative launched in 2018 to help Saudi families own a home based on their needs and financial capabilities, runs two programs: Etmam Centre coordinates communication between developers and homeowners to expedite real estate processes, and the Sakani online platform supports citizens throughout the home-buying process, from finding a house to securing financing.

  The Real Estate Development Fund (REDF), which falls under the National Development Fund (NDF) and works in coordination with MOMRAH, provides Saudi nationals with home loans, and assists them with the financing of affordable housing.

The National Housing Company (NHC), and all its subsidiaries, act as enablers for the private sector development of the real estate market. Their Housing Program aims to provide affordable 40,000 units by 2025, while creating more than 38,000 new jobs in the sector.

The Developmental Housing Program (DHP) works with not-for-profit organizations to meet the housing needs of underprivileged families.

- Foreign ownership

In April 2022, Saudi Arabia announced proposed amendments to the laws on foreign ownership of property, including ownership in development zones, the use or ownership of real estate by non-Saudis who enjoy natural and legal capacities, and the use of properties in economic zones targeted for development, including Makkah and Madinah.

Property ownership is currently restricted to Saudi nationals in Makkah and Medina, and the only exceptions are offices and branches of companies licensed by the Saudi Central Bank or the Capital Markets Authority. Land ownership is currently restricted to Saudi nationals, or to Gulf Cooperative Council (GCC) citizens and entities who are subject to extra rules. Non-Saudi or non-GCC ownership is only permissible for companies as part of a particular project that requires a foreign investment license from the Ministry of Investment.

Foreign ownership is permitted when the property is located within one of the four economic cities, subject to respective regulations, and the Special Zones Authority. Foreign individuals may also own or lease property solely for use as a personal residence after obtaining permission from the Ministry of Interior.

Prospects and Projections

The future of real estate in Saudi Arabia is tied to transformative trends and emerging technologies. As the industry continues to evolve, it opens up a multitude of possibilities for investors, developers, residents and other stakeholders.

A prominent trend shaping Saudi real estate is the rise of smart cities and integrated residential communities. The nation is investing heavily in developing smart infrastructure, optimizing resource utilization, and integrating cutting-edge technologies to enhance urban living, with examples ranging from energy-efficient buildings to intelligent transportation systems. Transforming Saudi cities into smart cities with advanced infrastructure and digital connectivity will further enhance the sector’s attractiveness to investors and residents.

Smart cities taking shape

- Centralized, vantage locations
- Fully integrated, mixed-use communities
- Smart infrastructure, digital connectivity
- Energy-efficient buildings
- Optimized resource utilization
- Intelligent transportation systems
- Resilience-led outlook
- Sustainable urbanization

Concurrently, the focus on sustainability and eco-friendly urban planning is instrumental in creating greener, more resilient cities that cater to the needs of both residents and the environment.

With a holistic approach to urban planning, mixed-use developments also continue to rise in popularity, blending residential, commercial, retail, and recreational spaces within a single project. These integrated communities cater to the evolving preferences of modern residents, offering convenience and accessibility in one centralized location. The rise of mixed-use developments not only fosters vibrant urban centers but also creates significant opportunities for investors and developers to diversify their portfolios and unlock new revenue streams.

Vision 2030 has set forth an ambitious roadmap for the sector’s future, emphasizing the development of livable cities, tourism initiatives, and the expansion of the mortgage market. Smart cities, integrated spaces, technological advancements, and sustainable urbanization are proving essential to the shaping of a resilient real estate landscape.

Economic Environment and Outlook

The Global Context

In 2023, the global economy struggled due to macro disruptions, including the pandemic's lasting effects, geopolitical tensions, and rising costs. This led to slow growth and increased inflation, and the global growth trajectory slowed down from 3.5% in 2022 to 3.0% in 2023. It is projected to further contract to 2.9% in 2024.

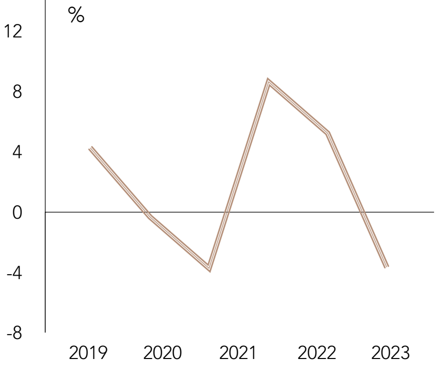
However, in 2023, global financial markets exceeded expectations with equities surging and bonds rebounding. Despite US interest rates reaching a 22-year high, declining inflationary pressures fostered optimism regarding potential interest rate reductions in 2024. The US economy demonstrated robust growth, providing a counterbalance to concerns about China's economic resurgence and the sluggish momentum of the European economy, which neared the brink of recession by year-end.

Overall, the outlook for the global financial markets remained positive. Global inflation too showed a positive trend, decreasing from 8.7% in 2022 to 6.9% in 2023. Future projections indicate a rate of 5.8% for the upcoming year but optimal inflationary benchmarks are not expected to be achieved until 2025.

Saudi Arabia's Economic Climate

The real Gross Domestic Product (GDP) of Saudi Arabia dropped by 0.9% in 2023, but some sectors saw growth: non-oil activities grew by 4.6%, and government activities by 2.1%. However, this resulted in a GDP drop of 3.7% in the fourth quarter of 2023, due to a 16.3% plunge in oil activities.

GDP growth (YoY)

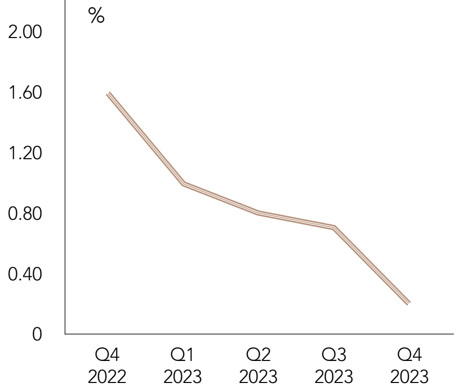


Saudi Arabia has allocated a budget exceeding 1.2 trillion Riyals for 2024, with sensible revenue forecasts. Geopolitical shifts may present challenges or opportunities, such as the ongoing Russian-Ukrainian conflict affecting oil prices, and potential Houthi disruptions impacting maritime activities in the Red Sea.

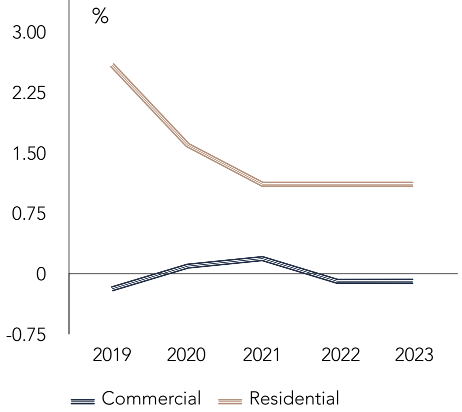
The Real Estate Market

The global housing and commercial real estate market is experiencing a slowdown due to the increasing mortgage rates. Though many buyers are delaying their purchases because of the rising mortgage costs, the value of homes is still holding up. The market for real estate investment trusts (REITs) is also struggling due to the impact of higher interest rates. In the Saudi Arabian market, prices increased by 0.7% mainly due to higher residential property prices.

Real Estate Price Index change YoY



Real Estate Price Index change by type



Sustainability

Principles of Sustainability

The Company's vision and strategy are built and based on sustainable pillars. In combination with its accumulated experience and innovative approach to development, this gives Al Akaria competitive advantages that many other players do not possess. The Company takes great pride in its intrinsic knowledge of Saudi society and the Saudi real estate market, which enables it to use innovative development in ways that better serve the market, and society at large.

- Global scale and reach

  The Company's outlook is based on building truly international executive capabilities by establishing specialized companies or pursuing projects in partnership with international players who have proven experience in real estate development, construction, maintenance, operations, project management, hospitality and retail operations. The Company also aims to recruit the best administrative cadres and manpower to achieve these objectives.

- Conscious responsibility

  Responsibility is an important component of the Company's vision, as it focuses on developing and providing real estate products on large landscapes that have high quality and durability, and are compatible with the surrounding environment.

- Promoting happiness

  The Company believes in promoting happiness and tranquility and delivers this through its mixed-use urban complexes that provide residents with a full social life, with equal amounts of vitality and privacy, and made available to them at competitive prices.

- Productivity and creativity

  Based on the belief that functional and productive environments help individuals achieve their life objectives, the Company strives for stability and satisfaction in all the environments it creates. These productive spaces are designed to allow individuals to flourish and use their abilities to positively contribute to their communities.

Materiality

Material Contracts

Royal Commission for Riyadh City (RCRC)

(Formerly High Commission for the Development of Al Riyadh)

- General agreement for development in the Diplomatic Quarter. Commenced on 07/11/1993, with no specific end period, and will operate as long as the two parties desire to cooperate with each other.
- Development and acquisition instrument No 1, regarding the Diplomatic Quarter. Commenced on 07/11/1993 and continues for 99 rental years starting from the day following the expiration of the initial 5-year development period.
- Development and acquisition instrument No 2, regarding the Diplomatic Quarter. Commenced on 24/05/2000 and continues for 99 lease years, starting from the day following the expiration of the initial two-year development period.
- Development and acquisition instrument No 2, regarding the Diplomatic Quarter. Commenced on 06/07/2009 and continues for 50 rental years starting from the day following the expiration of the 5-year development period.

Ministry of Municipal & Rural Affairs & Housing

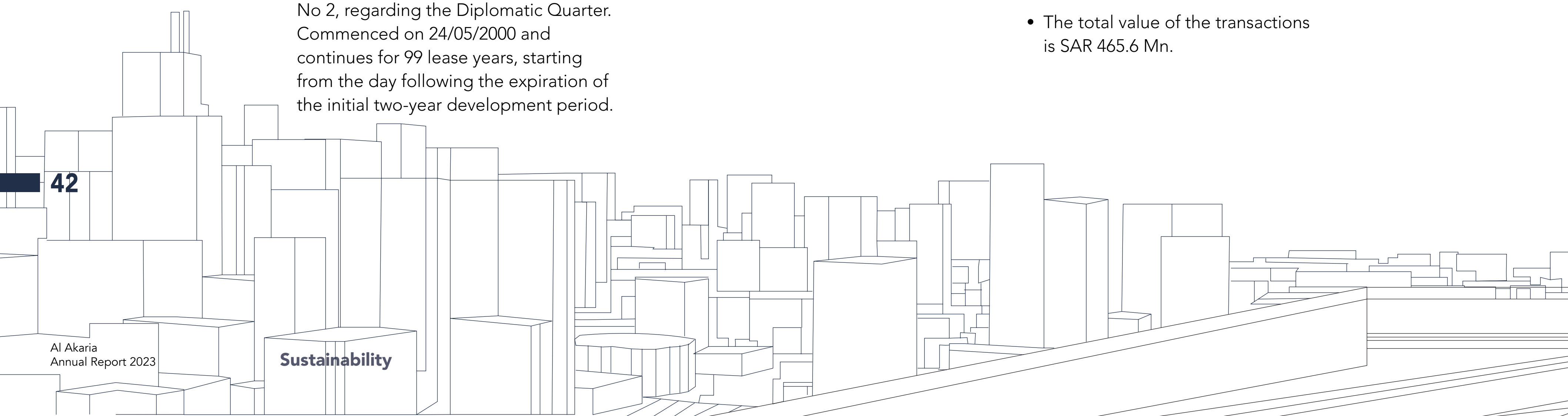
Agreement partnership regarding Al Dahiya Housing Project, with representation during signing from the National Housing Company. Commenced on 18/10/2020 and continues until all sales contracts are concluded between the Company and the beneficiary or its financier (as the case may be) under the partnership contract.

Mohammad Al-Ojaimi Contracting Group

Infrastructure agreement for design and implementation at the Company's land in Al Qadsiah, Riyadh. Commenced on 10/02/2022 and will run for a period of 15 months.

Roshn Real Estate Company (Roshn):

- Sale Purchase Agreement (SPA) with Roshn Real Estate Company (Roshn) in June 2022.
- The agreement is to develop land parcels situated within Package K1 & K2 of Sedra Masterplan Community.
- The agreement is to develop land parcels situated within Package C1 & C2 & C3 in Phase 2A of Sedra Masterplan Community.
- The total value of the transactions is SAR 465.6 Mn.



Royal Commission for AlUla and AlUla Development Company:

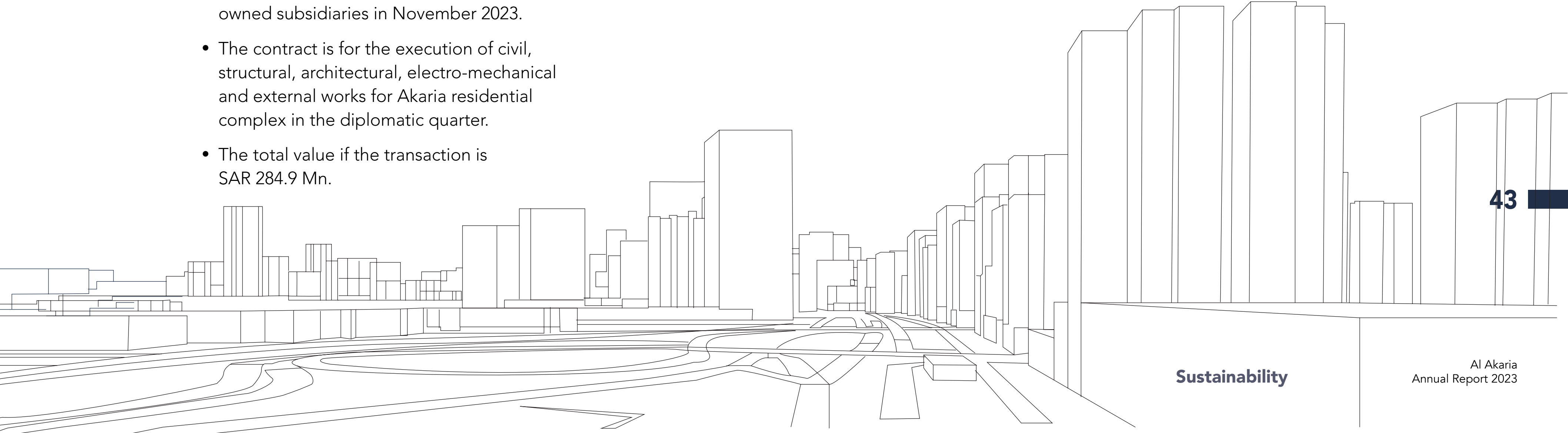
- Memorandum of Understanding with the Royal Commission for AlUla and AlUla Development Company in 25 October 2023.
- The memorandum is to develop Sidrat Alula Project land located in AlUla.
- Development of Sidrat Alula Project land, measuring 260,233,23 sqm, which shall offer varied residential units of 804 units in total (564 apartment units and 240 villas and townhouses).

Reef Project:

- Signing a contract for Reef project with M/s Saudi Real Estate Construction Company (Tamear), one of its fully owned subsidiaries in November 2023.
- The contract is for the execution of civil, structural, architectural, electro-mechanical and external works for Akaria residential complex in the diplomatic quarter.
- The total value if the transaction is SAR 284.9 Mn.

Continuing Obligations

Registration/licensing entity	Obligations
Ministry of Commerce	Commercial Register Law
Riyadh Chamber of Commerce	Companies Law, Al Akaria’s Company’s bylaws
Zakat, Tax and Customs Authority (ZATCA)	Annual Zakat and tax returns
Ministry of Human Resources and Social Development (MHRSD)	Saudization
Ministry of Municipal, Rural Affairs and Housing (MOMRAH)	Licenses to build and operate projects
General Directorate of Civil Defense	Safety standards for the construction and operation of projects
Capital Market Authority (CMA)	Rules on the Offer of Securities and Continuing Obligations (ROSCO), corporate governance regulations, and all special instructions

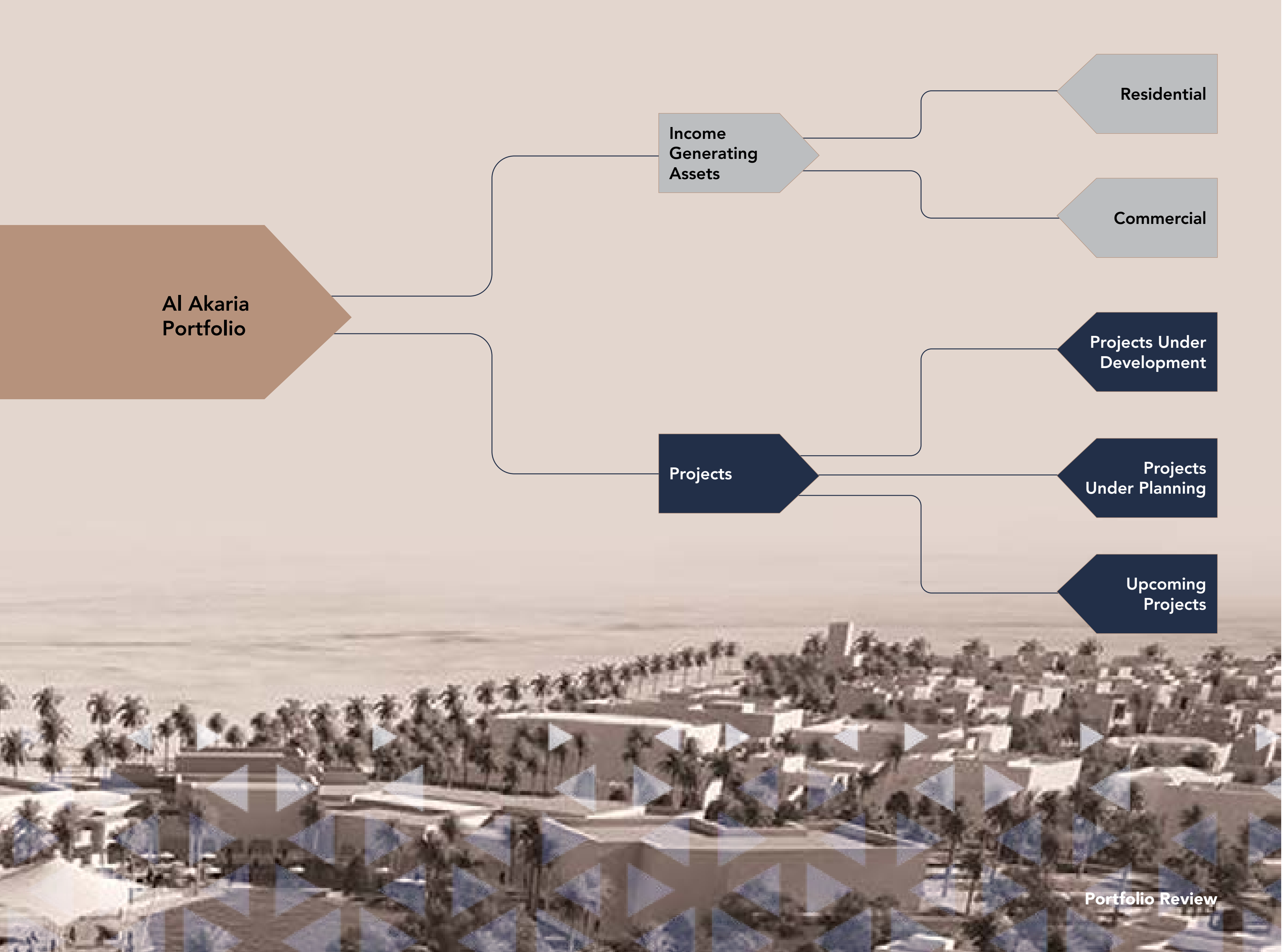


Business Performance

With sizeable expansions across the development portfolio and new partnerships for mega and giga projects across the nation, the Company's optimized portfolio serves it as a growth engine and spurs the achievement of sustainable progress.

Portfolio Review

Al Akaria’s expansive real-estate portfolio covers two major categories: existing income generating assets (IGA) and projects under development or in the pipeline. These categories, in turn, are subdivided into residential and commercial properties whose signature design aesthetic and structural vitality make them stand out in the Riyadh skyline and elsewhere in Saudi Arabia in more ways than one. For more than four decades, the Company has been behind some of the most iconic landmarks in the Kingdom across all segments, and, as we enter a new year, Al Akaria is set to commence a series of new, state-of-the-art developments that are bound to awe and inspire while also helping propel the Vision 2030 agenda forward.



Al Akaria Portfolio

- Income Generating Assets
  - Residential
  - Commercial
- Projects
  - Projects Under Development
  - Projects Under Planning
  - Upcoming Projects

Portfolio Segmentation

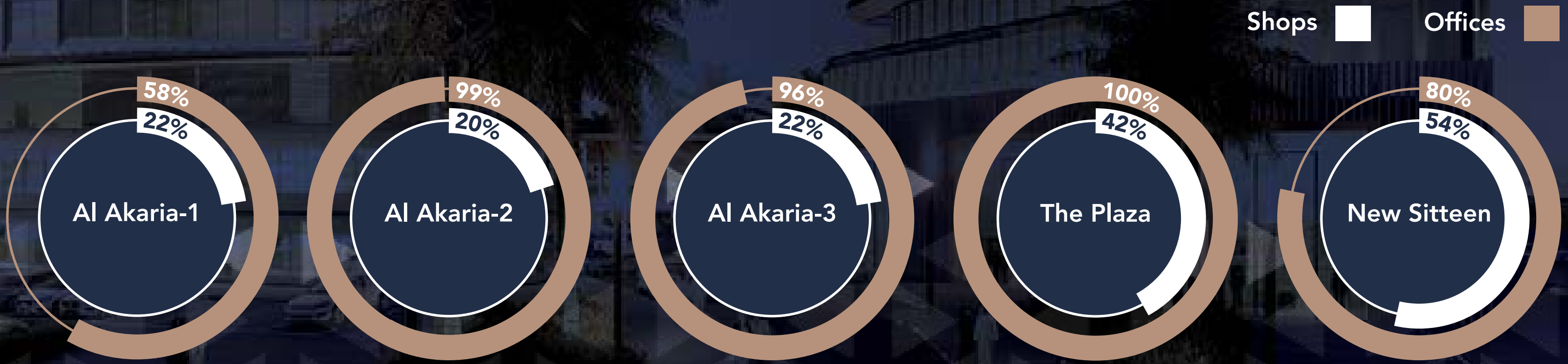
Income Generating Assets

Unlocking wealth through a portfolio of income generating assets, Al Akaria specializes in both commercial and residential properties to maximize returns, create a stable and lucrative stream of income for investors, and channel towards future projects.

Commercial

A mix of legacy and recent properties, Al Akaria has helped to redefine urban landscapes, from bustling retail centers to business offices, each planned and built with vision and style.

Occupancy Rates 2023



Al Akaria-1 (AK-1)

Occupying the heart of Al Olaya, Riyadh's bustling central business district, is Al Akaria-1, a beloved complex that cemented the Company's reputation as a pioneer in real estate development in the commercial segment. For decades, the building has been an enduring example of the Company's development ingenuity.

Completed in 1984

Location:	**Olaya district**
Land area:	**19,000 m²**
Total building area:	**63,300 m²**
Unit types:	**Retail outlets (25 to 1,500 m²), offices (10,000 m²)**

Features and facilities

Parking space for 791 cars, escalators, modern alarm systems, standby generators

Status

AK-1 is scheduled for demolition and redevelopment, in an exercise that will see the emergence of a more sophisticated and future-ready version of itself in 2026. In light of this, no significant leasing activity took place during 2023; a number of tenets were also evacuated during the reporting period, resulting in a drop in occupancy from 80% to 62%. At present, total gross leasable area of the complex measures up to 24,954 m^2.

Al Akaria-2 (AK-2)

With its unique design that serves as a nostalgic throwback to the glorious 1980s, the decade of its completion, Al Akaria-2, or AK-2 as it is popularly known, continues to be a landmark of Riyadh. Tenants and visitors alike benefit from the high-quality building materials used to international specifications in the construction of the complex whose features include reflective glass facades and pillars and floors covered with marble.

Completed in 1986

Location:	**Olaya District, main street**
Type:	**11-storey building**
Land area:	**15,952 m^2**
Total building area:	**121,150 m^2**
Unit types:	**Retail outlets, offices**

Features and facilities

Parking space for 770 cars, central air-conditioning, three floors for shops, six for office.

Status

In 2023, the company secured a new tenancy deal with corporate tenant UnBox, a leading provider of shared furnished office space. A price escalation of between 8% and 2% was implemented on most contract renewals to close the gap between approved and actual prices. A new retail area measuring 8,384 m^2 is currently being revamped to be offered as retail and office space. As at December 2023, total gross leasable area of the complex stands at 61,392 m^2. An area of 28,673 m^2, which measures up to 47%, is targeted for enhancements by 2025.

Al Akaria-3 (AK-3)

Al Akaria-3, or AK-3, is, to date, the longest commercial complex in Saudi Arabia. The building's standout design incorporates new-age architectural elements that give it an air of sophistication with a touch of the classical. Some of the most skilled engineers in the business worked on the complex, using the finest materials available and to the highest international standards. The building, unique to the AK series of commercial centres, provides a degree of flexibility, particularly for office spaces, that allows for modifications on request.

Completed in 1995

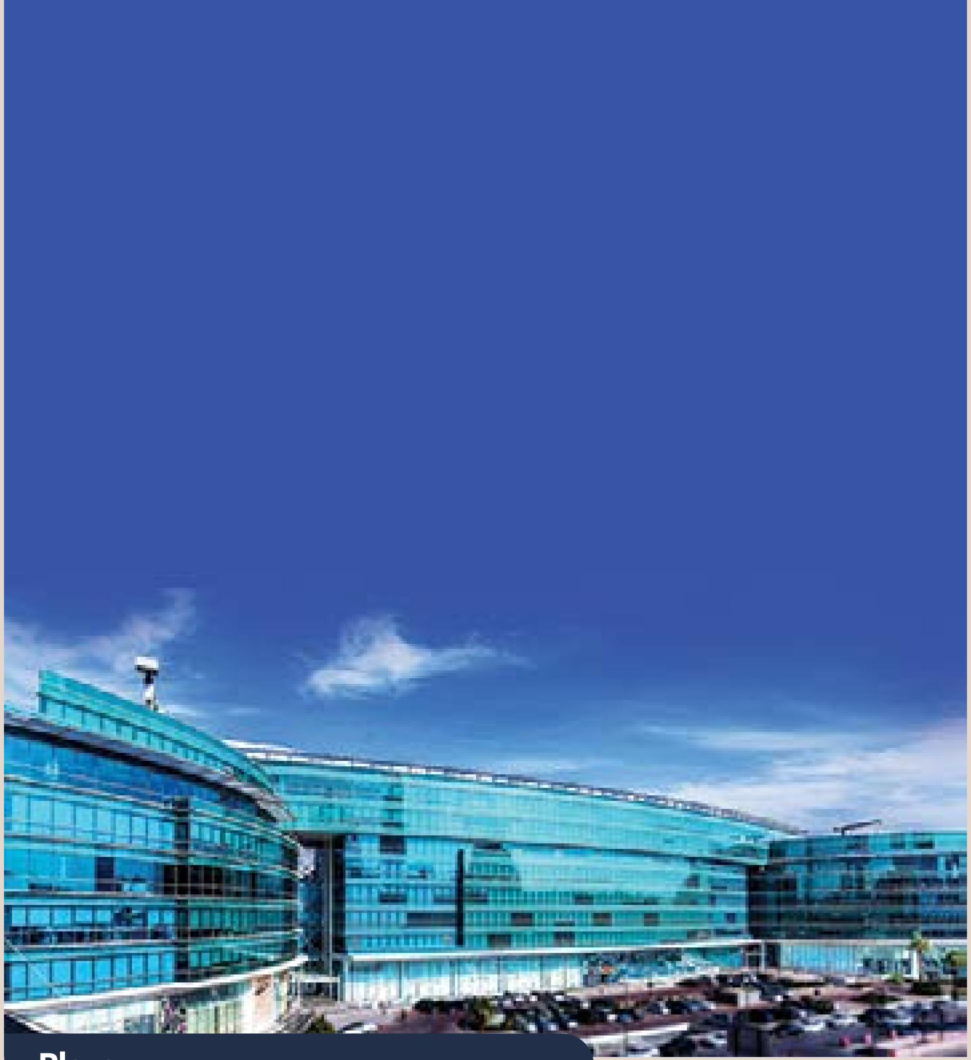
Location:	**Olaya Street**
Type:	**11-storey building**
Land area:	**13,711 m^2**
Total building area:	**115,437 m^2**
Unit types:	**Retail, office spaces**

Features and facilities

Luxury internal spaces, central air-conditioning, soundproof ceilings, parking space for 654 cars, mosque, prayer area for women.

Status

A redesign project was commenced in 2023 to convert a retail area of 4,157 m^2 to office and retail spaces. The Company also leased additional office space and thereby expanded the tenancy relationship with existing corporate tenants such as solutions by stc and Tamkeen. A price escalation of between 8% and 20% was implemented on most contract renewals to close the gaps between approved and actual prices. Of the total gross leasable area of 45,638 m^2, 21,707 m^2 (48%) is targeted for enhancement, to be completed by 2025.



Plaza

The Al Akaria Plaza has the distinction of being the first ever smart building in the Kingdom, as certified by US-based ITC giant Cisco. This sprawling building has been a hive of commercial activity since 2010.

Completed in 2010

Location:	**Olaya Street**
Type:	**Three-tower, eight-floor complex**
Total gross leasable area:	**76,479 m²**
Unit types:	**Offices (71,590 m²), retail outlets (4,666 m²)**

Features and facilities

12 elevators, 3 service elevators.

Status

A redesign of the retail space on the ground level was undertaken in 2023 to make it better suited for food and beverage retailers, along with an addition of shop front terraces. Notably, the company expanded its tenancy relationship with existing corporate tenants such as solutions by stc and KCARE during the reporting period by leasing additional office spaces. Concurrently, a price escalation of 5% to 10% was implemented on contract renewals to narrow gaps between approved and actual prices.

New Sitteen

Conveniently located in the Al Malaz sub-municipality in downtown Riyadh in close proximity to government offices, commercial buildings and the famed King Salman Park, the New Sitteen complex features a unique design of four interconnected towers. Each tower has eight floors and houses a glass ceiling and a fountain offering stunning views, illuminated by natural lighting during the day and chandelier lighting at night.

Completed in 1985

Location:	**Al Malaz**
Type:	**Four connected towers, each containing eight floors**
Land area:	**9,307 m²**
Total building area:	**62,830 m²**
Unit types:	**Retail, office spaces**

Features and facilities

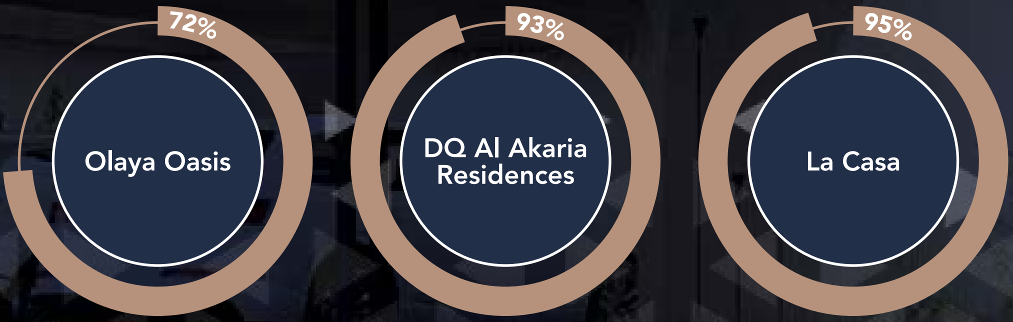
Glass ceiling on each floor, fountain, natural lighting and chandelier lighting.

Status

In 2023, the Company undertook a renovation exercise for office corridors across all floors to comply with new Civil Defence requirements, along with other projects such as revamping the parking basement, replacing elevators, and upgrading the lighting and flooring as well as a new paint job to improve the building's look and feel. A new on-site leasing office was also established in 2023 to help raise occupancy rates in 2024.

Residential

With intrinsic knowledge of both, Saudi citizenry and emerging trends in the Saudi real estate market, the Company uses innovative development to address current needs and also create communities that will long serve the market, and society at large.



Occupancy Rates 2023

Olaya Oasis

True to its name, Olaya Oasis is a fountain of tranquillity in a rapidly developing metropolis. One of the first residential compounds in Saudi Arabia, the Oasis is spread across 10 clusters, known as Gates, located just behind the commercial real estate hubs of Kingdom Tower, Al Hammadi Hospital and Dr. Sulaiman Al Habib Hospital.

Completed in 1982-1984

Location:	**Olaya District**
Type:	**10 clusters known as Gates housing, apartments**
Land area:	**118,564 m^2**
Total gross leasable area:	**123,000 m^2**
Unit types:	**979 apartments, villas (143 to 241 m^2)**

Features and facilities

Fitness and sports facilities, swimming pool, 24/7 security, etc.

Status

In 2023, these product enhancements provided Al Akaria a cushion to escalate prices which resulted in a 5% increase in rental revenue. It also led to more diversified unit types and the introduction of furnished units, and helped improve intra-department communication and coordination. Importantly, greater tenant satisfaction was also recorded in 2023, a notable achievement for the Company. During the reporting period, 82,263 m^2 out of a total gross leasable area of 123,000 m^2, or 67%, was targeted for enhancement by 2027. The impact of this was a 50% increase in the average rent price.

La Casa

Featuring a unique blend of modern and traditional architecture, La Casa is a residential gated community strategically located in Narjis, the northern part of Riyadh. The compound also features a design that incorporates as much of the natural environment as possible into the distribution and placement of its components, providing much-needed serenity to its exclusive clientele, to say nothing of the privacy they're afforded.

Completed in 2019

Location:	**Najris, Northern Riyadh**
Type:	**Gated community**
Land area:	**27,660 m²**
Total gross leasable area:	**31,568 m²**
Unit types:	**162 luxury villas, apartments**

Features and facilities

Fitness and sports facilities, swimming pool, 24/7 security, etc

Status

The La Casa compound was upgraded in 2023, with the introduction of a new, fully-equipped gym and walking track, and various new leisure and recreational facilities including an extended sitting area around the swimming pool, a multipurpose playground with padel court, and a shaded children's play area. Some 30 units were fitted out with new built-in closets. This product enhancement led to an increase in occupancy rate from 79% to 97% during the reporting period.

DQ Al Akaria Residencies

This project addresses competing requirements of space and privacy to meet the needs of various target families. Combining Eastern and Western aesthetics, the units are located seamlessly between the gardens of Riyadh's Diplomatic Quarter, providing most of the villas a view of lush greenery. The popular residential community has a total of 683 units.

Completed in 2019

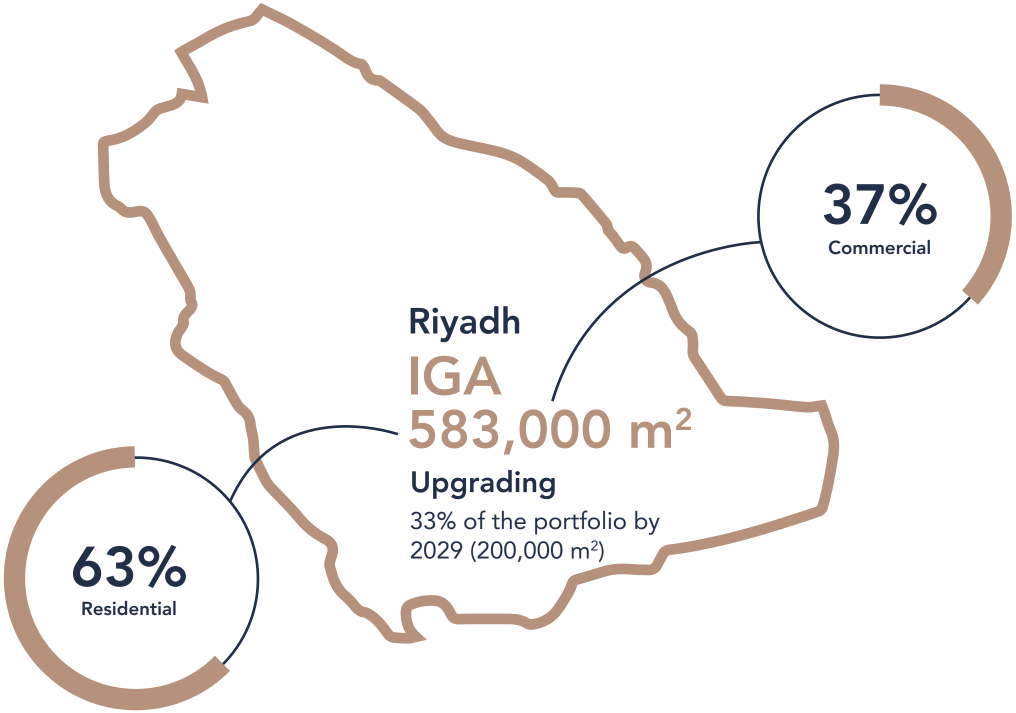
Location:	**Diplomatic Corner**
Type:	**Residential community**
Land area:	**287,959 m^2**
Total gross leasable area:	**210,979 m^2**

Status

In 2023, some of the older units were renovated and redesigned to suit urban lifestyle needs. Al Akaria also secured new tenancy deals with large corporate tenants such as MBC and the US Embassy, and implemented a price escalation across all contract renewals to close gaps between approved prices and actual prices.

Future Outlook

The Company plans to enhance and upgrade 33% of its current IGA portfolio, representing roughly 200,000 square metres, by 2029 to boost occupancy rates and improve profitability.



As of 2023, 16% of the total targeted area for enhancement, which translates to 31,612 square metres, has already been renovated and refurbished Upgrades were made to several residential properties during the year, specifically Olaya Oasis Gate 8 and Diplomatic Quarter Residences Phase 1 & 2. The completed upgrade projects are expected to result in a rise in rent of 52% for Olaya Oasis, 112% for apartments and 56% for villas and duplexes in phases 1 & 2 of DQ Residences. Though the financial impact remains insignificant, as most of these projects were completed later in the year, we can expect to see improvements starting 2024.

As Al Akaria-1 is scheduled for demolition and redevelopment, it is not included in the aforementioned projects. Olaya Oasis (Gate 1 & 2) has been traded to Riyadh Municipality for the Public Car Park land near Akaria Center (1) and will, thus, be demolished.

IGA revenue recorded a growth of 4% in 2023.

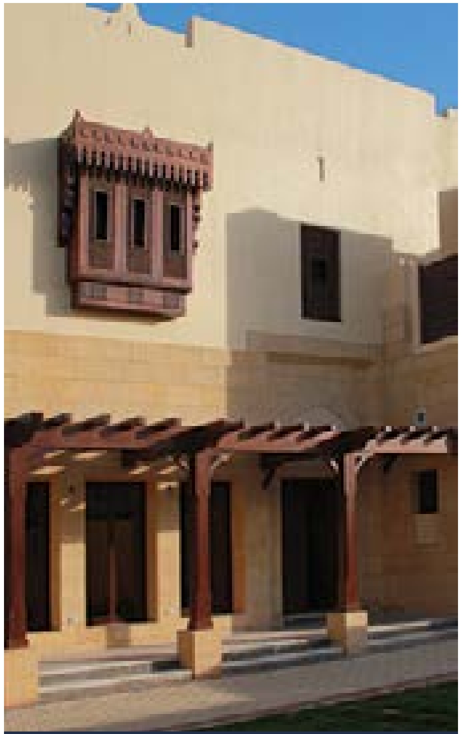
Projects Handed Over in 2023

DQ Offices

Diplomatic quarters, Riyadh
Office complex
20 August 2023

DQ 2 Building

Diplomatic quarters, Riyadh
Residential complex
9 September 2023



DQ 5 Building

Diplomatic quarters, Riyadh
Residential complex
29 February 2023

Projects Handed Over in 2023

DQ 24 Villas

Diplomatic quarters, Riyadh
Residential complex
31 March 2023

Olaya Oasis Gate 8

Olaya, Riyadh
Residential complex
15 September 2023

In 2023, as part of Alakaria's plan to upgrade and enhance its current income-generating assets portfolio, several upgrading projects reached completion in Riyadh. The DQ Offices, buildings, and villas, located in the Diplomatic Quarter in Riyadh, were handed over this year. They provide a modern office complex along with three other residential complexes, expanding the residential options in the area.

The Gate 8 residential complex in Olaya, Riyadh, was handed over in September 2023. This enhanced the IGA portfolio by adding a new refurbished and renovated complex along with the approved complexes to be refurbished.

The financial impact of the handed-over projects wasn’t significant in 2023, as most of the projects were finished by the end of the year. The actual impact will probably become visible in 2024 and after that.

Portfolio Segmentation

Projects

Spanning three broad categories, the plans showcased under the Projects umbrella in Al Akaria's portfolio covers new and exciting ventures at various stages of developments.

Pipeline Projects (Including Projects Under Development)

Projects	Location	Project type	Business model	Land area (m^2)	Gross floor area (m^2)
Projects Under Development (PUDs)					
Al-Akaria Park	Riyadh	Land Subdivision	Freehold	1,913,427	–
Al-Reef Residential Community	Riyadh	Residential	Leasehold	39,010	47,581
Porta Jeddah Mixed-use Destination	Jeddah	Mixed-Use	Leasehold	47,971	75,964
Fai Sedra (1) Residential Project	Riyadh	Residential	Freehold	44,368	54,708
Fai Sedra (2) Residential Project	Riyadh	Residential	Freehold	92,450	110,940
Sub-total				2,200,721	333,488
Projects Under Planning (PUPs)					
L'Avenir Mixed-use Destination	Riyadh	Mixed-Use	Leasehold	25,500	38,567
Vyda Residential Project	Riyadh	Residential	Freehold	89,129	119,872
Tilal Commercial Centre (Leasehold)	Riyadh	Mixed-Use	Leasehold	21,561	18,791
Sub-total				114,629	163,836
Upcoming Projects					
Narjes Business Park	Riyadh	Office	Leasehold	40,000	43,549
Al-Akaria (1) Mixed-Use	Riyadh	Mixed-Use	Leasehold	30,215	98,741
Sitteen Vertical Residential	Riyadh	Residential	Leasehold	9,857	33,268
Madinah Faraud Land	Madinah	Land Subdivision	Freehold	63,495	44,295
Sub-total				101,633	194,349
Grand total				2,416,983	691,673

Projects Under Development

Featuring all the projects currently under development.

Al Akaria Park

Timeline:	**2022-2024**
Type:	**Land Subdivision Development Project**
Location:	**Riyadh**
Land area:	**1,913,400 m²**
Net sellable area:	**1,214,763 m²**

Features and facilities

Central Park, Mosques, Schools

Project mix

3,216 Villa plots. Commercial 45 plots. 31 Apartment plots.

Status

92% of the work is already completed and the project is expected to be finalised in Q3 2024.

Al-Akaria Park is a masterplan land subdivision project located towards the east of Riyadh featuring residential and commercial plots that are supported by several communal facilities including a sizable central park, mosque, and school.

The company acquired the raw land with the approved masterplan for a total value of SAR 727.09 Mn (excluding the brokerage fee and transaction tax) to undertake the infrastructure work on the project and sell the serviced land as plots in 2022.

Moreover, the company has managed to successfully sell 2,438 plots which represent 83% of total plots as of Q4 2023, during the construction phase.

Additionally, Al-Akaria has entered into a JV agreement with Al-Tahaluf to develop 280 villa units on a net land area of 88,492 m^2 in Zone 4 within the masterplan. The development of the residential scheme is named the VYDA project.

Al Reef Residential Community

Timeline:	**2022-2026**
Type:	**Residential community**
Location:	**Riyadh**
Land area:	**39,010 m²**
Gross floor area:	**47,581 m²**

Features and facilities

Two swimming pools, landscaped public spaces, gyms, multi-purpose padel, tennis courts, retail centre

Project GFA mix

176 apartments (64%), 64 villas and duplexes (33%), 3% retail spaces

Status

Under construction & main contract was awarded in Q4 2023 to Tamear.

Al-Reef project is the first self-integrated residential community in the Diplomatic Quarter offering various housing solutions including 64 villas and duplexes as well as 176 apartments supported with state-of-the-art communal facilities.

Al-Akaria has signed a definitive ground/long-term lease agreement with RCRC to develop a semi-gated residential community within the Diplomatic Quarter. The site covers an area of 39,010 m^2 and the lease is for a period of 28 years, with a similar extension period upon mutual agreement.

The excavation and enabling work that commenced in October 2022 has been completed. The main work package was awarded to Tamear to carry out development activities on the site in Q4, 2023.

Porta Jeddah Mixed-use Destination

Timeline:	**2023-2026**
Type:	**Mixed-use destination**
Location:	**Nahda District, King Abdulaziz Road, Jeddah**
Land area:	**47,971 m²**
Gross floor area:	**75,964 m²**

Features and facilities

Plaza, Amphitheatre, Terrace, landscaped public spaces, lifestyle retail centre, F&B and entertainment

Project GFA mix

39% office spaces, 32% retail, 29% hotel

Status

Detailed design, tendering and enabling package

Porta Jeddah project is a leisure and work destination that features a lifestyle hospitality component, in addition to retail, dining, entertainment components, with Grade-A office space. The project is strategically located along King Abdul-Aziz Road within Al Nahda District in Jeddah, Kingdom of Saudi Arabia.

The management has appointed Chapman Taylor as the project architect and Buroj as the lead design consultant. Moreover, Al Akaria has entered into an HMA agreement with Hilton International to manage and operate the hospitality component under its lifestyle brand Canopy by Hilton for a period of 20 years, with a similar extension period upon mutual agreement.

The company procured an enabling/early works permit from the municipality and completed 97.72% enabling/early works package. The design stage is ongoing and expected to be completed in Q1 2024 while the tender preparation is ongoing.

Fai Sedra (1) Residential Project

Timeline:	**2022-2025**
Type:	**Residential Scheme**
Location:	**Riyadh**
Land area:	**44,368 m²**
Gross floor area:	**54,708 m²**

Features and facilities

Facades inspired by Salmani architecture, modern design, high-end finish, swimming pools attached to select units.

Project mix

100% villas (138 units)

Status

Under construction & main contract was awarded in Q4/2023 to Algedrawy

Fai Sedra (1) is a residential scheme located within Sedra Masterplan (Phase 1) featuring 138 villa units with a design inspired by Salmani architecture.

Al Akaria had acquired the land parcel spanning an area of 44,368 m² with a total value of SAR 141,977,600 excluding RETT, located towards the north of Riyadh within the Sedra Masterplan. Al Akaria has appointed Bandar Al Mansour to provide architectural design services. The design stage along with the value engineering work was completed in 2023.

The building permit and off-plan sales license were also procured from respective government authorities. The main work package was awarded to Rezaik Abdallah Algedrawy Company to carry out development activities on the site in Q4 2023.

99.5% of the construction of three prototype mock-up villa units has been completed.

Fai Sedra (2) Residential Project

Timeline:	**2023-2025**
Type:	**Residential scheme**
Location:	**Riyadh**
Land area:	**92,450 m²**
Gross floor area:	**111,012.8 m²**

Features and facilities:

Facades inspired by Salmani architecture, modern design, high-end finish

Project mix:

100% villas

Status:

Under construction

Fai Sedra (2) is a residential scheme located within Sedra Masterplan (Phase 2) featuring 290 villa units with a design inspired by Salmani architecture.

Al Akaria acquired another land parcel spanning over an area of 92,450 m² with a total value of SAR 323,667,450 excluding RETT, located north of Riyadh, within the Sedra Masterplan.

Al Akaria has appointed IDC to provide the architectural design services and is currently progressing in the design stage.

Projects Under Planning

Featuring all the projects that are still in the planning stages.

L’Avenir Mixed-use Destination

Timeline:	**2024-2028**
Type:	**Mixed-Used Destination**
Location:	**Riyadh**
Land area:	**25,500 m^2**
Gross floor area:	**36,436 m^2**

Features and facilities:

Landscaped public spaces, lifestyle retail centre, F&B and entertainment.

Project mix:

60% hotel, 35% retail, 5% business centre.

Status:

Design stage

L’Avenir is a leisure destination that will feature a lifestyle hotel with 283 keys, in addition to retail, dining and entertainment, co-working space. Project overall occupying 36,436 m^2 of GFA and 1008 parking slots. The project is located on the Northern Ring Road between Riyadh Park Mall and KAFD in Al Aqeeq District, Riyadh.

Al-Akaria is in final round of negotiations with Marriott International and anticipated to sign the HMA to manage & operate the hospitality component under its lifestyle brand by H1, 2024.

Vyda Residential Project

Timeline:	**2023-2025**
Type:	**Residential scheme**
Location:	**Riyadh**
Land area:	**88,492 m²**
Gross floor area:	**119,849 m²**

Features and facilities:

Lifestyle focused modern design, unique product layouts, competitive prices, community amenities.

Project mix:

100% villas

Status:

Design stage

VYDA is a residential scheme located within the Al-Akaria Masterplan featuring 280 villa units with a unique design layout located towards the East of Riyadh in Al-Qadisyah district.

Al-Akaria has entered into a joint venture (JV) with Al-Tahaluf Real Estate Company to develop a residential scheme in Zone 4 within the Al-Akaria Park masterplan in Q2, 2023. Al Akaria will contribute land and Al Tahaluf will contribute cash up to 50% of the land's fair market value to partially fund the construction works, while the remaining work will be funded through off-plan sales. Moreover, Al-Tahaluf will act as the development manager and will be responsible for the development and sale activities of the project.

The project is in the final stages of design, and construction work is anticipated to commence by H1, 2024 and project sales to be launched by H2, 2024.

Tilal Commercial Centre

Timeline:	**2023-2026**
Type:	**Mixed-use**
Location:	**Riyadh**
Land area:	**21,561 m²**
Gross floor area:	**18,791 m²**

Features and facilities:

Landscaped public spaces, lifestyle retail centre, F&B and entertainment

Project mix:

52% retail, 48% office

Status:

Design stage

The mixed-use project is an outdoor lifestyle center that features a cluster of F&B and retail shops and office space. Project overall occupying 18,791 m^2 of GFA. The project is located along Muhammad Ibn Abdulaziz Ad Daghaythir Street and Wadi Wag Street within the Al Malqa district in North Riyadh.

Al-Akaria appointed “Benoy” a leading international architectural firm, to develop a conceptual design which was completed in 2022, and mandated Erga to advance the project design from concept to detailed stage.

Upcoming Projects

Featuring all the projects that are in the early stages of negotiations and discussion with relevant parties.

Narjes Business Park

Type:	**Office Business Park**
Location:	**Riyadh**
Land area:	**40,000 m²**
Gross floor area:	**44,699 m²**

Features and facilities

Grade (A) Offices, F&B outlets, complementary retail services, amenities and facilities, landscape & public spaces.

Project mix

12% retail, 88% office

Status

Design stage

Narjes business park will feature low-rise office buildings with a GFA of 44,699 m² and a cluster of F&B and retail shop. The project spans a land area of 40,000 and is located along Ath-Thumamah Road within the Al Narjis District in Riyadh.

Al Akaria appointed KEO, a leading international architectural firm, to develop a conceptual design which was completed in 2023, and mandated Erga to advance the project design from concept to detailed stage.

Al Akaria (1) Mixed-use

Type:	**Mixed-use destination**
Location:	**Riyadh**
Land area:	**30,215 m²**
Gross floor area:	**100,583 m²**

Features and facilities

Evolving towers, facades, and rooftops, human-centric design, state-of-art communal services, strong activation of the public spaces.

Project mix

35% apartments, 35% office space,
17% retail, 12% hotel

Status

Design stage

Al Akaria (1) is a transit-oriented development (TOD) with a 214-key internationally branded hotel, a promenade featuring 16,845 m^2 of F&B and retail GFA, 35,000 m^2 of collaborative office space, and 378 apartment units. The project is located along Musa Bin Nusair in Olaya District in Riyadh.

Al Akaria is contemplating demolishing Al Akaria Commercial Centre 1 (19,665 m^2) and merging it with the adjacent site (parking lot) to develop a contemporary mixed-use destination on the entire land, with a combined area of 30,215 m^2. The current center which was built in 1984 is in deteriorating condition and does not perform to maximum potential, considering its prime location within the CBD of Riyadh and proximity to Alinma metro station.

The conceptual design of the project has been prepared by international architecture company, 10 Design.

Sitteen Vertical Residential

Type:	**Residential Community**
Location:	**Riyadh**
Land area:	**9,857 m²**
Gross floor area:	**33,268 m²**

Features and facilities

Modern lifestyle living complex, well designed layouts, amenity rich community, landscape and public spaces.

Project mix

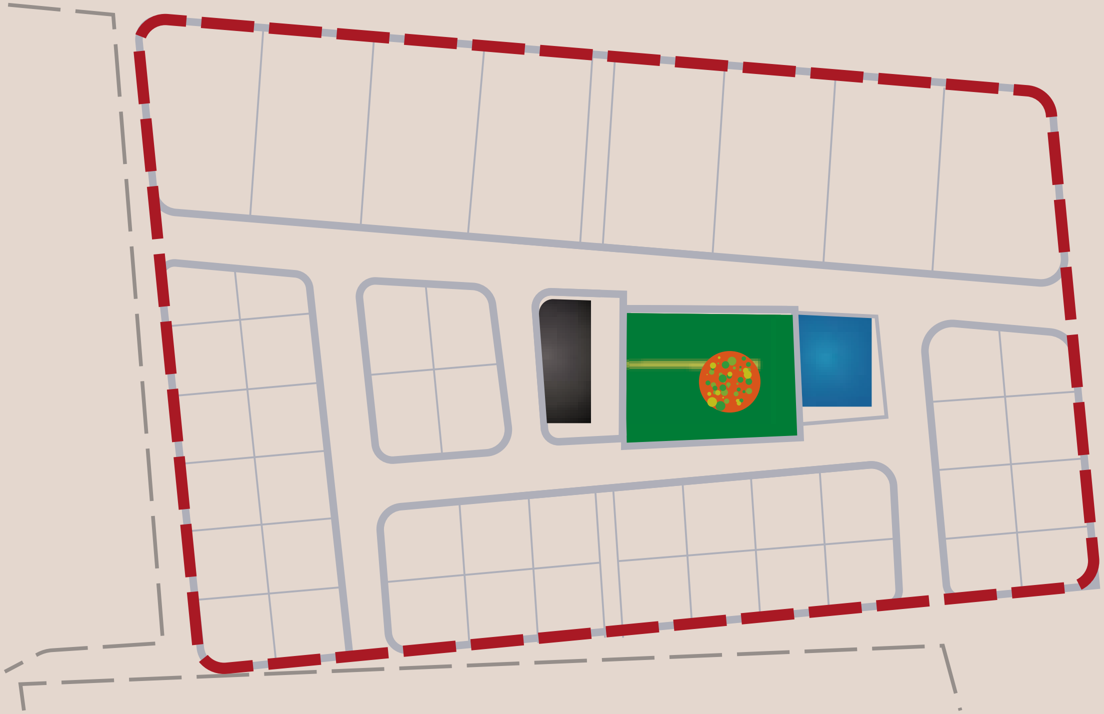
95% apartments, 5% retail

Status

Design stage

Sitteen is a vertical residential community offering various sizes of 314 apartment units, supported with state-of-the-art communal facilities and retail shops occupying 1,621 m² on the ground floor. The project is located within Az Zahra District along Salah Ad Din Al-Ayyubi Road (Sitteen Road) in Riyadh Kingdom of Saudi Arabia.

Al Akaria management administered and managed a design competition for conceptual design where it invited four leading local and international firms (Benoy, IDC, James Cubbitt, and Manhal Habbobi). Based on a technical evaluation assessment and management voting, the conceptual design of IDC was selected for further development and advancement, from schematic to detailed design.



Madinah Faraud Land

Type:	**Land Subdivision Project**
Location:	**Madinah Munawarah**
Land area:	**63,495 m^2**
Net sellable area:	**44,295 m^2**

Features and facilities

Land Subdivision composed of residential and commercial plots

Project mix

52% villas, 46% commercial, 2% schools

Status

Masterplan design stage

Madinah Faraud is a masterplan land subdivision project located along King Khalid Road adjacent to Al-Hadra district to the east of Madinah Munawarah, featuring residential and commercial plots along with communal facilities like schools.

The project land spans an area of 63,495 m^2 and is located within proximately to several landmarks such as the University of Prince Mugrin, Madinah College of Technology, Taibah University, International Technical Female College, and Haramain Railway Station. The project is located outside the Holy Mosque's boundaries and the distance between the Prophet's Holy Mosque and the project is around 17 kilometres.

Furture outlook

As of the close of 2023, the Company’s Gross Floor Area (GFA) reached an impressive 583,000 m^2, reflecting its robust presence in the market. Looking ahead, Al Akaria’s strategic vision involves not only expanding its current operations within established segments, including residential, office, and retail/commercial properties, but also venturing into the promising realms of mixed-use and hospitality developments.

Residential expansion remains a key focus, with plans to increase the current 1,693 units by 37% (around 629 units) over the next five years, reflecting the Company’s commitment to meeting the growing demand for quality housing. Office and business centers are set to grow by 46% over the next 5 years, while the retail/commercial sector aims for an impressive 100% increase within the next five years. In the hospitality sector, Al Akaria’s future projects include 3 hotels catering to a total of 704 keys, aligning with the Kingdom’s strategic emphasis on bolstering its tourism industry.

As Al Akaria looks toward the future, the Company’s strategic initiatives extend beyond the quantitative aspects of growth. The ongoing Al-Akaria Park project, nearing its Completion in Riyadh, exemplifies the Company's commitment to creating holistic living spaces. With a land area of 1,913,400 m^2, this project integrates residential and commercial plots with communal facilities such as central parks, mosques, and schools. Furthermore, the Company’s ventures into mixed-use destinations like Porta Jeddah and co-working spaces like Unbox showcase a keen awareness of evolving lifestyle trends and work dynamics. With 92% of the Al-Akaria Park project already completed, Al Akaria is positioned to deliver on its commitments, providing innovative, integrated spaces that cater to diverse societal needs.


العقارية
AL AKARIA
45
YEARS
بنية
BINYAH

Subsidiaries Review

Comprehensive review of our subsidiaries, Tamear, Binyah and Mumtalakat, exploring their unique contributions and strategic roles within our corporate ecosystem

تعمير
TAMEAR

Tamear (Saudi Real Estate Construction Company) was established in 2016 as a subsidiary of Al Akaria, with the aim of becoming a market leader in the construction sector. Al Akaria has 100% ownership of Tamear.

The Company quickly gained a reputation for its use of modern construction systems, techniques and standards, which in turn resulted in improved efficiency, better optimization of costs and timely completion of projects. This dedication and commitment earned it ”Grade I Construction Contractor” status from the Ministry of Municipal, Rural Affairs and Housing (MOMRAH).

As a Grade I Contractor, Tamear has participated in a variety of high-profile and mega projects across the country, including residential and non-residential buildings, hotels, hospitals, shopping malls, commercial complexes, diplomatic enclaves and gated residential communities.

Tamear excels in unique and bespoke buildings, with services that extend from concept design to construction and interiors. The largest projects undertaken by the Company in Saudi Arabia include the Lacasa Compound in Riyadh for Al Akaria, and the Al Mashriqia Housing Project for the National Housing Company, also in Riyadh.

Highlights of 2023

Project	Location	Works	Period	Deliverables
Al Reef	DQ Riyadh	Turnkey (Structure, Mechanical, Electrical, and finishing), landscape and civil works	Ongoing, duration of 24 months	6 buildings, 64 townhouses and villas, 3 retail buildings, ancillary buildings, club house, external work and landscape
Gate 8	Al Akaria Compound Gate 8	Renovation and fit-out	Project completed on 15/09/2023	O&M
Al-Dhahia Compound	Al-Remal	Maintenance	Completed on 01/2024	Rental manpower
DQ 24 COMPOUND	Diplomatic Quarter	Renovation & fit-out	Completed on 08/2023	24 villas Renovation, Swimming pool, landscape, and external works
Al Mashreqia Villa Project	Al- Remal	Turnkey Construction of (401) Villas - At east of Riyadh.	Expected to be completed on 11/2024	401 villas, 3 types

BINYAH is a leading infrastructure development contractor in KSA, strongly driven by a unified strategic mission to tailor deliverables to the customer's individualized needs and build a long-term customer loyalty. BINYAH attempts at achieving extraordinary iconic and sophisticated construction masterpieces for its valued clients and advancing the economy further while building satisfying the careers for people, The Saudi Real Estate Infrastructure Company (BINYAH) established in early 2017, based in Riyadh, the capital of the Kingdom of Saudi Arabia, associated between two leading companies in the Kingdom, the "Saudi Real Estate Company" a pioneer company Listed on the Saudi Stock Exchange and owned by the Public Investment Fund of Saudi Arabia (PIF) in the field of development and real estate investment (with a share of 60%) construction of infrastructure projects (with share of 40%). BINYAH has an extensive capability for the delivery of general infrastructure works. Its ability to undertake infrastructure works using our skilled, in-house trained resources is a distinct advantage in maintaining a high level of consistency of economy, efficiency and effectiveness with corresponding benefits in quality and program.

BINYAH Specialties and Services:

- Infrastructure works
- Roads, Bridges and Tunnels works
- Special structures
- Earth and enabling works
- Landscape work
- Design Reviewing and Value Engineering

Project Updates

Client name	Scope of work	Project name	Update	Project location
The Red Sea Global (RSG)	General earthworks (clearing and Grubbing – Excavation – Back fillings) for Triple Bay Area	Triple Bay Earthworks Phase 01	Completed	Al Wajh, North Coast of Red Sea
Dirayah Gate Development Authority (DGDA)	Execution of wet networks, sewage, rainwater drainage and irrigation, as well as a water supply and roads works, street lighting and associated earthworks	Wadi Hanifah Spine infra	Ongoing	Riyadh City
Misk City Company	(Roads – Wet utilities (PW- Sewage – Storm -Irrigation-) dry utilities (LV- MV- St. Lighting – Traffic Signals – Logistic Area (RO plant with all accessories- and 5 Water Pump stations with 5 Water Reservoirs). And district cooling network and low pressure gas network	Constructing of MISK City Infra structure Package	Ongoing	Riyadh City
Dirayah Gate Development Authority (DGDA)	Design and Build Package, which consists of but is not limited to the excavation for, and construction of a Multi Storey Carpark that is made up of four below ground basement levels, bathroom facilities for car park users, lifts and stairs to the ground floor for entry and exit of the car park, MEP rooms and services as well as provision and installation of specialist car parking management and guidance systems	Northern Cultural District Car Parking 3 Design and Build	Ongoing	Riyadh City
Dirayah Gate Development Authority (DGDA)	Execution of the earthworks preparing for DG II Area, the project contains site preparation, earthworks (cutting, filling, Demolition & compaction) and associated works	DG II Enabiling Work	Completed	Riyadh City
The Red Sea Global (RSG)	includes construction of and interchange connecting the H5 with the Triple Bay at the north side, the scope of works includes concrete bridge, earth works, road works, paving, street lighting, and all infrastructure utilities crossing this interchange	Regional Infrastructure – Triple Bay North Interchange	Ongoing	Al Wajh, North Coast of Red Sea

Highlights of 2023

Dirayah Gate Development Authority (DGDA)

Metro Box Retaining Structure

Its a significant project known as the Metro Box Retaining Structure. The scope of this project involves the design and construction of Metro-box retaining structures in three areas: South, North, and Central. The project officially commenced on 28 December 2023. It is worth noting that the project holds a significant value of SAR 627 Mn Under the guidance of the DGDA, this endeavor aims to provide essential infrastructure for the region's transportation needs.

Dirayah Gate Development Authority (DGDA)

Excavation of Car Parks A & B

A project named "Excavation of Car Parks." The scope of work involves the excavation of two car parks, namely Carpark – A and Carpark – B. The project started on December 2023, and holds a substantial value of SAR 462 Mn. This initiative by DGDA aims to enhance parking facilities and provide convenient spaces for visitors and residents. By undertaking this excavation project, DGDA demonstrates its commitment to improving infrastructure and creating a more accessible and efficient environment within the Dirayah Gate region.

Qiddiya Company (QIC)

Resort Core Bulk Utilities Pkg 4 IBJV

Resort Core Bulk Utilities Pkg 4 as a (JV) with Infraroad Company. The scope of this undertaking involves the construction of key facilities, including a sewage treatment plant, irrigation water storage tanks and pump station, potable water storage tank and pump station, and a solid waste transfer hub. The project started on August 2023, with a total estimated value of SAR 352 Mn.

Qiddiya Company (QIC)

Resort Core District Primary and Secondary Roads, Bridges, and Utilities Networks IBJV

Binyah engaged in a joint venture (JV) with Infraroad Company for the implementation of the Resort Core District Primary and Secondary Roads, Bridges, and Utilities Networks project. The scope of work for this project encompasses the construction and provision of key infrastructure networks and bridges within the Qiddiya Resort Core. These networks include primary and secondary roads, utilities networks, utility culverts, pedestrian bridges, and perimeter cut-off storm drainage channels. The project started on 21 September 2023, with a substantial value of SAR 1,609 Mn.

New Murabba Development Company (NMDC)

Site Hoarding Works & chain link fencing, NMDC-Startup Site Offices

With a substantial value, Binyah has undertaken the Site Hoarding Works & chain link fencing, NMDC-Startup Site Offices project. The scope of work for this project includes the design, supply, and installation of branded hoarding as well as the design, supply, and installation of chain link fence with nine gates spanning a total distance of 13 kilometers. Additionally, Binyah responsible for the design and construction of the site office for the New Murabba Project, which will be situated within Plot A of the development.

ممتلكات
MUMTALAKAT

Mumtalakat (The Saudi Korean Company for Maintenance and Property Management) was jointly established in 2018 by Al Akaria, Posco E&C Saudi Arabia, and Posco O&M.

The ISO-certified company provides customized and comprehensive services in facilities management and property management, backed by trained manpower and a wide range of support services, through distinct business units.

Facilities Management

Professional services for owners and occupants in building maintenance, risk management, facility management, security and beautification management, with advanced techniques based on life cycle cost analyses.

Property Management

Wide range of customized services including budget planning and adjustment, leasing, operational revenues, risk management and tax advisory.

Real Estate Consulting Services

Tailormade property management advisory services for tendering and contracting, leasing, tenant relations and administrative services.

Highlights of 2023

	Contract start date	Contract end date	Duration of Contract	Services
Al Akaria Project	1 March 2023	1 March 2025	2 years	Maintenance and Security
Roshn Project – HQ	1 February 23	1 February 2024	3 years/yearly renewal	Cleaning, maintenance and operation
Roshn Project – Sales Center	5 October 23	4 October 2024	3 years/yearly renewal	Cleaning, maintenance and operation
Roshn Project – WAREFA	10 October 2023	10 October 2024	1 year	Cleaning, maintenance and operation
King Abdulaziz and his Companions Foundation for Giftedness and Creativity, Mawhiba Head Office	1 January 2023	1 December 2025	3 years	Cleaning and maintenance
The National Real Estate Registry Services Company (RER) HQ & Thumama	1 June 2023	31 May 2024	3 years/yearly renewal	Cleaning, maintenance and hospitality
The National Real Estate Registry Services Company (RER) Royal Mall	12 June 2023	31 December 2023	PO	Cleaning and hospitality
Center For Governance (CFG)	1 November 2023	31 October 24	1 year	Cleaning and hospitality
AlUla	1 November 2023	31 October 24	1 year	Cleaning and hospitality

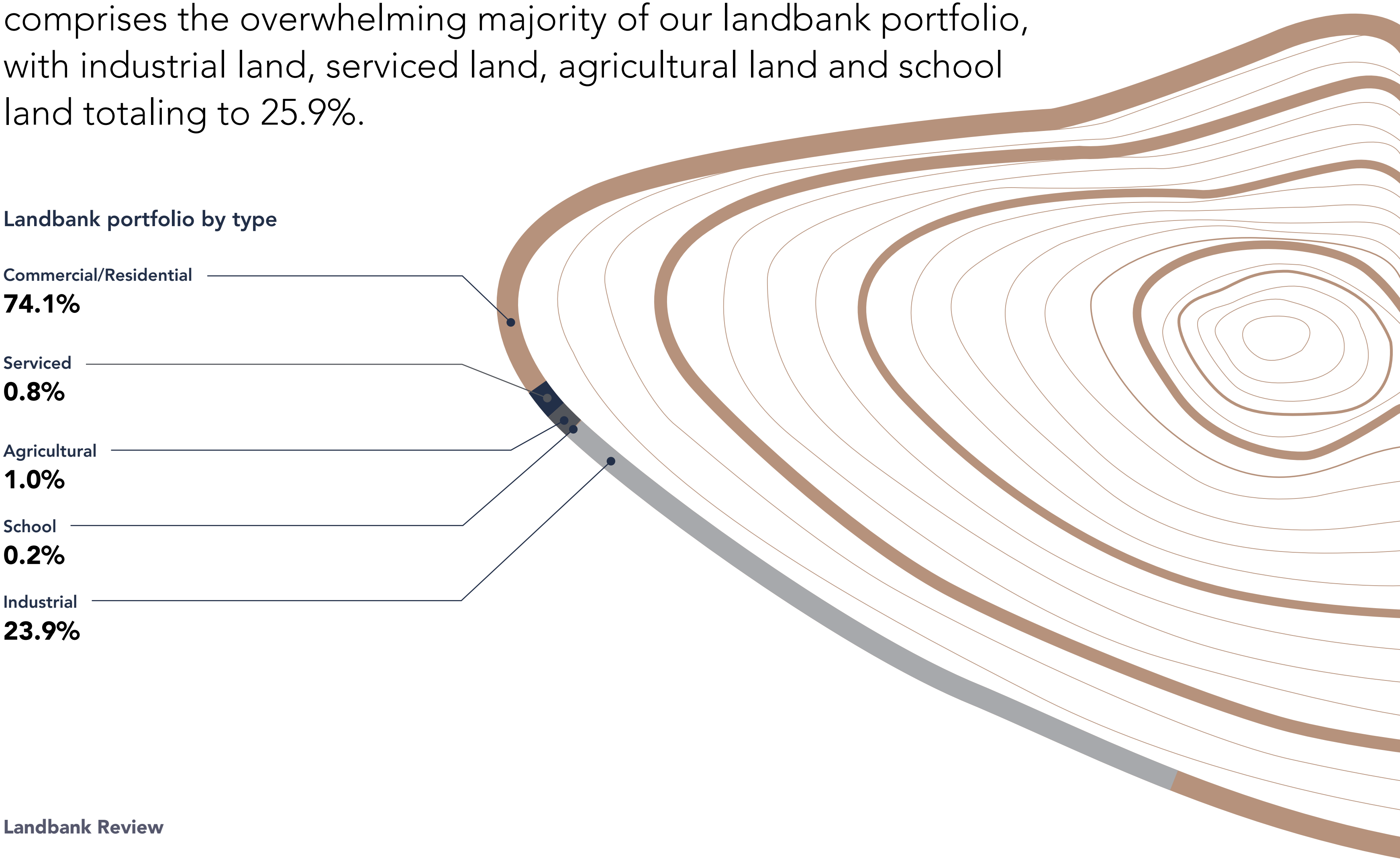
Landbank Review

Exploring Al Akaria's diverse Landbank Portfolio, where every plot holds promise and opportunity for growth

Landbank Portfolio

Our lands can be mainly categorised into commercial/residential and industrial land. At 74.1%, commercial/residential land comprises the overwhelming majority of our landbank portfolio, with industrial land, serviced land, agricultural land and school land totaling to 25.9%.

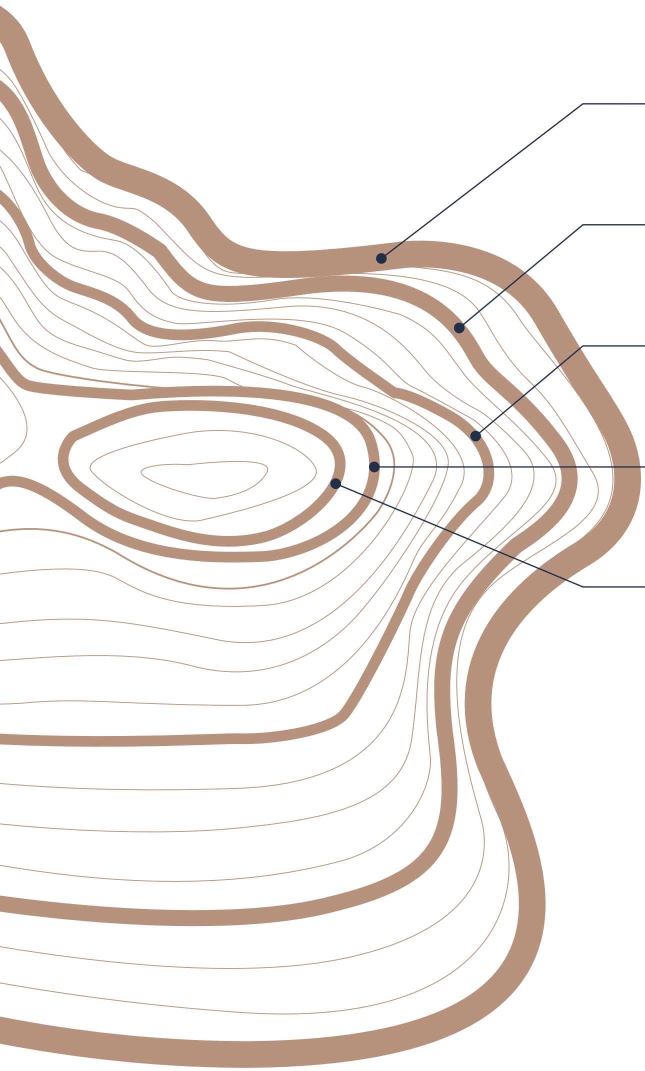
Landbank portfolio by type



Landbank Portfolio

The existing landbank can be segmented by land area and by market value as follows:

Segmentation of landbank portfolio by land area



1,000,000+ m^2	**Area 20,547.7K m²**	**86.7%**	3 Lands
100,001-1,000,000 m^2	**Area 2,792.8K m²**	**11.8%**	5 Lands
50,001-100,000 m^2	**Area 138.8K m²**	**0.6%**	2 Lands
25,001-50,000 m^2	**Area 145.3K m²**	**0.6%**	4 Lands
Up to 25,000 m^2	**Area 73.9K m²**	**0.3%**	10 Lands

Segmentation of landbank portfolio by market value

SAR +500 Mn	**SAR 7.9 Bn**	**80.0%**	3 Lands
SAR 101 Mn-300 Mn	**SAR 1.6 Bn**	**16.1%**	8 Lands
Up to SAR 100 Mn	**SAR 0.4 Bn**	**3.9%**	13 Lands

Landbank Distribution

Landbank portfolio	Land area (m²)	Market value '23 (SAR Mn)	Type of land
Riyadh			
Al Narjes (No. 4/A)	40,000	180,200	Serviced
Az Zahra (No.39&52)	9,857	70,623	Serviced
Az Zahra (No.5-8)	2,241	9,457	Serviced
Al Aqeeq (No.416)	25,500	220,575	Serviced
Al Rabie School Land (30)	9,450	25,279	School
Qurtoba School Land (No.141)	4,311	10,114	School
Al Aarid (No.7-8)	30,000	99,938	Serviced
BanBan (No.15)	519,059	171,954	Commercial/ Residential
BanBan (No.13)	871,598	273,210	Commercial/ Residential
BanBan (3)	648,189	225,597	Commercial/ Residential
BanBan (4)	596,700	215,554	Commercial/ Residential
Tilal Al-Riyadh Commercial (No.56)	21,575	160,303	Serviced
Tilal Al-Riyadh School (No. 751)	10,875	8,510	School
Tilal Al-Riyadh School (No. 752)	10,296	8,443	School
Al-Widyan (No. 23/B/1)	6,988,106	6,418,146	Commercial/ Residential
Olaya School Land	2,655	5,089	School
Al-Dhahia Residential	1,071	2,827	Serviced
Al-Dhahia Commercial	51,053	151,914	Serviced
Total Riyadh	9,842,537	8,257,733	
Riyadh %	41.5%	83.3%	

Landbank portfolio	Land area (Sqm)	Market value '23 (SAR Mn)	Type of land
Madinah			
Alanahi (2)	49,800	51,635	Commercial/ Residential
Mytan (No.19)	87,751	35,294	Agricultural
Mytan (No.29)	1,578	2,263	Agricultural
Al Aqoul (5)	157,280	56,897	Agricultural
Total Madinah	296,409	146,089	
Madinah %	1.3%	1.5%	
Dammam			
Industrial City (No.2/1-6)	5,675,630	727,171	Industrial
Al-Owaizriah (No.9)*	7,883,932	786,616	Commercial/ Residential
Total Dammam	13,559,562	1,513,787	
Dammam %	57.2%	15.3%	
Total	23,698,508	9,917,609	

Land type categorisation as of December 2023:

Type of land	Land area (m²)	Market value '23 (SAR Mn)	Number of lands
Serviced	181,297.0	895,837.6	8
Commercial/ Residential	17,557,384.1	8,142,711.8	7
Industrial	5,675,629.9	727,171.2	1
Agricultural	246,609.0	94,453.9	3
School	37,588.0	57,434.2	5
Total	23,698,508.1	9,917,608.8	24

Restricted or Unavailable Land

As at December 2023, the land allocated for the Al Widyan project is considered restricted.

Al Widyan is an ambitious "city within the city" project covering a total land area of 7 million m^2, with a carrying value of SAR 2.2 Bn and a market value exceeding SAR 6 Bn.

Al Akaria invested in the land for the Al Widyan project in year 2016 and was informed by the regulatory bodies in year 2021 that the land is located in an area that is currently under study by relevant government agencies for development. This may change the original project in an as-yet-indeterminate way, as the impact has yet to be ascertained and will depend on the development plan by the agencies in question.

Al Akaria management is currently holding discussions with the relevant authorities on how this land will be treated.

A further 10.2 million m^2 are currently unavailable for use or development. These lands are located in Benban, Al Aarid and Al Dammam. The restriction on these lands is mainly due to their location. Here, too, the impact is still uncertain and depends on the outcome of ongoing discussions that Al Akaria management are currently holding with relevant government agencies and committees to see that land use is enabled.

Intellectual Capital Review

Digital Transformation

Automation of Services

Al Akaria is on schedule to automate all feasible services by 2027. In December 2023, overall automation of services reached 35%, with plans in place for systemic increases during the next 4 years, as detailed:

Objective	KPIS	Status 2022	Targets 2023	Targets 2024	Targets 2025	Targets 2026	Targets 2027
Leverage on technology	Percentage of new customers acquired from Tech Platforms	Limited utilization of Tech platforms with no tracking	20%	30%	50%	50%	50%
	Percentage of automated internal and external procedures and activated (total of 496 procedures)	Until 32% of services are implemented but mainly not utilized	32%	40%	50%	60%	70%

Highlights of 2023

- Integration of Al Akaria, Binyah, Tamear and Mumtalakat with the e-invoicing system of Zakat, Tax, and Customs Authority (ZATCA), including authentication and submission processes
- Implementation of SAP project management system for Binyah
- Successful launch of SAP SuccessFactors for Binyah, Tamear and Mumtalakat
- Activation of digital signatures for contracts, enabling greater levels of comfort and convenience for customers
- Enabling online payment process for all customers, through SADAD
- Enabling property management service requests, through the Al Akaria mobile app
- Completion of a full inventory review for current licenses, servers and systems, with plans to reorganize them in 2024.

Cybersecurity

Al Akaria continues to build on its cybersecurity strategy and invest in its critical infrastructure protection program, with training, knowledge sharing, and strengthened incident reporting and response mechanisms.

In 2023, the Company obtained ARAMCO's Third Party Cybersecurity Compliance Certificate (CCC), a program designed to ensure third party compliance with cybersecurity requirements.

During the year, the cybersecurity teams completed the implementation of a SIEM solution that integrates all security controls and sends logs to the SOC team 24/7, providing greater visibility into the Al Akaria infrastructure. The teams also implemented a vulnerability assessment solution to scan systems belonging to Al Akaria and all its subsidiaries, on a weekly basis and fix any issues.

IT

The Company's IT teams faced considerable challenges with the delayed receipt of hardware in 2022 that stretched into the early months of 2023, on account of hiccups and logjams in global logistics deliveries. Despite pressures of time, several major projects were completed before December 2023:

- Implementation of Mobile Device Management (MDM), for laptops and tablets
- Replacement of old switches in all facilities, with contemporary smart technology
- Implementation of Privilege Management System (PAM)
- Implementation of Identity Management System (IAM), systemizing login rules for users on critical applications.

Outlook

Based on new deployments and maximized utilization, the costs associated with the Company's digital transformation program is expected to reduce sharply from 2024 onwards. Moreover, the Company will be able to undertake more projects and larger projects with the same budget or minimal increase thereof.

Al Akaria is working on a people succession program for digital transformation, to enable employees to better utilize new technologies and embed them into their day-to-day activities.

Stakeholder Value Creation

By bolstering its networks, nurturing its customer base, hiring the best talent, building strong procurement practices, meeting industry regulations and compliance, and promoting a safe working environment, Al Akaria has created an attractive brand in the real estate industry.

Networks

With proven strengths, and a leadership position in Saudi Arabia's real estate ecosystem since its establishment in 1976, the Company is perfectly poised to build on its partnerships and forge new ones.

Al Akaria believes in the power of partnerships and networks, and ranks strategic partnerships as one of the most important factors for growth

Overview

Analysts predict that Saudi Arabia will invest more than USD 175 Bn annually on industrial projects, and mega and giga developments, between 2025 and 2028. Spending is projected to reach a peak of USD 180 Bn in 2026 and 2027, and annual contract awards are expected to triple the historical average, growing from USD 50 Bn to USD 150 Bn, according to a report presented by McKinsey & Co. in October 2023.

While the resources needed to fulfil these plans sound gargantuan, innovations such industrialized construction and digitalized analyses are expected to lower completion time by almost half, while also lowering overall costs and mitigating project risks. Concurrently, the white-collar construction workforce in Saudi Arabia is expected to double from 2021 levels and construction labor is anticipated to more than triple in the next few years.

At the moment, almost USD 1.3 Tn worth of projects, including the USD 500 Bn NEOM and the Red Sea Resorts are already in progress.

Al Akaria believes in the power of partnerships and networks, and ranks strategic partnerships as one of the most important factors for growth and development of the Company, and of the real estate industry.

Alliances with global brands and partnerships with government authorities have enabled the Company to diversify its product offerings, expand customer networks, and develop competitive advantage over its peers. The Company also works closely with government entities tasked with the remit of building residences and infrastructure across the country. These partnerships help achieve growth and maintain market leadership for the long-term.

The company will oversee an 804-unit residential project over a 260,233 sq mt area in the ancient Saudi city of AlUla.

Inter-governmental Agreements

- ROSHN

  In 2022, Al Akaria signed a sale and purchase agreement with ROSHN, valued at SAR 323.7 Mn, to develop residential villas within Sedra, ROSHN's flagship community in Riyadh. A second deal was a SAR 142 Mn land sale to Al Akaria to make high-quality housing available in the Sedra development in northern Riyadh.

  ROSHN is a national real estate developer, and similar to Al Akaria, is also powered by Saudi Arabia's Public Investment Fund (PIF).

- Royal Commission for AlUla (RCU) and AlUla Development Company (UDC)

  In October 2023, Al Akaria signed a three-way Memorandum of Understanding with RCU and UDC, for the development of the Sidrat Al Ula residential project. The company will oversee an 804-unit residential project over a 260,233 sq mt area in the ancient Saudi city of AlUla. The premium project will feature a total of 564 apartment units and 240 villas and townhouses.

Regulatory Authorities

- Real Estate General Authority

  The Real Estate General Authority was established in 2017 to regulate rules, stimulate investment and provide consumer protection in the real estate industry. It has already started working on enhancing transparency by developing price indicators (selling and rental) and other indicators pertaining to the progress of construction progress.

  The Authority has conducted several international comparisons with the aim of implementing the best practices of reputable real estate regulators and is also expected to make changes to current regulations to reduce the number of property disputes and their processing time.

- Etmam

  Etmam (Developers Services Centre) is a government initiative aimed at assisting real estate developers through various stages of their development projects. Etmam's permanent members include the Ministry of Housing, the Ministry of Municipal and Rural Affairs (MOMRAH) and the Ministry of Justice among others.

Regulatory Authorities

Al Akaria uses Etmam's bouquet of services which include following up with relevant authorities to avoid delays in licensing and approvals for residential and commercial projects of more than 50,000 square meters; approvals for subdivisions of land and comprehensive development schemes; issuance of building permits and building completion certificates; and off-plan sales licenses.

- Ejar

  The Ministry of Housing's Ejar rental service e-network allows landlords and tenants to check each other's identity prior to signing tenancy agreements, check the ownership and authority of the landlord's representative, and report violations.

Subsidiaries

With Saudi Vision 2030 placing emphasis on infrastructure sectors such as airports, public transportation, industry and logistics, and marine and dry ports, Al Akaria's subsidiaries stand to benefit from projects and programs across various dimensions, and contribute to the Company's continuing growth.

Subsidiaries

Binyah has secured several significant contracts related to giga projects, and is expected to grow at a CAGR of 7% until 2027, thereby increasing the Company's infrastructure revenue.

Tamear actively seeks to actively expand its business activities by partnering with Ministry of Municipal and Rural Affairs and Housing (MOMRAH), and increase its current 5% contribution to the Company's total revenue.

Mumtalakat is expanding its facility management business to increase its less than 3% contribution to the Company's revenue, and maintain a conservative Compound annual growth rate (CAGR) of 3% thereafter.

Key Tenants

Organization	Type of lease	Annual contract value (SAR)
King Abdullah City for Atomic and Renewable Energy	Commercial	32,578,858
Arabian Internet and Communications Services Co. (STC Solutions)	Commercial	17,684,675
US Embassy in Riyadh	Residential	8,420,414
Arab National Bank	Commercial	4,657,404
TATA Consultancy Services Limited	Residential and commercial	4,500,291
Saudi Commission for Health Specialties	Commercial	4,460,370
Presidency of State Security	Residential	3,811,930
Tamkeen Technologies	Commercial	3,352,308
Space Orbit Trading Company	Commercial	3,269,262
Ministry of Interior	Residential	1,387,892

Customers

A crucial aspect of Al Akaria's 2023-27 strategy is to derive maximum value from our existing assets. A key driver of this strategy is customer experience and satisfaction.

Customer Strategy

Al Akaria's customer strategy has been built on a number of fundamental objectives that are central to the Company's vision to build the richest life experience in the Kingdom of Saudi Arabia. The strategy comprises the following measures:

- Creating a unique customer experience
- Achieving excellence in providing service
- Opening diverse channels of communication with customers to make their voices heard
- Increasing customer satisfaction

Customer Types

The Company's customers are segmented into the following categories:

- Government sector
- Individual
- Commercial and corporate
- Diplomatic missions

Government Sector

Al Akaria earns revenue from the government sector from infrastructure services, rental services, and facility management services to governmental entities. The main government clients are King Abdullah City for Atomic and Renewable Energy, the Presidency of State Security and Saudi Commission for Health Specialties, among others.

Individual Customers

Revenue from individuals relates to rental revenue from individuals in various residential complexes.

Commercial and Corporate Clients

Revenue from commercial and corporate clients relates to rental revenue and facility management revenue generated from companies. The main corporate clients are Al Rajhi Bank, Al Rajhi Takaful, and Asala Holding Company.

Diplomatic Missions

Revenue from embassies relate to revenue generated from rental of buildings and lands to embassies of several countries as well as to diplomats and consular personnel. All these properties leased for embassies' employees are located within the Diplomatic Quarters in Riyadh.

Customer Engagement

Our approach to customer engagement is unique to each segment, illustrated below by leasing.

Customer segment	Engagement process	Revenue contribution (%)
Government sector	Leasing	16
Individual	Leasing	35
Commercial and corporate	Leasing	42
Diplomatic missions	Leasing	7

Order and Complaint Resolution

Al Akaria's dedicated customer care department is manned by five agents and is open from 8am to 10pm, every working day of the year.

The Company uses the Genesys call management system for customer query management. We also routinely embrace new communication technologies such as social media platforms for customer service, with over 95% responses made on time.

Once an order has been received from a customer, our teams study the request and refer it to the most relevant department. The teams then follow up with the relevant department until the request is finalised, upon which the customer is notified, recording his or her satisfaction.

Tenant Satisfaction Study

After conducting one wave of a customer satisfaction study in 2022 with a sample of 333 tenants, Al Akaria conducted a second wave during Q2 2023 with a sample of 276 tenants. The study was aimed at understanding tenant reactions to the Company's residential and commercial segments in Riyadh, on these parameters:

- Overall services
- Quality of amenities and services
- Maintenance services
- Contract renewal
- New contracts
- Customer service
- Turnaround time
- Corporate image of the Company

Overall, tenants reported an average satisfaction level of 65.1% in 2023 as compared to 63.5% in 2022, which is a slight improvement. The improvement was observed in maintenance services, new contracts, customer service and turnaround time.

2023 Highlights

During the reporting period, Al Akaria gathered valuable insights from customer satisfaction surveys carried out, revealing a satisfaction rate of 65.1%, marking an increase from 63.1% in 2022.

The year 2023 was notable for its significant year-on-year increase in customer satisfaction: from 63.5% last year to 65.1% as of December 2023. Various measures taken by Al Akaria to enhance customer satisfaction contributed to this success. Among these was an initiative to activate all communication channels with the various customer segments. These channels included traditional telephone calls and e-mails as well as social networking sites such as Twitter, Facebook and Instagram.

Al Akaria records customer satisfaction periodically using the“specialised company” method. We're happy to note that the latest measure, 65%, is consistent with the company's strategic goal.

Among other developments this year was the activation of the Al Akaria call centre operated by a specialised company that has many years of experience in managing call centres and is considered one of the best in the Kingdom.

Meanwhile, a number of processes were automated in 2023 as part of an ongoing transition to a company-wide paperless culture which is also line with our sustainability objectives going into 2024.

Customer applications were also activated, to be completed in 2024.

Other achievements in 2023 included the following:

- Responding to over 15,000 communications on the Akaria Park project.
- Closing more than 6,000 complaints.
- Contributing to increasing sales and rental operations through rapid response to customer requests.

Employees

The HR Department aims to meet the Company's needs, both in terms of attracting and retaining new talent and developing the existing workforce, to achieve success and create greater value.

This section highlights the workforce, workplace policies, employee benefits and employee engagement of the Company, and not of its subsidiaries.

Human Resources Department

Al Akaria's Human Resources Department (HR) is actively involved in creating workplaces that are diverse, equitable and engaging, as the company aims to foster a winning work culture by placing employees at the center of everything.

The company has undergone major changes and radical transformations in the past few years, and in light of these changes, the HR Department aims to meet the company's needs, both in terms of attracting and retaining new talent and developing the existing workforce, to achieve success and create greater value.

Principal functions of the HR Department include but are not limited to:

- Understanding various business goals to enhance performance
- Designing and conducting HR audits
- Talent acquisition and retention
- Training and development
- Employee engagement
- Continuous evaluations of compensation and benefits
- Succession planning
- HR metrics and analytics.

HR Policy and Leadership

Al Akaria has developed a universal HR policy that is applied to all employees across the organization, as it tries to build a work environment that values people with different backgrounds, experiences, and perspectives, and all their contributions to the company. The company also encourages outstanding performance by creating workplaces that are exciting and challenging, provide opportunities for professional development, and encourage employees to learn and achieve change.

The company's Chief of Corporate Support Officer (CCSO) is responsible for developing and executing HR strategy in support of Al Akaria's overall business plan and strategic direction, especially in the areas of succession planning, talent management, change management, organizational and performance management, training and development, and compensation. The CCSO provides strategic leadership by articulating HR needs and plans to Executive Management and the Board of Directors.

Diversity and Gender Parity

Fostering an inclusive culture that supports diverse talent allows employees to collaborate successfully and enables the company to compete effectively.

One of Al Akaria's approaches to achieving greater Diversity, Equity, and Inclusion (DEI) is the hiring of talent across all levels, regardless of their race, age and gender. The company has played particular attention to hiring female employees across all levels, for the last three consecutive years.

Across Al Akaria, in compliance with the Saudi Labor Law, male and female employees are compensated equally.

Employee Overview

Al Akaria has a total head count of 187 employees across all operations of the company and its subsidiaries.

	Total	Female	Male
Full-time employees by gender	187	49	138

	Total	Female	Male
New employees by gender (2023 hires)	66	27	39

	Total	Under 30 years	30-50 years	Over 50 years
New employees by age group (2023 hires)	66	24	41	1

Outsourced employees (current)	37

Employee Benefits

Employee salaries typically comprise a basic salary and housing and transportation allowances. Annual bonuses are given to deserving employees for exceptional or meritorious performance.

Al Akaria is fully compliant with the Ministry of Human Resources and Social Development’s regulations regarding minimum wage. Furthermore, the lowest pay in the company’s approved salary structure is higher than the minimum wage determined by the Ministry. The company also adheres to Saudi Labor Law and the Ministry of Human Resources and Social Development’s regulations regarding the eligibility of temporary and part-time employees to the same benefits as full time employees, on a pro rata basis.

The total spend on employee salaries and related employee benefits is subject to annual growth, based on the recruitment of new employees with greater experience and relatively higher compensation packages.

End-of-service Benefits

Al Akaria grants end-of-service benefits to all employees after taking into consideration current labor laws, and based primarily upon years of service and the employees' compensation packages.

This unfunded defined benefit plan (DBO) is consistent with local requirements but is subject to demographic, legal and economic risks, and any changes to the discount rate used to calculate the DBO.

Engagement Survey

The HR Department conducts an annual Engagement Survey to evaluate and measure Organizational Health Index (OHI) which includes employee satisfaction as a primary dimension.

The survey conducted in 2023 recorded an overall employee engagement score of 66% for satisfaction.

A close analysis of the results also highlighted major takeaways which served as high priority areas for action. In one example, weak communication between departments led to the creation of an internal communication event calendar, both to arrange events efficiently and to improve overall levels of inter-department communication.

Drawing from the results of the survey, the company also conducted training and development programs for senior manager to improve leadership skills

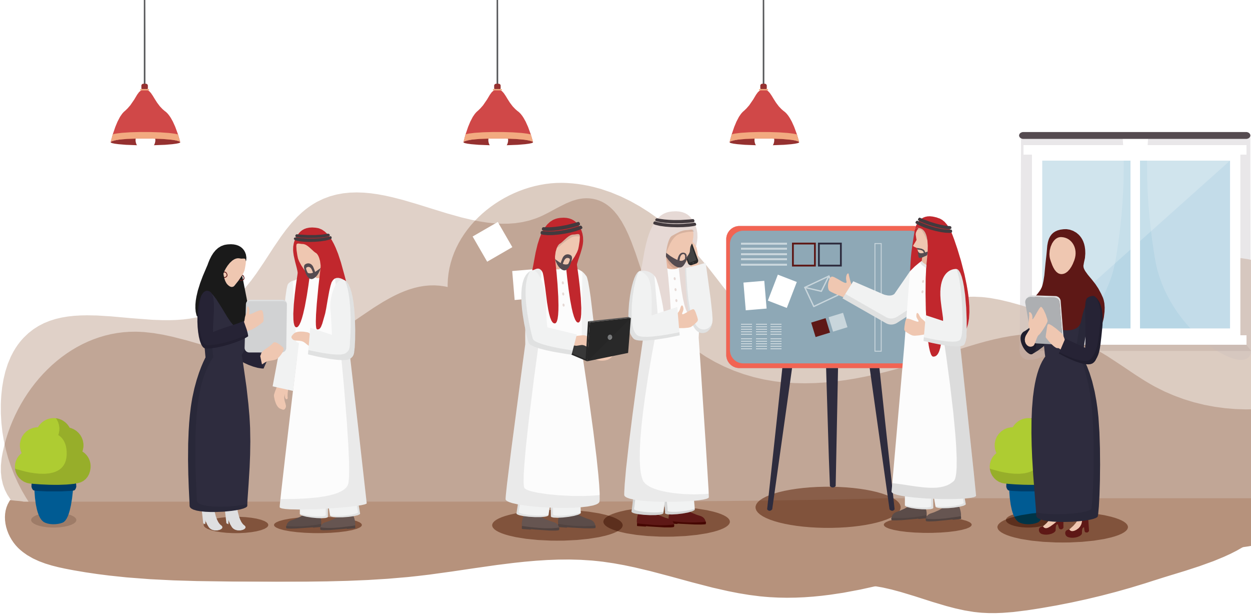
Parental Leave Benefit

Parameters for 2023	Female	Male	Total
Employees entitled to parental leave	12	105	117
Employees who availed of parental leave	2	5	7
Employees who returned to work in the reporting period after parental leave ended	2	5	7

Learning and Training

Al Akaria is fully aligned with Saudi Vision 2030 in terms of human capital development, and regularly conducts training and learning programs for employees that are designed to enhance their technical and professional skills, and leadership programs for managers and directors.

In 2023, 119 employees from all levels participated in various training and development programs.



Average annual training, per employee

Female	Male
30 hours	30 hours

Major training modules in 2023

	Participants
English language program	3
Data analysis and business reporting techniques using Excel	21
Finance for non-finance professionals	18
Accelerated Leadership Program (ALP)	19
Change Management Certification	11
Team building	56

Average annual training hours, per employee

	Department
Finance	21
Commercial	27
GRC	30
Corporate Support	26
Development	14
Internal Audit	23
Investment	11
Legal	17
Strategy	26
CEO's Office	20

Saudization

Al Akaria has earned the prestigious Platinum category of Nitaqat, the Saudization certificate issued by the Ministry of Human Recourses and Social Development (MHRSD). The Platinum classification is reserved for companies who have a minimum of 40% of Saudi Nationals in their workforce, and get rewarded for complying with the Ministry's Saudization laws and regulations.

The percentage of Saudi senior managers helming the Company's core business divisions was 67% at the end of 2023.

The Company continues to make notable efforts to acquire and empower Saudi cadres to power future growth and success. It also strives to hire exceptional national talent to work on projects that are directly linked to Saudi Vision 2030.

Procurement

Al Akaria's Procurement Department fulfils most tendered requests received by the Company, and in turn, tenders and awards projects within specified budgets and time frames.

Procurement Department

While no major issues affected procurement during 2023, price hikes of some materials and the unavailability of other materials continues to affect certain procurement procedures.

The Procurement Department held various training modules on policies and procedures for employees, to improve overall performance.

Projects

Purchase orders issued	674
Total value of purchase orders	SAR 501 Mn
Contracts awarded	85
Total value of discounts offered	SAR 28 Mn

Suppliers

Purchase orders issued	249
New suppliers	33
Increase in suppliers	13.25%

Compliance and Ethics

In March 2023, a new Compliance and Ethics Department was established to help the Company meet industry regulations and legal obligations, enhance operations, and satisfy stakeholder expectations.

Al Akaria is committed to long-term growth, sustainability, and adherence to industry regulations.

Compliance and Ethics Department

Al Akaria believes that making practical and prudent investments in Governance, Risk, and Compliance (GRC) is critical for long-term growth, value, and sustainability.

In March 2023, a new Compliance and Ethics Department was established to help the Company meet industry regulations and legal obligations, enhance operations, and satisfy stakeholder expectations. The Compliance and Ethics Department aims to achieve the appropriate levels of commitment by incorporating best practices into systems.

New Policies

In the first few months of operations, the Department developed two corporate creeds: Compliance Policy and Violations Reporting Policy. The Department also established two modes of direct communication for the benefit of employees.

Employee Training

The Department conducted a series of activities to increase employee awareness and awareness of the principles of compliance and ethics.

Employee Channels

Employees can raise concerns about any aspect of business conducted on Al Akaria's premises. They can also send in suggestions, pose questions or initiate discussions with members of the Compliance and Ethics Department. Queries and cases are evaluated in accordance with approved policies.

Health and Safety

Al Akaria is ISO 45001 certified, and the Occupational Health and Safety Management System (OHSMS) is a fundamental part of the company's approach to creating a safe and attractive work environment that attracts and retains employees, ensures the safety and wellbeing of stakeholders, and contributes positively to reputation.

Employees and Workers

- Teams have been assigned the remit and responsibility for incident investigations and findings, and for subsequent root cause analysis reports
- Risk ratings are reviewed, and discussed periodically along with the hierarchy of controls, to ensure that the right methods are being applied to reduce or eliminate hazards
- Incident reporting is made accessible to all workers, to report any possible hazards which may cause accidents or damage public health and safety
- Employees and workers are encouraged to provide feedback, and make suggestions on aspects of safety like appropriate PPEs (personal protection equipment) for every project
- HSE training sessions are held at regular intervals .

Service Providers

- Technicians and HSE teams are interviewed and pre-approved by Al Akaria's Facilities Management Department, to ensure that all deployed personnel are fit to perform required duties
- HSE plans are created for each service provider, as per project specifications
- Risk assessments are prepared for each task, and they are reviewed periodically to assess if any changes are required to the work process or equipment.

On-site Projects

- A Project Manager or FM Manager is assigned to head and deploy the QHSE Team, and submit an organization chart to the client. The QHSE team is also assigned responsibilities for implementation of the OHSMS system, and coordination with all members of the execution team including engineers, supervisors and team leaders.
- Health and safety training is provided to all workers, which includes generic training as well as training on specific work-related hazards, hazardous activities, or hazardous situations.
- Safety training is conducted for on-site workers on several aspects including:
  - Handling of chemicals
  - Safe manual handling
  - Incident and near-miss reporting
  - Safe use of ladders
  - Right use of PPE
  - Hazardous waste management

Type of incident	Occurrence in 2023
Fatalities as a result of work-related ill health	0
Cases of recordable work-related ill health	0
Main types of work-related ill health	0

Risk Management

Navigating the dynamic real estate landscape, Al Akaria has deployed risk management strategies to identify primary risks and support informed decision-making to create resilience and improve performance.


Porta Jeddah

Risk Management Framework

Al Akaria's has established the GRC function in 2023, the risk management has developed framework to align activities with the organization's objectives and vision to create a risk-aware culture that supports informed decision-making and performance improvement.

Al Akaria's Enterprise Risk Management (ERM) new framework consists of following elements:

1. Establishing Context
2. Risk Identification
3. Risk Assessment
4. Risk Analysis
5. Risk Evaluation
6. Risk Treatment
7. Monitoring and Review

In addition, it follows the COSO ERM framework (a widely accepted set of principles and practices used to help organizations understand and prioritize risks) with the aim of providing reasonable assurance to Al Akaria's Board of Directors.

Risk Culture

At Al Akaria the risk champions have been identified across each department promoting risk practices, by:

- Supporting identification of potential risks.
- Identifying internal and external events that might go wrong and hinder the achievement of stated objectives.

ERM Maturity Assessment

Is a process used to evaluate and measure the maturity level of an organization's Enterprise Risk Management practices. It assesses how well an organization has implemented ERM principles and processes.

ERM Operating Model

Is structure that outlines how Enterprise Risk Management functions within an organization. It provides a blueprint for how ERM activities are organized, coordinated, and executed across the organization.

Training and Awareness

Planning to educate staff on risk management fundamentals that provide employees with a solid understanding of risk management principles, concepts, and terminology.

Going forward, the ERM department expects to continue to improve and refine the ERM function and framework accordingly where needed, adjusting in the face of challenges and opportunities in the ever-changing landscape to ensure Al Akaria can successfully navigate the risks that the Company encounters.

Risk Classification

The primary risks that Al Akaria faces in its day-to-day operations span from interest rate risk, market risk, foreign currency, price, inflation risk, and more. Different risks can affect different parts of the operations and business.

Market Risks

Sectoral Changes

Like other developing markets, Saudi Arabia's real estate market is exposed to many changes and fluctuations, and various economic or geopolitical factors, including fluctuations in oil prices, which can have a significant impact on the sector.

Financial Risks

Liquidity Risk

Liquidity risks arise when a company encounters difficulty in raising funds to meet commitments associated with financial instruments, or from its inability to sell a financial asset quickly, and at an amount close to its fair value.

Credit Risk

Credit risk is caused by the inability of one party to a financial instrument to meet its obligations, thereby causing the other party to incur financial loss. The Company is also exposed to credit risk from its operating activities.

Compliance – Regulatory Risks

Evolving Landscape

The regulatory environment in Saudi Arabia is constantly evolving, and while investors are urged to keep up with the latest changes, failure to comply with regulations can result in fines or legal action for the company.

The Company maintains communication with various legislators and legislative bodies, to stay abreast of the latest developments. In addition, updating internal policies to match regulatory developments, and to stay in compliance with these, while ensuring good governance.

Operational Risks

Operational risks encompass a wide range of potential errors, failures, or disruptions that can arise from people, processes, or systems within an organization. These risks can significantly impact an organization's day-to-day operations, leading to financial losses, reputational damage, regulatory issues, and customer dissatisfaction. Here is further elaboration on operational risks related to people, processes, and systems:

People-related Operational Risks: These risks arise from the actions, behaviour, or performance of individuals within an organization.

Process-related Operational Risks: These risks arise from deficiencies or weaknesses in operational processes, procedures, or controls.

System-related Operational Risks: These risks arise from failures or vulnerabilities in an organization's technological systems or infrastructure.

Corporate Governance

Commitment to exemplary corporate governance underscores Al Akaria's real estate ventures to ensure sustained trust and foster a foundation for enduring growth and success.

Shareholders

Major Shareholder

Al Akaria's main shareholder is the Public Investment Fund (PIF) with 64.57% of the company's total shares. PIF, established in 1971 under Royal Decree No. M/24, initially helped establish Saudi companies of foundational importance to the economy, including many national champions. As an impactful global investor, PIF now has a world-class investment portfolio with a focus on sustainable investments, both domestically and internationally.

The remaining shares of the company, which represent 35.43%, are owned by other shareholders, each amounting to less than 5% of the total.

Company's Requests of Shareholders Records, Dates and Reasons thereof

Request	Date	Reason of Request
(1)	19 January 2023	Internal Reports
(2)	20 February 2023	Internal Reports
(3)	26 February 2023	Internal Reports
(4)	2 March 2023	Internal Reports
(5)	12 March 2023	Internal Reports
(6)	24 May 2023	Internal Reports
(7)	8 January 2023	Internal Reports
(8)	10 September 2023	Internal Reports
(9)	10 October 2023	Internal Reports
(10)	3 December 2023	Internal Reports

Disclosures and Announcements

The company makes regular announcements and disclosures through notices on the Saudi Stock Exchange (Tadawul) website about specific events, material developments and financial statements, in accordance with provisions regulating disclosure and transparency, and also, to make them easily available to shareholders, investors and other concerned parties.

Disclosures and Announcements

During the fiscal year ending on 31 December 2022, a total of 17 announcements were listed on Tadawul, as dated and detailed below:

Description and details	Date
Saudi Real Estate Co. (Al-Akaria) announces the signing of a contract for the execution of the residential complex (Fai Sedra 1) in edra neighborhood – Roshn in Riyadh with Rezaik Abdallah Algedrawy Company	21 December 2023
Saudi Real Estate Co. (Al-Akaria) announces the award of a contract for the implementation of “Excavation for Metro-Box Central, Metro-Box South and Metro-Box East and Related Works” with the Diriyah Gate Company Limited (DGCL) to one of its subsidiaries Saudi Real Estate Infrastructure Company (Binyah)	20 December 2023
Saudi Real Estate Co. (Al-Akaria) announces the award of a contract for the implementation of Excavation Works for Car Park A and Car Park B and Related Works with the Diriyah Gate Company Limited (DGCL) to one of its subsidiaries Saudi Real Estate Infrastructure Company (Binyah)	13 December2023
Saudi Real Estate Co. (Al-Akaria) announces the signing of a contract with Saudi Real Estate Construction Company (Tamear), one of its fully owned subsidiaries, for Akaria residential complex in the diplomatic quarter, Reef Project	16 November 2023
Saudi Real Estate Co. announces its Interim Financial Results for the Period Ending on 30 September 2023 (Nine Months)	26 October 2023
Saudi Real Estate Co. announces the signing of Memorandum of Understanding with the Royal Commission for Al Ula and Al Ula Development Company	25 October 2023
The Saudi Real Estate Company (Al Akaria) announces signing infrastructure packages contracts between Qiddiya Investment Company (QIC) and the Joint Venture of Saudi Real Estate Infrastructure Company (Binyah) and InfraRoad Contracting LLC to carry out parts of infrastructure packages works at the Qiddiya project	25 September 2023
Saudi Real Estate Co. announces its Interim Financial Results for the Period Ending on 30 June 2023 (Six Months)	6 August 2023
Saudi Real Estate Co. Announces the Results of the Ordinary General Assembly Meeting (First Meeting)	2 July 2023
Al Akaria Saudi Real Estate Co. announces contract sign off with Hilton Worldwide to Manage and Operate a hotel in Porta Jeddah project under the Canopy by Hilton brand	19 June 2023
Saudi Real Estate Co. announces to invite its shareholders to attend the (First Meeting) Ordinary General Assembly Meeting	1 June 2023
Saudi Real Estate Co. announces an update on the signing of a memorandum of understanding with Al Tahaluf Real Estate Company to establish a Special Purpose Vehicle	24 May 2023
Saudi Real Estate Co. announces its Interim Financial Results for the Period Ending on 31 March 2023 (Three Months)	22 May 2023
Saudi Real Estate Co. announces its Annual Financial Results for the Period Ending on 31 December 2022	30 March 2023
Al Akaria Saudi Real Estate Co. announces an update on the Memorandum of Understanding with Al Tahaluf Real Estate Company	20 February 2023
Announce awarding project to one of its subsidiaries Saudi Real Estate Infrastructure Company (Binyah) with Diriyah Gate Company Limited	13 February 2023
Saudi Real Estate Co. announces signing a Memorandum of Understanding with Al Tahaluf Real Estate Company	23 January 2023

Disclosures and Announcements

	31 December 2023		
Al Akaria investors according to nature of investors	Percentage of ownership	Number of investors	Number of shares
Institutional Investors	74.3%	133	278,662,842
Individual Investors	25.7%	21,395	96,337,158
Total	100.0%	21,528	375,000,000

	31 December 2023		
Al akaria investors according to nationality	Percentage of ownership	Number of investors	Number of shares
Saudi	95.4%	20,663	357,707,327
Other Nationalities	4.6%	865	17,292,673
Total	100.0%	21,528	375,000,000

	31 December 2023		
Al akaria investors according to investor type	Percentage of ownership	Number of investors	Number of shares
PIF	64.6%	1	242,162,464
Companies	5.2%	52	19,314,842
Individuals	25.7%	21,395	96,337,158
Government	0.2%	3	582,024
Funds and Swap Agreement	4.4%	77	16,603,512
Total	100.0%	21,528	375,000,000

	31 December 2023		
Al Akaria investors according to investor type	Percentage of ownership	Number of investors	Number of shares
Million shares and more	77.9%	19	292,140,427
From 500 thousand to less than a million	2.8%	16	10,510,616
From 100 thousand to less than 500 thousand	6.6%	123	24,805,920
From 50 thousand to less than 100 thousand	2.7%	152	10,228,827
From 10 thousand to less than 50 thousand	5.6%	1,022	21,115,041
From 5 thousand to less than 10 thousand	1.6%	883	5,963,371
From 1 thousand to less than 5 thousand	2.2%	3,738	8,203,610
Less than one thousand shares	0.5%	15,575	2,032,188
Total	100.0%	21,528	375,000,000

Share price as of 31 December 2023	Share price as of 29 December 2022	52-Week high	52-Week Low	Change 2023 vs 2022
15.94	11.42	16.38	11.36	40%

Al Akaria Share Price Movement

General Assemblies

During the fiscal year ended on 31 December 2023, one with Ordinary General Assembly meeting was held on Thursday, 22 June 2023, attended by the Board Members as detailed below.

Member name	Attendance Record
Naif Saleh Al Hamdan	Attended
Fahad Abdulrahman Al Mojel	Attended
Ibrahim Mohammad Al Alwan	Attended
Faisal Dhahir Al Enaze	Attended
Faisal Farkad Al Khani	Attended
Mohammed Musfir Al Malki	Attended
Mohammed Abdullah Al Smari	Attended
Fahad Ibrahim Al Hammad	Attended
Hisham Hussain Al Khaldi	Attended

Dividends

Dividend Policy

Al Akaria has developed a balanced policy in distributing annual dividends to its shareholders, based on its financial position, realized annual actual profits, balance of retained profits, the financing needs of its future business and projects, financial market conditions, and after accounting for various provisions and regulations.

The annual net profits are distributed to shareholders after deduction of all general expenses and other costs, including zakat, as detailed:

- Reserving (10%) of net profits to create a standard reserve, which may be discontinued by the General Assembly after the said reserve has reached half the capital
- Reserving (10%) of net profits to form an agreed-upon reserve allocated for purposes specified by the General Assembly, which may also be discontinued if the said reserve amounts to half the capital
- Distributing the equivalent of 5% from the remainder to shareholders
- Setting aside (5%) of the remainder after shareholder payment is concluded, as a maximum amount to reward Board Members distributing any remaining amount to shareholders as an additional share of dividend.

Board of Directors

Formation of Board

In accordance with Article 18.1 of its bylaws and the Company's Article of Association, the company is managed by a Board of Directors (BoD) consisting of 9 members elected by the General Assembly, for a period of 3 years with the possibility of renewal.

In accordance with Board of Director membership policies, standards and procedures adopted by the General Assembly, the nomination and election of the members of the Board shall take into account the following.

- Any person wishing to nominate to the Board of Directors shall submit to the Company, his curriculum vitae including his qualifications and practical experience and a detailed statement of all his memberships in the boards of directors of other companies, whatever their legal form or the committees arising therefrom, specifying the status of membership (executive, non-executive or independent), and the nature of membership (in his or her personal capacity or representative of a legal personality) in addition to filling out any forms or submitting any other documents that the company may require of it, in accordance with the Capital Market Regulations, the Corporate Governance Regulation and the Authority's requirements.
- A member of the Board of Directors is required to have the necessary expertise, knowledge, skill and independence to carry out his functions efficiently and efficiently, taking into account, in particular, the following:
- To perform the duties and responsibilities contained in the corporate law, the capital market law and their executive regulations, the company's bylaw and other related regulations.

Formation of Board

- The ability to lead by having leadership skills that qualify him to confer powers so as to stimulate performance and apply best practices in the field of effective management and adherence to professional values and ethics.
- Competence with qualifications, professional skills, appropriate personality, level of training, practical experience relevant to the Company's current and future activities, management, economy, accounting, law or governance, as well as a desire for learning and training.
- Ability to guide by providing technical, leadership, managerial and decision-making capabilities, accommodating substantive workflow requirements and being able to provide strategic direction, planning and a clear vision for the future.
- Financial knowledge by being able to read and understand financial statements and reports.

Mandatory Positions

In accordance with its bylaws and corporate governance regulations, the BoD appoints from among its members a Chairman and a Vice Chairman, and may also appoint a Managing Director as per Article 23.1.

Tenure

Al Akaria’s Board of Directors was formed for the current session according to the decision of the General Assembly held on 26 January 2022, for a period of three years, with Board Members serving until 31 January 2025.

Composition

Al Akaria complies with the Companies Law in relation to the number of its Board Members, and also with Article 16 of the Corporate Governance Regulations which requires the majority of its Board Members to be composed of Non-Executive Members, and the number of its Independent Members not to be less than 2 or one-third of the entire Board (whichever is greater).

The current Board of Directors consists of 9 members, of which 3 are Independent Members, 3 are Non-Executive Members, and 1 is an Executive Member.

Principal Duties

- Policies and provisions

  Al Akaria is committed to the rules of good governance, and the company’s BoD has developed a system and various policies to comply with the provisions of the Capital Market Authority (CMA). These include rules, regulations and standards governing the management of the company, the protection of the rights of shareholders, and the interests of customers, suppliers, employees, and all other parties dealing with the company. Accordingly, the company has also received approval of these policies from the Board and from the General Assembly.

- Oversight and implementation

  The Board of Directors is responsible for following up on all applications of governance laws to guarantee the rights of employees, shareholders, investors and other stakeholders; to verify integrity and accuracy; to ensure adherence to best practices, and to ensure adoption of the best laws for control and compliance.

- Performance evaluation

  An external party will evaluate the Board's performance, as well as of its committees and members thereof, through active participation, detailed reports and periodic follow-up.

- Executive communication

  Alakaria’s Investor Relations department maintains regular and sustainable communication channels with the Company's Shareholders. If any proposals are received from Shareholders, they will be reviewed and reported to the Board of Directors in full.

  Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

Policy on Conflict of Interest

The policy on Conflict of Interest contains articles explaining the duties of Board members to avoid conflicts of interest, and what should be considered by the Board member in case the member wishes to participate in a work that would compete with the Company.

It stipulates that, if a member of the Board of Directors wishes to participate in a work that would compete with the company or its competitors in a branch of its activity, the following shall be observed:

- To inform the Board of Directors of the competing work they wish to undertake, and to substantiate this reporting in the minutes of the Board of Directors’ meeting
- The member with stakeholders shall not participate in the voting on the decision issued in this regard by the Board of Directors and shareholders’ associations

Policy on Conflict of Interest

- The Chairman of the Board of Directors shall inform the ordinary General Assembly when it meets, of the member's competitive business, obtaining a permit from the ordinary general assembly of the company to allow the member to perform competitive business.

Critical Concerns

- The Company has a Borad-approved internal compliance policy to regulate escalation mechanism of critical issues and reporting violations of policies. For the year under review, no issues were reported.

Commitment to Corporate Governance

Board responsibilities	Stakeholder rights	Corporate oversight
Formation and maintenance of the Board of Directors	General rights of all shareholders	Contracts and commissions
Responsibilities and competences of Chairman and Board Members	Rights related to General Assembly meetings	Internal controls and internal audits
Board protocols and procedures	Disclosure and transparency	Evaluations of training
Conflicts of interest	Ethical and professional standards	Record keeping and conservation

Exceptions to CMA Provisions

The Company applies and implements all provisions contained in the corporate governance regulations issued by the Capital Market Authority (CMA), with some exceptions:

Article and paragraph	Paragraph No.	Description	Reason/s for non-application
37	2	Training: developing the necessary mechanisms for Board members, committee members, and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Guiding Article
67		Composition of the Risk Management Committee	Guiding Article
68		Competencies of the Risk Management Committee	Guiding Article
69		Meetings of the Risk Management Committee	Guiding Article
82		Employee Incentives	Guiding Article Committed The Company has financial advantages that include many allowances such as: children's education allowance, travel allowance, Sports, and health allowance, and many training and development programs to invest in the employees of Al Akaria Company and motivate them.
92		Formation of a Corporate Governance Committee	Guiding Article

Board of Directors

Member Name	Membership Classification
Mr. Naif bin Saleh Al Hamdan	Non-executive
Mr. Ibrahim bin Mohammed Al-Alwan	Executive
Mr. Fahad bin Abdulrahman Al-Mojel	Non-executive
Mr. Faisal bin Dhahir Al-Enaze	Non-executive
Mr. Faisal bin Farkad Al Khani	Non-executive
Mr. Mohammed bin Abdullah Al Smari	Independent
Mr. Mohammed bin Musfir Al-Malki	Non-executive
Eng. Fahad bin Ibrahim Al-Hammad	Independent
Mr. Hisham bin Hussain Al Khaldi	Independent

Mr. Naif bin Saleh Al Hamdan

Non-Executive Chairman

Current Positions

- Head of Local Real Estate Projects Portfolio (Public Investment Fund)

Previous Positions

- Executive Vice President – Investment and Business Development (Al Rajhi Investment Company)
- Director – Investment Banking (Global Investment House)

Qualifications

- Master’s Degree in Business Administration from University of Wales, Cardiff Business School
- Bachelor’s Degree in Finance from King Fahd Petroleum and Minerals University.

Experience

- From 2013 until 2016, Executive Vice President for investments and business development at Sulaiman A. Al Rajhi Real Estate Investments Co.
- From 2008 until 2013, Director of the Investment Banking Group - Global Investment House.
- From 2006 until 2008, Senior Analyst in Real Estate Transaction Management at Ernst & Young.
- From 2005 to 2006, Assistant relationship manager at Banking services department - The Saudi British Bank.
- Naif has more than 16 years of experience in the investment and real estate development sector, where he joined the Investment Fund Public in 2016. He is currently the head of the local real estate portfolio, managing a portfolio of projects and major companies in the real estate and infrastructure sectors.

His main tasks include managing investment and developing the strategy for these projects from the pre-establishment to the establishment of the company and initiating the implementation of its projects. He also supervises and provides support to newly established companies during the establishment phase and beyond. Naif Al Hamdan has previously held several positions, including Executive Vice President of Investment and Business Development at Suleiman Al Rajhi Real Estate Investment Company. In addition to a number of key positions in the private sector including the Director of the Investment Banking Group at the Global Investment House in addition to several other positions, including in the management of real estate consulting services at Ernst & Young - EY, and in the management of corporate banking at SAP Bank. His Excellency Mr. Naif received a Master's degree in Business Administration from the University of Wales, Cardiff Business School, as well as a Bachelor's degree in Business Administration in Finance from King Fahd Petroleum and Minerals University.

Mr. Fahad bin Abdulrahman Al-Mojel

Vice Chairman/Non-Executive

Current Positions

- Vice Chairman of the Board of Directors (Al Akaria Saudi Real Estate Company)

Previous Positions

- Operations Director (National Metal Manufacturing & Casting Co., Maadaniyah)
- Credit Manager - Finance Operations and Risk Management (Arab National Bank)
- Deputy CEO (Shamil Bank of Bahrain)
- CEO (Gulf Real Estate Development Company)

Qualifications

- Bachelor's Degree in Industrial Science Management and Marketing from King Fahad University of Petroleum and Minerals

Experience

- Over 30 years of experience in the field of credit and investment, as well as a previous executive in several financial institutions and real estate firms. He has a number of courses in Islamic banking transaction, as well as specialized courses in accounting, finance, and investment, as well as courses in leadership skills and people management.

Mr. Ibrahim bin Mohammed Al-Alwan

Managing Director/Chief Executive Officer

Current Positions

- CEO (Al Akaria Saudi Real Estate Company)

Previous Positions

- From 2007 to 2014, CEO (Kasb Capital Company)
- From 2014 to 2017, Chairman (Aloula Real Estate Development Company)

Qualifications

- Bachelor's Degree in Accounting
- Chase Bank Cooperative Program (Credit)

Experience

- Experience in real estate and financial investment and strategic planning.

Mr. Faisal bin Dhahir Al-Enaze

Non-Executive Director

Current Positions

- Senior Director –
  Local Real Estate Investments
  Department (Public Investment Fund)

Previous Positions

- Senior Manager – Real Estate Asset Management (Alistithmar Capital)

Qualifications

- Master's Degree in Executive Business Administration from Al Yamamah University
- Diploma in International Management and Leadership from University of Washington
- Bachelor's Degree in Business Administration from King Faisal University
- Diploma in Administrative Sciences from University of London (SAOS)
- Associate Degree in Finance from King Saud University

Experience

- Senior Director - Real Estate Asset Management (Al-Istithmar Capital)
- Director of Control and Administration – Asset Management Department (Samba Financial)
- Senior Officer – Asset Management (Bakheet Investment Group)
- Member of the Saudi Society for Real Estate Sciences

Mr. Mohammed bin Musfir Al-Malki

Non-Executive Director

Current Positions

- CEO (Madr Investment Company)

Previous Positions

- Deputy Governor for Finance (General Authority for Small and Medium Enterprises)

Qualifications

- Master's Degree in Business Administration

Experience

- Chief Executive Officer (Acting) – Small and Medium Enterprises Bank (SME Bank) – 2007 - 2014
- Chief Executive Officer (Acting) – Saudi Venture Capital Company
- Founder & CEO - NATEJ Financial Consulting
- Chief Executive Officer – KASB Capital
- He held several positions – Capital Market Authority
- He held several positions – 1994 - 2007
- Riyad Bank – Customer Service Representative (Branch Banking) – Feb. 1992 – Jan. 1994

Eng. Fahad bin Ibrahim Al-Hammad

Independent Director

Current Positions

- CEO (Saudi Downtown)

Previous Positions

- General Supervisor of the Buildings Agency in the Saudi Ministry of Education

Qualifications

- Bachelor's Degree in Civil Engineering

Experience

- From 2013 to 2023, CEO (Building Development Company)
- From 2010 to 2013, General Supervisor of the Buildings Agency (Ministry of Education)
- From 2005 to 2010, General Manager (AD Engineering Co.)
- From 2003 to 2005, Part-time Consultant (Aqar Holding Company)
- From 2001 to 2002, Consultant to the founding team (Arez Real Estate Development Company - Century 21)
- From 2000 to 2001, Part-time consultant (Rawaj Marketing Company)
- From 2000 to 2005, Director General of Support Services Department (Saudi Commission for Tourism and Antiquities)
- From 1993 to 2000, Projects Manager (Al Akaria Saudi Real Estate Company)

Mr. Faisal bin Farkad Al Khani

Non-Executive

Current Positions

- Director – Treasury Department (Public Investment Fund)

Previous Positions

- Head of Treasury and Global Markets Department (Saudi Real Estate Refinancing Company)

Qualifications

- Bachelor's Degree in Economics

Experience

- From 2017 until now, Founder of Faisal Al Khani Trading Establishment
- From 2017 to 2019, Head of Treasury and Global Markets Department (Saudi Real Estate Refinancing Company)
- Head of Treasury and Global Markets (Deutsche Bank)
- From 2010 to 2013, Vice Head of Treasury (JPMorgan Chase & Co)
- From 2009 to 2010, Vice President of Global Markets (Deutsche Bank, Dubai Branch)
- From 2005 to 2009, Treasury Department (Banque Saudi Fransi)

Mr. Mohammed bin Abdullah Al Smari

Independent Director

Current Positions

- Membership in boards and committees in several companies

Previous Positions

- Auditor of accounts and financial statements (Deloitte & Touche in Saudi Arabia)
- Specialist in investment companies' licensing (Capital Markets Authority)
- Several positions in Samba Financial Group
- Internal Auditor (Al Faisaliah Group)
- Assistant Director of Compliance and Head of the Compliance Committee (Arab National Bank)
- Advisor to the Managing Director and CEO (Al Khair Capital in Saudi Arabia)

Qualifications

- Bachelor’s Degree in Accounting
- Capital Markets Authority Exam (1)
- Fellowship of Internal Auditors
- Operations Risk Specialist Fellowship
- Risk-Based Auditing Professional Certificate
- Certified Expert in Strategy Analysis and Planning
- Certified Business Strategy Auditor Certificate

Experience

- Extensive knowledge of compliance, corporate governance, risk management, internal control, and financial management

Mr. Hisham bin Hussain Al Khaldi

Independent Director

Current Positions

- Head of Business Support Sector (The National Shipping Company of Saudi Arabia - Bahri)

Previous Positions

- Head of Human Resources (Alshaya Group)

Qualifications

- Master's Degree in Business Administration

Experience

- Board Member (Leejam Sports Company)
- Member of the Human Resources Committee (Riyadh Chamber)
- Member of the Remuneration and Nominations Committee (Saudi Facilities Management Company)
- Member of the Board of Trustees (National Maritime Academy)

Board Meetings

Pursuant to Article 24 of the company's bylaws and in compliance with corporate governance regulations, Al Akaria's BoD meets at the invitation of the Chairman whenever the interests of the company so requires, and no fewer than 4 board meetings are held on an annual basis.

The Board held 12 meetings during 2023, as detailed:

Member name	Nature of Membership	Meeting Date											
		9 Feb. 2023	28 Mar. 2023	22 May 2023	20 Jun. 2023	6 Aug. 2023	20 Aug. 2023	5 Sep. 2023	14 Sep. 2023	24 Oct. 2023	1 Nov. 2023	16 Nov. 2023	15 Dec. 2023
Mr. Naif bin Saleh Al Hamdan	Chairman	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Fahad bin Abdulrahman Al-Mojel	Member	√	√	√	×	√	√	√	√	√	√	√	√
Mr. Ibrahim bin Mohammed Al-Alwan	Member	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Hisham bin Hussain Al Khaldi	Member	√	√	×	√	√	√	√	√	√	√	√	×
Mr. Mohammed bin Musfir Al-Malki	Member	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Faisal bin Dhahir Al-Enaze	Member	√	√	√	√	√	√	√	√	√	√	√	√
Mr. Faisal bin Farkad Al Khani	Member	√	√	√	×	√	√	√	√	√	√	√	√
Eng. Fahad bin Ibrahim Al-Hammad	Member	√	√	×	√	√	√	√	√	√	√	√	√
Mr. Mohammed bin Abdullah Al Smari	Member	√	√	√	√	√	√	√	√	√	√	√	√

Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager.

Member name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/limited liability)	Names of Companies in which a Board member is a member of their Previous Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/limited liability)
Mr. Naif bin Saleh Al Hamdan (Chairman)	Arada Real Estate Development Co.	Inside the Kingdom	Closed Joint Stock			
	Ports Development Company					
	AlUla Development Company					
	Al Balad Development Company					
	RUA Al Madinah Holding					
	Saudi Boutique Group					
	Emaar King Abdullah Economic City					
Mr. Fahad bin Abdulrahman Al-Mojel (Vice-Chairman)	Saudi Tharwa Co.	Inside the Kingdom	Closed Joint Stock			
	National Amlak Investment Co					
	AL Khumasia for Feed and Animal Products					
	BLOOMINVEST SAUDI ARABIA					
	RUA Al Madinah Holding					
	Retal Urban Development Company		Listed joint stock company			
Mr. Faisal bin Dhahir Al-Enaze (Board Member)	The National Real Estate Registration Services Company (Real Estate Registry)	Inside the Kingdom	Closed Joint Stock			
	Saudi Real Estate Construction Company "Tamear"					

Board of Directors

Member name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/ limited liability)	Names of Companies in which a Board member is a member of their Previous Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/ limited liability)
Prof. Faisal bin Farkad Al Khani (Board Member)	The Saudi Omani Investment Company Oil Park Development Company	Inside the Kingdom	Closed Joint Stock			
Mr. Mohammed bin Abdullah Al Smari (Board Member)	Member of the Board of Directors of Al Ahly Capital Tamkeen Technologies LLC	Inside the Kingdom	(Private Funds)			
	Alkhair Capital		(Investment Funds)			
	Chairman of Dom Capital Financial SRC - Saudi Real Estate Co. Simah Saudi Credit Bureau Golf Saudi Co.		Closed Joint Stock			
Mr. Ibrahim bin Mohammed Al-Alwan (MD – Board Member)	Riyadh Holding Company	Inside the Kingdom	Limited liability	Member of the Board of Directors of Widyan Company	Inside the Kingdom	Closed Joint Stock
	Saudi Real Estate Infrastructure Company		Closed Joint Stock			
Eng. Fahad bin Ibrahim Al-Hammad (Board Member)	Member of the founding Board of Directors of Amanat Al-Jouf Company	Inside the Kingdom	Under establishment	Development Company for Educational Transport	Inside the Kingdom	Limited liability
	Saudi Downtown Company		Closed Joint Stock	Al Liwan – Real estate development company AD Engineering Co.		

Member name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/ limited liability)	Names of Companies in which a Board member is a member of their Previous Board or a manager	Inside/outside the kingdom	Legal entity (listed joint stock/non-listed joint stock/ limited liability)
Mr. Mohammed bin Musfir Al-Malki (Board Member)	Oil Park Development Company Yaqeen Capital Member of the Board of Directors of Anson Trading Co. Member of the Board of Directors of Raz Amwal Company Member of the Board of Directors of Thakher Development Company Member of the Board of Directors of Quara Finance	Inside the Kingdom	Closed Joint Stock			
Mr. Hisham bin Hussain Al Khaldi (Board Member)	Board Member – Leejam Sports Company Saudi Facilities Management Co	Inside the Kingdom	Listed Joint Stock			
	Member of the Board of Trustees of the National Maritime Academy		Non-profit Organization			
	Riyadh Chamber		Government Ownership			

Board Members’ Interests

No external interests pertaining to Board Members were identified during the year under review.

Board Members’ Contracts

No contracts deemed unusual in relation to Board Members were observed during the review period.

Board Committees

Formation of Board Committees

As required by the Companies Law, in compliance with corporate governance regulations, and to continuously monitor and improve its performance, the company has established 3 Board Committees: Nominations and Remuneration Committee, Executive Committee and Audit Committee.

Each of these committees comprise between 3 and 5 members, and have detailed charters that define their tasks, work procedures and responsibilities.

Board Committee Members' Profiles

Profiles of Committee Members Outside of the Board

Mr. Abdulaziz bin Mohammed Al-Babtin

Member of the Audit Committee

Current Positions

- Head of Internal Audit (Bahri Company)

Previous Positions

- Internal auditor (KPMG)
- Director of Internal Audit (Al Rajhi Bank)
- Director of Internal Audit (Saudi Hollandi Bank)

Qualifications

- Bachelor's Degree in Accounting
- Master's Degree in Financial Administration

Experience

- Diverse experiences in auditing and internal auditing

Mr. Mohammed bin Omar al-Aidi

Member of the Audit Committee

Current Positions

- Partner in Al-Eidi and Al-Suwailem Legal Attorneys
- Previous Positions
- Auditor (Ernst & Young)
- Internal auditor (World Bank Group)
- Director of Periodic Inspection (Capital Markets Authority)
- Executive Director of Risk Consulting (KPMG)

Qualifications

- Bachelor 's Degree in Accounting
- Master's Degree in Business Administration (Financial Administration)
- Chartered accountant in the United States
- Licensed commercial bankruptcy trustee and expert

Experience

- Diverse experiences in accounting and auditing

Nominations and Remunerations Committee

Al Akaria's Nominations and Remunerations Committee was established by order of the Governing Council dated 1 February 2022, and operates within rules governing the work of committees in joint stock companies, and in accordance with tasks specified in the corporate governance regulations issued by the Capital Market Authority. Pursuant to Article 50.4 of these regulations, the committee has between 3 and 5 members at all times.

Remit and Responsibilities

Oversight of management

- Providing recommendations to the Governing Council on the nomination of Board Members in accordance with adopted policies and criteria, and bearing in mind that no person who has been convicted of an offense shall be nominated
- Ensuring, on an annual basis, the independence of independent Board Members and the absence of any conflict of interest if a member is on the Board of another company
- Advising and recommending the selection of senior executives with appropriate qualifications for the work of the company

Compensation for Management

- Reviewing and recommending arrangements, requirements, and compensation for senior executives, including employment agreements, types, and annexes
- Establishing clear compensation and remuneration policies for Board Members and senior executives

Performance of Management

Conducting periodic reviews of the composition of the Board of Directors and senior executives to ensure they have the requisite skills, knowledge, experience, and independence and making recommendations to the Board of Directors regarding possible changes

Reviewing the structure of the Governing Council and making recommendations on possible changes

Identifying weaknesses and strengths of the Governing Council and proposing ways to address these issues in the best interest of the company

Nominations and Remunerations Committee

Committee Members

Name	Position
Mr. Hisham bin Hussain Al-Khaldi	Chairman
Mr. Faisal bin Dhahir Al-Enaze	Member
Mr. Mohammed bin Musfir Al-Malki	Member

Meetings and Actions

The Nominations and Remunerations Committee held 8 meetings in 2023, as detailed.

Member name	Nature of Membership	Meeting Date							
		12 Dec. 2023	12 Oct. 2023	13 Aug. 2023	4 Jul. 2023	9 May 2023	25 Mar. 2023	17 Jan. 2023	3 Jan. 2023
Mr. Hisham bin Hussein Al-Khaldi	Chairman	√	√	√	√	√	√	√	√
Mr. Faisal bin Dhahir Al-Enaze	Member	√	√	√	√	√	√	√	√
Mr. Mohammed bin Musfir Al-Malki	Member	√	√	√	√	√	√	√	√

Executive Committee

The Executive Committee of Al Akaria was formed on 1 February 2022, and operates under rules and regulations of the Capital Market Authority. The committee consists of 3 to 5 members at any time, as appointed by the Board of Directors, and meets at least 4 times a year.

Remit and Responsibilities

Strategy and policies

- Reviewing the activities and business of the company alongside its internal regulations and policies, and submitting recommendations, observations, and notes to the Board of Directors
- Participating in and overseeing the development of the strategic plan of the company, evaluating proposals regarding the company's vision and mission, strategic axes, financial objectives and initiatives, and submitting recommendations to the Board
- Ensuring that the overall strategy of the company is applied and that it is effective in achieving desired objectives.

Budgets and finance

- Reviewing the regulation of powers, liabilities, contracts, obligations and payments to the company and its subsidiaries, and submitting recommendations to the Governing Council as needed
- Supervising the preparation of the company's estimated budgets, reviewing financial proposals, and submitting recommendations to the Board for approvals of the annual budget
- Monitoring and studying the Saudi Real Estate Company and evaluating options for raising or borrowing capital to finance activities and projects.

Contractual relationships

- Reviewing the work and activities of affiliated companies and regulating their relationships to ensure that there is no conflict with performance or the functions of the Boards of these companies
- Evaluating and studying all contractual relationships (terms and conditions) and methods of awarding projects between the company and its affiliates, to reinforce tighter mechanisms for monitoring activities and actions of the subsidiaries.

Fraud and violations

- Contracting specialized audit firms to detect fraud cases, verify and inspect all previous and subsequent activities to account for any irregularities
- Compiling a list of violations and transgressions if any are located, and submitting findings and recommendations to the Board.
- Undertaking and fulfilling any other functions assigned by the Governing Council or the Board.

Executive Committee

Committee Members

Name	Position
Mr. Faisal bin Dhahir Al-Enaze	Chairman
Eng. Fahad bin Ibrahim Al-Hammad	Member
Mr. Fahad bin Abdulrahman Al-Mojel	Member
Mr. Faisal bin Farkad Al Khani	Member

Meetings and Actions

The Executive Committee held 13 meetings in 2023, as detailed.

Member name	Nature of Membership	Meeting Date												
		17 Dec. 2023	06 Nov. 2023	29 Oct. 2023	23 Oct. 2023	18 Sept. 2023	07 Aug. 2023	19 Jul. 2023	06 Jun. 2023	10 Apr. 2023	05 Apr. 2023	03 Apr. 2023	24 Jan. 2023	09 Jan. 2023
Mr. Faisal bin Dhahir Al-Enaze	Chairman	√	√	√	√	√	√	×	√	√	√	√	√	√
Mr. Fahad bin Abdulrahman Al-Mojel	Member	×	√	√	√	√	√	√	√	√	√	√	√	√
Eng. Fahad bin Ibrahim Al-Hammad	Member	√	√	√	√	√	√	√	×	√	√	√	√	×
Mr. Faisal bin Farkad Al Khani	Member	√	√	√	√	√	√	√	√	√	√	√	√	√

Audit Committee

The Audit Committee operates its works in accordance with the requirements of the Saudi Companies Law, the Capital Market Authority Board's Corporate Governance Regulations, Article Forty-two (42) of the Company's Articles of Association, and Article Six (6) of the Company's Audit Committee Regulation, which states its functions, tasks, powers, and responsibilities.

The committee was in charge of the following duties and responsibilities:

(A) Financial reports:

1. Examining the company's initial and annual financial statements before presenting them to the Board of Directors, expressing a view and making recommendations to the board for approval.
2. Reviewing accounting estimates on basic difficulties stated in financial reports regarding projects.
3. Reviewing the accounting and financial issues associated with preparing financial reports and make any appropriate recommendation to the Board of Directors.
4. Reviewing the company's accounting policies, procedures, and regulations and adopted relevant laws as well as present the committee opinion and recommendations to the Board of Directors.

(B) Internal Auditing:

1. Reviewing and evaluating the company's internal control and risk management system.
2. Reviewing internal audit reports and follow up on the execution of corrective actions based on the findings.
3. Control and supervise the performance and activities of the Internal Audit Department in the company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them, including compliance with the international standards for the practice of the internal audit profession issued by the Association of internal auditors.
4. Recommending to the board of directors the appointment of the chief of the Internal Audit Department and proposing his remuneration.
5. Reviewing the work Charter, plans and activities of the Internal Audit Department, as well as the process of hiring employees in it and its organizational structure.
6. Ensuring the independence of the chief of the Internal Audit Department.

(C) External Auditor:

1. Recommending to the board of directors the nomination of the external auditor for approval, determining its fees, reviewing the scope of its work and the terms of its contract.
2. Recommendation to the Board of Directors to approve the company's financial statements in 31 December 2023
3. Reviewing the work plan of the external auditor and verifying its independence.
4. Reviewing the external auditor's report and comments on the financial accounts, as well as following up on any actions made in response to them.
5. Ensuring that management receives, discusses, and responds to the external auditor's recommendations and comments in a timely way.

(D) Ensuring Compliance:

1. Reviewing the findings of regulatory entities’ reports and ensuring that the company has taken the appropriate precautions.

The Audit Committee's Opinion on the company's internal control system:

Based on the Audit Committee's eagerness to activate its role and carry out its responsibilities stipulated in both the Ministry of Commerce's companies law, the Capital Markets Authority's corporate governance regulations, the company's audit committee's work regulations, and the international standards for internal auditing (The IIA standards) during the year 2023 AD, the committee reviewed the following:

- Internal audit department's reports for the year 2023.
- The report of internal control system evaluation published by the company's internal audit department in cooperation with the Advisory Office.
- The report issued by the external consulting firm in order to do internal audit in the Company.
- The Management Letter provided by the company's external auditor addressing the evaluation of the Saudi Real Estate Company's internal control law for the year 2022 AD, as well as the senior management's replies to all findings
  - Costs created for projects.
  - Company-owned plots are not available for disposal.
- Report of Follow-up of the Internal Audit Department on the Executive Management's treatment of the observations contained in the General Auditing Office's report for 2023.

Observations:

The following are the highlights of the observations mentioned in the annual report of the Audit Committee on the Saudi Real Estate Company's internal control system for 2023:

- Failure to update the Code of Conduct to cover all aspects of the Company, including the Company's employees deal with its products or the trading of its shares at different levels of administration.
- Executive management did not complete the preparation of policies and procedures and the approval of company policies by the Board.
- There is no data governance at the company level during 2023.
- The absence of a functional succession plan for the company.
- There is no documented and approved business continuity and disaster recovery procedures.

Opinion:

By bringing the above-mentioned reports to the attention of the Committee and carrying out its work during 2023, weaknesses were observed in some of the Company's internal control systems, which were presented to the Executive Management and Board of Directors. The Company's management is currently working to close the observations in this regard and verify the existence of an effective control system commensurate with the size and nature of the Company's business.

Committee Members

Name	Position
Mr. Mohammed bin Abdullah Al Smari	Chairman
Mr. Abdulaziz bin Mohammed Al-Babtin	Member
Mr. Faisal bin Farkad Al Khani	Member
Mr. Mohammed bin Omar Al-Aidi	Member

Meetings and Actions

The Audit Committee held 11 meetings in 2023, as detailed.

Member name	Nature of Membership	Meeting Date										
		27 Nov. 2023	26 Oct. 2023	19 Sep. 2023	16 Aug. 2023	3 Aug. 2023	13 Jul. 2023	5 Nov. 2023	3 May. 2023	29 Mar. 2023	16 Feb. 2023	12 Jan. 2023
Mr. Mohammed bin Abdullah Al Smari	Chairman	√	√	√	√	√	√	√	√	√	√	√
Mr. Abdulaziz bin Mohammed Al-Babtin	Member	√	√	√	√	√	√	√	√	√	√	√
Mr. Faisal bin Farkad Al Khani	Member	√	√	√	√	√	√	√	√	√	√	√
Mr. Mohammed bin Omar Al-Aidi -	Member	√	√	√	√	√	√	√	√	√	√	√

Executive Management

Management Structure

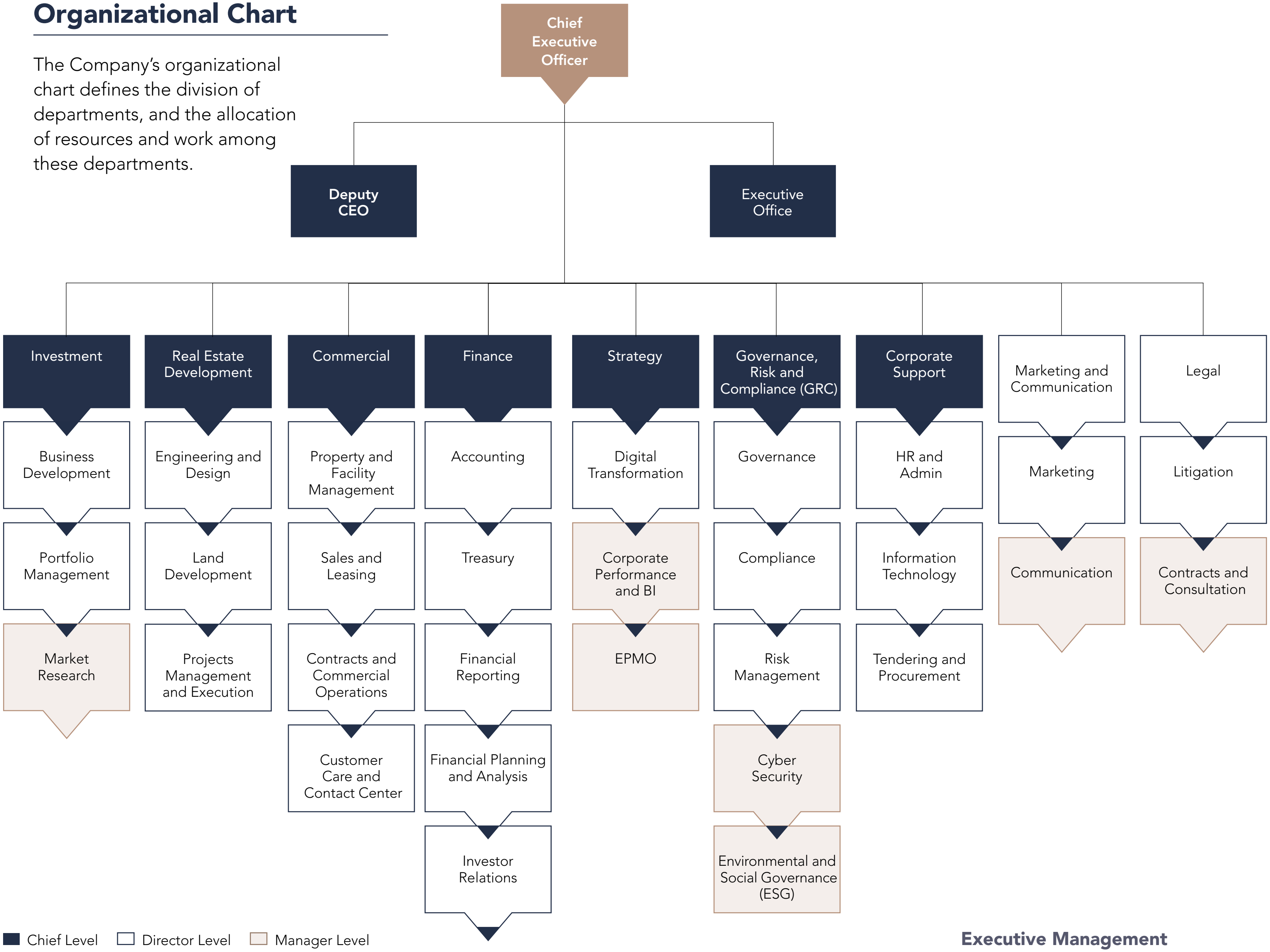
Al Akaria is managed by a highly experienced team who possess the necessary knowledge and skills to manage the Company's business.

The Company's management structure is headed by the Board of Directors, Board Committees and the Executive Management team.

Executive Management is headed by the CEO who oversees the development of necessary policies and procedures to ensure efficient and effective management and minimize risks, and the internal controls system.

Organizational Chart

The Company's organizational chart defines the division of departments, and the allocation of resources and work among these departments.



Executive Management

Name	Designation
Mr. Ibrahim bin Mohammed Al-Alwan	Chief Executive Officer
Mr. Fahad bin ayed Alaslami	Chief Financial Officer
Mr. Mohammed Sari Antebawi	Head of Investment
Mr. Moath al-Mukhdhob	Head of Development
Mr. Khaled al-Suhaybani	Head of the Commercial

Profiles of Executive Management

Mr. Ibrahim bin Mohammed Al-Alwan

Current Positions

- Chief Executive Officer (Al Akaria Saudi Real Estate Company)

Previous Positions

- From 2007 to 2014, CEO (Kasb Capital Company)
- From 2014 to 2017, Chairman (Aloula Real Estate Development Company)

Qualifications

- Bachelor of Accounting
- Chase Bank Cooperative Program (Credit)

Experience

- Experience in real estate and financial investment and strategic planning.

Mr. Fahad bin ayed Alaslami

Current Positions

- Chief Financial Officer - Al Akaria Saudi Real Estate Company

Previous Positions

- Chief Financial Officer (National Housing Company)

Qualifications

- Bachelor’s Degree in Accounting
- Fellowship of Saudi Organization for Chartered and Professional Accountants-(SOCPA)
- Certified Management Accountant (CMA)
- Certified Financial Analyst – (CFA)

Experience

- From April 2014 to March 2017, Financial Director (Saudi Pharmaceutical Industries and Medical Supplies Company – Spimaco Pharmaceuticals)
- From July 2012 to March 2014, Director of Accounting Department (Ma'aden Aluminium Company)
- From April 2011 to June 2012, Logistics Manager (SATORP Company)
- From October 2000 to March 2011, Project Manager and Financial Specialist Accountant (Etisalat Accounting Company)

Mr. Mohammed Sari Antebawi

Current Positions

- Head of Investment (Al Akaria Saudi Real Estate Company)

Previous Positions

- Investment Director of AlOula Real Estate Development Company

Qualifications

- Bachelor’s Degree in Accounting
- Master’s Degree in Financial Administration

Experience

- From 2013 to 2015, Senior Director of Financial and Banking Solution (Swicorp Company)
- From 2013 to 2018, Executive Director of Real Estate Consulting and Valuation (Colliers International)
- From 2004 to 2008, Business Analyst and Management Consulting (Ernst & Young)

Mr. Moath al-Mukhdhob

Current Positions

- Head of Development (Al Akaria Saudi Real Estate Company)

Previous Positions

- Investment Director of AlOula Real Estate Development Company

Qualifications

- Bachelor's degree in Mechanical Engineering from King Saud University
- Holds an engineering inspector certificate from the British Engineering Council

Experience

- From 2010 to 2012, Construction Manager - Program and Environment Manager (Ministry of Interior)
- From 2007 to 2010, Chief Engineer (BAE Systems)
- From 2002 to 2006, Project Manager (Saudi-British Defense Cooperation Project)
- Member of the Board of Directors of Al Fadhili Housing
- Member of the Executive Committee of Mumtalakat Company
- Member of the Board of Directors of Mumtalakat Company
- Chairman of the Board of Directors of Widyan Company
- Member of the Board of Directors of the Saudi Facilities Management Company
- Member of the Company's Executive Committee of the Saudi Facilities Management Company

Mr. Khaled al-Suhaybani

Current Positions

- Head of the Commercial (Al Akaria Saudi Real Estate Company)

Previous Positions

- Chief Commercial Officer (RRC)
- Retail Real Estate Co

Qualifications

- Master of Business Administration

Experience

- 22 years of experience in commercial centers sector

Remunerations

Remuneration Policy

According to Al Akaria's remuneration policy, the remunerations of Board Members are decided by committees and senior management, which were subsequently approved by the Ordinary General Assembly held on 22/06/2020. The policy also heeds all regulatory procedures under the Companies Law for listed joint-stock companies, issued by the Capital Market Authority.

In accordance with the policy of remuneration of the members of the Board of Directors, its committees and executive management in Article 07:

1. Remuneration for Board members may encompass a fixed amount, attendance allowances, benefits in kind, or a percentage of net profits. These elements can be combined, provided that the entitlement aligns with the number of meetings attended by the member.
2. The Chairman of the Board of Directors is eligible for an annual bonus of SAR 250,000, while each Board member is entitled to an annual bonus of SAR 200,000. The bonus must be disbursed or recovered if it becomes clear that it was determined based on inaccurate information provided by a member of the Board of Directors or Executive Management.
3. Each Board member receives an attendance allowance of SAR 5,000 for each Board meeting attended.
4. If a Board member is not a resident in the city where the Board meeting occurs, they are entitled to a first-class travel ticket allowance from their residence to the meeting venue. Additionally, a daily transportation and accommodation allowance, not exceeding (2,000) two thousand Saudi riyals, is provided for the actual number of meeting days plus one day prior to the meeting. These allowances are disbursed directly to the member by the Company within a period not exceeding (30) calendar days from the date of the Board of Directors meeting.
5. Remuneration for members of the Board of Directors may vary based on factors such as the individual's experience, competence, assigned functions, level of independence, the number of meetings attended, and other relevant considerations essential for establishing equitable remuneration within the framework of this policy.

The Process of Determining Remuneration

In accordance with Article 5 of the remuneration policy for members of the Board of Directors, its committees and executive management, in determining the remuneration of the above mentioned, the following criteria shall be observed:

1. Consistent with the Company's long and short-term strategy, plans and objectives, its activities and the sector in which it operates, the skills needed to manage it, and the size, nature and degree of risk of the Company.
2. Urging members of the Board of Directors and Executive Management to ensure the success of the Company and its long-term development, and to link the variable portion of rewards to long-term performance.
3. The remuneration shall be determined based on the level of the job, the functions and responsibilities assigned to it, the qualifications and practical experience, the skills and the level of performance, as well as the objectives set by the Board of Directors to be achieved during the financial year.
4. Take into account other companies' remuneration determination practices, while avoiding the resulting unjustified rise in bonuses and compensation.
5. Aim at attracting, maintaining and stimulating professional competencies, while not exaggerating them.
6. To prepare new appointments in coordination with the Remuneration and Nominations Committee.
7. Incentive programs including the granting of shares in the Company to members of the Board of Directors and Executive Management whether it is a new issue or shares purchased by the Company.

Remuneration for Board Members

In accordance with Article 22 of the Company's bylaws, remuneration for Board Members consists of a certain amount, an allowance for attending meetings, and in-kind benefits or a certain percentage of net profits. Two or more of these benefits may be combined, provided the Board heeds relevant provisions of the Companies Law and corporate governance regulations, while defining and disbursing the remuneration.

In accordance with Article 76 of the Companies Law, the Company's Articles of Association may also set the maximum amount of remuneration, and the ordinary general assembly shall determine such amount, provided that it is fair, incentivizing, and commensurate with the performance of the member and the Company.

In accordance with Article 03 of the Nominations and Remuneration Committee's Charter, which clarifies that the committee's powers include "preparing a clear policy for the remuneration of members of the Board of Directors and the committees originating from the Board and the Executive Management and submitting it to the Board of Directors for consideration in preparation for its approval by the General Assembly".

In accordance with Article 07 of the remuneration policy for members of the Board of Directors, its committees, and the Executive Management stipulates:

The remuneration of the Board of Directors may be of varying amounts to reflect the extent of the member's experience, competence, functions, independence, number of meetings attended and other considerations that are essential in determining fair remuneration in the light of this policy.

Remuneration for Executive Management

In accordance with Article 9 of the Policy, Saudi Labor Law and Regulations, regulations and policies adopted by the Company and any amendments made from time to time, Executive Management remuneration shall include:

1. Basic monthly salary paid at the end of each calendar month.
2. A package of allowances including – but not limited to – a housing allowance, and a transfer allowance.
3. Annual leave.
4. Comprehensive medical insurance for children, spouses and parents.
5. A policy of insurance for work injuries, partial or total disability or death at work.
6. Annual bonus associated with performance KPIs according to the annual assessment made in this regard.
7. Short-term motivational plans associated with exceptional performance.
8. Long-term incentive plans such as stock options programs after they are approved in light of relevant law and regulations.
9. End-of-service remuneration.

Remuneration for Executive Management

Members of the Board of Directors	Fixed remunerations							Variable remunerations			Equity (Values to be entered)	Total	End-of-service rewards	Grand total	Expenses allowance
	Specific amount	Allowance for attending Board sessions	Total Allowance for attending Committee sessions	In-kind benefits	A statement of the Board members remuneration as workers or managers or payments received for technical, administrative and consultancy work	Remunerations of the chairman Managing Director or Secretary, if they are Committee Members	Total	Periodic remunerations	Short-term incentive plans	Long-term incentive plans					
Mr. Naif bin Saleh Al Hamdan	250,000	60,000	-	-	-	-	310,000	-	-	-	-	-	-	310,000	-
Mr. Ibrahim bin Mohammed Al-Alwan	200,000	60,000	-	-	-	-	260,000	-	-	-	-	-	-	260,000	-
Mr. Fahad bin Abdulrahman Al-Mojel	300,000	55,000	36,000	-	-	-	391,000	-	-	-	-	-	-	391,000	-
Mr. Faisal bin Dhahir Al-Enaze	325,000	60,000	60,000	-	-	-	445,000	-	-	-	-	-	-	445,000	-
Mr. Faisal Farkad Al Khani	300,000	55,000	72,000	-	-	-	427,000	-	-	-	-	-	-	427,000	-
Mr. Mohammed bin Abdullah Al Smari	325,000	60,000	33,000	-	-	-	418,000	-	-	-	-	-	-	418,000	-
Mr. Mohammed bin Musfir Al-Malki	300,000	60,000	24,000			-	384,000	-	-	-	-	-	-	384,000	-
Mr. Fahad bin Ibrahim Al Hammad	300,000	55,000	33,000			-	388,000	-	-	-	-	-	-	388,000	-
Mr. Hisham bin Hussain Al Khaldi	325,000	50,000	24,000			-	399,000	-	-	-	-	-	-	399,000	-
Total	2,625,000	515,000	285,000	-	-	-	3,422,000	-	-	-	-	-	-	3,422,000	-

Remunerations and Fees for Senior Executives

Top FIVE Senior Executives	Fixed remunerations				
	Salaries	Allowances	Annual benefits	Kind advantages	Total
Chief Executive Officer	2,880,000.00	727,000.00	240,000.00	Car	3,847,000.00
Chief Investment Officer	1,157,320.00	385,246.00	–	–	1,542,566.00
Chief Real Estate Development Officer	1,375,955.00	429,295.00	117,200.00	–	1,922,450.00
Chief Financial Officer	1,236,400.00	415,984.00	105,200.00	–	1,757,584.00
Chief Commercial Officer	1,375,955.00	447,111.15	111,844.09	–	1,934,910.24
Chief Strategy Officer	1,096,845.00	348,405.00	–	–	1,445,250.00
Chief Corporate Support Officer	948,000.00	273,000.00	39,287.63	–	1,260,287.63
Chief GRC Officer	770,000.00	219,858.34	21,940.86	–	1,011,799.20
Chief Internal Auditor	748,646.70	205,693.32	78,200.00	–	1,032,540.02
Total					

*Please note that the variable remuneration amounts for the year 2023 are based on Company policy.

Variable remunerations					Indemnity	Total remuneration of executives on behalf of the Board, if any	Total summation
Periodic bonuses	Profits	Short-term incentive plans	Granted shares	Total			
1,920,000.00	–	–	–	1,920,000.00	–	–	5,767,000.00
590,400.00	–	–	–	590,400.00	–	–	2,132,966.00
900,000.00	–	–	–	900,000.00	–	–	2,822,450.00
631,200.00	–	–	–	631,200.00	–	–	2,388,784.00
703,200.00	–	–	–	703,200.00	–	–	2,638,110.24
559,200.00	–	–	–	559,200.00	–	–	2,004,450.00
395,000.00	–	–	–	395,000.00	–	–	1,655,287.63
385,000.00	–	75,000.00	–	460,000.00	–	–	1,471,799.20
–	–	16,451.61	–	16,451.61	102,000.00	–	1,048,991.63
							21,929,838.70

Remuneration for Committee Members

Remuneration and Nomination Committee Members	Number of attended Meeting	Fixed Remuneration (except for the allowance for attending committee meetings)	Committee Meeting Allowance	Total SAR
Mr. Hisham bin Hussein Al-Khaldi	8	125,000	24,000	149,000
Mr. Faisal bin Dhahir Al-Enaze	8	–	24,000	24,000
Mr. Mohammed bin Musfir Al-Malki	8	100,000	24,000	124,000
Total				297,000

Executive Committee Members	Number of attended Meeting	Fixed Remuneration (except for the allowance for attending committee meetings)	Committee Meeting Allowance	Total SAR
Mr. Faisal bin Dhahir Al-Enaze	12	125,000	36,000	161,000
Mr. Fahad Abdulrahman Al Mojel	12	100,000	36,000	136,000
Eng. Fahad bin Ibrahim Al-Hammad	11	100,000	33,000	133,000
Mr. Faisal bin Farkad Al Khani	13	–	39,000	39,000
Total				469,000

Audit Committee Members	Number of attended Meeting	Fixed Remuneration (except for the allowance for attending committee meetings)	Committee Meeting Allowance	Total SAR
Mr. Mohammed bin Abdullah Al Smari	11	125,000	33,000	158,000
Mr. Faisal bin Farkad Al Khani	11	100,000	33,000	133,000
Mr. Abdulaziz bin Mohammed Al-Babtin	11	100,000	33,000	133,000
Mr. Mohammed bin Omar Al-Aidi	11	100,000	33,000	133,000
Total				557,000

Related Party Transactions

Related Party	Type of Relationship with Company	Transaction Type	Transaction Term	Transaction Value
Saudi-Korean Company for Maintenance and Properties Management (Mumtalakat)	Subsidiary	Contract to provide support services		According to the monthly cost of service providers by Mumtalakat
Saudi-Korean Company for Maintenance and Properties Management (Mumtalakat)	Subsidiary	Integrated Facilities Management Services Agreement		90,629,916
Saudi-Korean Company for Maintenance and Properties Management (Mumtalakat)	Subsidiary	Contract for refurbishment work for 15 villas		1,446,750

Following table shows due from related parties as at December 31,

	2023	2022
Diriyah Gate Company	**69,206**	–
Red sea Global Company	**44,736**	27,273
InfraRoad Contracting	**5,706**	–
Tatweer Education Holding Company	**1,405**	1,405
Boutique Group for Hospitality	**249**	205
Roshn Real Estate Development Company	**8,540**	4,503
Saudi Entertainment Venture	**–**	2,021
	129,842	35,407

Loans Payable

Creditor's Name	Amount of principal debt	Loan term	Amounts paid by the Company in repayments of loans during the year	Remaining amount	Total indebtedness of Company and its affiliates
1. SNB	2,068,462,224	12	0	2,068,462,224	2,068,462,224
2. MOF	1,306,984,340	9	130,698,434.00	1,058,657,315.4	1,058,657,315.4

Note: This data is specific to loans payable for Al Akaria, the parent company, and does not encompass any liabilities for its subsidiaries, as they are devoid of loans payable.

Sanctions and Penalties

Instances of Non-Compliance

The Company reported some minor instances of non-compliance during the period 1 January to 31 December 2023, as described and detailed:

Description	Project	Amount	Remarks
Payment of WLT fee after the deadline	Al Widian	SAR 10,000/-	Refund subject to obtaining court cancellation of invoice
A. Initiating construction, demolition or renovation without a license. B. Failure to remove construction and renovation waste. C. Leaving commercial transport containers full for more than a day	Al Akaria Sales Centre	SAR 13,000/-	
Unavailability of project signboard	Porta Jeddah	SAR 1,000/-	
Damaging asphalt and paved streets when using heavy equipment	Porta Jeddah	SAR 30,000/-	Fine payment under contractor responsibility
A. Unavailability of project signboard. B. Damaging asphalt and paved streets when using heavy equipment.	Porta Jeddah	SAR 31,000/-	Fine payment under contractor responsibility

Instances of Non-Monetary Sanctions

The Company did not have, and thereby did not report, any incident in 2023 which incurred non-monetary sanctions.

Declarations

Waiver of Remuneration

There are no arrangements or agreements under which any member of the Board of Directors or a senior executive has waived any salary, compensation or share of profits in 2023.

Waiver of Rights to Profits

There are no arrangements or agreements under which any shareholder has waived any rights to profits in 2023.

Accounting Standards

The Company's records have been prepared properly according to the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). There are no differences from the applicable accounting standards issued by the (SOCPA).

Audit Committee Recommendations and Board Approval

There is no conflict between the Audit Committee's recommendations and the Board's decisions, and the Board has not had to refuse any decisions regarding the appointment, dismissal, fees and performance of the Company's auditors.

Recommendations to Change Auditor

The Board of Directors did not make any recommendation to replace the external auditor before the end of appointed term.

Reservations of Auditor

The auditors' report did not include any reservations or material observations on any financial statements for the fiscal year 2023.

Transferable Debt Instruments

There are neither any transferrable debt instruments, nor any contractually based securities, convertible warrants, or similar rights issued or granted by the Company. There are also no related refunds, purchases or compensation during the fiscal year ended on 31 December 2023.

Shares and Debt Instruments of Affiliate Companies

There are no shares or debt instruments issued by any of the Company's subsidiaries.

There are no deviations from the authorized policy, but it is strongly enforced on the Board of Directors and developing committees.

There are no contractual securities or subscription rights issued or granted by the Company.

Interest in Entitled-to-vote Shares

There is no interest in the category of shares with the right to vote by any person/s other than members of the Board of Directors, senior executives, and their relatives, who have notified the Company of their holdings pursuant to Rule 67 of Rules on the Offer of Securities and Continuing Obligations, along with any change in such interests during the last fiscal year.

Board of Directors' Acknowledgements

Al Akaria's Board of Directors acknowledges and affirms that:

1. The records of the Company's accounts, as of 31 December 2023, have been prepared correctly, is in accordance with the accounting standards adopted by the Saudi Organization of Chartered Accountants, and shows fairness of financial position in all material respects.
2. The Company's internal controls system has been properly developed and is effectively implemented.
3. There are no significant doubts about the Company's ability to continue its activities, and it has the capacity and resources to continue its work well into the future.
4. Neither the Company nor any of its subsidiaries issued any debt instruments or financial instruments as stock options or equity that could be converted into shares during the year.
5. The Company has not made any deals related to its shares.
6. There were no treasury shares held by the Company during the year.

Closing Statement

The Board of Directors of Al Akaria extends its thanks and gratitude to the Executive Management, all the employees of the Company, and relevant departments and teams for their efforts, and appreciate their interactions with the Company's shareholders and various governmental and private sector entities. The Board looks forward to more achievements for the Company in coming years.

Statement of Statutory Payments

Description	Paid amount	Outstanding amount until the end of the annual financial period	Brief description	Reasons
Zakat	11,611,375.03	–	Zakat due for FY2022	Statutory requirement
Taxes	69,876,189	5,715,181	VAT and withholding tax settled for the period from December 2022 to November 2023.	VAT and Withholding tax for December 2023 settled on January 2024
GOSI	7,977,775.53	–	Monthly subscription fees	–
Visas and Passports Costs	330,450.00	–	–	Statutory Requirement
Other Government Fees	390,582.63	–	Ejar Fees, Muqeem Services, COC Fees, Municipality Fees	–

Statement of Affiliates

Affiliate Name	Capital	Company's Ownership Percentage (%)	Main Scope of Business	Country of Operation	Country of Incorporation
Al Widyan Saudi Real Estate Co.	500,000	100	Project development Company	Saudi Arabia	Saudi Arabia
Saudi Real Estate Construction Company (Tamear)	34,000,000	100	Construction	Saudi Arabia	Saudi Arabia
Saudi Arabia Real Estate Infrastructure & Construction Company (Binyah)	50,000,000	60	Construction and infrastructure	Saudi Arabia	Saudi Arabia
Saudi-Korean Company for Maintenance and Properties Management (Mumtalakat)	20,000,000	60	Facility management	Saudi Arabia	Saudi Arabia
(Invest Co.) Hudoud Investment Company	10,000	100	Real estate development	Saudi Arabia	Saudi Arabia

Financial Statements

Independent Auditors' Report

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

MOORE

El Sayed El Ayouty & Co.
Certified Public Accountants

Professional LLC
Paid Capital One Million Saudi Riyals
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Opinion

We have audited the consolidated financial statements of "Saudi Real Estate Company" (the "Company") and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to these consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Code of Conduct and Ethics adopted in the Kingdom of Saudi Arabia. Also fulfilled the requirements of the conduct of other ethics in accordance with those rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

1. We draw attention to note (9) to the consolidated financial statements which state that certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study by specialized committees to resolve these matters. The management is currently communicating with the related government agencies to address these reasons to allow the use of these lands. The impact of this matter on the recoverable amount of these lands is still uncertain and depends on the final results of the study by the assigned committees. The carrying amount of these lands amounted to SR 437.7 million as at 31 December 2023 (2022: SR 437.7 million).
2. We draw attention to note (9) to the consolidated financial statements, it has come to management's attention that one of the subsidiaries' land which was designated for the Al Widyan project is located within an area that is currently under study with the aim of developing it by the government agencies, which may result into a material change to the original project's plan and the land's realizable value. The impact of this matter is uncertain and depends on the completion of the study by the government agencies and future developments in the area. The carrying amount of the land and capital work-in-progress amounted to SR 2.6 billion and SR 325.5 billion respectively as at 31 December 2023 (2022: SR 2.6 billion, and SR 325.5 billion respectively) .

Other matter

The consolidated financial statements for the year ended on 31 December 2022 were audited by another independent auditor, who expressed an unmodified opinion dated on 5 April 2023 (corresponding to 14 Ramadan 1444H).

Key Audit Matters

The key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 express a separate opinion on these. The following describes the key audit matter and how it should be addressed:

Key audit matter	How our audit addressed the key audit matter
Investment Properties Evaluation: The Group has investment properties of lands and buildings amounted to SR 5.4 billion which represents 61% of the Group's total assets. Investment properties are stated at cost in the statement of financial position less accumulated depreciation and impairment, if any. For the purposes of disclosing the fair value in the consolidated financial statements and to confirm that no impairment, the investment properties are evaluated by independent external accredited valuers. This matter was considered as a key audit matter since the valuation of investment properties requires a significant judgment by the management. Also, include key estimates may that the impairment of investment properties is material in the consolidated financial statements. Please refer to note No. (4) of the consolidated financial statements regarding the accounting policy related to investment properties and note No. (9) regarding related disclosures.	We have carried out the procedures set out below in connection with the valuation of investment properties: • Evaluate the objectivity of valuer and its independence and experience and qualification who has been appointed by the management. • Comparing the fair value of investment properties based on the real estate valuer's report with the book balance of investment properties as at December 31, 2023. • Ensuring that the appropriateness of evaluation method and methodology approved by the valuer. • Review on a sample basis, to evaluate the investment properties executed by the valuer to ensure the reasonableness of the key assumptions that were used to determine the fair values of the investment properties. • Review the title deeds of investment properties and discussing their legal status with the administration and the internal legal department. • Ensuring that the consolidated financial statements include sufficient and appropriate disclosures of accounting policies and disclosure related to investment properties.

Other information included in the Company's annual report for the year ended 31 December 2023

Other information consists of other information from the information included in the Company's annual report for the year ended 31 December 2023, other than the consolidated financial statements and the auditors' report thereon. Management is responsible for the other information included in the annual report. 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 other information and discover a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaws 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, i.e. the Board of Directors, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify 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.
- 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 managemen'ts 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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance 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.

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

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 year 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.

Riyadh: March 03, 2024
Shaban 22, 1445H

For El Sayed El Ayouty & Co.

A. Balamesh

Abdullah A. Balamesh

Certified Public Accountant
Licence No. (345)

Consolidated Statement of Financial Position

For the year ended
31 December 2023

(In Saudi Riyals Thousands,
unless otherwise indicated)

	Notes	2023	2022
Assets			
Non-current assets			
Property and equipment	8	**30,004**	19,535
Investments properties	9	**5,434,166**	5,381,156
Intangible assets		**10,437**	12,812
Investment in an associate and joint venture	11	**295,349**	278,014
Investments in equity instruments designated at FVOCI	13	**366,397**	297,453
Right-of-use assets	25	**136,855**	139,875
Contract assets		**–**	106,646
Trade receivables – non-current	14	**–**	22,171
Developed properties – non-current	10	**426,134**	922,470
Total non-current assets		**6,699,342**	7,180,132
Current assets			
Developed properties	10	**975,744**	69,565
Trade receivables	14	**138,050**	154,990
Prepayments and other receivables	15	**239,793**	223,551
Inventories		**20,446**	54,114
Cash and cash equivalents	16	**837,669**	1,170,541
Total current assets		**2,211,702**	1,672,761
Total assets		**8,911,044**	8,852,893

Consolidated Statement of Financial Position

For the year ended
31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	2023	2022
Equity and liabilities			
Equity			
Share capital	17	**3,750,000**	3,750,000
Statutory reserve	18	**720,000**	720,000
Contractual reserve	19	**10,051**	10,051
Share Premium	17	**222,700**	222,700
Accumulated losses		**(67,248)**	(134,882)
Other reserves	20	**113,276**	39,846
Equity attributable to equity holders of the parent company		**4,748,779**	4,607,715
Non-controlling interests		**134,016**	85,563
Total equity		**4,882,795**	4,693,278
Non-current liabilities			
Term loan	22	**2,068,462**	2,068,462
Loan from Ministry of Finance	23	**914,889**	1,058,657
Employees' defined benefit obligations	24	**31,748**	22,317
Contracts liabilities		**–**	109,664
Lease liabilities	25	**147,033**	133,169
Total non-current liabilities		**3,162,132**	3,392,269
Current liabilities			
Trade payables	26	**128,879**	73,182
Accrued expenses and other liabilities	27	**281,199**	348,713
Unearned revenue	28	**220,460**	134,888
Loan from Ministry of Finance – current portion	23	**143,768**	130,698
Lease liabilities – current portion	25	**5,852**	5,852
Zakat provision	30	**85,959**	74,013
Total current liabilities		**866,117**	767,346
Total liabilities		**4,028,249**	4,159,615
Total equity and liabilities		**8,911,044**	8,852,893

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

Consolidated Statement of Profit or Loss

For the year ended
31 December 2023

(In Saudi Riyals Thousands,
unless otherwise indicated)

	Notes	2023	2022
Revenue	31	**1,814,225**	2,051,276
Cost of revenue	32	**(1,253,091)**	(1,595,162)
Gross profit		**561,134**	456,114
General and administrative expenses	33	**(187,118)**	(151,634)
Selling and marketing expenses	34	**(36,801)**	(44,742)
Operating profit		**337,215**	259,738
Financial charges	35	**(245,592)**	(149,208)
Loss on revaluation of investments designated at FVPL		**–**	(1,017)
Share of profit of an associate and joint venture	11	**19,759**	17,000
Dividends of investments designated at FVOCI		**4,729**	3,939
Other income	36	**41,806**	32,955
Profit before zakat		**157,917**	163,407
Zakat	30	**(29,342)**	(18,166)
Net Income for the year		**128,575**	145,241
Attributable to:			
Shareholders of the parent		**67,634**	110,539
Non-controlling interest	21	**60,941**	34,702
		128,575	145,241
Earnings per share (Saudi Riyals):			
Basic and diluted earnings per share attributable to the shareholders of the parent	37	**0.18**	0.34

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer and
Managing Director

Chairman, Board of Directors

Consolidated Statement of Other Comprehensive Income

As at 31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	2023	2022
Net profit for the year		**128,575**	145,241
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (after deducting zakat):			
Net change in fair value of investments in equity instruments designated at FVOCI	12	**68,944**	(29,985)
Share of other comprehensive income of an associate	11	**7,550**	(6,222)
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		**76,494**	(36,207)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Remeasurement loss on defined benefit plan	24	**(3,552)**	(212)
Other comprehensive net loss that will not be reclassified to profit or loss in subsequent periods		**(3,552)**	(212)
Total other comprehensive income/(loss) for the year		**72,942**	(36,419)
Total comprehensive income for the year (net of zakat)		**201,517**	108,822
Attributable to:			
Shareholders of the parent		**141,064**	74,528
Non-controlling interest	21	**60,453**	34,294
		201,517	108,822

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

	Attributable to equity holders of the parent company								
	Share capital	Statutory Reserve	Contractual Reserve	Share Premium	Accumulated losses	Other reserves	Total	Non-controlling Interests	Total equity
As of 1 January 2022	2,400,000	720,000	10,051	–	(245,421)	75,857	2,960,487	38,060	2,998,547
Profit for the year	–	–	–	–	110,539	–	110,539	34,702	145,241
Other comprehensive loss for the year	–	–	–	–	–	(36,011)	(36,011)	(408)	(36,419)
Total comprehensive income for the year	–	–	–	–	110,539	(36,011)	74,528	34,294	108,822
Subsidiaries' dividends paid	–	–	–	–	–	–	–	(8,000)	(8,000)
Other movements	–	–	–	–	–	–	–	21,209	21,209
Share capital increasing (note 17)	1,350,000	–	–	243,000	–	–	1,593,000	–	1,593,000
Subscription expenses				(20,300)			(20,300)	–	(20,300)
As of 31 December 2022	3,750,000	720,000	10,051	222,700	(134,882)	39,846	4,607,715	85,563	4,693,278
Profit for the year	–	–	–	–	67,634	–	67,634	60,941	128,575
Other comprehensive income	–	–	–	–	–	73,430	73,430	(488)	72,942
Total comprehensive income	–	–	–	–	67,634	73,430	141,064	60,453	201,517
Subsidiaries' dividends paid								(12,000)	(12,000)
As of 31 December 2023	3,750,000	720,000	10,051	222,700	(67,248)	113,276	4,748,779	134,016	4,882,795

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer and
Managing Director

Chairman, Board of Directors

Consolidated Statement of Cash Flows

For the year ended
31 December 2023

(In Saudi Riyals Thousands,
unless otherwise indicated)

	Notes	2023	2022
Cash flows from operating activities:			
Profit for the year before zakat		**157,917**	163,407
Adjustments to reconcile the profit for the year before zakat to the net flow cash generated from operating activities:			
Depreciation of property and equipment and investments properties		**66,167**	74,483
Amortisation of intangibles assets		**4,505**	4,289
Deprecation of right-of-use assets	25	**4,004**	2,353
Share in profit of an associate and joint venture	11	**(19,759)**	(17,000)
Gains on revaluation of investments designated as at FVPL	13	**–**	1,017
Gains on investments properties		**(19,690)**	(48,260)
Financial charges		**245,592**	149,208
Provision of employees' defined benefit obligations	24	**9,193**	8,936
		447,929	338,433
Working capital increase/(decrease):			
Trade receivables		**39,111**	155,655
Prepayments and other assets		**(16,242)**	103,454
Inventories		**33,668**	(41,042)
Trade payables		**55,697**	1,887
Accrued expenses and other liabilities		**(67,514)**	(96,376)
Contract liabilities, net		**(3,018)**	(23,477)
Developed properties		**(409,843)**	(437,630)
Unearned revenue		**85,572**	(2,195)
Cash generated from/(used in) operations		**165,360**	(1,291)
Employees' defined benefit obligations paid	24	**(3,314)**	(8,731)
Financial charges paid		**(232,519)**	(143,907)
Zakat paid	30	**(17,396)**	(21,100)
cash flows used in operating activities		**(87,869)**	(175,029)

Consolidated Statement of Cash Flows

For the year ended
31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

	Notes	2023	2022
Cash flows from investing activities:			
Purchase of property and equipment	8	**(22,503)**	(9,691)
Dividends received from an associate	11	**9,999**	9,999
Proceeds from sale of investments designated at FVPL		**–**	16,523
Additions to intangible assets		**(2,130)**	(528)
Additions to investments properties	9	**(108,208)**	(70,219)
Proceeds from disposal of investments properties		**20,680**	52,548
Amounts paid to obtain share of joint venture		**(25)**	–
Cash flows used in investing activities		**(102,187)**	(1,368)
Cash flows from financing activities:			
Proceeds from term loan and loan from Ministry of Finance		**–**	382,680
Paid term loan and loan from Ministry of Finance		**(130,698)**	(1,042,999)
Dividends issued by a subsidiary to non-controlling interests		**(12,000)**	(8,000)
Proceeds from increase in share capital		**–**	1,593,000
Subscription expenses		**–**	(20,300)
Lease liabilities contracts paid	25	**(118)**	(12,240)
Cash flows (used in)/generated from financing activities		**(142,816)**	892,141
(Decrease)/increase in cash and cash equivalents		**(332,872)**	715,744
Cash and cash equivalents at the beginning of the year		**1,170,541**	454,797
Cash and cash equivalents at the end of the year	16	**837,669**	1,170,541
Significant non-cash transactions:			
Additions to right of use assets		**984**	70,462

The attached notes 1 to 44 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

Notes to the Consolidated Financial Statements

For the year ended
31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

1. Corporate information

Saudi Real Estate Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company, whose shares are publicly traded on the Saudi Stock Exchange. The Company was established pursuant to Royal Decree number M/58 dated 17 Rajab 1396H (corresponding to 15 July 1976), registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010012539 dated 17 Jumada al-Alkhirah 1397H (corresponding to 4 June 1977). The Company's head office address is Olaya Road, P.O. Box 3572, Riyadh 11481, Kingdom of Saudi Arabia. The Company's duration is 130 Gregorian years and it started from the date of issuing the commercial registration, it could always be extended by the unusual General Assembly resolution before the duration ends by one year.

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

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

The Company has invested in the following subsidiaries which are included in these consolidated financial statements:

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

1. Corporate information (continued)

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

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

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

(iv) Al Widyan Saudi Real Estate Company is a closed joint stock company owned by one person registered in the Kingdom of Saudi Arabia under commercial registration number 1010455071 dated 16 Thul-Qi'dah 1439H (corresponding to 29 July 2018). The Company is engaged in electricity work, gardens and parks maintenance, building construction, maintenance and operation of buildings, maintenance works, the operation of water and sanitation networks, the construction of roads, the construction of bridges, the construction of tunnels, the purchase, sale and lease of land and real estate, development and real estate investment activities, maintenance and operation of hospitals, medical centers and government and private clinics.

(v) Alinma Alakaria Real Estate Fund is private fund created by an agreement between Inma for Investment (the "Fund Manager") a subsidiary of Alinma Bank and investors ("unit holder") in the Fund according to Shariah standards and controls approved by the Shariah Board of the Fund Manager. The principle investment objective of the Fund is to provide investors with capital growth over the medium and long-term by investing primarily in the real estate and related sectors in the Kingdom of Saudi Arabia. The Fund has appointed Al Inma Bank to act as its custodian, administrator and registrar of the Fund. The Fund was established on 25 Jumada Al-Ula 1440H (corresponding to 31 January 2019) as per approval from the Capital Market Authority (CMA). The terms and conditions of the Fund were issued on 25 Jumada Al-Ula 1438H (corresponding to 31 January 2019). During 2020, the Group has signed an agreement to terminate and liquidate the Fund, during 2022 all its assets has been transferred Hodood Real Estate Investment Company. The Group's management is in the process of completing all the legal procedures for liquidating the Fund.

1. Corporate information (continued)

(vi) Hudood Real Estate Investment Company (sole owner limited liability Company wholly owned by the group) It was established during October 2022 under commercial registration number (101836057) issued from Riyadh dated on 24 October 2022 corresponding to 28 Rabi` al-Awwal 1444H, with a capital of 10,000 Saudi riyals. The establishment objective is to transfer the title deeds of land from Alinma Alakaria Real Estate Fund to Hudood Real Estate Investment Company which is fully owned by Parent Company.

2. Basis of preparation

2.1 Statements of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and its interpretations as issued by the International Accounting Standards Board ("IASB") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis using the accrual basis and Going- concern concept, except for employees end of service benefits are recognized at the present value of future obligations using the Projected Unit Credit Method, investment in equity instruments designated at FVOCI and investments designated at FVPL that have been measured at fair value.

2.3 Functional and presentation currency

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

3. Basis of Consolidation Financial Statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and are collectively referred as (the "Group") as stated in note (1).

Subsidiaries are entities controlled by the group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

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

4. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

Investment in an associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount and its carrying value for associate and then recognises the loss within "Impairment of investments in the associate and joint venture" in the consolidated statement of profit or income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of income.

Current versus non-current classification of assets and liabilities

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial instruments such as derivatives, investment in equity instruments designated at FVOCI and investments designated at FVPL, at fair value at each consolidated financial statements reporting date.

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.

4. Summary of significant accounting policies (continued)

Fair value measurement (continued)

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.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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 recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Revenue recognition

The Group recognizes revenues for contracts with customer according to a form of 5 steps as per IFRS 15:

Step 1 – Identify the contract with customers: define as an approved agreement between two parties that incurred committed to fulfilling the terms of the contract and each party's right regarding the goods/services to be transferred can be identified.

Step 2 – Identify the separate performance and obligations: define as a written promise with customers while customer can benefit from the goods/services; entity's promise to transfer goods/services is separately identifiable from other promises in the contract.

Step 3 – Determine the transaction price: is the amount that the company expects to obtain from customer in exchange for transferring goods/services. Unless payments collection on behalf of third parties.

Step 4 – Allocate the transaction price to the performance obligation: contract contains more than distinct obligation a company allocates the transaction price to all separate performance obligation in proportion to the stand-alone selling price of the goods/services underlying each performance obligation. If good or service separately, the company would have to estimate its stand-alone selling price.

Step 5 – Recognise revenue when (or as) a performance obligation is satisfied.

Regarding to the contracted contracts with customers the company uses percentage of completion method once distinct obligation is satisfied when:

(A) The business simultaneously receiving and consuming the benefits resulting from the company's performance.

(B) The Group's performance generates create or improve assets that controlled by the customer while asset' creation or improvements.

(C) The Group's performance of the obligation does not create an alternative use, and the company has an enforceable right to collect for performance completed up to date;

Regarding performance obligations where one of the three conditions above is not met, revenue is recognized when all conditions of the performance obligations are satisfied by the Group.

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Revenue from selling properties under development

Sales of property under development are recognised over time. The Group evaluates contracts with customers to determine whether the performance obligation is satisfied over time or at a specific point in time. The Group has assessed that the performance obligation does not create an alternative use for the asset as it is contractually restricted from diverting properties under development to another use during its development based on revenue agreements with customers.

In addition, the Group has an enforceable right to receive payments for work completed to date and is entitled to receive at least an amount to compensate it for work completed to date, usually costs incurred plus a reasonable profit margin (by having enforceable rights to compensation for work completed to date in the event of a dispute and termination of the contract with the customer).

Revenue from selling ready-to-use properties

The sale of completed properties constitutes an individual performance obligation which the Group has decided to fulfill at the time of transfer of control. For unconditional exchanges, this is generally when legal ownership passes to the customer. For a conditional exchange, it generally occurs when all significant conditions have been satisfied.

Revenue from rental of investment properties

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of income when the right to receive them arises.

Revenue contracts

Revenue from fixed price contracts is recognised based on the percentage of completion method, which is determined using the proportion of costs incurred to date to the total costs for the completion of the contracts as estimated by the management. No profit is recognised on contract until the management believes the outcome of that contract can be assessed with reasonable certainty. In case of loss-making contract, full provision is made for estimated future losses. The value of work executed in excess of the amounts billed is included under current assets, net of provision for any losses incurred or foreseen in bringing contracts to completion, advances against work executed and progress billing received and receivable. Where progress amounts received, and receivable exceed the value of work executed the excess is included under current liabilities as billing in excess of the value of work executed.

Contract modifications, e.g. variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the company's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Contract Balances

Value of work executed in excess of billings (accrued infrastructure revenue)

Value of work executed in excess of billings is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, value of work executed in excess of billings is recognised for the earned consideration that is conditional.

Contracts receivables

Receivables amounts constitute as an unconditional right for the group; (only stipulate over time before accrual payment compensation).

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Work Claims in excess of work done (Unearned Revenue)

Claims raised more than the value of the work performed represent the obligation to transfer goods or services to the customer, if group has submitted invoices to the customer. Amounts receivable in excess of the value of the work performed are recognized as revenue when the Group performs its obligation under the contract.

Detained receivables

Detained receivables are a part of restricted amounts by customers based on contractually contracts, and it can be recovered either when completing some phases of the contract or at the end of the contract.

Advance from customers

Advance from customer represents the obligations to transfer goods/services to customers, for which compensation has been received by the Group or compensation is due (whichever is earlier) from the customer. If the customer pays the compensation before the company transfers the good/service to the customer, the contract obligations are recognized when the amount is paid or becomes due (whichever is earlier). Contract obligations are recognized as revenue when the group performs under the contract.

Dividends from Investments FVTOCI/FVPL

Regarding income from investments FVOCI and FVPL, Group has recognized gains from investment as income once dividends right is satisfied being approval or/dividends cash received.

Revenue from time deposit

Income from fixed-term deposits is recognized as income based on the active yield on the deposit.

Service charges, management charges and other expenses recoverable from tenants

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in rental income gross of the related costs, as the directors consider that the Group acts as principal in this respect.

Dividends

Revenue is recognised when the Group’s right to receive the payment is established (If it is probable that the economic benefits will flow to the group, and revenues can be measured reliably).

4. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Expenditures analysis

During preparing the financial statements the Group provides expenditures analysis list of each account that has reliable information and more relevance, wherefore classification depends on a function of expense inside the group.

Cost of Revenue

Depreciation of properties and other direct expenses are classified as cost of revenues.

General and administrative expenses

General and administrative expenses include direct and indirect costs that are not specifically part of cost of revenue or the selling, and marketing activities of the Group.

Selling and marketing expenses

Selling and marketing expenses comprise of all costs for selling and marketing the Group’s products and include expenses for advertising, marketing fees and other sales related expenses.

Zakat and tax

Zakat is provided for the Company and its subsidiaries in accordance with Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia, and the provision is charged to the consolidated statement of income. Differences, if any, arising from the final assessment shall be settled during the period in which such assessment are issued.

Real-Estate Tax

Real-Estate tax is incurred when purchasing properties while ownership has been transferred and is not recoverable from the Zakat, Tax and Customs Authority. Real estate transfer tax is recognised as part of the cost of acquisition of real estate assets, as appropriate.

4. Summary of significant accounting policies (continued)

Value-added tax

Revenues, expenses and assets are recognized in net of value added tax, except in the following cases:

- If the value-added tax is due on the acquisition of assets or services that are not recovered from the Zakat, tax, and custom authority, in this case VAT is recognized as part of the cost of purchasing assets or part of the expense item.
- Trade receivables and payables are including VAT amounts.

Net VAT account which is recoverable from/to Zakat, tax, and custom authority is shown in the other receivables or payables within the consolidated statement of financial position.

Withholding tax

The Group's companies deduct WHT based on the financial transactions with the non-resident parties in accordance with the regulations of the Zakat, Tax and Customs Authority, which is not recognised as an expense to be consideration for obligations on behalf of the opposite party.

Investments properties

Investments Properties are initially measured at cost. The fair value is determined on the basis of an annual valuation by an independent external valuer with recognized professional qualifications.

Capital work-in-progress are stated at cost, net of accumulated impairment losses, if any. Investments properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the investments properties and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of investments properties are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the investments properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	–	40 years
• Furniture and decorations	–	5 years

An item of investments properties and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised. The residual values, useful lives and methods of depreciation of investments properties are reviewed at each financial year end and adjusted prospectively, if appropriate.

Developed properties

Properties that are being constructed or is under construction or development for the purpose of sale. Properties under developing are measured at cost or net realizable value, whichever is lower. The cost of properties under developing includes the cost of land, construction and other costs related to preparing the properties for sale. Net realizable value is the estimated selling price in the normal business course on basis of market rate at the date of the consolidated statement of financial position, net of any costs to complete the sale. The management review the carrying amounts of properties under developing annually. Properties under developing are classified as current assets or non-current assets based on the expected date realization.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are not recognized in the carrying amount or recognized as a separate asset, as appropriate, except when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount is de-recognized for any item being calculated as a separate asset when replaced. Other repair and maintenance costs are charged during the financial period in which they are incurred. Major spare parts are eligible to be recognized in property and equipment when the company expects them to be used within more than one year. Spare parts are transferred to the relevant current assets when such spare parts are available for use in less than 12 months. Assets under construction or development are capitalized in the capital works-in-progress account. Assets under construction or development are transferred to the appropriate category of property and equipment when assets are delivered to their location and / or position for use as intended by management. The cost of any item from capital works- in-progress items include the purchase price, development construction costs and any other costs directly attributable to the construction or acquisition of any item of property and equipment for use as intended by management.

4. Summary of significant accounting policies (continued)

Property and equipment (continued)

Land and constructions in progress are not depreciated. Borrowing costs relating to qualified assets are capitalized as part of the cost of the qualifying asset. Depreciation expense for PPEs is calculated after deducting estimated residual values to allocate the cost of the assets on a straight-line basis over their estimated useful lives. The residual values and useful lives of assets are reviewed at the end of each financial year and adjusted where appropriate. If the carrying amount of an asset exceeds its estimated recoverable amount, the asset is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the assets disposed of.An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings – 40 years
- Machinery and equipment – 5 years
- Furniture and decorations – 5 years
- Computers – 5 years
- Vehicles – 4 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised. Residual value, useful lives and depreciation methods of property and equipment are reviewed at end of each financial period, and are adjusted in future if necessary.

Foreign currency

The Group's consolidated financial statements are presented in Saudi Riyals, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of operation, the gain or loss that is reclassified to income or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of income, at which time, the cumulative amount is reclassified to the consolidated statement of income. Tax charges and tax exemptions attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI, or the consolidated statement of income are also recognised in OCI or the consolidated statement of income, respectively).

In consolidating the financial statements, the assets and liabilities of foreign operations currencies are translated into Saudi riyals at the exchange rate prevailing at the date of the consolidated financial statements and their statements of profit or loss are translated at the exchange rates prevailing at the date of the transactions. Exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the other comprehensive income relating to that foreign operation is included in the consolidated income statement.

Leases

The Group assess whether a contract contains a lease, at inception of the contract. If it contains a right to control the use of an identified asset for a period in exchange for consideration. For the purposes of assessing whether a contract contains the right to control the use of an identified asset, group assesses whether:

- The contract involves the use of a specific asset, this may be specified explicitly or implicitly;
- The group is entitled to obtain substantially all the economic benefits from using the asset during the period;
- The group has the right to direct the use and operate the asset, or the group designs the asset in a way that predetermines how and for what purpose the asset will be used;

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Group as a lessor

Leases in which substantially all the risks and rewards of ownership are not transferred from the Group to the lessee are classified as operating leases. The Group enters leases for its investment property portfolio. Management has determined that the Company retains substantially all the risks and rewards of ownership of the properties and therefore the leases are classified as operating leases based on an evaluation of the terms and conditions of the lease agreements. Lease income is recognised in the income statement on a straight-line basis over the lease term according to the terms of the leases.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

The Group amortizes the accounting system ERP with a finite useful life using the straight-line method over 5 years. As at the reporting date, some parts of the system are still under implementation phase and are not available for use.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

Financial charges

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortised cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the consolidated statement of income or through the consolidated statement of OCI.

Initial measurement

Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through income statement are recognised in the consolidated statement of income, when incurred.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payment of principal and interest.

Subsequent measurement

Debt instruments

The Group recognises three classifications to subsequently measure its debt instruments:

- Amortised cost

  Financial assets held for collection of contractual cash flows, where those cash flows represent Solely Payments of Principal and Interest ("SPPI"), are measured at amortised cost. A gain or loss on an investment in debt instruments subsequently measured at amortised cost, and not part of a hedging relationship, is recognised in the consolidated statement of income when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the Effective Interest Rate ("EIR") method.

- FVOCI

  Financial assets held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in the consolidated statement of income. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI, is reclassified from equity to the consolidated statement of income and recognised in other income/expense. Interest income from these financial assets is included in finance income using the EIR method. Foreign exchange gains and losses are presented in other income/expense.

- FVPL

  Financial assets at fair value through profit or loss statement include financial assets held for trading, financial assets designated upon initial recognition at fair value through income statement, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through income statement, irrespective of the business model.

  Financial assets at fair value through income statement are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of income. This category includes derivative instruments.

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

(i) financial assets (continued)

Equity instruments

The Group measures all investments in equity instruments at fair value and presents changes in fair value of investments in equity instruments in OCI. Dividends from such investments continue to be recognised in the consolidated statement of income as other income when the Group's right to receive payments is established. There shall be no subsequent reclassification of changes in fair value through the consolidated statement of income.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
  - (a) The Group has transferred substantially all the risks and rewards of the asset; or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

At each reporting date, the Group applies a three-stage approach to measuring expected credit losses ("ECL") on financial assets accounted for at amortized cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

(a) Stage 1: 12-Months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognized.

(b) Stage 2: Lifetime ECL – Not Credit Impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognized

(c) Stage 3: Lifetime ECL – Credit Impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For equity instruments measured at FVOCI, impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value and for debt instruments measured at FVOCI, impairment gains or losses are recognized in the consolidated statement of income and other comprehensive income.

For trade receivables only, the Group recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Objective evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro- economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.The Group measures expected credit loss by considering the risk of default over the contract period and incorporates forward- looking information into its measurement.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities measured at amortised cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the consolidated statement of income.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of income when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the consolidated statement of income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

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.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at banks and on hand, cash in funds and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, cash in funds and short-term deposits, as defined above.

Inventory

Inventory is shown in the cost or NRV (which lower), cost determines on base of weighted-average method.

Cost consists of direct costs and related expenses. Net realizable value is the selling price at which inventory can be sold in the normal business cycle after allowing for selling costs.

Provision is made for obsolete, slow moving, and damaged inventories when necessary.

Tenant’s deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The provision is recognised as a liability in the statement of the financial position and the amount of the provision is expensed. The Group measures a provision at the best estimate of the amount required to settle the obligation at the in the statement of the financial position date. The best estimate is the expenditure that the company could reasonably be expected to pay to settle the obligation at financial position date or to transfer it to a third party at that date.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Accrual and other payables

Liabilities are recognised for amounts to be paid in the future for services and materials received, whether invoiced or not, provided that a reliable estimate of the amount of the liability can be made.

Employees' defined benefits obligations

The liability recognized in the consolidated statement of financial position in respect of the employees' defined benefits obligations, is the present value of the employees' defined benefits obligations at the end of the reporting period. The employees' defined benefits obligations is calculated annually by independent actuaries using the projected unit credit method.

Since the Kingdom of Saudi Arabia has no deep market in high-quality corporate bonds, the market rates of high-quality corporate bonds of the United States of America are used to present value the employees' end of service termination benefits obligation by discounting the estimated future cash outflows.

The net finance cost is calculated by applying the discount rate to the net balance of the employees' defined benefits obligations. This cost is included in employee benefit expense in the consolidated statement of income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the consolidated statement of comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated statement of financial position.

Changes in the present value of the employees' end of service termination benefits obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of income as past service costs.

Related parties

Related party transactions include the transfer of resources, services, other liabilities, or financing between the inter-companies, whether these transactions are conducted on terms that are equivalent to those that would prevail in an arm's length transaction.

Group considers the related party with the company if the person near to the family are as follows:

(A) A member of top management in the company or; parent company; or

(B) Has control or mutual control on the company; or

(C) Has an important significant influence on the company's decision and direction.

4. Summary of significant accounting policies (continued)

Related parties (continued)

Tops management of the company are those who have the power, planning responsibility, direct or indirect control of the company's business activity. Including any Manager even executives or no.

Group considers the related party with the company if the company:

(A) The entity and the company are members of the same group or are owned by common shareholders; or

(B) The entity is an associate or owned by common shareholder; or

(C) The entity has control or mutual control on the company;

Earnings per share

Group determines basic earnings per share by dividing the profit or loss attributable to ordinary shares (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares purchased or issued during the year multiplied by the time weight factor. The time weight is the number of days the shares are due as a proportion of the total number of days in the year; A reasonable approximation of the weighted average is sufficient in many circumstances.

Group calculates net profit per share is by dividing the return on profit for the equity of the shareholders of the parent company by the weighted average number of outstanding shares during the year in addition to the weighted average number of shares that will be issued upon conversion of all potential equity shares into equity shares.

Statutory reserve

In accordance with Saudi Companies' Law, Group is required to transfer 10% of the net profit each year to the statutory reserve until the total reserve reaches 30% of the share capital. This reserve is not available for distribution to the shareholders of the company.

Cash dividends to stockholders

Group recognizes cash dividends to shareholders as liabilities upon approval of the distribution and that distribution is no longer dependent on the Group's desire. According to the Companies' Law in the Kingdom of Saudi Arabia, dividends are approved when they are approved by the shareholders or when the interim distributions are approved by the board of directors. The corresponding amount is recognized directly in equity.

Contingent liabilities and assets

Contingent assets are not recognized in the consolidated financial statements but are disclosed when it is probable that the economic benefits will be realized. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless an outflow of economic benefits is remote.

Operation segments

The operating segment is the one of most important part of the company:

(A) Participates in business activities that may guarantee revenues for him and incur expenses because of them.

(B) Its operating results are continuously analysed by the operating decision-maker in order to take decisions related to resource allocation and performance evaluation. Group's management presents 4 operating segments in its consolidated lists in accordance with Note No. (6).

(C) Which financial statements are available separately.

The geographical segment provides products or services within a specific economic environment that are exposed to risks and returns that differ from operating segments in other economic environments. Since the company operates exclusively in the Kingdom of Saudi Arabia, no geographical sectors are presented.

5. New and amended standards and interpretations

(a) New and revised standards with no material effect on the consolidated financial statements.

Following are the recent changes to IFRSs that are required to be adopted in annual periods beginning on 1 January 2023:

- IFRS 17 insurance contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimate (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction-Amendments to IAS 12 Income Taxes;
- Initial application of IFRS 17 and IFRS 9 – comparative information (Amendment to IFRS 17)
- International tax reforms – Pillar two model rules (Amendments to IAS 12)

The application of the revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

5. New and amended standards and interpretations

(b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024 .
- Lease liabilities in a Sale and Leaseback (Amendments to IFRS 16), effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.
- IFRS S1 – General requirements for disclosure of sustainability-related financial information, effective for the annual reporting periods beginning on or after 1 January 2024 with early application permitted as long as IFRS S2 climate- related disclosure is also applied.
- IFRS S2 – Climate related disclosures, effective for annual reporting periods beginning on or after 1 January 2024 with early application permitted as long as IFRS S1 general requirements for disclosure of sustainability-related financial information is also applied.

The above-mentioned standards are not expected to have a significant impact on the group consolidated financial statements.

6. Use of estimates and judgments

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect 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 the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

6. Use of estimates and judgments

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Use of estimates and assumption

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Following are the estimates and assumptions exposed to significant risks that could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities during the next fiscal year.

Going-concern Concept

Group's management has assessed its ability to continue as a going-concern and concluded that it has the necessary resources to continue its activities normally for the foreseeable future. In addition, Group's management is not aware of the existence of a material uncertainty that may cast doubt on the Group's ability to continue in business. Accordingly, the financial statements have been prepared on the going concern basis.

Allowance for expected credit losses

For accounts receivables, the Group applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. Management periodically reviews these factors and checks them on a regular basis in an attempt to reduce differences between expected credit losses estimates and actual conditions that will occur in the future. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecasts of economic conditions may not be an accurate representative of the likelihood of customers defaulting in the future.

Contract costs to complete estimates

Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, among other items, the construction costs, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete the project may affect the results of the subsequent periods.

6. Use of estimates and judgments

Useful lives of investment properties and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the useful lives annually, and the depreciation method to make sure that the depreciation method and period are consistent with the expected pattern of the assets' economic benefits.

Impairment of investment properties and equipment

Group obtains the services of independent accredited valuers to obtain fair value estimates of property, equipment and investment properties using recognized common valuation methods for the purpose of impairment review and fair value disclosure in the financial statements.

Classification of investments properties

Management exercises judgment when classifying real estate as property and equipment, investment property or development property. Management takes evidence standards in accordance with management's intention and effective plan and in accordance with relevant accounting standards.

Determining the lease term for contracts with renewal and termination options, Group as a lessee

Group determines lease contracts as a non-cancellable term in relation to the contract, with any periods including an option to extend the contract if the Group is certain to exercise an extension option, or any periods including an option to terminate the lease if management is certain, it will not exercise an option to terminate the contract reasonably.

Group's management as a lessee has signed several lease contracts that include extension and termination options. Management exercises judgment in assessing whether it is reasonably certain whether to exercise the option to renew or cancel the contract. Thus, the management considers all relevant factors that would create an economic incentive to exercise either the renewal or cancellation option. After the lease commencement date, management recalibrates the lease term if a significant event or change in circumstances occurs that is within its control and affects its ability to exercise or not exercise the option to renew or terminate (for example, constructing significant improvements to leasehold premises or allocating the important thing is according to the demand of the leased asset).

6. Use of estimates and judgments

Impairment of the non-financial assets

Group assesses at each financial position date whether there are indications of impairment in the value of non-financial assets. Non-financial assets are tested for impairment when there are indications that the carrying values may not be recoverable. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell or value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted based on spot price in an arm's length transaction, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use is calculated based on the discounted cash flow model. The cash flows are derived from the budget for the next five years 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 CGU being tested for impairment. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method as well as the expected future net cash inflows and the growth rate used in the projections.

Zakat

The Company and its subsidiaries are subject to zakat in accordance with Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the consolidated statement of income. Additional zakat liabilities, if any, resulting from the final assessments raised by (the "ZATCA") for previous years are accounted for in the year in which these final assessments are issued.

Provisions

Provisions measure by their nature, depend on estimates and valuations of whether the recognition criteria have been met, including estimates of the likelihood of an outflow of cash. Management's estimates of litigation provisions, for example, are based on an estimate of the expected costs to be incurred considering legal advice and other information available to management at the date. As for provisions for employee termination benefits and exit costs, if any, they also involve management’s judgment in estimating expected cash outflows for termination and site closure or other exit costs. Provisions for uncertain liabilities are based on management's best estimate of whether an outflow of cash is likely.

6. Use of estimates and judgments

Employees’ end-of-service benefits

The cost of employees’ defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Transactions price

Group determines the transactions price in respect of each of its contracts with customers. In doing so, it evaluates the effect of any variable consideration in the contract because of discounts or penalties, the existence of any significant financing component in the contract, and any non-monetary consideration in the contract. In determining the effect of a variable price, management uses the most likely amount method mentioned in IFRS 15 Revenue from Contracts with Customers so that the transaction price is determined by reference to the single most likely amount among a few possible prices.

Performance obligation fulfilment

The Group evaluates each of its contracts with customers to determine whether performance obligations have been satisfied over time or at a specific point in time to determine the appropriate method of recognizing revenue based on sales agreements with customers and related provisions, regulations, and laws. In the case of contracts concluded with customers for the sale of real estate, the management believes that the revenue must be recognized over a period if the real estate has no alternative use and that the Group has a valid right to receive the compensation upon the Group’s completion of the obligations arising from it in the contract. Otherwise, revenue is recognized at a point in time. Management considers that the use of the input’s method provides the best reference for the revenue earned. The inputs method requires revenue to be recognized based on the Group’s efforts to satisfy the performance obligation. Management while applying the input method estimates the costs of completing projects to determine the amount of revenue to be recognized. Estimates of costs to complete projects include, among other items, the cost of construction, change orders, and the cost of fulfilling other contractual obligations to customers. Estimates of the costs of completing projects are checked at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of subsequent periods.

Fair value measurement for financial instruments

When it is not possible to measure the fair values of the financial assets and financial liabilities recorded in the statement of financial position based on prices traded in active markets, then the fair value is determined using other appropriate valuation methods, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, and where this is not feasible, a degree of judgment is required in determining fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility risk. Changes in assumptions about these factors could affect the fair value of financial instruments. Contingent consideration, arising in a business combination, is assessed at fair value at the acquisition date as part of the business combination. When the price meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The fair value determination is based on discounted cash flows. Key assumptions consider the probability of meeting each performance objective and the discount factor.

Derivative financial instrument fair value measurement

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1 –** quoted prices (unadjusted) in active markets for identical assets or liabilities may be available at the measurement date.
- **Level 2 –** inputs other than quoted prices included in level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3 –** inputs for assets or liability that are not based on observable market data (unobservable input)

7. Segment information

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

(A) Rental sector

(B) Property sales sector

(C) Infrastructure projects sector

(D) Construction projects sector

(E) Facility management sector

(F) Head office

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

The activities of the Group and its subsidiaries are primarily conducted in the Kingdom of Saudi Arabia.

Below is a breakdown of the segment information:

As at 31 December 2023	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Head office	Elimination	Total
Revenue	302,098	490,837	896,103	91,016	99,862	–	(65,691)	1,814,225
Cost of revenue	(160,983)	(230,079)	(713,954)	(137,038)	(75,202)	–	64,165	(1,253,091)
Gross profit	141,115	260,758	182,149	(46,022)	24,660	–	(1,526)	561,134
Selling and marketing expenses	–	–	–	(710)	(2,172)	(33,919)	–	(36,801)
General and administrative expenses	–	–	(38,121)	(40,821)	(10,182)	(99,520)	1,526	(187,118)
Income generated from investments	–	–	300	–	–	24,188	–	24,488
Other income	–	–	7,425	1,235	197	32,949	–	41,806
Financial charges	–	–	(2,324)	–	–	(243,268)	–	(245,592)
Segment profit / (loss) before zakat	141,115	260,758	149,429	(86,318)	12,503	(319,570)		157,917
Total assets	–	–	593,314	70,375	43,725	8,203,630	–	8,911,044
Total liabilities	–	–	276,085	90,907	25,913	3,635,344	–	4,028,249

Notes to the Consolidated Financial Statements

31 December 2023

(In Saudi Riyals Thousands, unless otherwise indicated)

7. Segment information (continued)

As at 31 December 2023	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Head office	Elimination	Total
Revenue	291,477	1,080,949	531,545	151,516	74,318	–	(78,529)	2,051,276
Cost of revenue	(148,676)	(917,123)	(402,486)	(136,307)	(67,241)	–	76,671	(1,595,162)
Gross profit	142,801	163,826	129,059	15,209	7,077	–	(1,858)	456,114
Selling and marketing expenses	–	–	–	(3,365)	(485)	(40,892)	–	(44,742)
General and administrative expenses	–	–	(26,310)	(17,281)	(12,126)	(97,775)	1,858	(151,634)
Income generated from investments	–	–	–	–	–	19,922	–	19,922
Other income	–	–	789	200	69	31,897	–	32,955
Financial charges	–	–	(5,214)	–	–	(143,994)	–	(149,208)
Segment profit/(loss) before zakat	142,801	163,826	98,324	(5,237)	(5,465)	(230,842)		163,407
Total assets	–	–	433,393	167,972	30,276	8,221,252	–	8,852,893
Total liabilities	–	–	226,286	140,192	23,475	3,769,662	–	4,159,615

8. Property and equipment

	Buildings	Machinery & equipment	Furniture & decorations	Computers	Vehicles	Capital work-in-progress	Total
Cost:							
At 1 January 2022	9,469	106,308	14,845	13,911	9,775	121	154,429
Additions during the year	–	3,022	103	1,876	4,261	800	10,062
Disposals during the year	–	(2,091)	–	(112)	(384)	–	(2,587)
At 31 December 2022	9,469	107,239	14,948	15,675	13,652	921	161,904
Additions during the year	–	6,277	9,772	2,501	3,058	895	22,503
Disposals during the year	–	(930)	(311)	(526)	–	–	(1,767)
At 31 December 2023	**9,469**	**112,586**	**24,409**	**17,650**	**16,710**	**1,816**	**182,640**
Depreciation:							
At 1 January 2022	7,705	91,483	12,708	10,656	8,548	–	131,100
Charge for the year	238	9,109	1,457	1,254	1,007	–	13,065
Disposal during the year	–	(1,488)	–	(92)	(216)	–	(1,796)
At 31 December 2022	7,943	99,104	14,165	11,818	9,339	–	142,369
Charge for the year	239	5,600	1,924	1,914	2,282	–	11,959
Disposal during the year	–	(855)	(311)	(526)	–	–	(1,692)
At 31 December 2023	**8,182**	**103,849**	**15,778**	**13,206**	**11,621**	**–**	**152,636**
Net book value:							
At 31 December 2023	**1,287**	**8,737**	**8,631**	**4,444**	**5,089**	**1,816**	**30,004**
At 31 December 2022	1,526	8,135	783	3,857	4,313	921	19,535

9. Investments properties

	Lands	Buildings	Fittings and decorations	Capital work-in-progress	Total
Cost:					
At 1 January 2022	3,726,605	1,544,829	664,215	321,247	6,256,896
Additions	–	–	4,221	51,259	55,480
Disposals and adjustments	(4,287)	–	–	–	(4,287)
Transferred from Inma Fund	117,371	–	–	–	117,371
At 31 December 2022	3,839,689	1,544,829	668,436	372,506	6,425,460
Additions	–	–	4,796	103,412	108,208
Disposal	(990)	(40,199)	(19,226)	–	(60,415)
At 31 December 2023	**3,839,699**	**1,504,630**	**654,006**	**475,918**	**6,473,253**
Depreciation and impairment:					
At 1 January 2022	–	640,400	351,683	–	992,083
Charge for the year	–	30,156	22,065	–	52,221
At 31 December 2022	–	670,556	373,748	–	1,044,304
Charge for the year	–	32,021	22,187	–	54,208
Disposals	–	(40,199)	(19,226)	–	(59,425)
At 31 December 2023	**–**	**662,378**	**376,709**	**–**	**1,039,087**
Net book value:					
At 31 December 2023	**3,838,699**	**842,252**	**277,297**	**475,918**	**5,434,166**
At 31 December 2022	3,839,689	874,273	294,688	372,506	5,381,156

As set out in the significant accounting policies, the investment properties are stated at cost less accumulated depreciation and accumulated impairment. The fair value of investments properties amounted to SR 13 billion as at 31 December 2023 (31 December 2022: SR 11.2 billion) based on valuation performed by qualified valuers Barcode Firm (independent valuer accredited by Saudi Authority for Accredited Valuers), who are specialist in valuing these types of investments properties.

9. Investments properties (continued)

Certain lands having carrying value of SR 2 billion (2022: SR 2 billion) are pledged against an Islamic loan from a local bank (Note 28).

Investment properties include buildings with net book value amounting SR 625 million (2022: SR 581 million) constructed on a leased land from the High Commission for the Development of Al-Riyadh under contracts between 99 years and 28 years.

(A) Lands not available for used

Certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialised committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net realisable value of these lands is still uncertain and depend on the results of the study by the assigned committees. The management believes that there will be no losses to be incurred related to this matter. The carrying value of these lands amounted to SR 437.7 million as at 31 December 2023 (2021: SR 437.7 million) while the fair value has exceeded SR 1.7 billion as at 31 December 2023 (2022: SR 2.1 billion) as per the above mentioned valuators.

(B) Al Widyan project

During 2021, it came to management’s attention that the land included in the Company’s Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a fundamental change to the original project’s plan and may impact the land’s realisable value. The effect of the extent of this study remains uncertain and dependent on future developments by the relevant government agencies’ plan. The management believes that there will be no losses to be incurred related to this matter. The carrying value of the related land and capital works-in-progress as at 31 December 2023 amounted to SR 2,6 billion and SR 325.5 million respectively (2022: SR 2,6 billion and SR 325.5 million respectively) while the fair value has exceeded SR 6.3 billion as at 31 December 2023 (2021: SR 4 billion) as per the above mentioned valuators.

10. Developed properties

The following is classification of developed properties:

	2023	2022
Current portion	**975,744**	69,565
Non-current portion	**426,134**	922,470
	1,401,878	992,035

The following table illustrates the summarised financial movements of developed properties:

	2023	2022
At the beginning of the year	**992,035**	554,405
Additions	**419,795**	964,825
Cost of sold unit (note 32)	**(9,952)**	(527,195)
	1,401,878	992,035

11. Investment in an associate and joint venture

	2023	2022
Riyadh Holding Company (11.1) (Associate)	**295,024**	278,014
InfraRoad Contracting Company Ltd. (11.2) (Joint venture)	**325**	–
	295,349	278,014

The following is the Group's share in results of the associate and joint venture as at December 31:

	2023	2022
At the beginning of the year	**278,014**	277,235
Additions*	**25**	–
Share of profits	**19,759**	17,000
Dividends received	**(9,999)**	(9,999)
Share of other comprehensive income	**7,550**	(6,222)
At the end of the year	**295,349**	278,014

11.1 Riyadh holding company

As of 31 December 2023 and 31 December 2022, the Group owns 16.67% interest in Riyadh Holding Company, a limited liability company registered in the Kingdom of Saudi Arabia. The Group's interest in the associate is accounted for using the equity method in these consolidated financial statements, as the Group has significant influence on the associate.

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

	2023	2022
At the beginning of the year	**278,014**	277,235
Share of profits	**19,459**	17,000
Dividends received	**(9,999)**	(9,999)
Share of other comprehensive income	**7,550**	(6,222)
At the end of the year	**295,024**	278,014

11. Investment in an associate and joint venture (continued)

11.1 Riyadh holding company (continued)

Summarised statement of financial position of Riyadh Holding Company as following:

	2023	2022
Current assets	**369,809**	284,296
Non-current assets	**1,540,374**	1,509,139
Current liabilities	**(100,189)**	(88,011)
Non-current liabilities	**(39,843)**	(37,674)
Equity	**1,770,151**	1,667,750
Group's share in equity – 16.67%	**295,024**	278,014
Group's carrying amount of the investment	**295,024**	278,014

Summarised statement of comprehensive income of Riyadh Holding Company:

	2023	2022
Revenue	**204,130**	160,505
Cost of revenue	**(75,336)**	(61,075)
General and administrative expense	**(52,828)**	(24,439)
Other income	**40,786**	26,989
Profit before zakat	**116,752**	101,980
Zakat	**–**	–
Net profit for the year	**116,752**	101,980
Group's share of profit for the year – 16.67%	**19,459**	17,000
Other comprehensive income for the year	**45,300**	(37,325)
Group's share of other comprehensive income for the year – 16.67%	**7,550**	(6,222)

11.2 Joint venture

During year ended December 31, 2023, the Group entered into, through one of its subsidiaries, joint venture agreement with InfraRoad Contracting Company Ltd. to acquire 50% of equity amounting to SR 25 thousand which represents the carrying amount of the investment. Joint venture activity is represented performing infrastructure works for Qiddiya project located in Riyadh, Kingdom of Saudi Arabia. Joint venture started its operations during last quarter for the year 2023.

The following table illustrates the summarised financial information of the Group's investment in InfraRoad Contracting Company Ltd.:

	2023	2022
At the beginning of the year	–	–
Additions*	**25**	–
Share of profits	**300**	–
Dividends received	–	–
Share of other comprehensive income	–	–
At the end of the year	**325**	–

12. Debt instruments at amortised cost

In the year 2016, the Group entered into an agreement with Al Bayan Holding Group Company to invest in debt instruments at amortized cost. The Group claimed Al Bayan Holding Group Company to pay its financial liabilities that exceed the amount of SR 206 million, but the latter did not respond to that. During the year 2021, the Group has filed a lawsuit against the Company and a final ruling was issued to dismissing the lawsuit because it has been filed prematurely. Accordingly, during the year 2022, the Group has filed a lawsuit against the investment guarantor, and a preliminary verdict was issued to dismiss the lawsuit for submitting it prematurely. The Group has objected the verdict, and a verdict was issued by the Appeal Court overruling the initial verdict and obliging the Commercial Court to hear the case, and the case is still pending before the Commercial Court.

13. Investments in equity instruments

	2023	2022
Investments in equity instruments designated at FVOCI – unquoted equity shares (A)	**366,364**	297,410
Investments in equity instruments designated at FVOCI – quoted equity shares (B)	**33**	43
Total investments in equity instruments designated at FVOCI	**366,397**	297,453

(A). Investment in equity instruments designated at FVOCI – unquoted equity shares:

	Ownership	2023	2022
Economic Knowledge City Developers	9.48%	**110,110**	76,308
Um Al Qura Company for Development and Reconstruction	0.76%	**145,030**	96,340
Dar Al Tamleek Company	9.18%	**48,590**	60,686
Kinan International Real Estate Development Company	2.11%	**48,988**	48,398
United Arabian Flat Glass Company	4.4%	**13,646**	15,678
		366,364	297,410

(B). Investment in equity instruments designated at FVOCI – quoted equity shares:

	Ownership	2023	2022
Taiba Investment Company	0.001%	**33**	43

The movement of investments in equity instruments designated at FVOCI was as follows:

	2023	2022
At the beginning of the year	**297,453**	327,438
Change in fair value of investments	**68,944**	(29,985)
At the end of the year	**366,397**	297,453

14. Trade receivables

	2023	2022
Trade receivables	**263,962**	290,555
Less: allowance for expected credit losses	**(125,912)**	(113,394)
Trade receivables, net	**138,050**	177,161

	2023	2022
Non-current trade receivables	–	22,171
current trade receivables	**138,050**	154,990
Trade receivables	**138,050**	177,161

Movement in the allowance for expected credit losses is as follows:

	2023	2022
At the beginning of the year	**113,394**	96,265
Allowance for expected credit losses (Note 34)	**12,518**	23,984
Disposals	–	(6,855)
At the end of the year	**125,912**	113,394

As at 31 December, the analysis of receivables aging, and allowance for expected credit losses is set out below:

	Total	1-90 days	91-180 days	181–270 days	271– 365 days	> 365 days
Trade receivables						
2023	**263,962**	**74,363**	**29,298**	**11,381**	**36,941**	**111,979**
2022	290,555	105,075	21,919	18,827	17,032	127,702
ECL						
2023	**125,912**	**7,214**	**9,235**	**9,860**	**12,952**	**86,651**
2022	113,394	6,208	7,947	8,485	11,146	79,608

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(In Saudi Riyals Thousands, unless otherwise indicated)

15. Prepayments and other asstes

	2023	2022
Advanced payments to suppliers	**66,760**	64,439
VAT receivables	**10,821**	19,933
Bank guarantees	**1,729**	54,717
Security deposits	**–**	9,300
Amount due from related parties	**129,842**	35,407
Accrued revenue	**10,574**	22,868
Prepaid expenses	**1,297**	434
Advances to employees	**1,990**	14,921
Others	**33,345**	12,073
	256,358	234,092
Less: impairment provision for Prepayments and other assets	**(16,565)**	(10,541)
	239,793	223,551
Movement in impairment provision for prepayments and other receivables is as follows:		
At the beginning of the year	**10,541**	28,073
Charge for the year	**6,024**	–
No longer required provision	**–**	(17,532)
	16,565	10,541

16. Cash and cash equivalents

	2023	2022
Cash at banks and on hand (Note a)	**337,669**	361,940
Short-term deposit (Note b)	**500,000**	808,601
	837,669	1,170,541

(a) The Company is required to maintain certain deposits/balances amounting to SR 122.2 million (2022: SR 115.9 million) with banks for advances received from customers against sale of developed properties which are deposited into escrow accounts. These deposits/balances are not under lien.

(b) As at 31 December 2023 Short-term deposit represents time deposit with a local bank with original maturities of less than three months.

17. Share capital

The Company's share capital amounting to SR 3,750 million as at 31 December 2023 consist of 375 million shares (31 December 2022: 375 million shares), value of each share SR 10. During the year ending on December 31, 2022, the Board of Directors agreed to submit a recommendation to the Extraordinary General Assembly to increase the share capital by 1.6 billion through offering initial rights shares for subscription. The capital increase shares were offered at a market value of SR 11.8 riyals the value of each share. This increase resulted in a capital issue premium amounting to SR 2.43 million and subscription expenses amounting to SR 20.3 million.

On May 18, 2022, the approval of the capital increase was approved by the Extraordinary General Assembly, and the Company completed the offering procedures by collecting the entire capital increase. During 2022, the legal procedures to increase the capital, the amending commercial and the Articles of Association.

18. Statutory reserve

In accordance with the Company's by-law, the Company must transfer 10% of its net income in each year to establish statutory reserve. The Ordinary General Assembly may discontinue this transfer whenever the reserve is amounted to 30% of the capital. No such transfer has been made to the statutory reserve during the current and prior year due to the accumulated losses.

19. Contractual reserve

In accordance with the Company's By-Laws, the Ordinary General Assembly decides the need to form a contractual reserve and defines its purposes. No transfer was requested during this year by the Ordinary General Assembly.

20. Other reserves

	2023	2022
Investments in equity instruments	**112,937**	36,443
Actuarial gains on employees' defined benefit obligations	**339**	3,403
	113,276	39,846

21. Non-controlling interests

December 31, 2023	Saudi Real Estate Infrastructure Company	Saudi Korean Company for Maintenance and Properties Management	Total
Non-controlling interests	**40%**	**40%**	
Non-Current Assets	**13,050**	**725**	**13,775**
Current Assets	**580,264**	**43,000**	**623,264**
Non-Current Liabilities	**(129,438)**	**(5,353)**	**(134,791)**
Current Liabilities	**(146,647)**	**(20,561)**	**(167,208)**
Net Assets	**317,229**	**17,811**	**335,040**
Net assets attributable to non-controlling interest	**126,892**	**7,124**	**134,016**
Revenues	**896,103**	**99,862**	**995,965**
Net income for the year	**141,072**	**11,282**	**152,354**
Net loss attributable to non-controlling interests	**56,429**	**4,512**	**60,941**

21. Non-controlling interests (continued)

December 31, 2022	Saudi Real Estate Infrastructure Company	Saudi Korean Company for Maintenance and Properties Management	Total
Ownership Percentage	40%	40%	
Non-Current Assets	33,213	1,271	34,484
Current Assets	400,180	29,005	429,185
Non-Current Liabilities	(6,274)	(5,234)	(11,508)
Current Liabilities	(6,274)	(18,241)	(238,253)
Net Assets	207,107	6,801	213,908
Net assets attributable to non-controlling interest	82,843	2,720	85,563
Revenues	531,545	74,318	605,863
Net income for the year	92,230	(5,474)	86,756
Net loss attributable to non-controlling interests	36,892	(2,190)	34,702

22. Term loan

During 2016, the Group obtained Islamic long-term loan from a local bank. In June 2022, the Company rescheduled the loan, provided that, the loan principal amounting to 2.068 billion Saudi riyals will be repaid in equal semi-annual instalments over eight years after a four-year grace period from the date of the rescheduling agreement, so that the first instalment will be paid on December 2026 and the last instalment is paid on June 2034, provided that, the loan is subject to prevailing commission rates among Saudi banks (SIBOR) plus an agreed profit margin, and the Company has mortgaged a plot of land in exchange for the long-term loan granted to it.

Term bank loans has been classified within non-current liabilities according to the loan repayment dates based on the agreements signed with the lending banks as follows:

	2023	2022
Current portion	**2,068,462**	2,068,462
Non-current portion	–	–
	2,068,462	2,068,462

23. Loan from ministry of finance

	2023	2022
Non-current portion	**914,889**	1,058,657
Current portion	**143,768**	130,698
	1,058,657	1,189,355

The following is a summary of the movement of loan during the year:

	2023	2022
At the beginning of the year	**1,189,355**	1,318,419
Finance cost during the year	**–**	3,712
Paid during the year	**(130,698)**	(132,776)
At the end of the year	**1,058,657**	1,189,355

The loan agreement is subject to the financial and non-financial covenants as follow:

- Debt-to-equity ratio.
- Current assets-to-current liabilities (liquidity ratio).
- Debt coverage ratio.
- Mortgaged property contract on plots of land owned by Saudi Real Estate Company in favor of the Ministry of Finance.

The management of the Company believes that all of these financial and non-financial covenants do not affect the current classification of the loans in the financial statements for year ended December 31, 2023.

24. Employees' defined benefit obligations

The Group grants end of service benefits to its employees taking into consideration the Saudi Arabian labour law. This benefit is an unfunded defined benefit plan ("DBO").

The benefits provided by this end of service plan is based primarily on years of service and employees' compensation. The obligations are subject to demographic, legal and economic risks. Economic risks are primarily due to unforeseen developments in goods and capital markets and changes to the discount rate used to calculate the DBO.

Principal actuarial assumptions:

	Value per annum (%)	
	2023	2022
Financial assumptions:		
– Net discount rate	**4.60**	4.80
– Salary growth rate	**5.60**	4.70
Demographic assumptions:		
– Retirement age	**60 years**	60 years
– Mortality rates	**WHO GHO Saudi Arabia life table**	WHO GHO Saudi Arabia life table

Movement in present value of defined benefit obligation

	2023	2022
Opening balance – present value of defined benefit obligation	**22,317**	21,900
Current service cost	**7,242**	8,716
Interest cost	**1,951**	335
Benefits paid	**(3,314)**	(8,731)
Actuarial loss on obligation	**3,552**	212
Reverse of provision	**–**	(115)
Closing balance – present value of defined benefit obligation	**31,748**	22,317

25. Right-of-use assets and lease liabilities

The Group has lease contracts for various land used in its operations with lease terms of 50-99 years.

Set out below are the carrying amounts of right-of-use assets recognised and the changes during the year:

	2023	2022
Balance at the beginning of the year	**139,875**	71,766
Addition during the year	**984**	70,462
Deprecation for the year	**(4,004)**	(2,353)
At the end of the year	**136,855**	139,875

Set out below are the carrying amounts of lease liabilities and the changes during the year:

	2023	2022
Balance at the beginning of the year	**139,021**	75,498
Addition during the year	**984**	70,462
Paid during the year	**(118)**	(12,240)
Accretion interest (Note 35)	**12,998**	5,301
At the end of the year	**152,885**	139,021

The following are the current and non-current lease obligations:

	2023	2022
Non-current lease commitments	**147,033**	133,169
Current Lease Obligations	**5,852**	5,852
	152,885	139,021

The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation expense of right-of-use assets	**4,004**	2,353
Interest expense on lease liabilities	**12,998**	5,301
	17,002	7,654

26. Trade payables

	2023	2022
Payable to suppliers and contractors	**63,792**	61,036
Retentions payable to contractors	**65,087**	12,146
	128,879	73,182

27. Accruals and other liabilities

	2023	2022
Advance from customers	**4,676**	157,620
Accrued expenses	**87,807**	96,647
Refundable deposits	**42,186**	41,064
Employees payable	**48,790**	16,221
Dividends payable	**7,247**	7,372
Amounts due to related parties	**5,027**	–
Others	**85,466**	29,789
	281,199	348,713

28. Unearned revenue

	2023	2022
Opening balance	**97,458**	104,821
Amounts received during the year	**304,782**	282,256
Rental revenue recognized during the year (Note 31)	**(300,572)**	(289,619)
Rental unearned revenue	**101,668**	97,458
Infrastructure unearned revenue	**118,792**	37,430
	220,460	134,888

29. Related party transactions and balances

Related parties represent major shareholders of the Group and entities controlled or significantly influenced by such parties. Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to control the activities of the Group and its employees directly or indirectly. The Group considers the members of the Board of Directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IAS 24 Related Party Disclosures.

Following table shows due from related parties as at December 31,

	2023	2022
Diriyah Gate Company	**69,206**	–
Red sea Global Company	**44,736**	27,273
InfraRoad Contracting	**5,706**	–
Tatweer Education Holding Company	**1,405**	1,405
Boutique Group for Hospitality	**249**	205
Roshn Real Estate Development Company	**8,540**	4,503
Saudi Entertainment Venture	**–**	2,021
	129,842	35,407

Following table shows due to related parties as at December 31,

	2023	2022
New Murabba Development Company	**5,027**	–

Following table shows the significant related party transactions during the year:

	2023	2022
Executive salaries and allowances*	**1,441**	20,453
Attendance allowance and committees' remuneration (note 33)	**7,187**	7,225
The value of contracts for the sale of real estate units from the developed properties (without preferential benefits)	**14,871**	17,442
	23,499	45,120

* The amounts disclosed in the table above represent the amounts recognized as an expense relating to senior management personnel during the financial period.

Revenues relating to transactions with government entities for the year ended 31 December 2023 amounted to SR 23.5 million (31 December 2022: SAR 50 million).

30. Zakat

The movement in provision for Zakat for the year ended December 31 is as follows:

	2023	2022
At the beginning of the year	**73,013**	76,947
Charge for the year	**29,342**	18,166
Paid during the year	**(17,396)**	(21,100)
At the end of the year	**85,959**	74,013

Zakat assessments

Saudi Real Estate Company

The Group submitted its Zakat assessments for all years up to 2022 and paid the obligations accordingly, and obtained a zakat certificate valid until April 30, 2024. The Company finalized its zakat status with ZATCA until 2015.

ZATCA has issued a zakat assessment for the years from 2016 to 2020, and claimed the Company to pay the differences amounting to SR 54 million. The Company submitted its objection to these differences to ZATCA within the statutory period. ZATCA has rejected the Company’s objections for those years, and the objection has been raised to Tax Violations and Disputes Resolution Committee "TVDRC", and no resolution is issued.

On March 13, 2023, the Company submitted a proposal, based on ZATCA request, and it was studied by Zakat and Tax Dispute Settlement Committee, which in turn, after a series of deliberations and discussions, presented a response to the Company’s settlement proposal, but the Company did not accept it. Therefore, it resumed once again the process of lawsuits related to the zakat assessment for the year from 2016 to 2020 before the Tax and Zakat Committees, and awaiting the issuance of a final decision.

Saudi Real Estate Construction Company

The Company submitted copies of the necessary zakat returns for the years ended until December 31, 2022 to ZATCA, and paying the amounts due. The Company did not receive any zakat assessments of these returns . The Company submits information declare for the year 2022 for the purposes of the disclosure as the Company became paying its zakat obligations within consolidated declaration of Saudi Real Estate Company (the Shareholder).

Saudi Real Estate Infrastructure Company

The Company submitted zakat returns for all the years until year ended December 31, 2022. And based on that, the amounts due has been paid according to those returns and invoices issued by ZATCA. The Company has received the final assessments of these returns.

30. Zakat (continued)

Zakat assessments (continued)

Saudi Korean Company for Maintenance and Properties Management

The Company submitted zakat and income tax returns for all the years until year ended December 31, 2022. And based on that, the amounts due has been paid according to those returns and invoices issued by ZATCA. The Company have not received the final assessments of these returns yet.

Al Widyan Saudi Real Estate Company

The Company has submitted its zakat returns for all the years until year ended December 31, 2022, and paid the amounts due accordingly. The Company have not received the final assessments of these returns yet.

Hudood Real Estate Investment Company

The Company did submit its zakat returns for the period from October 24, 2022 to December 31, 2023, because the Company did not complete the first fiscal year from the date of incorporation. The first zakat return is scheduled to be submitted for the period from October 24, 2022 to December 31, 2023.

31. Revenue

	2023	2022
Infrastructure projects revenue	**896,103**	531,167
Rental revenues (note 28)	**300,572**	289,619
Revenue from sold units	**10,751**	541,577
Revenue from sold lands	**480,086**	539,372
Revenue from facility management	**45,041**	37,195
Construction projects revenue	**81,672**	112,346
	1,814,225	2,051,276

32. Cost of revenue

	For the year ended 2023	2022
Cost of sold units (note 10)	**9,952**	527,195
Sub-contract	**432,472**	189,122
Employees' salaries, wages, and other related benefits	**191,036**	145,238
Materials cost	**144,430**	147,679
Depreciation	**65,283**	67,967
Maintenance expenses	**85,797**	27,176
Cost of sold lands	**220,126**	389,928
Renting equipment	**30,501**	–
Others	**73,494**	100,857
	1,253,091	1,595,162

33. General and administrative expenses

	For the year ended 2023	2022
Employees' salaries, wages, and other related benefits	**117,608**	102,782
Professional, consulting, and governmental fees	**17,280**	15,674
IT expenses	**10,986**	1,210
Attendance allowance and committee's remuneration (note 29)	**7,187**	7,225
Depreciation	**4,888**	3,143
Amortization of intangible assets	**4,505**	4,210
Others	**24,664**	17,390
	187,118	151,634

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(In Saudi Riyals Thousands,
unless otherwise indicated)

34. Selling and marketing expenses

	For the year ended	
	2023	2022
Expected credit losses (note 14)	**12,518**	23,984
Employees' salaries, wages, and other related benefits	**3,279**	2,185
Promotions and advertisement	**20,188**	17,434
Others	**816**	1,139
	36,801	44,742

35. Financial charges

	For the year ended	
	2023	2022
Bank loans	**232,594**	143,907
Finance cost on lease liabilities (note 25)	**12,998**	5,301
	245,592	149,208

36. Other income

	For the year ended	
	2023	2022
Finance income	**39,086**	15,467
Others	**2,720**	17,488
	41,806	32,955

37. Earning per share

Basic and diluted earnings per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic and diluted loss per share computations:

	2023	2022
Income attributable to:		
Equity holders of the Parent Company	**67,634**	110,539
Weighted average number of ordinary shares (share)	**375,000**	323,219
Basic and diluted earnings per share (SAR)	**0.18**	0.34

38. Commitments and contingencies

Capital commitments

The Group has contracts of design, engineer consultancies and executing capital works with certain consultants and contractors. The value of commitments not executed as at 31 December 2023 amounted to SR 576 million (31 December 2022: SR 170 million).

Letters of guarantee

The Group’s banks issued letters of guarantee on their behalf amounting to SAR 42.2 million as of 31 December 2023 (31 December 2022: 32.9 million) in the normal course of business.

White idle lands claims

During the year ended 31 December 2023, white idle land fees that were received by the Group from the Ministry of Municipal and Rural Affairs and Housing (MOMRAH) amounted to SR 4 million.

Based on the opinion of the legal counsel, it is highly certain that all legal cases pending with the Board of Grievances, will be in the favour of the Group. Accordingly, Management does not consider the need to make any further provisions for such claims or related charges.

Legal issues

There are also some cases filed against the Group during the normal course of business and are currently being discussed. These cases have no material impact on the consolidated financial statements.

39. Fair value measurement

Following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2023 and 31 December 2022:

	Carrying Amount	(level 1)	(level 2)	(level 3)	Fair value
As at 31 December 2023:					
Financial assets measured at fair value:					
Investments in equity instruments designated at FVOCI	**366,397**	**33**	**–**	**366,364**	**366,364**
	366,397	**33**	**–**	**366,364**	**366,364**
As at 31 December 2022:					
Investments in equity instruments designated at FVOCI	297,453	43	–	297,410	297,453
	297,453	43	–	297,410	297,453

The Management assessed that the fair values of cash and cash equivalents, trade receivables, investments at fair value, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Management assessed that the carrying amount of fixed and variable rate term loans approximates their fair values due to the fact that they bear interest rates that reflect current market interest rates for similar financing and loans. As a result, the values of the future discounted cash flows on those financing and loans are not significantly different from their current carrying amount.

40. Financial risk management objectives and policies

The Group's principal financial liabilities include loans, trade payable, amounts payable and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade receivables and other receivables and cash and cash equivalents and investments at fair value though comprehensive income that derive directly from its operations. The Group also holds investment in equity instruments designated at FVOCI.

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

- Market risk
- Profit rate risk
- Foreign currency risk
- Equity price risk
- Credit risk
- Liquidity risk

The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby constantly seeking to minimize potential adverse effects on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

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 other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, AFS financial assets

The sensitivity analyses in the following sections relate to the position as at 31 December in 2023 and 2022.

Sensitivity analysis have been prepared on the basis that the net debt value, fixed-to-floating debt commission rate ratio, derivatives and the ratio of financial instruments in foreign currencies are all fixed and based on the hedge allocations identified as at December 31, 2022. The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant consolidated statement of income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2023 and 2022.

Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Group's exposure to the risk of changes in market profit rates relates primarily to the loans. The loans bearing variable profit rate expose the Group to fluctuation in cash flows due to changes in interest rate.

Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyals, US Dollars. Management monitor the fluctuations in currency exchange rates and believes that the currency risk is not significant. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SAR 3.75: USD 1 therefore, the Group is not exposed to any risk from USD denominated financial instruments.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the financial instrument. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's Senior Management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against expected credit losses which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored.

40. Financial risk management objectives and policies (continued)

Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2023	2022
Investments in equity instruments designated at FVOCI	**366,397**	297,453
Trade receivables	**138,050**	177,161
Prepayments and other assets	**239,793**	223,551
	744,207	698,165

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with commercial banks in order to meet its liquidity requirements.

40. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below shows the remaining contractual maturity dates of the Group's financial liabilities and agreed upon repayment terms. This table has been prepared based on the discounted cash flows of the Group's financial liabilities and as per the nearest date on which the Group is required to repay.

	Book value	Year	More than 1 to 5 years	More than 5 years
31 December 2023				
Trade payables (note 26)	128,879	128,879	–	–
Loans (note 22 & 23)	3,127,119	143,768	1,208,398	1,774,953
	3,255,998	272,647	1,208,398	1,774,953
31 December 2022				
Trade payables (note 26)	73,182	73,182	–	–
Loans (note 22 & 23)	3,257,817	130,698	1,041,329	2,085,790
	3,330,999	203,880	1,041,329	2,085,790

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

41. Capital management

For the purpose of the Group's capital management, capital includes issued shares and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividends payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	2023	2022
Term loans	**3,127,119**	3,257,817
Trade payables	**128,879**	73,182
Accrued expenses and other liabilities	**281,199**	348,713
Unearned revenue	**220,460**	134,888
Less: cash and cash equivalents	**(837,669)**	(1,170,541)
Net debt	**2,919,988**	2,644,059
Equity	**4,882,795**	4,693,278
Capital and net debt	**7,802,783**	7,337,337
Gearing ratio	**37%**	36%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

42. Subsequent events

The management believes that there are no material subsequent events as at date of the statement of financial position until the date of preparation of these consolidated Financial Statements.

43. Comparative numbers

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

44. Approval of the consolidated financial statements

These consolidated financial statements were approved and authorised to issue by the Board of Directors on 22 Shaban 1445H (corresponding to 3 March 2024).

Notes

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