

**SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

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

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Real Estate Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (together "the Group") as at March 31, 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) - "Interim Financial Reporting" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

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

The shareholders of Saudi Real Estate Company
(A Saudi Joint Stock Company)

Other Matter Related to Comparative Figures

The Company's interim condensed consolidated financial statements for the three-months period ended March 31, 2023, were reviewed by another independent auditor, who expressed an unmodified conclusion on May 24, 2023 corresponding Dhul-Qi'dah 04, 1444H.

Emphasis of Matters

- We draw attention to note (6-A) to the interim condensed consolidated financial statements the three-months period ended March 31, 2024, as stated therein, certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialized committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net realizable value of these lands is still uncertain and depend on the final results of the study by the assigned committees. The carrying value of these lands amounted to SR 437,7 million as of March 31, 2024 (December 31, 2023: SR 437,7 million).
- We further draw attention to note (6-B) to the interim condensed consolidated financial statements, which indicated that the management's was informed by concerned government agencies that the company's land which was designated for the Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a significant change to the original project's plan and the land's realizable value. The impact of this remains uncertain and depends on the completion of the study by government agencies and future developments for the area. The carrying value of the land as at March 31, 2024 amounted to SR 2.6 Billion (December 31, 2023: SR 2,6 Billion) and capital work-in-progress related to that project as at March 31, 2024 amounted to SR 326 million (December 31, 2023: SR 326 million).

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

Riyadh: May 06, 2024
Shawwal 27, 1445 H



FOR EL SAYED EL AYOUTY & CO.

A. Balamash

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

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		26,825	30,004
Investments properties	6	5,413,997	5,434,166
Intangible assets		9,233	10,437
Investment in an associate and joint venture	5	298,410	295,349
Investments in equity instruments designated at FVOCI		393,623	366,397
Right-of-use assets		136,516	136,855
Developed properties - non-current	7	460,733	426,134
TOTAL NON-CURRENT ASSETS		6,739,337	6,699,342
CURRENT ASSETS			
Developed properties	7	985,331	975,744
Trade receivables		89,322	138,050
Prepayments and other receivables		298,910	239,793
Inventories		20,438	20,446
Cash and cash equivalents		860,126	837,669
TOTAL CURRENT ASSETS		2,254,127	2,211,702
TOTAL ASSETS		8,993,464	8,911,044
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	3,750,000	3,750,000
Statutory reserve		720,000	720,000
Contractual reserve		10,051	10,051
Share Premium		222,700	222,700
Accumulated losses		(64,330)	(67,248)
Other reserves		140,502	113,276
Equity attributable to equity holders of the parent company		4,778,923	4,748,779
Non-controlling interests		155,520	134,016
TOTAL EQUITY		4,934,443	4,882,795
NON-CURRENT LIABILITIES			
Term bank loans	9	2,068,462	2,068,462
Loan from Ministry of Finance	10	836,470	914,889
Lease liabilities		148,336	147,033
Employees' defined benefit obligations		33,077	31,748
TOTAL NON-CURRENT LIABILITIES		3,086,345	3,162,132
CURRENT LIABILITIES			
Trade payables		143,787	128,879
Accruals and other credit balance		380,978	281,199
Unearned revenue		205,937	220,460
Loan from Ministry of Finance – current portion	10	150,303	143,768
Lease liabilities - current portion		5,852	5,852
Zakat provision	11	85,819	85,959
TOTAL CURRENT LIABILITIES		972,676	866,117
TOTAL LIABILITIES		4,059,021	4,028,249
TOTAL EQUITY AND LIABILITIES		8,993,464	8,911,044

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

		For the three-months period ended 31 March	
	Note	2024 (Unaudited)	2023 (Unaudited)
Revenue		427,578	392,973
Cost of revenue		(298,502)	(264,705)
Gross profit		129,076	128,268
Selling and marketing expenses		(7,596)	(11,359)
General and administrative expenses		(43,712)	(38,419)
Operating income		77,768	78,490
Share of profit of an associate and joint venture	5	3,061	2,823
Other income		17,367	8,075
Financial charges		(65,599)	(57,509)
Income before zakat		32,597	31,879
Zakat for the period	11	(8,175)	(7,641)
Income for the period		24,422	24,238
Income attributable to:			
Equity holders of the parent company		2,918	8,866
Non-controlling interests		21,504	15,372
		24,422	24,238
Earnings per share from the net profit for the Period attributable to the equity holders of the parent company			
Basic and diluted (Saudi Riyals)	12	0.01	0.02

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

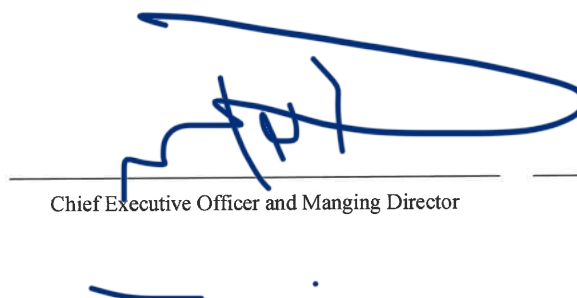
The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

		For the three-months period ended 31 March	
	Note	2024 (Unaudited)	2023 (Unaudited)
PROFIT FOR THE PERIOD		24,422	24,238
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of zakat):</i>			
Net change in fair value of investments in equity instruments designated at FVOCI		27,226	-
Share of other comprehensive income of an associate and joint venture	5	-	(530)
Total other comprehensive income for the period		27,226	(530)
Total comprehensive income for the period		51,648	23,708
Total comprehensive income Attributable to:			
Equity holders of the parent company		30,144	8,336
Non-controlling interests		21,504	15,372
		51,648	23,708



Chief Financial Officer



Chief Executive Officer and Managing Director



Chairman, Board of Directors

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

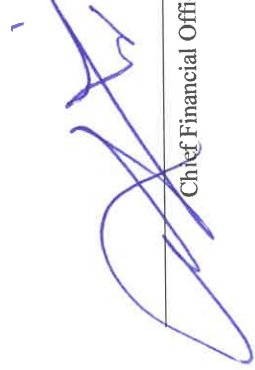
SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

Attributable to equity holders of the parent company

	Share capital	Share Premium	Statutory Reserve	Contractual Reserve	Other reserves	Accumulated Losses	Total	Non-controlling Interests	Total equity
As at 1 January 2023 (Audited)	3,750,000	222,700	720,000	10,051	39,846	(134,882)	4,607,715	85,563	4,693,278
Net income for the period	-	-	-	-	-	8,866	8,866	15,372	24,238
Other comprehensive income	-	-	-	-	(530)	-	(530)	-	(530)
Total comprehensive income for the period	-	-	-	-	(530)	8,866	8,336	15,372	23,708
As of 31 March 2023 (unaudited)	3,750,000	222,700	720,000	10,051	39,316	(126,016)	4,616,051	100,935	4,716,986

Attributable to equity holders of the parent company

	Share capital	Share Premium	Statutory Reserve	Contractual Reserve	Other reserves	Accumulated Losses	Total	Non-controlling Interests	Total equity
As at 1 January 2024 (Audited)	3,750,000	222,700	720,000	10,051	113,276	(67,248)	4,748,779	134,016	4,882,795
Net income for the period	-	-	-	-	-	2,918	2,918	21,504	24,422
Other comprehensive income	-	-	-	-	27,226	-	27,226	-	27,226
Total comprehensive income for the period	-	-	-	-	27,226	2,918	30,144	21,504	51,648
As of 31 March 2024 (unaudited)	3,750,000	222,700	720,000	10,051	140,502	(64,330)	4,778,923	155,520	4,934,443



Chief Financial Officer



Chief Executive Officer and Managing Director



Chairman, Board of Directors

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

	For the three-months period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Income for the period before zakat	32,597	31,879
<i>Adjustments to reconcile income for the period before zakat to net cash flows:</i>		
Depreciation of properties, equipment, investment properties and right-of-use assets	15,790	16,008
Amortisation of intangibles assets	1,204	1,084
Provision of employees' defined benefit obligations	7,507	1,626
Finance charge	65,599	57,509
Share in profit of an associate and joint venture	(3,061)	(2,823)
	119,636	105,283
<i>Adjustments in working capital:</i>		
Trade receivables	48,728	(135,343)
Prepayments and other receivables	(59,117)	23,547
Inventories	8	12,102
Developed properties	(44,186)	(42,181)
Trade payables	14,908	6,292
Accruals and other credit balance	99,779	41,845
Unearned revenue	(14,523)	9,031
Contract liabilities, net	-	(3,018)
Cash flows from operating activities	165,233	17,558
Employees' defined benefit obligations paid	(6,178)	(898)
Finance charge paid	(40,948)	(39,840)
Zakat paid	(8,315)	(5,596)
Cash flows from /(used) in operating activities	109,792	(28,776)
Investing activities:		
Additions to intangible assets	-	(216)
Additions to property and equipment, investments properties	(15,451)	(33,459)
cash flows used in investing activities	(15,451)	(33,675)
Financing activities:		
Proceeds from term bank loans	-	-
Paid of term loans and MOF loans	(71,884)	(65,349)
cash flows (used in) / generated from financing activities	(71,884)	(65,349)
Increase / (decrease) in cash and cash equivalents	22,457	(127,800)
Cash and cash equivalents at the beginning of the period	837,669	1,170,541
Cash and cash equivalents at the end of the period	860,126	1,042,741

Chief Financial Officer

Chief Executive Officer and Managing Director

Chairman, Board of Directors

The attached notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

1. GENERAL

1.1 Corporate information and activities

Saudi Real Estate Company (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company, whose shares are publicly traded on the Saudi Stock Exchange. The Company was established pursuant to Royal Decree number M/58 dated 17 Rajab 1396H (corresponding to 15 July 1976), registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010012539 dated 17 Jumada al-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 major shareholder of the Company and its subsidiaries (the “Group”) is the Public Investments Fund (PIF) which owns 64.57% of the Group’s shares, while the remaining shares, which represent 35.43%, are owned by several shareholders with less than 5% ownership.

1.2 Fiscal year

The company follows the Gregorian calendar as its fiscal year so that the fiscal year begins on January 1 and ends on December 31 of the same year. These interim condensed consolidated financial statements have been prepared to cover the first quarter of the fiscal year ending on 31 December 2024. The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, the fiscal year ending on December 31, 2023.

1.3 Major activities of the Company

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

1.4 Subsidiaries

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

<i>Name</i>		<i>Principal activities</i>	<i>Year of incorporation</i>	<i>Ownership percentage (directly or indirectly)</i>	
				<i>2024</i>	<i>2023</i>
Saudi Real Estate Construction Company (SRECC)	i	Constructions and maintenance	2016	100%	100%
Saudi Real Estate Infrastructure Company (SREIC)	ii	Constructions and maintenance	2017	60%	60%
Saudi Korean Company for Maintenance and Properties Management (SAKOM)	iii	Maintenance and operation	2017	60%	60%
Al Widyan Saudi Real State Company (WSREC)	iv	Developing Al Widyan project	2018	100%	100%
Alinma Alakaria Real Estate Fund	v	Development of real estate	2019	100%	100%
Hodood Real Estate Investment Company	vi	Not commenced its activities	2022	100%	100%

(i) Saudi Real Estate Construction Company is a closed joint stock company registered in the Kingdom of Saudi Arabia under commercial registration number 1010466367 dated 15 Rabi Al 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.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

1. GENERAL (continued)

1.4 Subsidiaries (continued)

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

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

The interim condensed consolidated financial statements should be read in conjunction with the last annual consolidated financial statements of the Group, for the year ended on 31 December 2023. The interim condensed consolidated financial statements do not include all the information and disclosures required to prepare annual consolidated financial statements in accordance with International Financial Reporting Standards but selected explanatory notes have been included to indicate material events and transactions to understand the changes in the financial position and financial performance of the Group since 31 December 2023. The interim period is an integral part of the full fiscal year however, the results of the interim period operations may not be a fair indication of the results of the full year operations.

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

2. BASIS OF PREPARATION (continued)

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

2.5 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 March 2023 as stated in note (1.4).

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

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

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

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

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

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

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

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

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2024
(In Saudi Riyals Thousands, unless otherwise indicated)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

There are no new standards released during the period however, several amendments applied for the first time in 1 January 2024, which are detailed in the Consolidated Financial Statements as at 31 December 2023 but have no material effect on the Group's interim condensed consolidated financial statements, these amendments did not require a change in accounting policies or retroactive adjustments as a result of the application of these amended Standards to the Group's interim condensed consolidated financial statements as at 31 March 2024.

5. INVESTMENT IN AN ASSOCIATE AND JOINT VENTURE

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.

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 Riyadh Holding Company and joint venture agreement:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period/year	295,349	278,014
Additions	-	25
Share of the company on the profits for period / year	3,061	19,759
Share of other comprehensive income for period / year	-	7,550
Dividends received for period/year	-	(9,999)
At the end of the period / year	298,410	295,349

SAUDI REAL ESTATE COMPANY AND ITS SUBSIDIARIES
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6 INVESTMENTS PROPERTIES

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Lands	3,838,699	3,838,699
Buildings	935,750	842,252
Decoration and fixture	234,018	277,297
Capital work-in-progress	405,530	475,918
	5,413,997	5,434,166

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

6-A Lands not available for used

Certain land parcels owned by the Company are currently not available for use or development due to various reasons, of which certain reasons relate to the areas where these lands are located and other related to the fact that they are under study from specialised committees to resolve these matters. The management is currently communicating with the related government agencies and committees to address these reasons to allow the use of these lands. The impact on the net realisable value of these lands is still uncertain and depend on the results of the study by the assigned committees. The carrying value of these lands amounted to SR 437.7 million as of 31 March 2024 (31 December 2023: SR 437.7million).

6-B Al Widyan project

During 2021, it has come to management's attention that the land which was designated for the Al Widyan project is located within an area that is currently under study by the relevant government agencies with the aim of developing it, which may result into a fundamental change to the original project's plan and may impact the land's realisable value. The effect of the extent of this study remains uncertain and is dependent on future development by the relevant government agencies' plan. The carrying value of the land and capital work-in-progress amounted to SR 2,6 million and SR 326 million respectively as at 31 March 2024 (31 December 2023: SR 2,6 million and SR 326 million respectively).

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7. DEVELOPED PROPERTIES

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period/year	1,401,878	992,035
Additions during the period / year	53,081	419,795
Cost of sales during period / year	(8,895)	(9,952)
	1,446,064	1,401,878

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current portion	985,331	975,744
Non-current portion	460,733	426,134
	1,446,064	1,401,878

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

8. SHARE CAPITAL

As at 31 March 2024 and 31 December 2023 the Company's share capital amounting to SR 3,750 million and is divided into 375 million shares of SR 10 each.

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9. TERM BANK LOANS

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.

10. LOAN FROM MINISTRY OF FINANCE

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	1,058,657	1,189,355
Paid during the period / year	(71,884)	(130,698)
At the end of the period / year	986,773	1,058,657

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Non-current portion	836,470	914,889
Current portion	150,303	143,768
	986,773	1,058,657

11. ZAKAT

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	85,959	74,013
Charge for the period / year	8,175	29,342
Paid during the period / year	(8,315)	(17,396)
At the end of the period / year	85,819	85,959

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12. EARNING PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

The following table reflects the profit and share data used in the basic and diluted loss per share computations for the three-month period ended 31 March:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Income attributable to equity holders of the Parent Company	2,918	8,866
Weighted average number of ordinary shares (share)	375,000	375,000
Basic and diluted Income per share (SR)	0.01	0.02

13. SEGMENTAL 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 Martch 2024	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Head office.	Total
Revenue	82,164	49,905	254,683	28,808	12,018	-	427,578
Cost of revenue	(38,662)	(31,557)	(194,897)	(27,688)	(5,698)	-	(298,502)
Total Assets	-	-	628,822	105,001	45,627	8,214,014	8,993,464
As at 31 Martch 2023	Rental	Property sales	Infrastructure projects	Construction projects	Facility management	Head office.	Total
Revenue	66,835	83,797	198,488	31,914	11,939	-	392,973
Cost of revenue	(38,983)	(35,859)	(154,797)	(28,524)	(6,542)	-	(264,705)
At 31 December 2023							
Total Assets	-	-	593,314	70,375	43,725	8,203,630	8,911,044

14. COMPARATIVE NUMBERS

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

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15. SUBSEQUENT EVENTS

the management believes that there are no significant subsequent events after the date of the interim condensed consolidated financial statements on 31 March 2024, that may have a material impact on them.

16. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue on 27 Shawwal 1445H (corresponding to 6 May 2024) by the Audit Committee pursuant to the authorization of the Board of Directors.